The UK Labour Market: Unlocking Growth in the Age of AI

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LinkedIn

Introduction

The United Kingdom's economy is navigating a period of heightened uncertainty, shaped by geopolitical tensions, rapid technological change, and continued pressure on productivity and economic growth. Over the past decade, sluggish productivity gains and widening regional disparities have weighed on the country's ability to generate sustained growth. At the same time, long-standing frictions in labour markets, from skills mismatches to uneven regional access to opportunity, are becoming more visible as businesses and workers adapt to new technologies and new ways of working. Delivering stronger productivity growth across sectors, and ensuring that growth translates into higher living standards across all regions of the UK, has therefore become a defining national economic challenge.

In a low-growth environment, the UK is aiming to accelerate AI adoption

Against this backdrop, artificial intelligence is increasingly viewed as a critical driver of future economic growth. Policymakers and business leaders alike see AI as a technology with the potential to raise productivity, support innovation, and improve public services across the economy. The UK government has placed AI at the centre of the UK's long-term economic agenda, with a clear ambition for the UK to achieve one of the fastest rates of AI adoption in the G7. Initiatives such as the AI Opportunities Action Plan and complementary government programmes aim to accelerate adoption by expanding advanced computing capacity, strengthening the UK's research and startup ecosystem, and improving access to high-quality data and digital infrastructure.

AI's economic potential will depend on adoption across firms and workers

Yet leadership in artificial intelligence will not be defined solely by breakthroughs at the technological frontier. The UK's opportunity lies equally in deploying AI widely across a service-led, knowledge-intensive and highly interconnected economy. In sectors such as professional and financial services, healthcare, academia, advanced manufacturing and other strategic industries, AI has the potential to augment human expertise, improve decision-making, and support new forms of high-value economic activity.

Realising that potential, however, will depend on whether businesses and workers can adopt and deploy AI technologies at scale. Investment in research, computing power, and innovation ecosystems will remain critical. But the economic impact of AI will ultimately depend on people: whether employers can access and develop the talent needed to implement AI tools, and whether workers can build the skills required to work effectively alongside them. Skills and human capital therefore sit at the centre of the UK's AI opportunity. When organisations can recruit, train, and deploy AI-literate talent, technological capability is far more likely to translate into sustained economic growth and productivity gains.

Understanding how AI is reshaping jobs, skills and opportunity

LinkedIn is the world's largest professional network, with more than 40 million members in the United Kingdom. This provides a unique, near real-time vantage point on how jobs, skills, and hiring patterns are evolving across the labour market. Through LinkedIn's Economic Graph, we work with governments, researchers, and public institutions to surface labour-market insights that help policymakers understand emerging trends in workforce demand and design more responsive, evidence-based economic policy.

In this report, we analyse LinkedIn's labour-market data to examine how artificial intelligence is beginning to reshape hiring, skills, and opportunity across the UK economy. We highlight hiring trends for AI-exposed roles, skill adaptability, where adoption is beginning to create new job opportunities, and what these trends imply for workforce readiness and the UK's broader economic growth prospects as AI moves from experimentation to widespread deployment.

Key Findings

1 **UK hiring remains significantly below pre-pandemic levels, driven primarily by macroeconomic conditions and business uncertainty.**
Tight financial conditions and deteriorating business sentiment have pushed UK executive confidence to its lowest level since 2023, leading firms to delay or freeze hiring. Overall hiring in the UK is down roughly 24% compared with January 2019 and ~10% year-over-year, placing the UK among the weakest performers relative to peers such as the US (-16%) and Germany (-15%). Belfast is the only metro to have seen growth in hiring over this period, while London has seen the sharpest fall.

2 **Public sectors and small businesses are the main sources of resilience.**
Education (+10%) and Healthcare (1%) are the only major UK industries with hiring above or near pre-pandemic levels, while business-led sectors continue to contract sharply, including Professional Services (-28%), Technology (-30%), and Manufacturing (-35%). Hiring at the smallest firms (1–10 employees) is up 44% since 2019, while entrepreneurship is up 36% in the last year alone, consistent with AI tools reducing the cost and complexity of starting and growing companies.

3 **No AI hiring shocks yet.**
Occupations with higher AI exposure are not experiencing steeper hiring declines than other roles. In fact, "AI-augmented" jobs—roles that combine AI-replicable tasks with human-centric skills, such as Human Resources Manager or IT Consultant—are holding up best. As these dynamics evolve, it will be important to continue tracking changes, with a focus not only on exposure to AI but also on workers' ability to adapt to these shifts. Currently, 12% of UK workers are concentrated in high-AI-exposure roles with low skill adaptability, suggesting that any future pressure on AI-exposed jobs would disproportionately affect those least equipped to adjust.

4 **Entry-level hiring trends remain broadly in line with experienced hiring—though some gaps are emerging within "AI-augmented" roles.**
At an economy-wide level, we do not yet see a meaningful difference between entry-level and experienced hiring trends. However, within some AI-augmented occupations, experienced hiring appears more resilient. We do not yet know whether this reflects demand for workers who employers believe can apply experience and judgment to using AI tools, broader labour market dynamics, or other factors.

5 **AI is creating new jobs—but the UK is behind on key talent and struggling to attract highly mobile AI engineers.**
The UK has created 95,000+ AI-related jobs since 2023, led by AI engineers, heads of AI, and AI-infrastructure roles. At the same time, the UK lags leading countries in some critical AI talent pools and has seen a sustained weakening in its ability to attract and retain high-demand, highly mobile AI engineers since 2022.

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Overall hiring picture

Global hiring slows more than 20% below pre-pandemic levels driven primarily by macro conditions and business uncertainty

UK hiring is down 24% since 2019 and 10% year-over-year. Tight financial conditions and ongoing trade and geopolitical uncertainty has driven executive confidence in the UK to its lowest level since 2023, leading firms to take a cautious approach to hiring.

