



TALENT TRENDS REPORT

JANUARY 2026



Award-winning talent partner, trusted by growing companies across the UK

2025: FROM HIRING SLOWDOWN TO STRATEGIC ADVANTAGE

2025 was a hard year for recruitment. Confidence stayed fragile, costs rose, and many employers paused permanent hiring while trying to keep delivery moving. The year ended in much the same mood: cautious, cost-conscious, and selective.

The latest REC/KPMG data for December 2025 confirms that end-of-year hesitancy. Permanent placements fell at their sharpest rate since August, while temp billings dipped again (though only mildly). Employers are still hiring - but they're doing it carefully, and flexing wherever they can.



HIRING HEADLINES | WHAT DECEMBER TELLS US

- **Permanent hiring ended the year softer:** placements fell again, with the contraction the steepest since August, linked to weak confidence and cost concerns.
- **Temp hiring remains the pressure valve:** temp billings declined for a second month, but the fall was described as mild and slower than the 2025 average.
- **Demand is still down - but not collapsing:** vacancies fell at a slightly quicker pace than November, yet official data suggests vacancies have been broadly stable in recent months after a long decline.
- **Candidate supply is still high:** overall availability rose sharply again, with redundancies cited as a key driver.
- **Pay pressure is reappearing in pockets:** starting salary inflation hit a seven-month high, and temp pay returned to (modest) growth after two flat months — a reminder that specific skills still command competition.

Neil Carberry, Chief Executive, REC

“Employers remain cautious, but the data shows the pace of decline is easing. Businesses that prepare now will be best placed to move quickly when confidence returns.”

Jon Holt, UK Senior Partner, KPMG

“The labour market continues to adjust to economic uncertainty. While demand remains subdued, organisations are increasingly focused on flexibility, productivity and getting the most from their workforce.”

QUICK GLANCE: THE END-OF-YEAR REALITY

December didn't deliver a "turning point" moment but it did underline something important: employers haven't stopped hiring, they've just changed how they hire.

More organisations are using temporary hiring to stay productive while keeping permanent headcount decisions on ice and they're being selective - paying up only where skills are genuinely scarce.

WHAT THIS MEANS FOR YOUR BUSINESS IN 2026

Plan for uneven recovery (and move before competitors do)

The market is still subdued, but stabilising in places. If your team waits for obvious green lights, you may end up hiring when competition spikes again. H2 2025 showed softening in negative trends but December was a reminder that confidence can wobble quickly.

What to do now: pre-map priority roles, create shortlists early, and reduce approval friction so you can act quickly in Q1/Q2.

Candidate availability is high but speed still wins

There's plenty of talent available, but that doesn't automatically translate to better hires. High availability often creates slower hiring cycles (more CVs, more comparison, more delay). And the strongest candidates still exit processes quickly if timelines drift.

What to do now: tighten screening, standardise interviews, and set "decision SLAs" internally (e.g., feedback in 48 hours).



Pay is calming overall but skills premiums are returning

Starting salaries improved to a seven-month high in December, despite weak demand. That's a clear signal: even in a soft market, employers will still compete hard for the skills that matter most.

What to do now: refresh salary bands for critical roles, build a clear total-reward story, and avoid losing candidates late over misaligned packages.

Flexible resourcing is becoming the default

December reinforced what many organisations felt throughout 2025: temp/contract hiring remains the lever businesses pull to keep delivery moving without locking in long-term cost.

What to do now: build a structured contingent strategy (rates, tenure, compliance, supplier control) so flexibility doesn't become chaos.

2026 PLAYBOOK: BUILD A TOTAL TALENT ENGINE

2026 will reward organisations that can scale hiring up and down without losing control. Not just control of cost, but control of delivery, compliance, quality, and candidate experience.

After the volatility of 2025, it's clear that traditional hiring models, built around fixed headcount plans and siloed recruitment channels, aren't flexible enough for what comes next. Demand will return unevenly, budgets will remain under scrutiny, and workforce needs will shift faster than approval cycles.

The organisations that succeed will be those that move away from rigid structures and towards a **Total Talent model**: one that brings permanent and contingent hiring together under a single, joined-up approach.



A Total Talent model doesn't replace internal teams - it strengthens them, adding flexibility, speed and visibility exactly where it's needed most."

WHAT A TOTAL TALENT SOLUTION LOOKS LIKE

Embedded Talent (RaaS) for permanent hiring agility

Embedded talent gives you on-demand access to experienced recruiters who work as part of your organisation under your brand, within your systems and aligned to your culture.

Instead of adding fixed headcount or relying on agencies, you can scale permanent hiring capacity up or down as demand changes with a simple monthly subscription fee.

What this enables:

- Faster response when hiring picks up or projects launch
- Consistent, on-brand candidate experience
- Better control over cost and quality than ad-hoc agency use
- Permanent hiring that flexes with demand, not against it

In a market where confidence can change month-to-month, this agility is critical.



Managed Service Provider (MSP) for contractors and contingent workforce control and compliance

Alongside permanent hiring, contingent labour remains a key lever for delivery and flexibility.

A Managed Service Provider (MSP) model gives you one structured framework for managing contractor - covering sourcing, rates, tenure, compliance and performance.

What this enables:

- Clear visibility of contingent workforce spend and risk
- Consistent compliance and governance
- Faster deployment of contractors when demand spikes
- Reduced reliance on fragmented supplier networks

Instead of reacting to gaps, businesses can plan and deploy contingent talent with confidence.

WHY TOTAL TALENT WORKS

The real power of a Total Talent Solution is not the individual components - it's how they work together.

When permanent and contract hiring are managed separately, they compete for attention, budget and leadership focus. Decisions are made in silos and workforce planning becomes fragmented.

A Total Talent engine changes that:

- One joined-up workforce plan rather than disconnected hiring activity
- One view of demand across permanent and contingent roles
- One consistent process for governance, cost control and candidate experience

This allows leaders to make smarter decisions about how to hire — not just who to hire.



THE OUTCOME

Organisations with a Total Talent engine in place will benefit from:

- Greater hiring agility
- Faster time-to-delivery
- Lower cost volatility
- Stronger compliance
- Teams that can move at the pace the market demands

After the lessons of 2025, the message is clear:

the future of hiring belongs to those organisations that can flex without losing control.

IS A TOTAL TALENT SOLUTION RIGHT FOR YOUR BUSINESS?

To find out whether a Total Talent solution is right for you (and what it could save in time, cost and risk) speak with Vermelo's Talent Solutions Consultant, Santa Benga.



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VERMELO | YOUR STRATEGIC TALENT PARTNER

Part of the GWV Talent Solutions Group, Vermelo delivers award-winning RPO and flexible, scalable recruitment solutions across insurance, insurtech, fintech, legal, technology, financial services and regulatory sectors.

We help organisations hire smarter, not harder by combining people, process and technology to deliver faster, more compliant and cost-effective hiring through:

- Recruitment Process Outsourcing (RPO)
- Managed Service Provision (MSP)
- Embedded Talent (RaaS)
- Talent Advisory & Consulting

Vermelo brings deep sector expertise and a proven track record of delivering talent solutions in complex, fast-moving markets. Our approach combines premium sourcing capability - without the burden of additional technology subscriptions - with an embedded partnership model that prioritises agility, alignment and results.

We work as an extension of your team, measuring success through what matters most: faster time-to-hire, quality of hire and hiring-manager and candidate satisfaction.

Vermelo | your partner for flexible, data-driven talent solutions that scale with your business.

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