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Talent Trends Report.

June 2026

Source: REC/KPMG data May 2026

What the market is telling us June 2026.

The May REC/KPMG data paints a vivid picture of a market in transition.

Permanent hiring is still contracting - falling at its fastest rate in ten months. Flexible hiring is filling the gap, with temp billings growing at a pace not seen since April 2023. And on the surface, businesses are adapting well - keeping delivery moving, managing costs, preserving optionality in an uncertain environment.

But pragmatic decisions made quickly - under pressure, across teams, through multiple suppliers - have a habit of creating problems that don't announce themselves. They accumulate quietly, out of sight of any single dashboard or decision-maker. And by the time most organisations notice, the exposure is already there.

This month's report looks beyond the headline numbers. It examines what the shift to flexible hiring is quietly exposing and what organisations in regulated markets need to have in place before those exposures become costly.

"Permanent hiring has been contracting for over three years, but the work hasn't stopped. What's changed is where the risk sits. Every contract placement that's done well - properly screened, IR35 documented, rate benchmarked against what the market is actually paying - is one less problem waiting to surface. In insurance, technology and legal, those problems don't stay quiet for long. Sector knowledge isn't a differentiator. It's a control."

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Hiring headlines | What May data tells us.

Permanent hiring fell at its quickest pace in 10 months Market uncertainty, higher costs and Gulf crisis driving employers to pause permanent roles

Temp billings hit fastest growth since April 2023 Businesses leaning on contract & interim talent to keep delivery moving while preserving optionality

Candidate supply rising sharply Redundancies and job insecurity are flooding the market - giving employers more choice, but more governance complexity

Pay growth subdued (but watch niche skills) Broad salary inflation muted, yet cyber, data engineering, pricing & compliance roles remain highly competitive

WHAT THIS MEANS FOR YOUR BUSINESS

Businesses haven't stopped hiring. They've changed how

Permanent placements have now fallen for 44 consecutive months. Yet organisations are still getting work done. The shift to temporary, contract and interim resourcing isn't a sign of paralysis. It's a deliberate strategic response to a world where commitment feels expensive and optionality feels essential.

The pressure points are real and stacking up

Higher National Insurance contributions, zero hours reform, the Gulf crisis adding fresh inflationary pressure, and a domestic political environment that hasn't settled - each of these individually would give boards pause. Together, they've created a hiring environment where 'wait and see' is the default, and flexible resourcing is filling the gap permanent hiring can't yet commit to.

The candidate market has shifted too

Candidate availability is rising sharply - driven by redundancies, fewer permanent opportunities and growing concerns over job security. That gives employers more choice. But a larger, faster-moving contingent workforce also means more complexity: more suppliers, more IR35 decisions, more onboarding touchpoints, more scope for something to fall through the cracks.

Why hiring has shifted to flexible first.

1 **Macro uncertainy**
Gulf crisis, domestic political instability and inflation nerves have boards demanding optionality over commitment.

2 **Higher labour costs**
NI increases and employment red tape have pushed the total cost of permanent headcount up significantly.

3 **Speed of Delivery**
Business targets don't pause. Interim talent fills critical gaps in regulatory, tech and commercial roles fast.

4 **Zero Hours Reform Pressure**
Regulatory changes to zero hours rules are reshaping how organisations structure their flexible workforce.

CONTRACTOR & INTERIM HIRING IS SURGING.

The roles still getting sign-off are those that protect revenue, manage regulatory risk, and keep operations running. The work doesn't pause - it just gets staffed in shorter-term commitments.

Our view: If contractor hiring is rising, your biggest risk isn't finding talent. It's flexibility without governance - IR35 decisions, pre-employment checks, rate control and onboarding visibility all need to be locked before the headcount grows.

Where does your organisation sit?

As contingent workforce volumes grow, organisations typically sit at one of four stages of maturity in how they manage them. Understanding where you are is the starting point for understanding where the risk is sitting.

