

Talent Trends Report

December 2024

Data and insights correct as at 31st October 2024

Hiring Headlines *

As at 30 November 2024*

December 2024 - Recruiting Environment Summary:

In light of the recent UK Budget, businesses are now compelled to consider the rise in employee costs which has consequently exasperated the deceleration in hiring activities across most sectors. While data had already been indicating a downward trend, last month witnessed the most significant reduction in permanent placements in over a year, coupled with a fifth consecutive monthly decline in temporary roles.

- 1. Increased employment costs reduce demand for employees**
- 2. Staff appointments fall further**
- 3. Vacancy numbers continue to decline**
- 4. Candidate availability rises again**

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“...This slowdown, alongside a growing availability of candidates in the market could put more downward pressure on wage inflation, which remained largely unchanged on last month’s 44-month low. This trend will be encouraging for the Bank’s monetary policy committee ahead of the next meeting later this month, although it may not be enough to counter wider inflationary pressures, we are seeing in the economy...”

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

“...The real question now is whether businesses will return to the market as they go into next year with greater certainty about the path ahead. The resilience of temporary recruitment offers some hope – private sector temporary hiring activity was almost flat across the country, by comparison with the drop in permanent hiring, and there was growth in some regions...”

Neil Carberry, REC Chief Executive

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*Data from S&P Global REC/ONS November 2024

Insights in Detail*

As at 30 November 2024

1

Increased employment costs reduce demand for employees

The latest KPMG/REC Report on Jobs indicated that there are a growing number of redundancies taking place alongside permanent salary growth being in decline. This situation is also being influenced by the increase in employer tax subduing the number of vacancies and increasing permanent staff availability.

Issues

Tough Decisions: Higher employment costs mean businesses have to decide between reduced profit margins, increasing prices or limiting hiring and reducing staff numbers.

Budgeting for 2025: It's never comfortable for organisations to consider cutbacks and downsizing and this may not be necessary yet. See page 5 for alternative ways of managing growth during these tax increases.

Balancing Investment: Making strategic decisions on investment will be hard while the markets shake-down the increased costs to employment.

2

Staff appointments fall further

A further fall in the number of permanent staff placements was reported this month. This is the steepest decline since August 2023. Uncertainty in the outlook, including the effect of the Government tax changes from the October Budget, meant companies remained cautious in their hiring activity.

Issues

Delays in hiring: Waiting for approval on budget allocations can lead to long delays in the recruitment process, risking the loss of top candidates to competitors and creating operational gaps in the team.

Candidate disengagement: Extended holding periods without communication can lead to candidate frustration or disinterest, causing them to withdraw from the process or accept other offers.

Inefficient use of recruitment resources: Time and resources are spent attracting and interviewing candidates, only for the process to be stalled by approval issues.

*Data from S&P Global REC/ONS November 2024

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3

Vacancy numbers continue to decline

Latest survey data showed a thirteenth successive monthly fall in staff vacancies. Moreover, the pace of contraction accelerated to the steepest since August 2020. This was particularly prevalent amongst permanent vacancies.

Issues

Reduced recruitment activity: With fewer positions to fill, recruitment staff may be underutilised, leading to disengagement or a lack of focus on talent acquisition strategies.

Difficulty in maintaining strong talent pipeline: Reduced vacancies means less interaction with potential candidates, which could weaken the HR team's ability to build and maintain a robust talent pipeline for the future.

Increased focus on retention and workforce morale: With fewer opportunities for new hires, the focus shifts to retaining the existing workforce. This creates pressure to ensure current employees remain engaged, satisfied, and productive, which can be a challenge if internal growth opportunities also decline.

4

Candidate availability rises again

Amid reports of increased redundancies and lower demand for workers, the overall availability of staff to fill positions increased again in November. Similar trends were seen for both permanent and temporary workers.

Issues

Overwhelmed hiring teams: A surge in applications can overwhelm recruiters, making it difficult to thoroughly review each application and increasing the likelihood of missing qualified candidates.

Lengthened hiring processes: The larger volume of candidates can slow down the recruitment process, delaying hiring decisions and frustrating both candidates and hiring managers.

Lower quality applications: A rise in applications might include many unqualified candidates, leading to inefficiencies in screening and more time spent filtering out unsuitable applicants.

*Data from S&P Global REC/ONS November 2024

Your next steps

To overcome current hiring challenges, your organisation could be considering using interim or temporary hires: Where delays to permanent hire decisions are unavoidable, the use of contract workers or temporary staff is a good solution to fill gaps. The benefits include:

- **Cost Savings:** Your business will save on benefits provisions, such as health insurance, pensions, and paid leave.
- **Flexibility:** Hiring interim staff allows you to adjust your workforce based on immediate demand. This may be particularly useful during Q1 2025, helping to avoid long-term commitment and costs until budgets are agreed.
- **Reduced Administrative Burden:** Interim staff can be resourced through us, reducing the administrative recruitment burden and ensuring full compliance with IR35.
- **Improved staff quality:** Interim contracts can serve as a trial period for potential permanent hires. You can assess their skills and fit before offering a permanent position, ensuring better long-term hires and reducing the risk of turnover.

We can help you...

- ... source, attract, select and interview contractors that will fit into your business and have the skills you need right now.
- ... assess your compliance policies to ensure you are operating within IR35 regulations.
- ... review and benchmark your processes to enable you to deliver the best talent, cost-efficiently and at speed.
- ... benchmark your salaries and packages against your competition to empower you to attract the talent you need.

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Talent. Delivered. Fast.

At Gerrard White (part of the GWV Group), we are redefining recruitment by prioritising genuine relationships and personalised engagement over transactional processes. Going the extra mile is in our DNA. Our expert recruiters go above and beyond what clients and candidates expect from a traditional recruitment agency. Through our transparent and reliable approach, we build relationships that last. With vast expertise in the insurance and financial service sectors and across the legal, data and tech job market, our consultants excel in understanding market dynamics, building networks, and delivering innovative solutions.

For clients, we quickly source and select the very best permanent and interim talent from our vast network of candidates, ensuring cultural and skills fit within your time and budget constraints. For candidates, we open doors to diverse opportunities, matching aspirations with roles that align with their needs and expectations.

We believe in a consultative approach, working in partnership with our clients to deliver exceptional talent time and again. Our dedication to understanding industry challenges, coupled with our compliance expertise, ensures comprehensive workforce solutions for clients and candidates alike.

At Gerrard White, people come first. We thrive on building genuine relationships, continuous communication and personalised engagement. Choose us as your partner for legal, tech, SAP, and insurance talent needs across the UK, Europe, and the US.

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