TALENT TRENDS REPORT

JULY 2026

Source: REC/KPMG data June 2026

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WHAT THE MARKET IS TELLING US | JULY 2026

After what the REC's own Chief Executive called a 'long recruitment winter', June brought something we haven't been able to write for a while: genuinely hopeful signs.

Permanent hiring is still falling - but only just. The decline eased notably in June, back to the marginal pace we saw before the summer's global uncertainty put hiring plans on pause. Temporary billings, meanwhile, grew at their fastest rate in over three years, as businesses keep delivery moving through flexible talent while they wait for the confidence to commit.

Here's the part most organisations will miss. Markets don't announce their turning points. By the time permanent hiring is visibly growing again, the best candidates are already fielding multiple offers, salaries for scarce skills have already moved, and every one of your competitors is fishing in the same pool. The winners of the recovery are decided before the recovery starts, by whoever is ready to move first.

This month's report looks at the early signals hiding in the June data, why a candidate-rich market is less comfortable than it looks, and how to make sure your hiring engine is match-fit before the whistle goes.

Everyone says they'll hire 'when the market turns'. But the turn only becomes visible in hindsight and by then the advantage has gone. The latest data is the strongest hint in three years that the turn is forming. The question for every leadership team is simple: if permanent hiring came back next quarter, could your hiring process actually keep up?”

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HIRING HEADLINES | WHAT JUNE'S DATA TELLS US

- **Temp billings hit a three-year high.** Businesses turned to temp and contract talent at the fastest rate since April 2023 - flexible hiring is still doing the heavy lifting while confidence rebuilds.
- **Permanent hiring is close to flat.** Placements still fell, but only marginally - the softest decline in three months and among the closest to stabilising since the downturn began.
- Pay is quietly heating up. Starting salaries rose at their fastest pace since January, driven by competition for top talent even in a soft market, scarce skills are being repriced.
- **The candidate flood is slowing.** Availability is still rising off the back of redundancies, but growth slowed to a four-month low and recruiters report candidates increasingly reluctant to move in an uncertain climate.
- **Demand is still soft.** Total vacancies fell at the fastest rate since January, driven by permanent roles, employers are pausing new commitments, not abandoning delivery.

WHAT THIS MEANS FOR YOUR BUSINESS

The story of 2026 so far has been flexibility: businesses using contract and interim talent to progress projects without long-term commitment.

June's data confirms that pivot is still accelerating. But underneath it, three things are shifting at once - permanent decline easing, pay strengthening, candidate hesitancy growing. Individually, each is a footnote. Together, they look like the early mechanics of a market getting ready to turn.

Nobody can call the timing - a new Prime Minister, steadier oil prices and easing inflation nerves could accelerate it; fresh shocks could delay it.

But the direction of the signals matters more than the date. And the signals say: **start preparing now.**

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THE WIDER PICTURE | BEYOND THE REC DATA

Official data from other public sources tells the same 'stabilising, not surging' story:

VACANCIES

707,000

The lowest in over five years, and below prepandemic levels. But the pace of decline is slowing - vacancies fell just 2.6% on the quarter.

UNEMPLOYMENT

4.9%

Down 0.3 percentage points on the quarter - the first meaningful improvement in some time, even if it remains above last year's level.

EMPLOYMENT RATE

75%

Holding steady on both the quarter and the year - employers have trimmed hiring, not headcount.

WAGE GROWTH

4.4%

Total earnings growth is steady and subdued by recent standards but starting-salary pressure for in-demand skills is building underneath it.

UNEMPLOYED CANDIDATES PER VACANCY

2.5

Unchanged for three consecutive quarters. The market has more choice than at any point since 2021 but it has stopped loosening.

Read this data together with the REC data, the picture is consistent: the market has found its floor and is testing it. That is precisely the phase in which preparation is cheap and hesitation gets expensive.

Sources: ONS Labour Market Overview (18 June 2026 release, Feb–Apr 2026 LFS data; Mar–May vacancies). ONS notes LFS figures are 'official statistics in development'

THE FALSE COMFORT OF A FULL CANDIDATE MARKET

On paper, this is a hirer's market. Candidate availability has risen for 40 consecutive months. Applications per role are high. Salary expectations look manageable. What could go wrong?

Quite a lot, as it turns out. Three uncomfortable truths hide inside a candidate-rich market:

1 VOLUME IS NOT QUALITY

More CVs means slower decisions, longer shortlists and more internal comparison and the strongest candidates exit slow processes first. Abundance creates drag, and drag loses you exactly the people you wanted.

2 THE BEST PEOPLE AREN'T IN THE PILE

June's data showed candidates becoming more hesitant to move. The people you most want - high performers, securely employed - are watching the same uncertainty as you. Attracting them takes a sharper story and a faster, better-run process, not a bigger CV pile.

3 SCARCE SKILLS ARE ALREADY REPRICED

Starting salaries just rose at their fastest pace since January. For cyber, data, pricing, compliance and change skills, competition never really went away. Wait for the broad market to turn and you'll be buying those skills at recovery prices, against more bidders.

