



# Talent Trends Report.

February 2026

# The “wait and see” era is ending. But the rules have changed.

2025 ended with employers cautious, cost-conscious, and selective. January’s REC/KPMG data suggests something important has shifted: hiring appetites are starting to improve, and the tone is changing - not into a full rebound, but into more decisive planning and action.

The permanent market is still contracting, but at the slowest rate in 18 months. At the same time, temporary billings nudged back into growth - a sign that businesses are restarting delivery and testing demand through flexible resourcing first.

What this means for business leaders: you’re likely to see more hiring activity, but unevenly - by region, by sector and by skillset.

The organisations that win in 2026 will be the ones that can move quickly without losing cost control or compliance.



# Hiring headlines | What January tells us.

**Permanent hiring is still down but stabilising:** permanent placements fell again, yet at the slowest pace in 18 months (Index 46.9)

**Contracting is back as the pressure valve:** temp billings returned to slight growth for the first time in three months (Index 50.3), supported by short-term preference and new projects

**Vacancies are still declining (27 months) but the drop is easing:** total vacancies remained in contraction (Index 43.8), though the pace softened versus December

**Candidate availability is still rising but less sharply:** overall candidate supply rose at the softest rate in a year (Total Availability Index fell from 66.3 to 58.1)

**Pay pressure is accelerating again:** starting salaries rose at the quickest pace since Aug 2024, and temp wage inflation hit the joint-highest since May 2024 driven by competition for in-demand skills

## Neil Carberry, Chief Executive, REC

“Signs from businesses entering 2026 suggest uncertainty on hiring plans is giving way to action. This doesn’t mean a general hiring upswing, but the ‘wait-and-see’ period seems to be ending... Firms face trade-offs — where to create jobs, and which roles need the human touch versus automation. A growing, inclusive economy needs high employment, so encouraging job creation is more important than ever.”

## Lisa Fernihough, Head of Advisory at KPMG UK

“After a difficult end to last year, it’s encouraging to see tentative signs that hiring appetites are beginning to improve... Skills shortages in specialist areas continue, where competition for talent remains intense. With parts of the economy poised for investment, and as skills needs align with greater stability, we could see more consistent improvement in hiring as the year progresses.”

# The February signals dashboard.

## What to watch over the next 4–8 weeks (and what to do about it)

January's data isn't a headline-grabbing rebound. It's a signal shift: contracting is edging up, permanent is stabilising, candidate supply is still elevated but tightening, and pay pressure is reappearing in specialist pockets. The most useful thing for leaders now is to track leading indicators that tell you when to accelerate.

### **Signal 1: “Flex-first” hiring**

**What the market is saying:** Temp billings are back in slight growth - a classic sign employers are restarting delivery through flexible resourcing.

**What it means for you:** Your fastest route to momentum is likely contractor + project hiring while permanent plans firm up.

***Do this now: Ringfence contingent headcount for critical delivery, with governance in place to avoid cost creep.***

### **Signal 2: The “good candidates” window is narrowing**

**What the market is saying:** Candidate availability is still up, but the rate of increase is easing and the market is less flooded than it was.

**What it means for you:** The best talent will move quickly again. Slow decisions become expensive.

***Do this now: Implement a 48-hour feedback SLA, tighten shortlist criteria, and pre-align interview panels.***

### **Signal 3: Pay pressure is back (but only in the right places)**

**What the market is saying:** Starting salaries and temp pay are rising fastest in the roles where skill scarcity is real.

**What it means for you:** One “company-wide pay stance” won't work. You need selective premiums.

***Do this now: Identify 5–10 “premium roles” and refresh bands + EVP messaging for those only.***

# The decision matrix | Perm vs Contract vs Advisory.

How to choose the right hiring route in 2026's "trade-off market"

REC's commentary is clear: uncertainty is giving way to action, but the decisions employers are making involve trade-offs (location, automation, cost, speed, and scarcity).

