



# TALENT TRENDS REPORT

MAY 2026

Source: REC/KPMG data April 2026



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

# HIRING'S STILL HAPPENING. IT'S MORE CAUTIOUS. MORE SELECTIVE.

April wasn't the comeback month we'd hoped for, but it could be seen as a wake-up call.

Momentum was starting to build, then the outside world reminded everyone who's in charge. REC/KPMG point to renewed uncertainty linked to the Middle East conflict, with employers nervous about inflation, borrowing costs and wider disruption plus renewed domestic political uncertainty adding to the strain. That's why the data reads the way it does: permanent hiring softened again, while temporary hiring nudged back into growth.

And here's the bit that matters: 2026 targets don't hit themselves. Businesses still need delivery, revenue protection and transformation, so they're keeping plans moving often by leaning harder on interim and contract talent.

The danger zone is when "flexible" becomes ungoverned: procurement bypassed, onboarding inconsistent, checks hard to evidence and spend spiralling because nobody has the full picture.

This month's report is about how to keep delivery moving with a focus on contract/interim talent without losing control and how MSP, Flexible Embedded and Talent Advisory help you do it, fast.



Temporary hiring is doing the work permanent hiring can't commit to yet. The risk isn't flexibility, it's flexibility without governance. If you can't see rates, onboarding status and IR35 documentation in one place, you're leaving yourself exposed."

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# HIRING HEADLINES | WHAT APRIL DATA TELLS US

**Permanent hiring softened again:** placements fell more quickly in April.

**Temporary hiring turned positive:** temp billings moved back into growth with employers choosing flexibility over delay.

**Vacancies still fell, but less sharply:** demand declined again, at the softest pace in 11 months.

**Pay stayed controlled:** starting salaries ticked up slightly, but remain historically subdued.

**The market is uneven:** some skill areas stay competitive even as overall demand cools.

## WHY APRIL WASN'T A TURNAROUND MONTH

Uncertainty didn't ease, it escalated.

The latest data flags disrupted momentum linked to Middle East conflict and concern about inflation, borrowing costs and supply chain impact.

What we're seeing on the ground:

- Boards want optionality
- Hiring managers still need output
- TA/Procurement get squeezed in the middle

And that's how contractor hiring surges... even in a soft market.

**Vermelo view: If contractor hiring is rising, your biggest risk isn't "finding talent." It's governance failure - IR35, employment checks, rates, onboarding and supplier control.**

# 5 KEY TAKEAWAYS FOR REGULATED MARKETS

## 1

### “Selective yes” becomes the default

When permanent hiring softens, regulated firms don't stop hiring, they raise the bar and become more selective. Roles that protect revenue, reduce risk or keep you compliant still get signed off. Everything else gets slowed, re-scoped or turned into interim cover.

## 2

### Contractors/interims become the pressure valve (and the risk multiplier)

With temp activity turning positive, expect more interim demand in:

- reg change + remediation (controls testing, audit prep, MI fixes)
- operational resilience (service mapping, incident playbooks, third-party risk)
- risk & compliance capacity (FCA-facing work, SMCR support)
- tech + data delivery (platform reliability, data engineering, cyber)
- pricing + commercial performance (pricing analysts, underwriting/pricing MI, leakage analytics)

**This means:** the work doesn't pause, it just gets staffed in shorter term commitments.

### **3 Vacancies easing means fewer roles overall, but faster movement on “must-fill.”**

Even with overall demand still contracting, decisions move quickly when there’s a clear line to:

- regulatory deadlines
- customer risk / service stability
- cyber exposure
- margin protection (pricing, leakage, claims effectiveness)
- data reliability (reporting, governance, model performance)

### **4 Pay stays “careful”... until you hit scarce skills.**

Broad salary inflation being muted doesn’t mean hiring is cheap. In regulated markets, you’ll still see competition (and counteroffers) in pockets like:

- cyber + cloud security
- data engineering / governance
- pricing & actuarial/pricing analytics
- experienced risk/compliance leads

The trick is avoiding blanket pay creep while being decisive where scarcity is real.

### **5 Governance becomes a differentiator, not admin.**

If you’re leaning more on interim/contract talent, the organisations that win are the ones who can prove, instantly, that they’re in control:

- IR35 decisions are consistent and evidenced
- pre-employment checks are standardised and traceable
- rates are benchmarked (no quiet drift by supplier/team)
- one onboarding process across functions/locations
- supplier discipline (no side doors)

# WHEN CONTRACTORS RISE, RISK RISES ... UNLESS YOU CONTROL IT



This is the bit nobody puts on a hiring dashboard until it hurts.

When interim/contract hiring increases quickly, three things usually happen:

1. IR35 gets inconsistent (“we’ll decide later” becomes exposure)
2. Pre-employment checks get patchy (different standards by team/supplier)
3. Rates drift + audit readiness drops (documentation scattered, onboarding inconsistent)

If any of that sounds familiar, you don’t need “more recruiters.” You need a contractor operating system with governance, employment checks and visibility built in.

## IR35 + CONTRACTOR GOVERNANCE (DONE PROPERLY)

If flexible hiring is carrying delivery, you need four things locked:

- 1) IR35 by default:** Every role assessed, documented, stored and auditable - not “we think it’s outside.”
- 2) One screening + onboarding standard:** Same pre-employment checks, same workflow, same evidence trail - across teams, locations and suppliers.
- 3) Rate control + benchmarking:** A baseline, a rulebook and visibility of variance (so procurement isn’t guessing).
- 4) Supplier control:** Clear SLAs. No free-for-all. No “favourite agencies” bypassing the model.

