



Sapphire
CONTRACTING

Contractor Census 2025:

The legislative edition

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Introduction

A new legislative landscape

A lot can change in 12 months, but for contractors and recruiters, some challenges remain familiar. Last year's Contractor Census captured contractor sentiment in the face of economic pressures and a cautious market. This year, we've gone further. For the first time, we've added recruiter perspectives, creating a fuller picture of the market at a time when agencies are carrying greater responsibility than ever.

We launched the Census to help bring more clarity to a complex, fast-moving market. By listening directly to more than 1,000 contractors, and now to recruiters too, we're able to uncover the insights that matter most: what contractors value, how recruiters are adapting, and where both sides see opportunities and risks ahead.

The pressures shaping contracting are now being felt across the supply chain. Recruiters are balancing talent demands with new compliance obligations and shifting client expectations. Contractors, meanwhile, are narrowing their focus to fundamentals like pay, location, and contract length, while showing more flexibility around travel and IR35 status.

Overlay this with a challenging economic backdrop of inflation, tighter budgets, and slowing growth, and it's clear why these insights are so important. This year's results reveal that contractors are more measured about their outlook, but recruiters remain confident in their ability to deliver, which is a critical dynamic in today's uncertain market.

This report explores that dynamic, highlighting where priorities align, where they diverge, and how recruiters can position themselves to attract talent, build trust, and stay competitive.

At Sapphire, we see the Census as more than a data exercise. It's about understanding the people behind the numbers and equipping recruiters with the knowledge they need to make stronger decisions and thrive in a rapidly changing environment.

Alex Moore, Chief Sales Officer



Executive overview: a page in numbers



65%

of contractors rated their **confidence in the contractor market** at **7 out of 10** or higher



45%

of recruiters rated their **ability to find qualified contractors** for their clients' roles **a 9 or 10**



44%

of contractors cited the **cost-of-living crisis** as their **number one concern**



91%

of contractors selected **pay rate** as a **key factor** when choosing a new role



80%

of contractors said **location** was a **key factor** when selecting a new role



70%

of contractors chose **regular communication** as the **most important factor** when selecting a **recruitment agency**



31%

of contractors said **private pension contributions** was a **service they have used** in the past 12 months



74%

of contractors **prefer to be contacted via email** for new roles



57%

of contractors are **willing to travel up to 50 miles**, up from **47%** in 2024

What's on the horizon: an economic outlook for contractors and recruiters

The contractor market is never static, and 2025 is proving no exception. Economic pressures, shifting sector demands, and ongoing concerns around pay and stability are all shaping how contractors view their opportunities. Recruiters are facing the same conditions but approaching them with their own blend of confidence and resilience. Looking ahead, forecasts from the OBR anticipate UK GDP growth accelerating to around 1.9% in 2026, driven by easing monetary policy and lower energy costs.

CONFIDENCE IN THE MARKET

Confidence among contractors has dipped slightly compared with last year. When asked to rate their confidence in the availability of opportunity within the current UK contractor market, **just under two-thirds (65%) rated their outlook at 7 out of 10 or higher, down from 70% in 2024.** And while one in five (20%) contractors gave a perfect 10 in 2024, this time 17% felt confident enough to do so. These responses demonstrate that optimism is still there, but it's more cautious. This fluctuation is typical of the natural ebb and flow between contractor and client-led markets, where confidence levels shift over time.

For agencies and consultants, this can open up fresh opportunities for stronger matches between skilled professionals and client demand. When confidence softens slightly on the contractor side, it often points to a more client-led market, with greater availability of talent for open roles.

Accordingly, around half (48%) of recruiters rated the market a 7 or 8, but 45% rated their ability to find qualified contractors for their clients' roles a 9 or 10, showcasing their confidence in their personal skills and networks.

