

Talent Trends Report

January 2025

Data and insights correct as at 31st December 2024

Hiring Headlines*

As at 31st December 2024*

January 2025 – The Recruiting Environment Summary:

2025 has begun with the largest contraction in job vacancies since August 2020, as businesses remain wary of hiring amid rising employment costs and inflation.

One major concern is that companies have already planned for reduced hiring this year due to the tough budget. However, the steady increase in wages indicates that the demand for specific roles remains high. When economic growth stabilises, recruiting new talent will be essential, with the extent of this depending on overall economic confidence.

- 1. Permanent vacancies fall at accelerated rates in December**
- 2. Pay rises continue at highest rate for 4 months**
- 3. Candidate availability rises again**

For more information contact anthony.butler@gerrardwhite.com



“... As 2025 progresses and UK economic growth picks up, businesses will need new talent. Salary inflation being at its steepest in four months shows they are still willing to compete for it. Chief Execs will be counting on new policies which support their 2025 growth ambitions and boost confidence to invest.”

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

“... December is always a hiring low point, and a new year brings new hope – with inflation under control, low unemployment and economic growth expected, the fundamentals are better than many appreciate. It is what happens now, as firms return to the market in January, that will decide the path ahead.

Recruitment is one to watch in early 2025 because it is one of the earliest indicators of a broader economic recovery, with any sign of a turn hugely significant with the sector contributing a massive £44.4bn to the UK economy in 2023.”

Neil Carberry, REC Chief Executive

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

Insights in Detail*

As at 31st December 2024

1

Permanent vacancies fall at accelerated rates

The latest KPMG/REC Report on Jobs indicates a continuing lowering of demand for new employees. Whilst this is commonplace during December, the situation is also being influenced by the increase in employer tax. The fall in vacancies is especially acute in the North and the South of England while London and the Midlands are falling at a slower rate.

Issues

Stretching the time to re-fill vacancies: Waiting for approval on replacement hires can lead to long delays in the recruitment process, risking the loss of top candidates to competitors and creating operational gaps in the team.

Role expansion and skills shortages: As hiring budgets are reduced or put on hold employers may look towards role expansion. In this instance, having and hiring a multi-skilled workforce becomes more important than ever.

Difficulty in maintaining talent pipeline: Reduced vacancies means less interaction with potential candidates, which weakens the ability to build and maintain a robust talent pipeline.

2

Pay rises continue at highest rate for four months

Although there was a decline in permanent placements, December saw a notable increase in the rate of starting salary inflation. This trend was driven by firms' continued willingness to increase pay for high-quality staff, sometimes as part of talent retention programs. Similarly, temporary pay rates experienced a modest rise in December.

Issues

Hard to hire roles are still increasing: Candidates with specific skill-sets are still in high demand which means they are commanding higher salaries. Key areas of demand are in accounting, IT/computing, engineering and nursing/ medical industries.

Finding quality staff: Finding the right people to fill these roles fast is still not getting any easier. Many people are choosing not to move during times of uncertainty and so finding the right people to interview is harder than ever.

Keeping people with key skills: Ensuring those people with high value skills stay is an important factor in the workforce, especially when competitors may be targeting them with higher rewards.

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

Insights in Detail*

As at 30th November 2024

3

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.



Your next steps

In the short term, your organisation could be considering using interim or temporary hires: Where delays to permanent hire decisions are unavoidable and you're looking to upskill your workforce, 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.
- **Increase Speed to Hire and Flexibility:** Hiring temporary 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:** Temporary staff can be resourced through us, reducing the administrative recruitment burden.
- **Improved staff quality:** Temporary 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...

...by sourcing, attracting, selecting and interviewing contractors that will fit into your business and have the skills you need right now.

...by guiding and assessing your compliance policies to ensure you are operating within IR35 regulations.

... by reviewing and benchmarking your processes to enable you to deliver the best talent, cost-efficiently and at speed.

... by benchmarking your salaries and packages against your competitors to empower you to attract the talent you need.

**For more information contact
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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.

01892 553355 | info@gerrardwhite.com



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