This isn’t theory - it’s what stops contractor hiring turning into hidden risk.

# VERMELO | FLEXIBLE HIRING - COMPLIANT, FAST AND VISIBLE

## Managed Service Provision (MSP)

Best when contractor/interim hiring is rising and you need control quickly.

- centralised onboarding + compliance
- IR35 assessments managed, documented and reportable
- pre-employment checks run consistently across suppliers
- supplier SLAs + scorecards, rate benchmarking, spend visibility

(This is your governance engine.)

## Flexible Embedded Talent (RaaS)

Best when you still need permanent hiring velocity but want it measurable and compliant.

- embedded recruiters inside your business
- consistent process, better hiring manager responsiveness
- compliance adherence built in (screening checks completed, evidence captured)

## Talent Advisory & Consultancy

Best when you need to decide what should be perm vs contract and remove friction.

- workforce shape: what to commit to vs what to flex
- approval bottlenecks, role clarity, assessment design
- governance blueprint (IR35, checks, onboarding, MI)



# IR35 + SCREENING READINESS CHECKLIST

A fast way to see if your contractor & interim hiring is controlled or quietly risky. If you're leaning more on contractors/interims right now, this checklist tells you whether you've got governance, compliance and audit-readiness in place or whether things are being held together by inboxes and good intentions.

## 1) IR35: Status decisions you can defend

*Tick if true:*

- Every contractor role has a documented IR35 status determination (not assumed)
- Status decisions are consistent across teams/locations (same rules, same thresholds)
- You can show evidence behind the decision (role context, substitution, control, mutuality)
- Determinations are stored centrally and easy to retrieve (audit-ready)
- Contractors and suppliers receive the decision and process is transparent

## 2) Pre-employment checks: One standard, not ten versions

*Tick if true:*

- Every contractor/interim follows the same screening pathway (no "shortcuts")
- Right to Work checks are completed and recorded before start
- Identity verification is consistent (and evidence stored)
- References are captured in a repeatable way (or a clear alternative policy exists)
- Criminal record checks are completed where role/regulation requires
- Financial checks (credit/CCJ/bankruptcy) are applied where relevant
- Sanctions/PEP screening is in place for regulated exposure where required
- Data privacy/GDPR handling is documented (who stores what, for how long)

### 3) Onboarding & documentation: Audit-ready by default

*Tick if true:*

- You have a single onboarding workflow and “minimum required” docs list
- Contracts, NDAs, policies, and compliance docs are standardised
- You can evidence start approvals and who signed off what
- You can produce a complete onboarding pack quickly (not a “we’ll pull it together” scramble)

### 4) Supplier control: No side doors

*Tick if true:*

- Suppliers operate under agreed terms, SLAs, and a consistent screening standard
- You have rate cards / benchmarking rules (and exceptions are visible + approved)
- You track supplier performance (speed, quality, compliance, attrition)
- Hiring managers can’t bypass the process when they’re under pressure

### 5) Visibility: Can you answer these in 60 seconds?

*Tick if true:*

- Total contractor headcount and spend is visible (by function, location or supplier)
- Time-to-onboard is tracked and improving
- IR35 compliance rate is measurable and close to 100%
- Audit readiness can be scored (not guessed)
- Risk incidents are recorded (and ideally zero)



#### QUICK SCORING

**0–5 ticks:** High risk of governance drift (cost + compliance)

**6–12 ticks:** Some controls in place, but inconsistent execution

**13+ ticks:** Strong foundation of controls, now optimise speed + cost

# IF YOU ARE LEANING MORE ON CONTRACTORS, MAKE YOUR NEXT STEP ABOUT CONTROL

If your hiring model is shifting to more flexibility - great. Now let us help you make it safe, scalable and visible.

Let's run a rapid Hiring Health Check to benchmark:

- speed
- visibility
- IR35 + compliance
- pre-employment checks + onboarding evidence
- cost control

## Book a discovery call

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### **WANT A FAST BENCHMARK?**

The Vermelo **Hiring Score Self Assessment** gives you an immediate snapshot of likely hiring bottlenecks.



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# READY TO TALK THROUGH YOUR HIRING ROLES?

If you're actively hiring or planning for H2 2026, we're happy to talk through priorities and timelines, whether you need:

- extra delivery support
- tighter contractor/interim governance
- IR35 and screening checks you can evidence
- a smoother, faster hiring process

Vermelo delivers award-winning RPO and flexible talent solutions across insurance, insurtech, fintech, financial services and regulated sectors.

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# VERMELO | YOUR STRATEGIC TALENT PARTNER

Vermelo delivers award-winning RPO and flexible talent solutions across insurance, insurtech, fintech, financial services and regulated sectors.

We help organisations hire smarter by combining people, process and technology to deliver faster, compliant, cost-controlled hiring through:

- RPO
- MSP
- Embedded Talent (RaaS)
- Talent Advisory & Consulting

We work as an extension of your team — focused on outcomes that matter: speed, quality, and a better experience — with governance built in (IR35, screening checks, audit-ready onboarding).

**VERMELO | FLEXIBLE TALENT SOLUTIONS THAT SCALE WITH YOUR BUSINESS.**

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