Change in Hiring Today vs. Pre-Pandemic

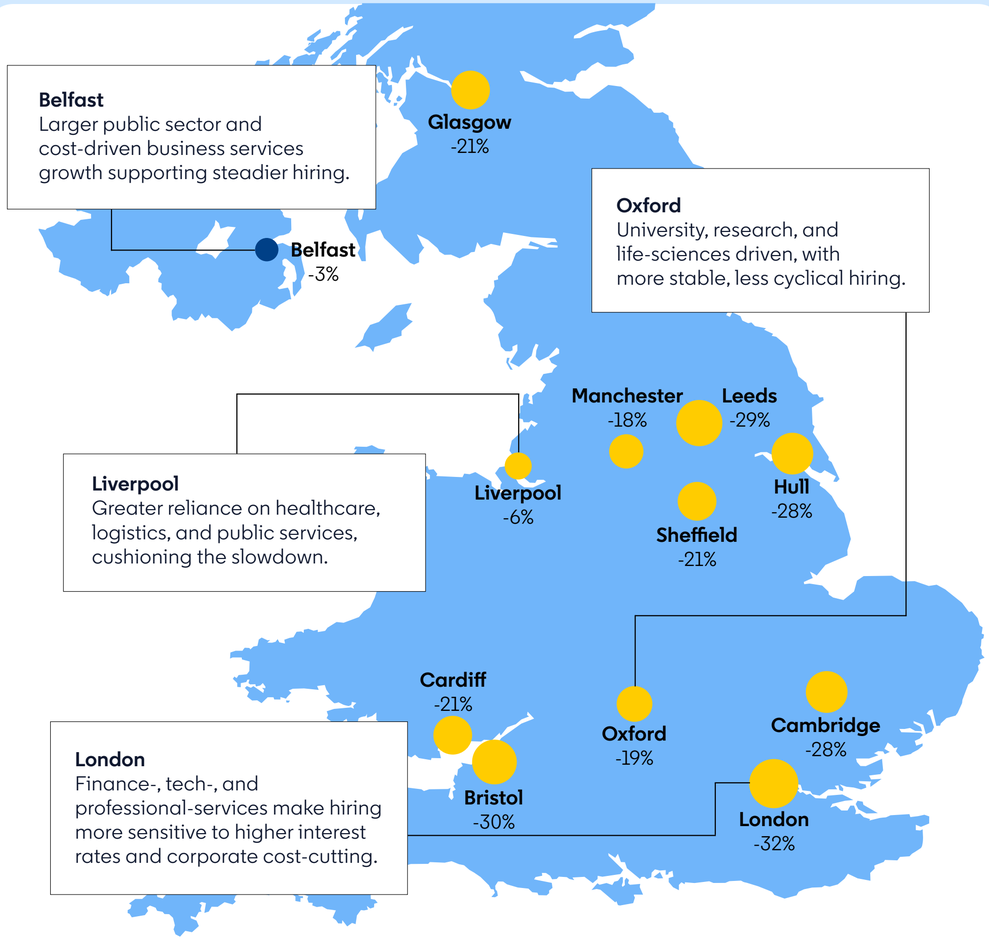
India	44%
United Arab Emirates	36%
Brazil	6%
Germany	-15%
Singapore	-16%
United States	-16%
Australia	-18%
United Kingdom	-24%
Spain	-25%
EU	-26%
Italy	-30%
France	-31%

The LinkedIn Hiring Rate is the percentage of members who added a new employer to their profile (in the same month the job began) divided by the total number of members in that country. The current versus pre-pandemic period is comparing the hiring rate in January 2019 to January 2026.

Broad hiring declines across UK, with sharpest fall in London

Hiring has been most resilient in cities with strong public sector industries. Education and Healthcare are the only sectors hiring more people now than before the pandemic.

UK Change in Hiring Today vs. Pre-Pandemic by City



UK Change in Hiring Today vs. Pre-Pandemic by Industry

Education	10%
Hospitals and Health Care	1%
Utilities	-5%
Government Admnistration	-6%
Entertainment Providers	-7%
Consumer Services	-7%
Farming, Ranching, Forestry	-12%
Accommodation and Food Services	-12%
Construction	-16%
Real Estate and Equipment Rental Services	-23%
Transportation, Logistics, Supply Chain and Storage	-24%
Retail	-24%
Financial Services	-28%
Professional Services	-28%
Technology, Information and Media	-30%
Wholesale	-32%
Defence and Space	-32%
Manufacturing	-35%
Administrative and Support Services	-36%
Oil, Gas and Mining	-48%

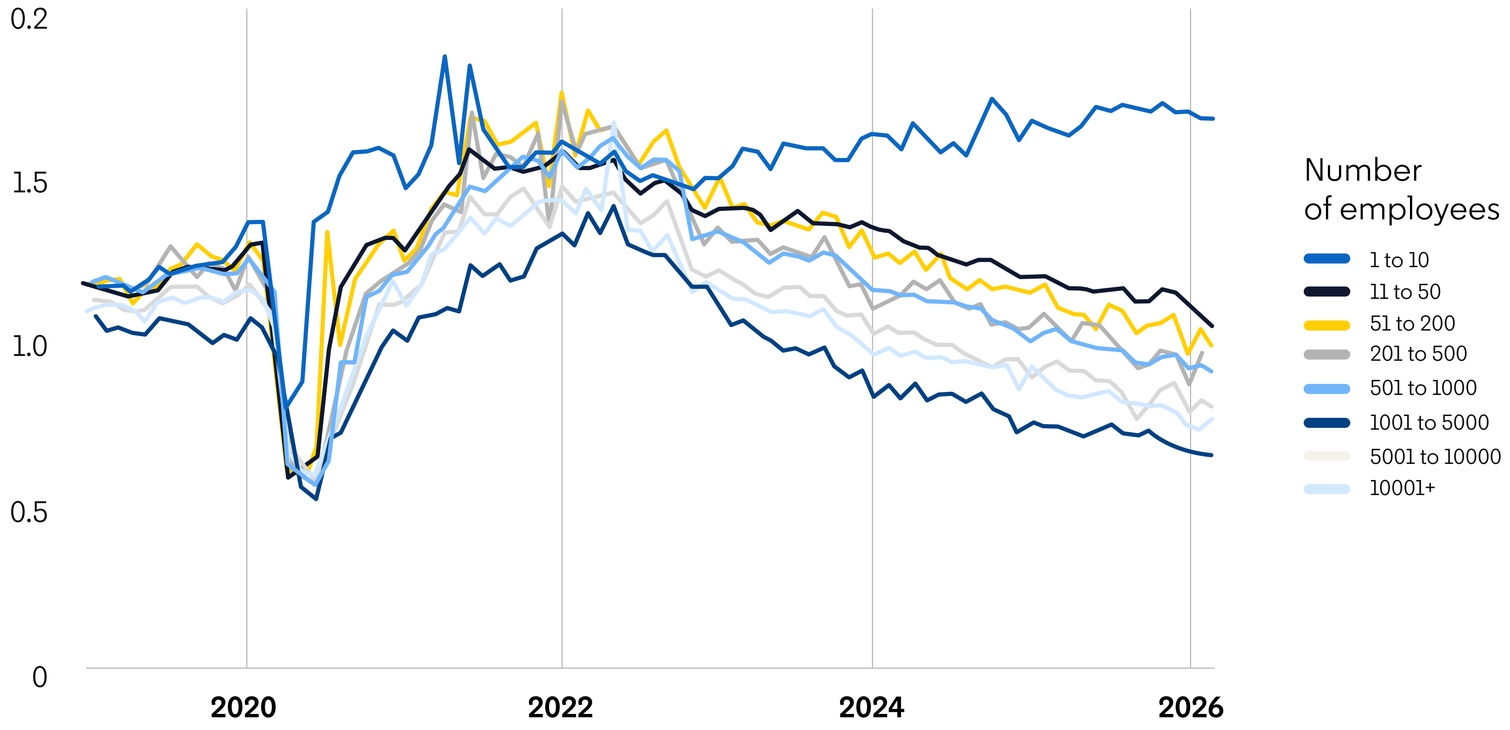
The LinkedIn Hiring Rate is the percentage of members who added a new employer to their profile (in the same month the job began) divided by the total number of members in that country. The current versus pre-pandemic period is comparing the hiring rate in January 2019 to January 2026.

