



Talent Trends Report

October 2025

Latest Hiring Insights from the REC / KPMG “UK Report on Jobs”
September 2025



Talent trends: Hiring headlines

October 2025

Latest recruiting environment

The latest UK labour market data brings cautious optimism. While permanent hiring remains in decline, the drop in September was the slowest in a year, is this a signal that the market could be nearing a turning point? Temporary hiring held up relatively well, and regional patterns show encouraging stability outside London.

At the same time, **candidate availability remains strong**, with recruiters reporting an abundant pool of skilled professionals following corporate restructures and hiring freezes. Salaries are close to flatlining, giving businesses a **rare moment of cost control and choice** before competition picks up again.

“Employers are understandably cautious, but despite recent headwinds, CEOs are becoming more optimistic about future growth and are already refocusing investment into AI, cyber resilience and upskilling their people.”

Jon Holt, Chief Executive and Senior Partner of KPMG in the UK

“Permanent hiring looks to be stabilising, and the temporary market remains healthier in parts of the country. What’s really needed now is a shot of confidence to get things moving again.”

Neil Carberry, REC Chief Executive

What the data shows...

- **Permanent hiring fall slows to its weakest in 12 months**, suggesting stability is returning
- **Temporary demand mixed**, but growth recorded in the **Midlands and North**
- **Candidate availability still rising fast**, meaning employers have access to deep talent pools
- **Pay growth flatlines**, with the **slowest rise in four and a half years**, helping to keep inflation in check

The hiring market isn’t roaring back yet, but it’s starting to settle. Conditions are more predictable, giving businesses a valuable window to prepare for the next upturn.

* Data from S&P Global
REC/ONS September 2025

What this means for your business...

October 2025

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Signs of Stability

Hiring is still subdued, but the steepest drops appear to be over. Confidence is returning in parts of the market, giving businesses room to plan instead of react. Those that start forecasting and mapping future roles now will move faster when growth picks up.

Business risk

Short-term thinking: waiting for full market recovery before acting could mean missing the early rebound. Businesses that quietly prepare talent plans now will have first access to quality candidates before competition intensifies

Capacity crunch: smaller in-house talent teams may struggle to process higher volumes of vacancies when activity picks up, leading to longer hiring times and lost opportunities

Delayed delivery: transformation and innovation projects could be held back if key hires aren't identified early, creating delivery bottlenecks in 2026

2

Bigger talent pool

Candidate availability is at its strongest level in years. This is a rare window to access quality talent and strengthen capability while competition is still light. But volume can easily become noise without the right process.

Business risk

Decision drag: with application numbers rising, traditional screening methods can slow decision-making, frustrating managers and candidates and risking the loss of top talent to faster competitors

Hidden gems: a flood of CVs makes it easy to overlook high-potential individuals, particularly those with transferable skills or unconventional backgrounds that could add real value

Dropouts mid-process: strong candidates expect clear communication and pace. Lengthy, unclear processes or slow feedback loops cause them to disengage and accept other offers

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Cooling Pay Pressure

Pay growth has eased to its lowest point in over four years, creating a short-term cost advantage. Employers can now hire well without inflating budgets but that won't last. The smartest move is to secure talent now and prepare for renewed pay pressure in 2026.

Business risk

False savings: securing staff at lower rates is only beneficial if balanced with strong engagement, development, and retention strategies. Neglecting these can lead to higher turnover costs later

Pay friction: new hires brought in at leaner rates may create tension with long-serving employees, especially if pay transparency becomes a discussion point. Managing fairness is key

Budget shock later: assuming pay pressure has permanently eased can lead to underfunded budgets next year when wage growth returns, forcing reactive and expensive adjustments

4

Flexibility Remains Essential

Temporary and contract hiring continues to hold steady as businesses look for ways to stay agile. Flexible resourcing is no longer a stopgap, it's become a core part of how organisations manage uncertainty and protect delivery.

Business risk

Compliance gaps: growing reliance on contingent workers raises exposure to IR35, right-to-work, and audit risks. Without proper oversight, small errors can lead to costly penalties

Knowledge churn: high rotation among temporary staff can erode institutional knowledge and disrupt client relationships unless handovers and documentation are managed effectively

Missed conversions: failing to convert high-performing temps or contractors to permanent roles wastes both investment and continuity, particularly when proven talent is already integrated

* Data from S&P Global
REC/ONS September 2025

The real risk now: Losing agility

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The biggest danger for employers right now isn't just losing people, it's losing **momentum**. As the hiring market stabilises, companies that stay rigid in their processes risk being overtaken by those that move faster, flex their resourcing models and make data-led decisions.

Traditional hiring cycles with multi-stage approvals, long interview chains, over-engineered assessments simply don't fit the next phase of the market.

The new normal demands **hiring agility**: the ability to switch between permanent, contract and project-based talent at speed, without compromising compliance or culture fit.

Why agility matters now

- **Market shifts are unpredictable** – workforce needs can rise or fall within weeks. Static headcount planning can't keep up.
- **Budgets are tighter but work isn't** – teams still need delivery power without long-term cost commitments.
- **Talent expects flexibility** – professionals increasingly prefer hybrid or project-based engagements.
- **Speed wins** – when top candidates surface, being able to offer a contract, secondment or short-term project within days is a competitive advantage.



The smarter play: Build a flexible talent engine

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Forward-thinking organisations aren't waiting for the market to "recover", they're already building **flexible workforce systems** that scale up or down on demand.

Agile hiring isn't about cutting corners; it's about creating a structure that can flex without losing control.

What agile hiring looks like:

- **Embedded recruiters on demand:** plug-in talent partners who can expand your hiring capacity overnight during busy periods
- **Scalable contract frameworks:** pre-vetted contingent workers ready to deploy without compliance headaches
- **Real-time workforce data:** dashboards showing where talent is available and what skills are emerging across the market
- **Cross-training and mobility:** helping internal staff pivot quickly into priority projects rather than waiting for external hires

The result? A leaner, faster and more resilient approach to workforce planning, one that keeps momentum even when the market doesn't.



Be ready before the market turns. Contact us to build your agile talent strategy now...

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