

## Contracting jobs market still bullish against backdrop of slowing employment growth

Contractors working in IT and engineering continue to be in demand, despite the latest [Recruitment and Employment Confederation \(REC/KPMG\) Report on Jobs](#) revealing that UK employment growth slowed to a ten-month low in August.

According to REC Chief Executive Kevin Green, despite the slow-down in jobs growth, shortages of skilled workers in some occupations have begun to appear, including in key contracting disciplines, such as IT and engineering.

"The report does...highlight the emergence of specific shortage areas, such as chefs, nurses, engineers and internet developers, which will provide opportunities for those with the right skills," he says.

Despite this positive news on contractor jobs, growth in contractor pay rates is shown by the report to have stalled, with August increases at a five-month low. However, upwards pay pressure for those contractor jobs with the right skills to meet the shortages is likely to increase.

There is also a growing disparity between the public and private sectors, as Bernard Brown, Partner and Head of Business Services at KPMG explains: "Whereas demand for staff is growing in the private sector, many public sector organisations have started redundancy programmes.

"If they are still recruiting," he continues, "they are doing so at a reduced pace. In the months ahead we will see a substantial reduction in public sector headcount as the cuts begin to bite."

In the short term, it is possible that many contractors working in the public sector will find contracting jobs cut short and cancelled. But with headcount freezes likely across central government and town halls, more contract opportunities that don't increase the official employment roll are likely to arise so that frontline services can be maintained.

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Kevin Green, REC

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