Small businesses are propping up UK job creation

Hiring at the smallest firms is up 44% from pre-pandemic levels and entrepreneurship up 36% in the last year alone, as AI tools lower barriers to starting and scaling companies.

UK Hiring by Company Size

LinkedIn Hiring Rate
indexed to 2016



The LinkedIn Hiring Rate is the percentage of members who added a new employer to their profile (in the same month the job began) divided by the total number of members in that country.

Entrepreneurship is calculated using the number of members adding “founder” to their profile.

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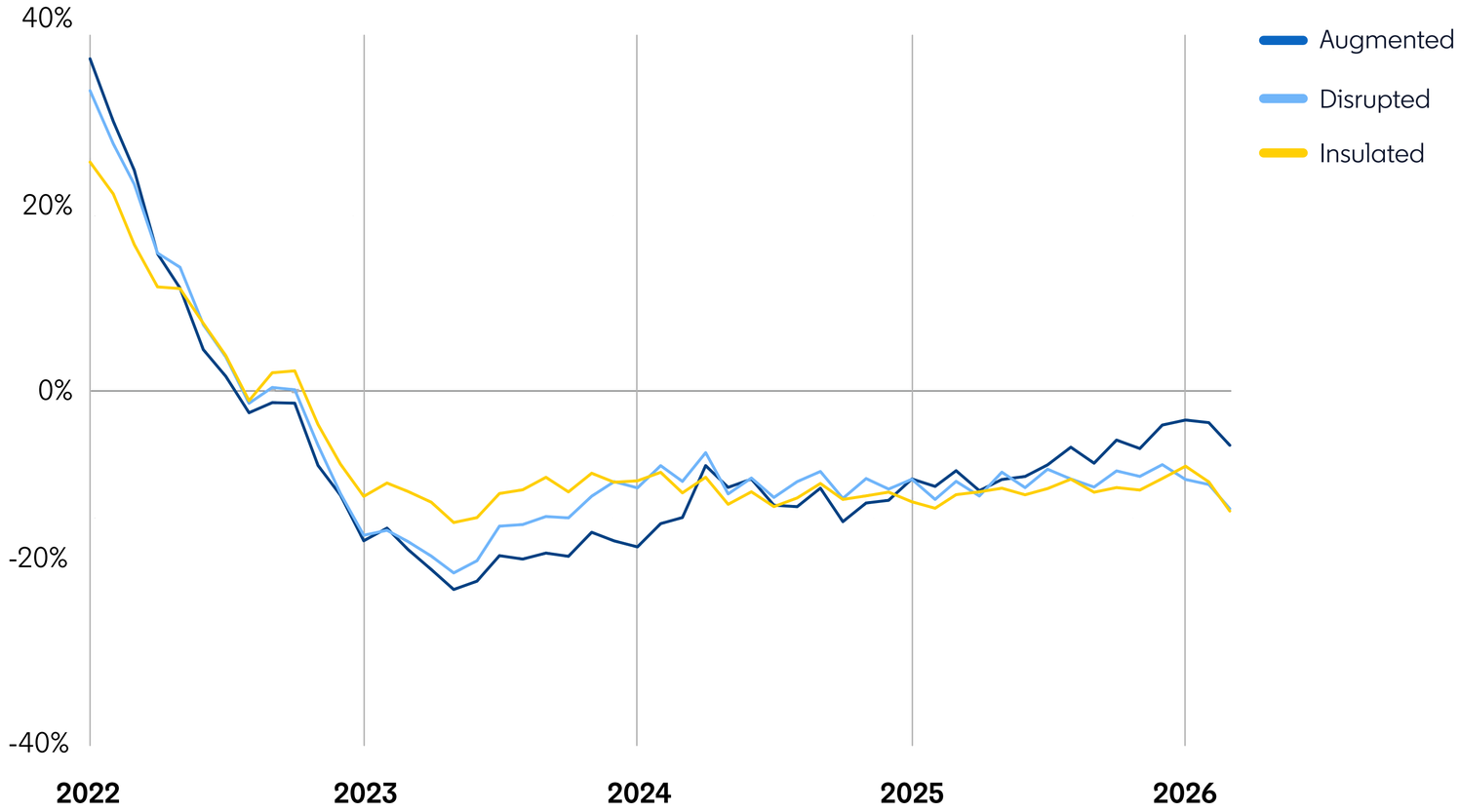
How AI is changing the labour market

We are not seeing AI-driven hiring shocks yet

Jobs with the highest AI exposure (“disrupted”) have not seen sharper hiring declines than insulated ones. Jobs combining AI and human skills (“augmented”) have held up best.

Augmented occupation examples: Marketing Manager, Data Analyst, Software Engineer. Disrupted occupation examples: Customer Service Representative, Translator, Administrative Assistant. Insulated occupation examples: Nurse, Veterinarian, Farmer. For more information on the methodology for AI exposure classification, see Carpanelli et al. (2024). “Generative AI’s Impact of the Workforce: A Technical Framework”

UK Hiring by AI Exposure (YoY)



The LinkedIn Hiring Rate is the percentage of members who added a new employer to their profile (in the same month the job began) divided by the total number of members in that country. The LinkedIn Hiring Rate is displayed for the 3-month trailing average.