Use this simple matrix for every priority role

## HOW URGENT IS DELIVERY?

**Immediate (0–30 days):** go Contract-first to protect timelines

**Planned (30–90 days):** use dedicated hiring capacity to build pipeline

**Long-term:** use workforce planning to redesign skills and structure

## HOW SCARCE IS THE SKILL?

**High scarcity:** invest in proactive search and sharper role narrative

**Moderate scarcity:** process speed wins (fast feedback, tight shortlists)

**Low scarcity:** optimise the funnel and reduce admin load

## HOW HIGH IS COMPLIANCE RISK?

*(IR35, regulated environments, onboarding complexity)*

**High risk:** centralise governance (rates, onboarding, compliance)

**Medium risk:** blended approach (governance + delivery support)

**Low risk:** light-touch support may suffice

## WHAT "GOOD" LOOKS LIKE

**Speed:** shorter approvals + interview loops (to stop drop-off)

**Selectivity:** fewer roles, higher clarity, tighter shortlists

**Flex:** contractor capacity without supplier chaos

**Control:** rate cards, tenure, and compliance managed centrally

# Build a hiring model that can switch gears.

As organisations move from hesitation to action, they're not choosing one hiring lane. Some teams are restarting permanent hiring selectively, others are leaning on contractors to protect delivery, and many are reassessing which roles need the human touch versus process or automation.

For employers hiring into Insurance, Tech & Change and Legal, this "re-balance" creates a familiar challenge: the demand is inconsistent, but the skills are still specialist. That means success depends less on volume, and more on having a hiring approach that can flex by role type, urgency and risk.

## What winning teams are building in 2026

A "switchable" hiring model lets you move between:

- Contract-first mobilisation when delivery timelines tighten
- Pipeline-led permanent hiring when stability matters
- Role redesign when trade-offs (cost, location, automation, scarcity) change what you need

## The three requirements

**1) Capacity you can dial up or down:** When hiring returns in bursts, you need recruitment power that can act fast without adding permanent overhead.

**2) Control when contractor hiring rises:** Specialist contracting moves quickly but it must stay governed. IR35-aware processes and audit-ready documentation keep pace without increasing risk.

**3) Faster decisions without lowering standards:** In specialist markets, the best candidates won't sit in long loops. Clear role definition, tight shortlists and fast feedback protect quality and speed.

That's where **Gerrard White** helps. Specialist recruitment across Insurance, Tech & Change and Legal, supporting both permanent and contractor hiring with a compliance-first approach.

# Permanent hiring | Secure specialist talent before the window narrows.

Even as the market rebalances, scarcity remains concentrated in specialist skill areas - particularly where roles require domain knowledge, change capability or regulated expertise.

Gerrard White supports permanent hiring in Insurance, Tech & Change, and Legal with a focus on quality shortlists, pace and role clarity, so critical hires don't stall at screening, drift in interview loops or fall over at offer stage.

## What this looks like in practice

- Sharper role definition (what "good" actually looks like, not generic wish-lists)
- Targeted search aligned to specialist communities and relevant track records
- Tighter hiring cadence (shortlists, interview scheduling, feedback rhythm)
- Offer-stage discipline to improve acceptance and reduce drop-off

## Best for

- Specialist or niche role permanent hiring where time-to-hire is impacting delivery
- Teams seeing offer decline or slow decision-making lose strong candidates
- Hard-to-hire roles in regulated, change-heavy or specialist environments

## Hiring in Insurance, Tech & Change or Legal?

Contact Gerrard White to talk through your priority roles.

**01892 553355 | [info@gerrardwhite.com](mailto:info@gerrardwhite.com)**

# Contractor Hiring | Mobilise delivery without compliance surprises.

In a re-balance market, many organisations restart delivery through contractors first. That can be the fastest route to progress but only if the engagement model stays controlled.

Gerrard White supports contractor hiring across Insurance, Tech & Change, and Legal with compliance-first contractor engagement - helping clients move quickly while keeping processes IR35-aware and documentation audit-ready.

## What you gain

- Speed to resource for urgent delivery and project spikes
- Consistent onboarding and checks suited to your environment
- IR35-aware processes that support defensible engagement decisions
- Audit-ready documentation to reduce operational and compliance exposure
- Visibility and control around role scope, rates and extensions (to prevent drift)

## Best for

- project hiring across change, transformation, technology and regulatory delivery
- organisations increasing contractor usage and wanting consistency + control
- roles where onboarding, governance or compliance uncertainty slows starts

**Scaling contractor hiring?** Contact Gerrard White to discuss your contractor roles and timelines.

**01892 553355 | [info@gerrardwhite.com](mailto:info@gerrardwhite.com)**

# Need a specialist to talk through your hiring roles?

A quick conversation can help you sense-check priorities, timelines and risks before the market tightens.

If hiring is returning unevenly across your business, the biggest advantage is clarity: which roles are truly urgent, where scarcity will bite, and where governance needs tightening as contractor demand rises.

## Speak to Gerrard White to:

- talk through your priority permanent and contractor roles
- sense-check timelines, shortlist expectations and pay pressure
- flag any IR35 or compliance considerations early
- agree practical next steps for moving forward

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