TALENT TRENDS REPORT

SEPTEMBER 2026

Source: REC/KPMG data August 2026

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

WHAT THE MARKET IS TELLING US | SEPTEMBER 2026

It's started. In August, permanent placements across the UK grew for the first time in 47 months. The index only crept to 50.5 - but after four years of stop-start hiring, direction is the whole story, and the direction has changed.

And it wasn't a lone reading. London led the way, temp billings grew for a fifth month running, and starting salaries rose at their fastest pace in seven months. Recruiters credit improved conditions and returning confidence - the two ingredients every recovery needs.

The official data adds reassurance: the fall in vacancies has all but stopped, unemployment is steady and pay is rising in every UK region. This is a restart, not a surge - the best kind of good news, because it gives you time to get ready.

This month: why we think the restart is real, the advantage four quiet years have handed you, and a twelve-question readiness test.

After
47
long months
of falling permanent hiring.
August ended that streak.

“The clients moving now aren't waiting for the data to confirm the recovery - they're getting their hiring capability ready so they can act the moment their board says go. After four years of stop-start, the winners will be the ones who are prepared, not the ones quickest to panic-hire.”

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AUGUST HEADLINES

50.5

Permanent hiring is growing again

The biggest story of August is the first uptick in permanent hiring for 47 months, ending the longest run of decline in the REC/KPMGs survey's history.

53.6

London is setting the pace

A second straight monthly rise and the fastest growth of the four tracked English regions.

5 months

Temp billings keep climbing

UK growth accelerated again in August - flexible talent is still doing the heavy lifting while permanent confidence rebuilds.

7-month high

Pay is rising, but London has cooled

UK starting salaries rose at their fastest pace since the start of the year, yet London eased from July's 16-month high. Scarce skills are still being repriced; the froth is not.

45 months

The candidate pool keeps deepening

Availability in London has risen for 45 consecutive months, driven by redundancies and more people open to a move. More choice for employers - for now.

WHAT THESE HEADLINES MEAN FOR YOU

For most of 2026 the story has been about flexibility: contract and interim talent keeping delivery moving while permanent commitments stayed on ice. August's data suggests the ice is starting to thaw. One marginal monthly rise doesn't make it a recovery. But permanent placements, temp billings, London vacancies and starting salaries all pointing the same way at once - there's something in that.

But there is a catch. Four years of stop-start hiring has left many organisations without the engine to act quickly. Talent teams were trimmed, supplier lists were put on hold and hiring processes are more than a little rusty. Without action, the market may be ready before you are. The industry signals are all saying: **check your hiring readiness now.**

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THE FOUNDATIONS ARE STRONGER THAN THE HEADLINES

The REC survey says hiring has started to grow. The official data explains why it can keep growing:

VACANCIES: 707,000

Down just 6,000 on the quarter. The fall that dominated three years of headlines has all but stopped - a floor, found.

UNEMPLOYMENT: 5.0%

Broadly unchanged. Through the whole slowdown the labour market bent but never broke - which is why it can recover from here rather than from a hole.

WAGE GROWTH: 5.2%

Average weekly earnings reached £869 in Q2, rising in all 12 UK regions and nations. People have spending power, and spending power feeds demand.

PAY LEADERS: +10.7%

Yorkshire & the Humber led regional pay growth, with the North West (7.9%) and Wales (7.0%) close behind. This recovery isn't only a London story.

LONDON & EAST PAY GROWTH: 3.2%

The joint-slowest in the UK. After a long squeeze, capital salary pressure has eased - real headroom to make offers that land first time.

Sources: ONS Labour Market Overview (18 August 2026 release; May–Jul 2026 vacancies, Apr–Jun 2026 LFS data; Q2 2026 earnings via KPMG/REC). ONS notes LFS figures are 'official statistics in development'

Our read: when vacancies flatten before unemployment rises, recovery tends to arrive in order - replacement hiring first, then growth roles, then the scramble for scarce skills. August looks like stage one. Not a warning - a timetable.