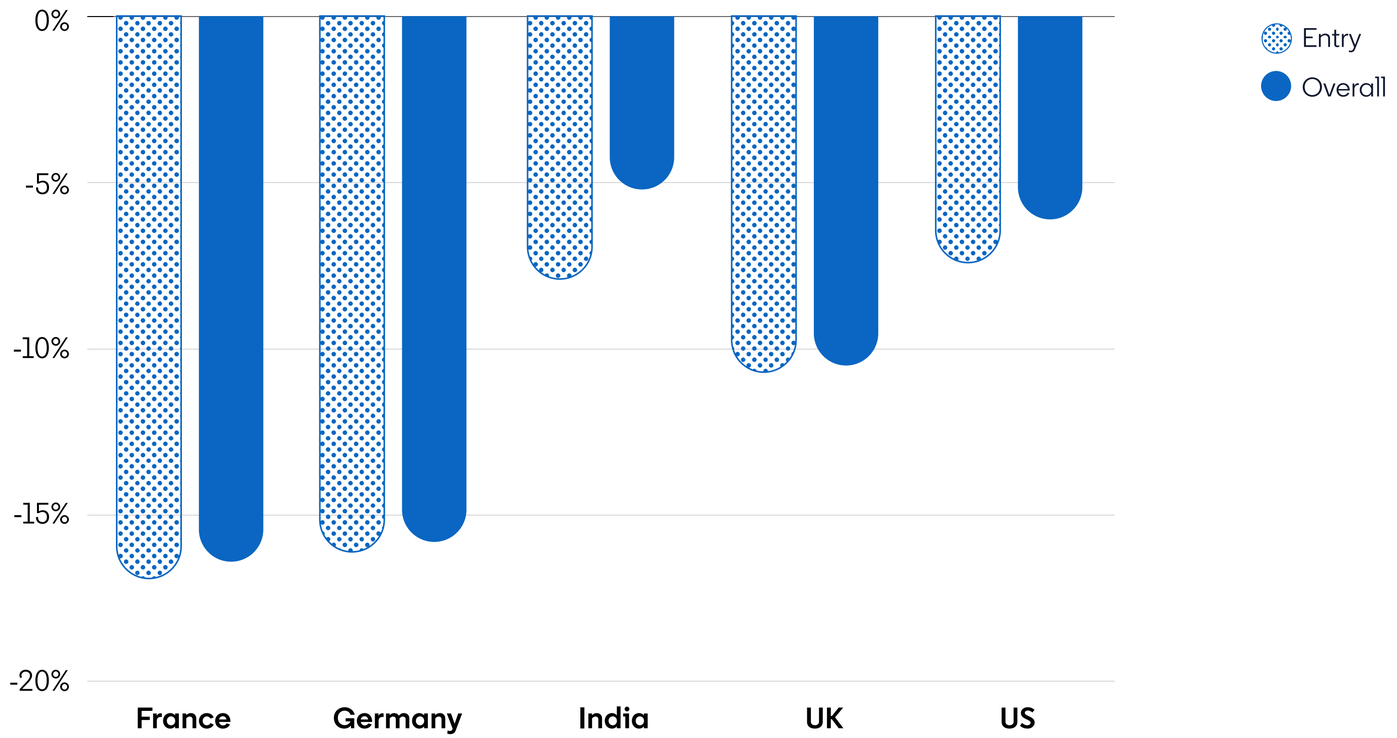
Entry-level hiring is holding steady overall

Across the US, UK, France, Germany, and India, entry-level hiring has fallen broadly in line with overall hiring.

For more information, see the April edition of our quarterly tracker of AI's impact on the labour market.

Hiring for Entry-Level vs. Overall (YoY)

Jan-Mar 2026 average. Entry-level hiring closely mimicked overall hiring last quarter.



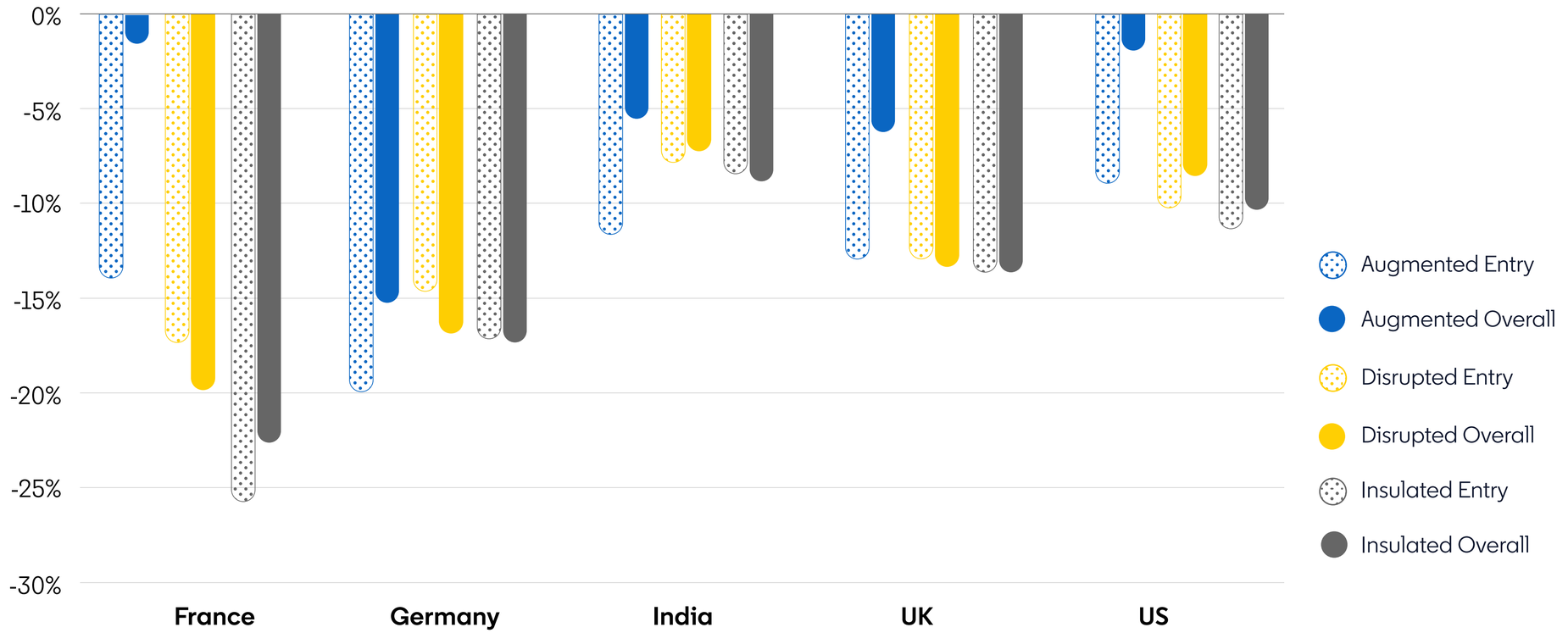
Experienced hiring in AI-augmented roles is holding up best

Hiring in AI-augmented roles remains relatively strong overall, with resilience concentrated among experienced workers (e.g., UK entry-level fell -13% YoY in these roles vs -6% overall).

