



# Skills shortage lucrative for UK's contractors

Continued skills shortages for employers creating environment in which contractors can look to benefit

## Starting salaries could rise due to skills shortages

The Recruitment and Employment Confederation (REC) [published their Report on Jobs](#), a comprehensive overview of the status of the job market. The overall picture painted by the report is one of continued skills shortages for employers and an environment in which contractors can look to benefit from an increase in skilled contracting opportunities.

In contrast to November's steep rise in both permanent and contract staff appointments, representing a seven-month high, December's rate cooled off a little. This was also the case for contractor agency billings, which saw a slowing down of this rise. While contractor availability is declining, the report shows that the demand for the specialist skills of contractors accelerated at a rate in December. This indicates a skills shortage that contractors across all industries could stand to benefit from.

This now makes core skills a valuable and scarce commodity and therefore puts contractors in a position to negotiate higher daily rates for their services, as well as a general increase in wages for permanent employees. Kevin Green, REC Chief Executive, commented:

**"With talent at a premium, employers will try to attract staff by increasing starting salaries."**

### Regional and sector variation

The report also measured the spread and availability of contracting (and permanent) positions across industries and regional areas. The South saw the greatest increase in permanent positions becoming available; however London saw the slowest rise in agency billing.

Despite contractor vacancies falling in the capital, The Midlands proved to have the fastest growth in available short-term, contract positions.

Contractors in the private sector fared better in December than those who regularly work across public sector industries. Contractors in IT and finance saw the strongest growth in available positions, with those working in construction experiencing a slight decline.

It would appear that from these details, contractors are set up to enter 2016 with greater choices and room for negotiating increased daily rates thanks to the dependence that the worsening skills crisis places on employers. This proves once more the strategic importance of freelancers and contractors in the 21st Century economy.