Stage 1	Stage 2	Stage 3	Stage 4
REACTIVE	**EMERGING**	**CONTROLLED**	**OPTIMISED**
WHAT IS LOOKS LIKE			
Contractors hired ad hoc. No central process. IR35 decided case by case. Multiple suppliers, no SLAs.	Some process exists but inconsistently applied. IR35 framework in draft. One or two preferred suppliers.	Consistent IR35 process, documented and auditable. Screening standardised. Rate benchmarks in place.	Full MSP or embedded model. Real-time headcount and spend visibility. Supplier performance tracked monthly.
RISK LEVEL			
HIGH Invisible spend. HMRC exposure. Compliance gaps.	**MEDIUM** Partial controls. Audit would reveal gaps.	**LOW** Audit-ready. Spend visible.	**MINIMAL** Maximum speed. Fully evidenced. Benchmarked on cost.
KEY FOCUS AREAS			
Centralise visibility - know what you have before you fix how you manage it.	Standardise IR35 decisions and pre-employment checks across all suppliers.	Move from compliance to competitive advantage - speed, cost and quality.	Strategic workforce planning and delivery confidence.

Most organisations operating with 10 or more contractors find themselves at Stage 1 or 2 without having made a conscious decision to be there. The shift to flexible hiring at volume is what exposes the gap - often before the governance infrastructure has had time to keep pace.

What the shift is quietly exposing.

As contingent headcount grows, a consistent set of challenges emerges across organisations. They rarely announce themselves and tend to compound over time.

IR35 DOCUMENTATION THAT HAS NOT KEPT PACE WITH HIRING VOLUMES

A contractor is onboarded quickly. IR35 paperwork gets deferred. Three months later, twelve contractors have been onboarded the same way. The risk is not any individual engagement - it is the absence of a consistent, documented determination process across all of them. HMRC exposure is not triggered by a single case; it is triggered by a pattern.

INCONSISTENT PRE-EMPLOYMENT SCREENING ACROSS SUPPLIERS

Where multiple suppliers are placing contractors across different teams, screening standards are rarely uniform. One supplier may run comprehensive checks; another may do the minimum. Without a consolidated view across all suppliers, the gap stays invisible until it is not.

RATE VARIANCE ACCUMULATING BELOW THE GOVERNANCE LINE

When teams are under pressure to close roles quickly, rates get agreed outside the framework. This is rarely a single decision - it tends to happen incrementally, across teams, over months. By the time the pattern is visible, spend can be running 15–25% above benchmark with no single approval point on record.

None of these challenges are unusual. All are manageable and all are easier to prevent than to fix.

The questions you should be asking yourselves.

Use the following as a practical diagnostic for your current position. These are not compliance tick-boxes - they are a measure of whether your contingent workforce is genuinely manageable at scale.

IR35:

- Can you pull a complete list of your current contractors - with their IR35 status - in under 60 seconds?
- If HMRC requested your IR35 determination evidence today, could you produce it within the hour?

SCREENING:

- Is every contractor's pre-employment screening completed to the same standard, regardless of which supplier placed them?

ONBOARDING:

- Do you have a single onboarding workflow that applies across all teams, locations and suppliers?

RATES:

- Are your contractor rates benchmarked, and do you have visibility of any variance from agreed levels?

GOVERNANCE

- Do your hiring managers have a route to raise a contractor need that always goes through the right approval process?

If you answer to any is 'no' or 'not sure' to any of these questions - that's the conversation you need to have today.

The cost of doing nothing.

The financial and operational consequences of unmanaged flexible hiring are well-documented. Industry benchmarks across these areas are consistent:

HMRC IR35 LIABILITY

UP TO 100% OF UNPAID TAX & INTEREST

Where status decisions are inconsistent or undocumented, HMRC can pursue the fee-payer for unpaid NICs and income tax across every affected engagement - often retrospectively. Liability can reach 100% of unpaid tax plus interest.