Hiring for Entry-Level vs. Overall by AI Exposure (YoY)

Jan-Mar 2026 average.

Hiring for augmented occupations is more robust than disrupted and insulated roles. However, entry-level hiring for augmented occupations has larger YoY declines than augmented roles overall.



Navigating AI's Impact: How to build workforce resilience

Adaptability will be key for all workers, and skills play an essential role.

Most AI-exposed workers have high skill overlap with many other jobs, positioning them to more easily navigate AI impacts. Workers with high AI exposure and low adaptability – an estimated **12%** of the UK workforce – however, are most at-risk for long-term displacement.

AI Exposure (X-Axis): The percentage of a job's core tasks that can be assisted or performed by Generative AI. Adaptability Score (Y-Axis): A measure of how easily a worker can pivot. This is calculated based on skill transferability (member-weighted skill overlap between an occupation and all other occupations).

AI is changing what skills matter.

AI is reshaping the skills mix across nearly all UK professions, with demand rising for both AI capabilities and uniquely human skills.

Skills on the Rise in the UK

AI Skill

Human Skill

For more information, see the Skills on the Rise 2026 list.

Rank	Business Development	Sales	Engineering	Education	Healthcare Services	Information Technology	Program and Project Management	Human Resources	Finance	Marketing
1	Full Stack Development	Client Relationship Management	JavaScript Frameworks	Event Coordination	Interdisciplinary Collaboration	Cloud Infrastructure & Services	AI Literacy	AI Literacy	AI Literacy	Visual Storytelling
2	AI Literacy	Lead Generation	LLM App Development	Records Management	AI Literacy	Operational Efficiency	Delivery & Execution Management	Records Management	Cross-functional Collaboration	Performance Analysis
3	Community Building	Cross-functional Collaboration	Prompt Engineering	AI Literacy	Regulatory Complience	Cross-functional Collaboration	Financial & Budget Management	Global HR	Governance, Risk Management, and Compliance (GRC)	AI Literacy
4	Stakeholder Management	Data-Driven Decision Making	Continuous Integration	Behavioural Support	Patient Communications	LLM Ops	Process Automation	End-to-End Recruiting	Taxation	Cross-functional Collaboration
5	Data-Driven Decision Making	AI Literacy	Code Refactoring	Cross-cultural Communication	Trauma-informed Care	Data Storytelling	Agile Methodologies	Cross-functional Collaboration	Investment Analysis	Digital Campaigns

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Building the AI talent ecosystem to accelerate adoption in the UK

Over 95K AI-related jobs have been created across the UK, with emerging hubs aligned to areas of major AI investment.

AI engineers drive most job creation, but also see growth in responsible AI & AI-infrastructure positions.

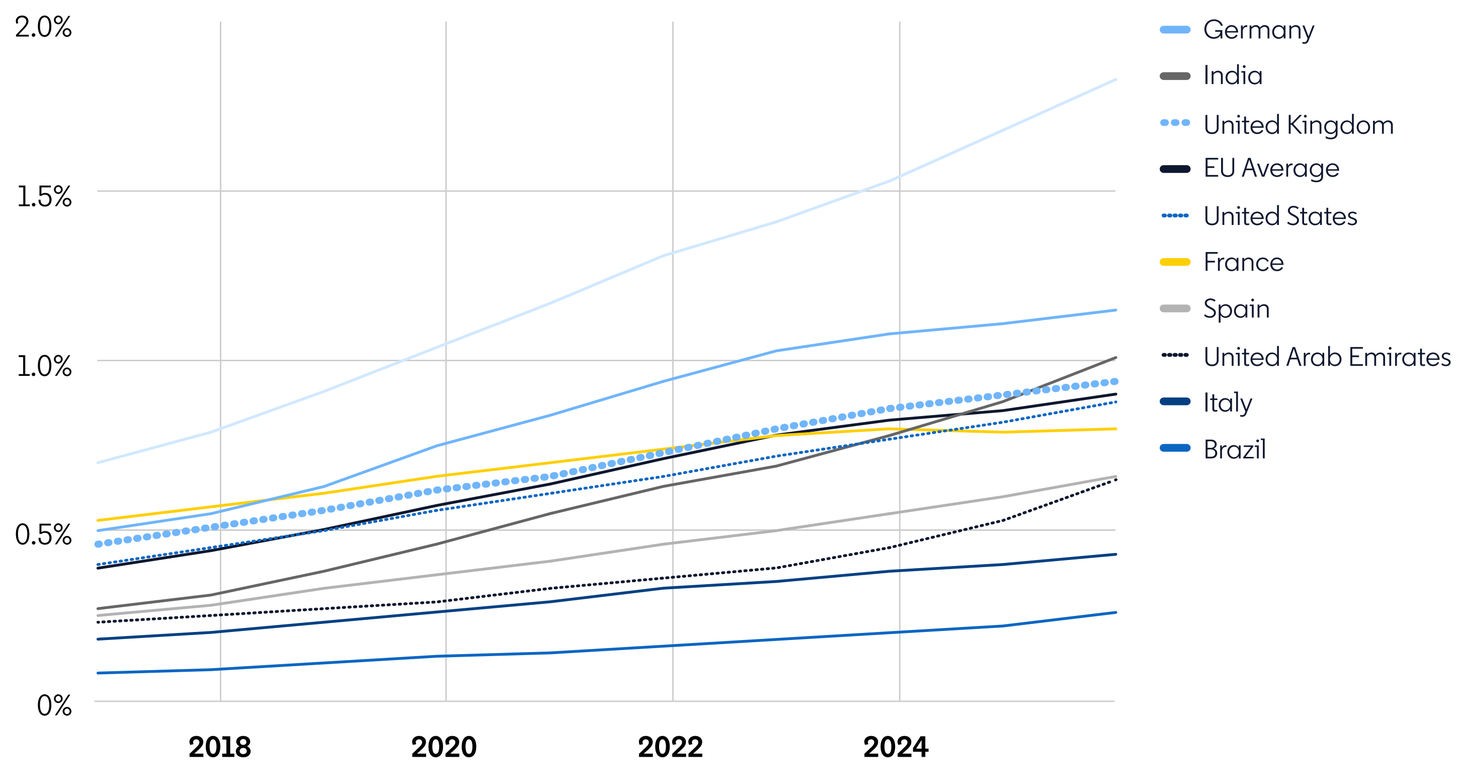
Number of new AI job postings published between 2023 and 2025. AI jobs include the following: AI Engineer, Head of AI, Forward-Deployed Engineer, Prompt Engineer, Data Annotator, AI Forensic Analyst, Responsible AI, and Data Centre jobs.