THE RESTART ADVANTAGE

Four years of stop-start hiring did something the headlines missed: it cleared the decks. Most organisations are about to rebuild their hiring capability - and rebuilding from a clear deck is a rare chance to do it better than before.

Three places the advantage sits:

1

A LEANER, SMARTER ENGINE

The 2019 talent function was built for volume and staffed for permanence. You don't have to rebuild that one. Today's best hiring engines are smaller, data-led and scalable - capability you switch up when demand arrives and down when it doesn't.

2

SUPPLIERS ON TODAY'S TERMS

Preferred supplier lists agreed in 2022 reflect 2022 rates, specialisms and market power. Resetting them now - before volume returns - means better rates, sharper specialisms and partners who know your 2027 plans before the requisitions land.

3

PROCESSES BUILT FOR SPEED

Approval chains designed for a freeze and interview panels out of practice can be redesigned in a quiet quarter for a busy one. Do it now and you'll move from approved role to accepted offer in weeks, while others are still finding the forms.

What we're seeing: the best-prepared clients aren't waiting for a second month of data. They're rebuilding quietly this quarter - benchmarks refreshed, suppliers reset, processes tightened - so that when the board says **‘go’, the answer is 'already moving'.**

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ARE YOU READY TO RESTART?

Twelve honest questions to ask long before you brief a single role.
Tick every yes:

YOUR ENGINE

Could you stand up 20 hires next quarter without breaking your team or your budget? [ ]

Do you know your time-to-hire and cost-per-hire (this quarter's numbers, not last year's)? [ ]

If three hiring managers briefed roles this week, could you run all three without something else stopping? [ ]

YOUR PARTNERS

Has your preferred supplier list been reviewed in the last twelve months, on today's rates and specialisms? [ ]

Is your temp and contractor spend visible, controlled and delivering value? [ ]

Do your suppliers already know your 2027 hiring plans? [ ]

YOUR MARKET POSITION

Has your employer brand said anything in the last six months? [ ]

Do you have market pay data you'd bet a budget on? [ ]

Do you know which of your critical roles are already contested, and by whom? [ ]

YOUR PLAN AND PACE

Are your 2027 hiring plans agreed, funded and sequenced (not just a headcount number)? [ ]

Could you get from approved role to accepted offer in under four weeks today? [ ]

Have you chosen your permanent–flexible mix deliberately, rather than by default? [ ]

Scoring:

- **10-12 ticks:** you're all set to lead the restart
- **7-9 ticks:** gaps you can close this quarter
- **Under 7 ticks:** you have a restart problem, not a hiring problem - and it is far cheaper to fix now than mid-recovery

WHY WE THINK THIS ONE STICKS

One month of marginal growth doesn't make a recovery - but this month didn't arrive alone. Here's what's driving it, and what we're keeping an eye on:

WHAT'S DRIVING IT

- Permanent hiring is up after 47 months of decline - and London, the market that leads, grew fastest
- Temp billings have grown five months straight and quickened in August. Flexible demand recovers first - and it has
- London permanent vacancies have risen five months running - that's forward demand, not a one-off placement blip
- Recruiters cite improving market conditions and stronger client confidence - genuine drivers, not distortions

WHAT TO WATCH

- The UK rise was fractional at 50.5 - one soft month could dip it back below the line. It would take more than one to change the direction
- ONS vacancies are still at an 11-year low outside the pandemic
- The floor is in; the climb is early
- Smaller firms are still holding back on cost - the recovery is uneven at the edges, which is exactly what makes flexibility valuable
- The Autumn Budget could shift the mood. Plans that flex are plans that survive a surprise

Our take: There’s an air of positivity returning to the conversations we're having. Hiring confidence is coming back - cautiously, but back.

The smart move isn't to wait for certainty; it's to build in flexibility so you can bank the upside without betting the cost base. Grow your ambitions; keep your commitments honest.

