

Contracting dominates the UK labour market, as contractor rates reach seven-year high

Contracting is outperforming the rest of the UK labour market, with demand and agency billings outpacing the permanent recruitment sector. Set against a backdrop of pay rates increasing to a seven-year high and falling contractor availability, contractors are benefitting from a 'perfect storm' of positive market conditions.

The latest Recruitment and Employment Confederation (REC)/KPMG [Report on Jobs](#) also highlights that engineering, IT and financial contracting were the highest performing of the core contracting disciplines during September 2014.

According to REC chief executive Kevin Green, although permanent hiring growth slowed to a ten-month low, September still saw further growth in demand for both contractors and employees: "Once again more people have secured permanent and temporary jobs via recruiters than in the previous month, a sign of the continued strength of the UK's labour market.

"The increasing lack of candidates continues to be a worry as shortages spread across more industries. It's not just engineers and IT specialists that recruiters are finding it hard to source," adds Green.

ContractorCalculator CEO Dave Chaplin notes that clients are increasingly turning to contractors to fill talent and skills gaps: "As the economic recovery gathers pace and UK businesses invest in launching new projects, there just aren't enough skilled employees available. That means clients are using the contract market to source these hard to find skills that are essential for growth."

Green agrees, saying: "Hourly pay for people on temporary contracts has risen at the fastest pace for nearly seven years, which shows that employers are bringing in temps and contractors with the skills they need quickly and are willing to pay to do so."

Recruiters have identified multiple contract skills that are in short supply across accounting and finance, construction, engineering and IT. These range from compliance and audit specialists, through automotive engineers and construction project managers to business intelligence specialists and developers.

Regionally, contracting activity appears to be focused on the Midlands. The region saw the fastest growth in contractor agency billings, the "steepest reduction in short-term candidate availability" and "the strongest increase in temp pay was registered by Midlands-based agencies".

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