The circle sizes correspond to the relative number of AI jobs by location.

The UK is building AI talent steadily—ahead of the EU average, but behind the fastest-rising markets

Unlocking the full potential of AI requires a diverse set of talent spanning technical, operational, and governance roles. The UK has steadily strengthened its AI engineering talent base and remains above the EU average in AI talent concentration, though performance across the broader AI ecosystem is more uneven. For example, while the UK ranks third globally in share of data centre workers, it ranks just 22nd in cybersecurity talent concentration.

AI Talent Concentration



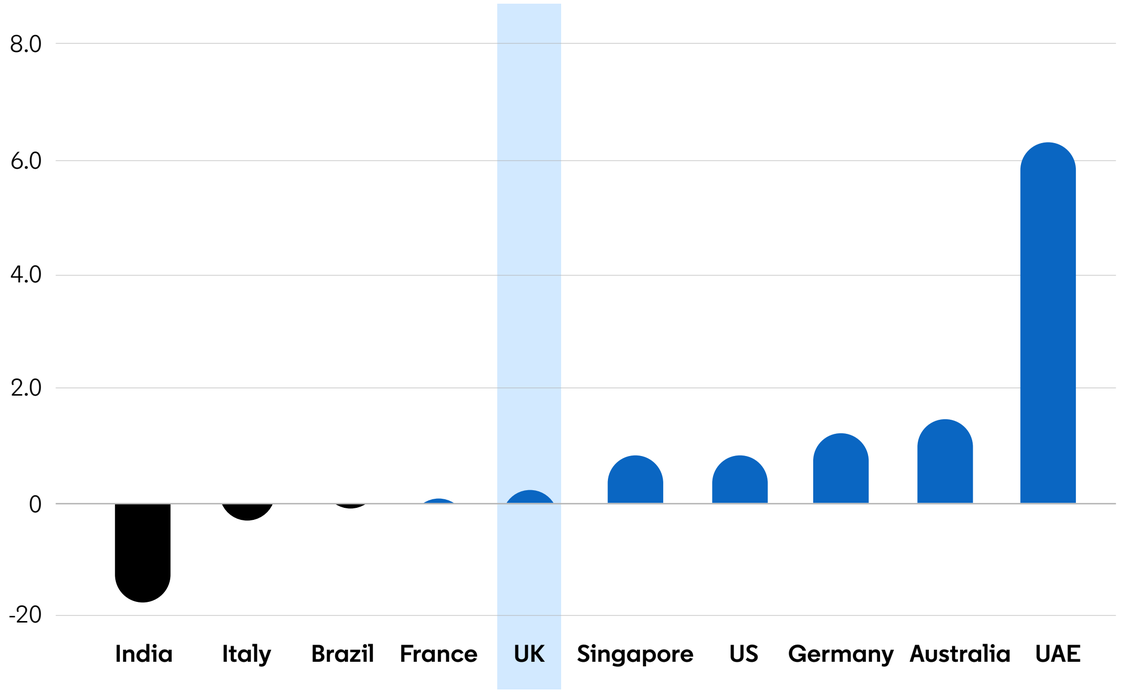
A LinkedIn member is considered AI talent if they have explicitly added at least two AI engineering skills to their profile and/or they are or have been employed in an AI job. Examples of AI jobs include (but are not limited to): Machine Learning Engineer, Artificial Intelligence Specialist, Data Scientist, Computer Vision Engineer. This is not an absolute ranking of all countries.

UK's ambitions risk stalling as inflow of top AI talent slows

Hiring for AI engineers is 18% higher in the UK than the overall hiring rate and AI engineers are 8x more likely to move countries than the average LinkedIn member. Yet the UK's ability to attract and retain this talent has weakened steadily since 2022, risking its AI ambitions.

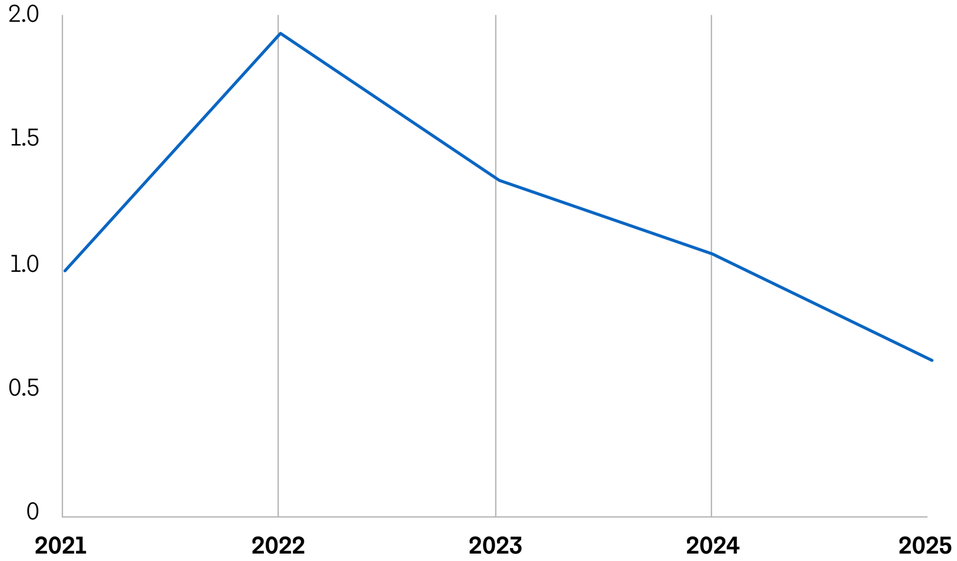
Net Migration of AI Engineering Talent Talent