HOW VERMELO HELPS YOU RESTART

If the readiness test left boxes unticked, the timing is on your side. With 2027 budgets being set now and the first growth signals in the data, this is the cheapest point in the cycle to close the gaps: refresh supplier arrangements, rebuild pay benchmarks before the market moves them for you, and choose your permanent-contingent mix deliberately. And the fix needn't be a leap. Every gap has a third option: hiring capability that scales with the market, rather than ahead of it.

EMBEDDED TALENT (RaaS)

Hiring capability that scales up when you need it and steps back when you don't - built for exactly this stop-start market. Your brand, your systems, your culture, without rebuilding a function from scratch or adding overhead you'd regret if the recovery stalls.

RPO - THE WHOLE ENGINE, REBUILT FOR YOU

For organisations expecting sustained volume: sourcing, process, technology, employer brand and delivery, run by specialists and designed to flex. The fastest route from 'we've decided to grow' to offers accepted - with hiring data you can plan the next phase on.

MSP & TALENT ADVISORY

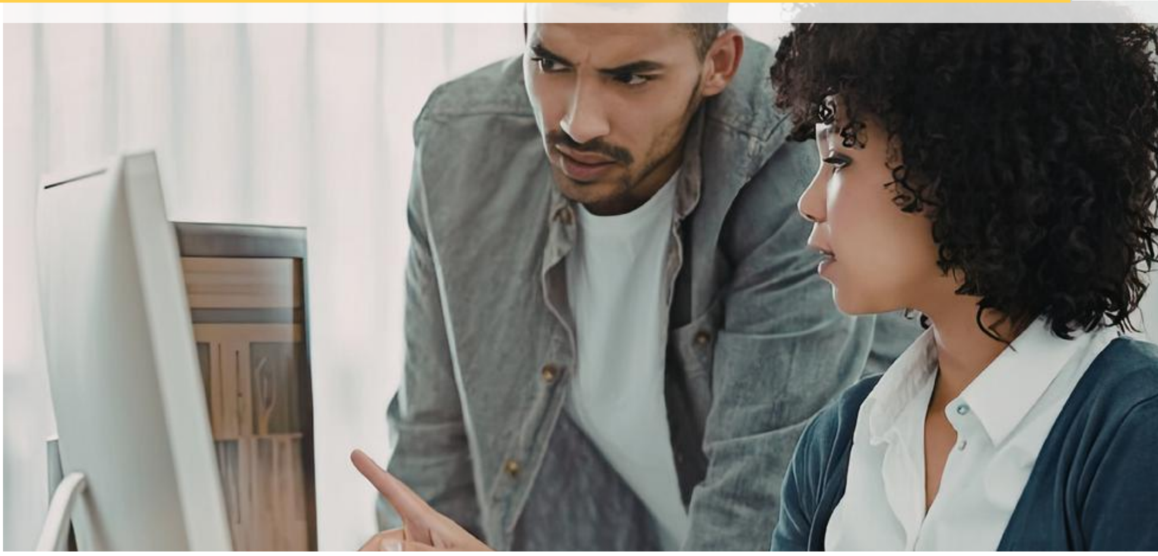
Temp billings have grown five months straight - an MSP gives you visibility and control of contingent spend before volume makes it expensive. And if you'd rather start with an honest readiness assessment, Talent Advisory covers exactly that: preparation without commitment.

None of this commits you to a single hire. It's a restart you can switch on when the market confirms itself, dial back if it doesn't - and lead rather than chase.

FIXED TEAM VS FLEXIBLE CAPACITY

Two ways to hold hiring capability - and what each means now the restart has begun:

	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 depends on a headcount request being approved first.	**Readiness is built in - switch on when you need it.**



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READY BEFORE THE RUSH

August's data is the restart beginning. The weeks before it gathers pace are your window to get ready - and we'd like to help you use them well. No commitment, just an honest conversation.

Complimentary Hiring Readiness Review - a quick conversation covering:

- Your score on the twelve questions
- Identifying critical roles for a salary benchmark
- Where your process loses time (and candidates)
- What flexible hiring capacity could look like for you

SCAN THE QR CODE TO BOOK A DISCOVERY CALL

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

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