



# TALENT TRENDS REPORT

FEBRUARY 2026



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

# 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.

## WANT A QUICK READ ON YOUR SIGNALS?

Vermelo can benchmark your hiring speed, offer acceptance and pipeline health in a rapid Health Check, then recommend, where appropriate, the right mix of Embedded Talent (RaaS), MSP or Talent Advisory.

# 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

On the next pages, we'll show how Vermelo delivers each route (Embedded Talent (RaaS), MSP and Talent Advisory).

# BUILD A HIRING MODEL THAT CAN SWITCH GEARS

## Hiring is moving again - but unevenly.

As uncertainty gives way to action, businesses aren't choosing one hiring lane. Some are restarting permanent plans cautiously, others are leaning into contractors to protect delivery and many are reassessing which roles need people versus process or automation.

In this kind of market, traditional hiring models struggle because they're built for steady demand. 2026 will reward organisations that can accelerate, flex, and stay in control - without rebuilding the engine every quarter.

### Fast, flexible, in control

A "switchable" hiring model lets you move between:

- Contract-first resourcing when timelines are tight or demand spikes
- Pipeline-led permanent hiring when confidence returns and you need stability
- Workforce redesign when trade-offs (cost, location, automation, scarcity) change the shape of roles

### What the best-performing teams do differently

**Add capacity without adding overhead:** When hiring returns in bursts, you need recruitment horsepower you can dial up or down, without committing to fixed internal headcount.

**Keep governance tight as flexibility rises:** As contractor use increases, control prevents chaos: consistent onboarding, rate discipline, supplier performance and compliance that holds up under scrutiny.

**Speed up decisions without lowering the bar:** In-demand talent won't wait. The winners shorten approval loops, tighten shortlists, and commit faster - using real-time insight on scarcity, pay pressure, and pipeline health.

# WHAT THIS MEANS FOR BUSINESSES RIGHT NOW

If you're seeing mixed signals across functions - some roles urgent, some paused, some hard-to-hire - the answer isn't more activity. It's a better operating model: one that protects delivery, cost and compliance while still moving quickly.

That's exactly what Vermelo enables through Embedded Talent (RaaS), MSP, and Talent Advisory - modular support that fits your demand, pace and risk profile, so you can move fast with control.

## ROUTE 1

# BUILD PIPELINE + MOMENTUM (PERMANENT HIRING)

### SOLUTION: EMBEDDED TALENT (RaaS)

### ON-DEMAND RECRUITING, INSIDE YOUR BUSINESS

When your matrix points to "planned (30-90 days)" or "scarce skills", the win condition is simple: build pipeline early and move fast when hiring unlocks.

Embedded Talent (RaaS) places experienced recruiters into your team - working under your brand, in your systems - giving you the in-house feel with RPO flexibility.

### What you get

- Speed without chaos: dedicated delivery capacity that scales up/down
- Better candidate experience: consistent process and communication
- Predictable monthly cost: reduced reliance on reactive agency spend
- Pipeline as an asset: mapped talent pools for priority roles

### Best for

- scaling teams where demand is lumpy
- specialist hiring where "good candidates" move quickly
- situations where you need hiring firepower fast, but not permanent TA headcount



ROUTE 2 + 3

# CONTROL FLEX + SOLVE THE TRADE-OFFS

**SOLUTION: MSP + TALENT ADVISORY: CONTROL, COMPLIANCE AND CLARITY**

## **MSP: when flexibility rises, control matters more**

If your matrix flags “contract-first” or “high compliance risk”, you need one model that manages every contractor, supplier and process - without slowing delivery. Vermelo’s Managed Service Provider (MSP) solution centralises contingent hiring with governance, onboarding and real-time visibility - bringing control, compliance and clarity to your contractor workforce.

MSP helps you:

- standardise onboarding, vetting and IR35 documentation
- manage suppliers and performance in one place
- gain visibility of headcount, spend, rates and utilisation
- reduce risk while hiring specialist contractors quickly



## **Talent Advisory: when trade-offs dominate, redesign beats reaction**

Where the matrix points to “long-term” or “low scarcity”, the value is in making the system work better: fewer bottlenecks, better decisions, better outcomes.

Vermelo’s Talent Advisory & Consultancy helps organisations improve hiring performance and align workforce planning to business reality, so you can move faster without losing control.

### **Talent Advisory typically focuses on:**

- process + decision speed (cut time lost in approvals and loops)
- workforce planning (what should be perm vs contingent vs automated)
- EVP and role narrative (so offers land and hiring managers align)

# FROM MIXED SIGNALS TO CLEAR NEXT STEPS

A quick discovery can help diagnose what's really slowing hiring down — and where pressure is likely to show up next.

When the market is uneven, the biggest risk isn't doing nothing. It's moving in the wrong direction: chasing the wrong roles, losing scarce candidates to slow decisions, or increasing contractor usage without the right governance.

In a short 30-minute conversation with a Vermelo talent services consultant, we'll work with you to:

- Clarify hiring priorities and critical timelines across your most important roles
- Identify where scarcity, competition and pay pressure are most likely to hit hardest
- Highlight any compliance or governance gaps that could create risk (e.g. IR35 considerations, onboarding controls, supplier visibility)
- Surface the blockers slowing delivery (approval loops, interview capacity, inconsistent shortlisting, unclear decision ownership)
- Agree the discovery outputs and practical next-step actions — no obligation, and no “off-the-shelf” pitch

**SCAN THE QR CODE TO BOOK A CALL**



**or contact:**

[santa.benga@VermeloRPO.com](mailto:santa.benga@VermeloRPO.com) | 07304 094171

[www.VermeloRPO.com](http://www.VermeloRPO.com)



# 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.**

01892 553360 | [info@VermeloRPO.com](mailto:info@VermeloRPO.com)

[www.VermeloRPO.com](http://www.VermeloRPO.com)

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Registered Address: 16, Lonsdale Gardens, Tunbridge Wells, Kent, TN1 1NU