Per 10k members, 2025



Net Migration of AI Engineering Talent in the UK since 2021

Migration per 10K members

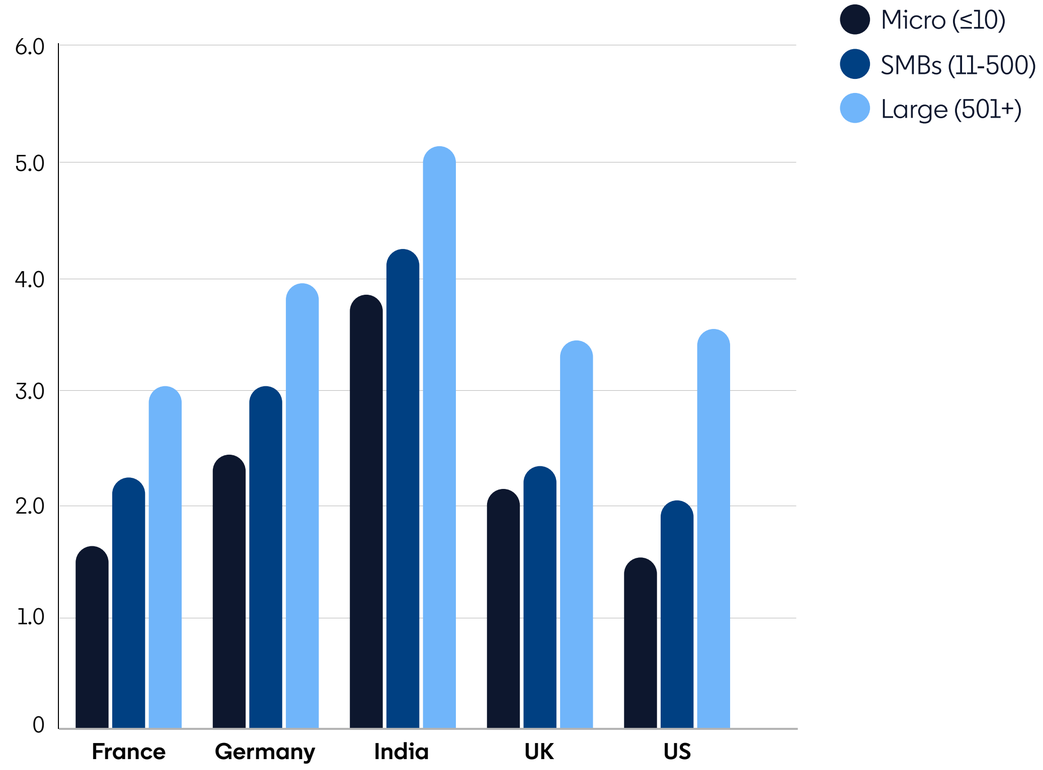


AI adoption shows early signs of diffusion beyond large firms

AI talent remains concentrated in large firms, but rising AI hiring intensity among SMBs indicates they are increasingly competing for talent and narrowing the gap.

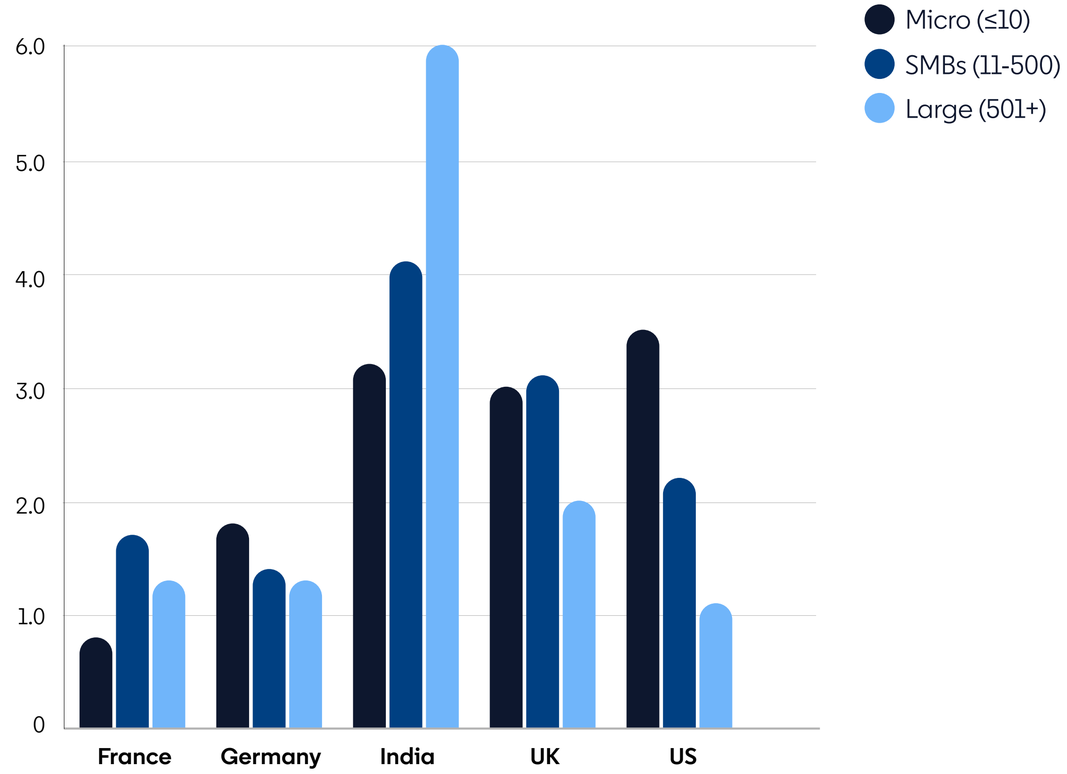
Share of LinkedIn members with AI engineering skills, by company size (2025).

Larger companies have higher concentrations of AI talent.