(Source: HMRC IR35 guidance)

RATE DRIFT

15-25% ABOVE BENCHMARK

Without benchmarking and approval controls, contractor rates in unmanaged environments typically drift 15–25% above benchmark within 12 months. Across a contingent workforce of 20 or more, the cumulative overspend is significant.

(Source: industry MSP benchmarking data)

BAD HIRE / FAILED CHECK

£15,000-£50,000 PER INCIDENT

A contractor placed without adequate Right to Work or background verification creates legal exposure, operational disruption and reputational risk - particularly in regulated sectors. Industry estimates put the cost of a single incident at £15,000–£50,000.

(Source: CIPD / recruitment industry data)

AUDIT REMEDIATION

6-12 WEEKS OF INTERNAL RESOURCE

When documentation is scattered across teams and suppliers, preparing for an audit is not a report pull - it is a project. Organisations typically spend 6–12 weeks of internal resource getting audit-ready reactively, consuming TA, legal and compliance capacity that should be spent elsewhere.

How organisations are responding.

In sectors that rely on specialist talent like insurance, technology & change and legal, organisations that manage the transition to flexible hiring well typically do three things differently.

1

WORK WITH FEWER, BETTER SUPPLIERS

Consolidating around recruitment partners who know your sector deeply reduces inconsistency across IR35 decisions, screening standards and rate levels. When your recruiter understands the specific disciplines you hire in, the quality of every placement - permanent or contract - improves. When they understand the governance requirements of your sector, the compliance risks associated with each placement reduce.

2

DEMAND IR35 CLARITY FROM DAY ONE

Rather than inheriting IR35 decisions or deferring them under pressure, organisations at Stage 3 and above expect their recruitment partner to arrive with a documented determination and the evidence to support it. This shifts the burden away from internal teams and creates an auditable trail from the moment a contractor starts.

3

ANCHOR RATES TO LIVE SECTOR DATA

Generic rate benchmarks are not useful when you are hiring a Lloyd's market underwriter, a Solvency II change manager or a regulatory counsel with specific sector experience. Organisations that avoid rate drift do so by working with recruiters whose data comes from live placements in the disciplines they hire in - not national surveys that average across unrelated markets.

Why sector specialism matters.

A generalist recruiter operating across all industries cannot hold the market intelligence, candidate network or sector-specific compliance understanding that specialist hiring in insurance, technology & change and legal requires. The difference becomes most visible in three areas: the quality of candidates on the shortlist, the accuracy of rate guidance and the robustness of IR35 and screening documentation on day one.

	Generalist Recruiter	Gerrard White
Sector knowledge	Broad. Relies on job boards and active candidates across all markets.	Deep networks in insurance, technology & change and legal - built over years in these disciplines.
IR35 support	Hands the determination to you. No documentation support.	Clear IR35 determination with every contract placement. Documented and held on file.
Rate guidance	Broad market estimates based on national averages.	Current, sector-specific rate data from live placements in insurance, tech & change and legal.
Candidate quality	Volume-focused. Wider pool, less pre-qualified for your sector.	Pre-qualified against sector-specific criteria. Fewer CVs, stronger shortlists.
Screening standard	Variable. Standards depend on individual consultant or agency	Consistent screening standard across every placement - permanent and contract.

About Gerrard White.

Gerrard White is a specialist recruitment partner working across insurance, technology & change and legal markets. We place permanent and contract talent at all levels - from early career to C-suite - for organisations ranging from growing MGAs and insurtechs to global insurers, law firms and technology consultancies.

Our specialism is not just the sectors we work in - it is the depth of understanding we bring to each of them. When candidate supply is changing fast, when IR35 decisions need to be right first time, and when the skills you need are genuinely niche, working with recruiters who know these markets from the inside makes a material difference to hiring outcomes.

We work across permanent, fixed-term and contract hiring, providing consistent pre-employment screening, documented IR35 determinations and current rate benchmarking specific to your disciplines and sector. The result is hiring that moves faster, with less risk, and talent that fits.

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