

Contractor numbers grow to 1.88m: IPSE research confirms IPro increase is structural

Contractor numbers in the UK have grown to 1.88m, representing an increase of 35.1% since 2008. This is according to research by Kingston University commissioned by the Association of Independent Professionals and the Self Employed (IPSE) that also highlights the increase is structural and was not driven by the recession.

"As the economy recovers it is encouraging to see more and more people turning the freelancing and contracting as a choice," highlights ContractorCalculator CEO Dave Chaplin.

"The 'doom-mongers' led us to believe that workers were being forced into freelancing because they could not find employment. This latest research reinforces that individuals are proactively choosing to become independent professionals, and not one driven by economic factors."

How contractor numbers have grown since 2008

IPSE's head of research, education and training, Suneeta Johal, agrees with Chaplin, adding: "This research adds to the mounting evidence of a structural, rather than cyclical, change to the labour market.

The detailed data highlights some interesting demographic shifts in the contracting sector and wider labour force. Johal explains: "The figures are hugely impressive; an 8.7% rise in the total number of independent professionals on the year and a huge 35.1% increase since 2008 has resulted in 1.88m now working in the UK.

"In addition there has been a big increase in the number of freelance mothers. This shows that the flexibility that independent working offers is becoming a more and more attractive option for those whom a work-life balance is a priority."

Proportionally, when contractor growth is analysed by gender, more females than males are choosing to take the leap into freelancing. In 2014 the number of females had increased to 746,430, 39.6% of the total.

Since 2008, there has also been a 26% rise in young people (16-29 years of age) choosing independent work, alongside a 47% increase of independent professionals over the age of 60.

Contractor numbers by sector

"Breaking down the sectoral figures sheds light on how this growth has been achieved," continues Johal. "Information technology and communications has seen a 71% increase in numbers [since 2008], whilst health and the art and literary sectors have both seen an almost 100% increase."

Chaplin notes that the number of IT contractors actually fell year-on-year between 2013 and 2014 by 5.9%, from 121,281 to 114,107: "I'm surprised at this statistic, given the skills shortages in IT. I'm sure this was a blip, or there are alternative market dynamics at play such as rates going up."

Equally Chaplin was surprised to see that the number of healthcare professionals increased by nearly a third between 2013 and 2014: "This sharp increase appears very large. Have workers previously been misclassified, or have the huge changes in the NHS seen over the period made it attractive for workers to choose self-employment?"

Limited company numbers soar by a fifth over eight years

The number of limited companies without employees, one measure of number of personal service companies (PSCs) used by researchers, has grown by 20.3% between 2008 and 2015. Just between 2013 and 2014, the number of limited companies without employees grew by 7.5% to 620,055.

However, Chaplin warns that this figure may not be wholly accurate: "Of the roughly 600,000 limited companies without employees, many won't be knowledge-based service providers such as contractors.

"Many of these businesses will be trading companies of various types and some will be product based and not needing a workforce, or simply outsourcing rather than employing people."

Average earnings do not appear to have changed significantly between 2008 and 2015. All UK limited companies without employees had sales of £97,897 in 2008, rising to an average of £100,886.

Where are the most contractors located?

Nearly half of the UK's contractors and freelancers are based in London and the South East of England. Inner and outer London alone account for 21.6% of

the 1.88m total, and the rest of the South East accounts for a further 22.3%.

"The presence of contractor-heavy sectors such as finance and banking, alongside the creative and media industries both in London and in regional hubs such as Brighton will skew the figures," says Chaplin.

The West and East Midlands is the next most popular region, potentially driven by a combination of high population centres and centres of industry that include construction, the automotive sector and their respective supply chains.

Chaplin concludes: "This is valuable research that will help to educate policy-makers ahead of the General Election that the contracting workforce now accounts for a lot of potential voters."

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