The organisations hiring well right now aren't the ones with the most applicants. They're the ones with the sharpest process: clear priority roles, fast decisions, a candidate experience that says **'we've got our act together'** . That's a capability and capabilities take longer to build than a job advert takes to post.

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WHAT FIRST MOVERS DO DIFFERENTLY

Recruitment recoveries tend to follow a predictable pattern and it often rewards those that are the most prepared:

STAGE 1

CONFIDENCE RETURNS UNEVENLY

A handful of organisations restart permanent hiring while competitors are still ‘waiting to see’. They hire from the deepest, least-contested candidate pool of the cycle.

STAGE 2

THE WAVE BREAKS

More employers move at once. Time-to-hire stretches, counteroffers return, the best candidates start running multiple processes. Salary expectations climb.

STAGE 3

LATE MOVERS PAY A PREMIUM

They hire in the most competitive conditions, at the highest prices, often with hiring teams scaled down during the quiet years that can’t cope with the volume.

The gap between Stage 1 and Stage 3 isn’t luck or budget. It’s readiness decided months earlier, in quiet periods exactly like this one.

WHY SUMMER IS THE WINDOW

The quieter weeks of Q3 are the cheapest time in the cycle to prepare: map the roles that will matter in 2027 plans, refresh salary benchmarks before the market moves them for you, tighten the interview-to-offer process, and pre-build shortlists for the roles you know are coming. None of this commits you to a single hire, it just means that when the board says ‘go’, your answer is **‘we already have’**.

THE HIRING READINESS CHECKLIST

Six questions to test whether your hiring engine could handle the turn. Tick those you are confident on ('no' and 'not sure' count the same).

- ☐ **DEMAND:** Do you know, today, which roles you'd need to fill in the first 90 days if growth plans were switched back on?
- ☐ **SPEED:** Could a critical hire go from 'approved' to 'offer out' in under four weeks? Where does your process actually lose its time?
- ☐ **CAPACITY:** If hiring volume doubled next quarter, could your team handle it without quality slipping or agency costs ballooning?
- ☐ **PAY:** Are your salary bands benchmarked against today's market or against the market as it was when you last hired at volume?
- ☐ **EXPERIENCE:** Would a strong candidate describe your process as sharp and decisive, or slow, repetitive and silent between stages?
- ☐ **DATA:** Do you know your true cost-per-hire and time-to-hire and could you show how they'd change under different hiring volumes?

Ticked four or more? You're in good shape for the turn. Fewer than that - it's fixable faster than most people expect. But it's a conversation worth having now, while you still have time on your side

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HIRING CAPACITY, WITHOUT THE FIXED COST

Here's the challenge many HR teams face. Internal recruitment teams were trimmed during the downturn (sensibly). But that means the capacity to handle a hiring upturn no longer exists in-house. Rebuild it permanently and you've added fixed cost before the recovery is confirmed. Do nothing and you'll be forced into expensive, ad-hoc agency spend the moment volume returns. **There's a third option: hiring capacity that scales with demand.**

EMBEDDED TALENT (RaaS)

Experienced recruiters who plug into your team - your brand, your systems, your culture - on a simple monthly subscription. Scale up when hiring picks up, scale down when it doesn't. The responsiveness of an in-house team with the flexibility of a variable cost.

RPO - A HIRING ENGINE, READY-BUILT

For organisations expecting sustained volume, RPO hands you the whole engine: sourcing, process, technology, employer brand, reporting and market data, run by specialists and designed to flex. Predictable cost. Faster hires. A candidate experience that reflects well on you and hiring data you can actually plan with.

TALENT ADVISORY

Not ready to change how you hire but want to know if you're ready? Advisory support covers workforce planning, salary benchmarking and process health-checks. Preparation without commitment.

In each case, the point is the same: readiness shouldn't require a leap of faith. It should be something you can switch on (or off).

FIXED TEAM VS FLEXIBLE CAPACITY

Two ways to hold hiring capability and what each means when the market turns:

	FIXED IN-HOUSE MODEL	FLEXIBLE (EMBEDDED / RPO)
SCALE	Capacity set by last year's budget.	Capacity set by this quarter's demand.
SURGE RESPONSE	A hiring surge means overload, delays or panic agency spend.	Surge absorbed by scaling the embedded team or RPO delivery.
COST	Cost is constant whether you hire or not.	Cost tracks activity - subscription or per-hire, agreed up front.
MARKET INTELLIGENCE	Market data limited to your own vacancies.	Live benchmarking and candidate insight across the market, every month.
CANDIDATE EXPERIENCE	Varies by hiring manager.	One consistent, on-brand process - measured and reported.
READINESS	Readiness for the turn depends on a headcount request.	**Readiness is built in - switch on when you need it.**

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USE THE QUIET TIME WISELY

If June's data is the market clearing its throat, the quiet weeks of summer are your window to get ready. We'll help you work out where you stand - no commitment, no hard sell.

Complimentary Hiring Readiness Review - a structured conversation covering:

- Your score against the six readiness questions
- Salary benchmarks for your critical roles
- Where your process loses time (and candidates)
- What flexible hiring capacity could look like for you

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