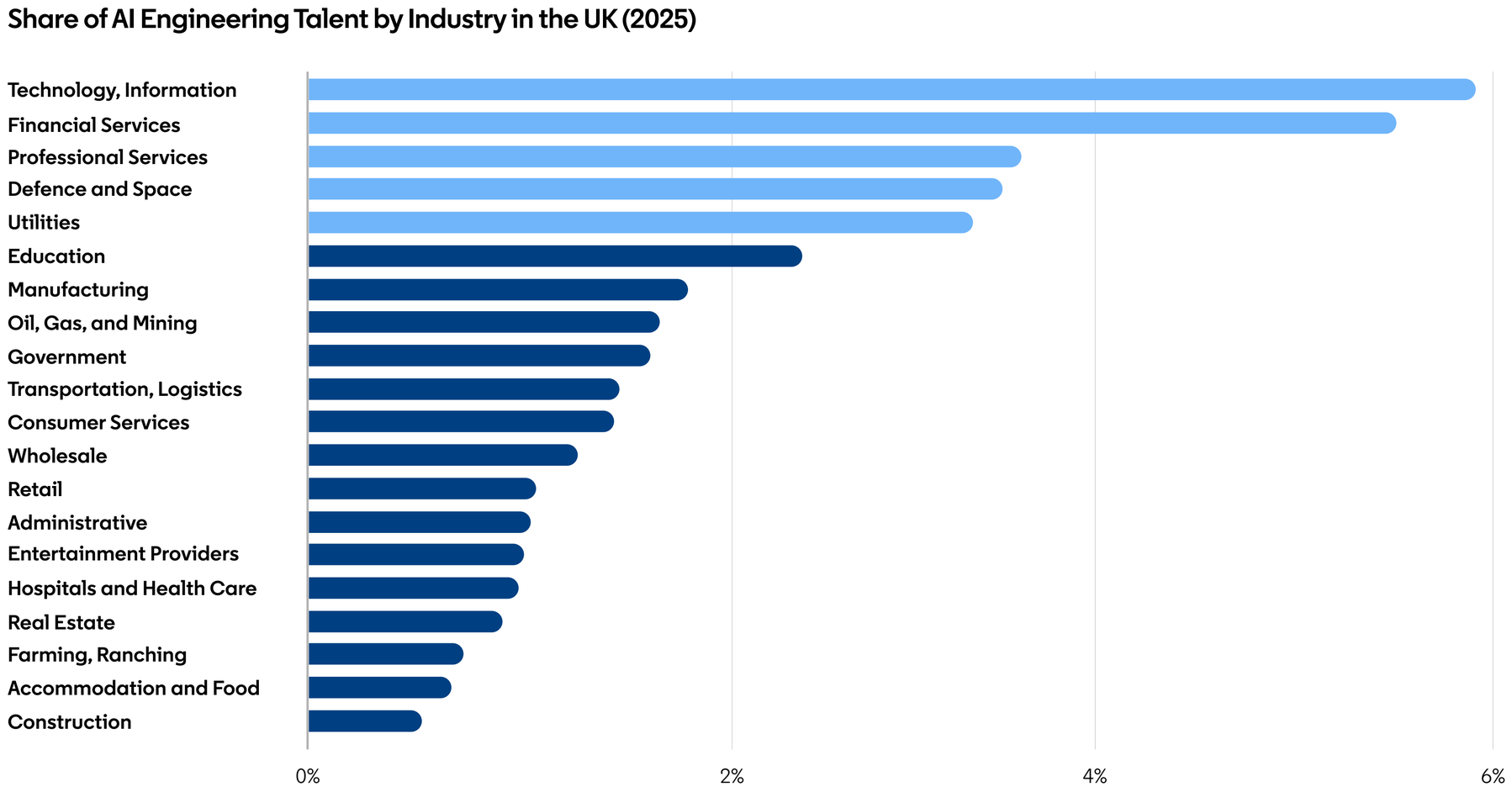
Share of LinkedIn job posts requiring AI engineering skills, by company size (2025).

Micro and SMBs in the UK hiring more for AI engineering skills than large firms.



AI skills in the UK extend beyond Tech industry

While Tech, Finance, and Professional Services lead, the share of AI talent in Utilities and Education points to gradual adoption across the broader economy.



Policy Recommendations

The UK has moved decisively to place AI at the centre of its growth and workforce strategy—through commitments to train 10 million workers, the launch of Skills England's AI Skills Framework, the creation of AI Growth Zones, and renewed focus on priority sectors under the Industrial Strategy.

The challenge now is execution. As AI shifts from experimentation to deployment, skills policy must move in step, becoming more targeted, more place-based, and more tightly linked to firm-level adoption. Drawing on LinkedIn's real-time labour-market data and the findings of this report, we set out five calls to action to help translate the UK's AI ambitions into sustained productivity gains, resilient workforces, and broad-based economic growth.

1 Differentiate AI skills by role, level and stage of adoption

AI skills policy should move beyond a single, undifferentiated notion of 'AI capability'. As recognised by Skills England's AI Skills Framework, adoption requires distinct skills at different levels of the workforce and at different stages of organisational maturity, including across roles with varying exposure to AI and capacity to adapt:

- Entry-level and early-career workers require foundational AI literacy alongside core transferable capabilities such as collaboration, communication and problem-solving skills that underpin the effective and responsible use of AI.

- Workers already in role need applied, task-level skills that support augmentation of existing jobs.

- Managers and leaders need the capability to oversee deployment, organisational change and the responsible use of AI systems in practice.

These distinctions should be reflected directly in delivery through the Lifelong Learning Entitlement and the Growth and Skills Levy, ensuring provision is differentiated by role and level and delivered through modular, occupational training that supports upskilling in line with AI adoption. The recent Milburn Review underscores the need to strengthen transitions into work, with its next phase offering a clear opportunity to consider how changing job entry points should shape skills pathways and provision.

2 Embed AI adoption and skills delivery within sectors where the UK has a competitive advantage

The next phase of policy should focus on enabling firms, particularly SMEs, to move from awareness to deployment in the sectors where the UK is already well positioned to realise the benefits of AI. This includes professional and business services, financial services, life sciences, clean energy, advanced manufacturing and the creative industries – sectors characterised by high levels of expertise, strong institutional capability, and established governance frameworks.

The AI Economics Institute should work with industry partners to identify priority subsectors where exposure to AI is high but adaptive capacity is limited and set out how existing policy levers and delivery mechanisms can best support adoption and target interventions to help cohorts at risk. Regular updates on support for these sectors could then be incorporated into the Industrial Strategy's quarterly reporting cycle, ensuring sustained focus on translating AI capability into sector-specific productivity gains.

3 Use place-based delivery to link AI investment with local skills systems

AI Growth Zones and major technology investments offer a significant opportunity to support regional growth, but skills alignment is not yet embedded by default. To maximise impact, delivery should be coordinated through Local Skills Improvement Plans (LSIPs), with Strategic Authorities aligning further education provision, apprenticeships, employer demand and Jobcentre Plus support.

Where AI Growth Zones or major digital infrastructure investments are announced, LSIPs can provide the mechanism to ensure skills provision responds in parallel rather than retrospectively. This approach would help translate AI investment into local jobs and progression opportunities, while strengthening local employer engagement and supporting more effective public–private coordination on workforce development.

4 Recognise trust in AI as a precondition for adoption

Worker confidence remains a significant factor shaping AI adoption. To support this, there is value in building wider understanding of how AI is used in knowledge-intensive and service-based roles, and its potential to complement human expertise and improve productivity.

Alongside this, employers and workforce representatives have an important role in ensuring that AI is introduced in ways that are transparent, accountable, and aligned with established workplace practices. Approaches grounded in responsible AI principles — including clarity over how systems are used, appropriate human oversight, and safeguards in higher-stakes contexts — can help build confidence and support more effective adoption.

5 Using real-time labour market data to support more targeted and responsive workforce policy

AI is reshaping jobs faster than traditional indicators can capture. Skills England's emerging role in developing a single, data-driven view of skills demand is a strong foundation, and there is an opportunity to further link this work to funding and delivery decisions across the system.

Real-time labour market data can help inform which apprenticeship standards and modular courses are prioritised, and support DWP and Jobcentre Plus in targeting employment and retraining support towards occupations and regions under the greatest pressure from AI-driven change.

Integrating these signals into funding, eligibility and referral decisions would enable a more anticipatory, preventative approach to workforce transition.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