The economic environment presents clear challenges: persistently high inflation and slowly falling interest rates may constrain business budgets, while recent government changes to National Insurance thresholds could further reduce incentives to hire. In this context, successfully filling roles requires recruiters to be strategic and proactive, yet the strong confidence in their ability to do so suggests they feel equipped to meet these pressures head on. Seen in this light, the shifts in confidence are part of a cyclical balance between contractors and clients - one that skilled recruiters are well placed to navigate and even benefit from.

THE COST-OF-LIVING SQUEEZE ISN'T GOING AWAY

For the second year running, **the cost-of-living dominated contractors' concerns** when asked about the current economic landscape. This time, 44% of respondents cited it as their number one concern, up slightly from 40% in 2024. Job security (19%) and lack of opportunities (15%) followed, showing that worries about stability remain close to the surface.

Interestingly, concerns about slow wage growth have eased a little. Only 8% cited it as their top issue, compared to 14% last year. A small but growing group (7%) also reported no concerns at all about the economy, up from 5% in 2024, suggesting that **while financial pressures are still front of mind for the majority, some contractors are feeling better placed to weather the storm** than they were a year ago.

MARKET IMPLICATIONS

Taken together, these perspectives show a market shaped by caution on the contractor side and confidence on the recruiter side. Contractors are wary of the broader economic outlook, while recruiters remain assured in their ability to connect talent with opportunities. This contrast highlights an important dynamic: agencies are well-placed to act as a source of reassurance and clarity at a time when the market feels less predictable than it did a year ago. With forecasts pointing to gradual improvement in 2026, this phase of caution is expected to give way to steadier growth.

44%

OF CONTRACTORS CITED
THE COST-OF-LIVING
CRISIS AS THEIR NUMBER
ONE CONCERN



Trends in contractor behaviour and preferences

Alongside the wider economic picture, contractors' day-to-day priorities and choices are also shifting. The survey data reveals where contractors are drawing the line on pay, travel, and contract terms, and how these preferences are evolving compared with last year.

MAIN PRIORITIES

	2024	2025
Pay rate	87%	91%
Location	78%	80%
Contract length	47%	56%
Responsibilities	24%	18%
Client stability/security	20%	15%
Client culture	19%	14%
Learning and development opportunities	24%	12%
IR35 Status	16%	9%



Contractors are still focused on the same core factors when weighing up roles, but the emphasis has sharpened.

Pay rate still tops the list, with 91% of respondents citing it as a top three priority when choosing a contract this year, up from 87% in 2024. Location comes next at 80%, slightly higher than last year's 78%. Contract length has also grown in importance, now noted by 56% compared with less than half of respondents a year ago.

Other considerations have slipped. Responsibilities (18%), client stability (15%), and client culture (14%) are all less central than they were in 2024. The biggest shift is in learning and development, which only 12% now rank as a priority, down from nearly a quarter (24%) last year.

The survey makes it clear that contractors are narrowing their focus to the essentials: pay, stability, and location. Culture and development still play a part, but for most, they've become secondary to the fundamentals.

TRAVEL EXPECTATIONS

Despite location being the second most important consideration when deciding about a role, **contractors are showing more flexibility in how far they're willing to travel for work. The majority (57%) now say they're comfortable with commutes of 10 to 50 miles, up from 47% in 2024.** At the same time, the share of contractors preferring very local roles (less than 10 miles) has dipped to 20%, down from 26% last year. Those open

to longer journeys of 50+ miles has grown to 15%, compared with just 9% previously. Only around 8% say they'd only consider fully remote roles.

Overall, while contractors still favour shorter, more manageable commutes, a greater number are prepared to travel moderate to long distances than the previous year, reflecting the shifts in the wider economic climate.

IR35: LESS OF A DECIDING FACTOR

According to the research, **IR35 status is becoming less of a priority for contractors when weighing up roles.** Just one in 10 (9%) ranked it among their top three considerations this year, down from 16% in 2024. While it still holds more significance in certain sectors - particularly software and technology - the wider trend suggests contractors are learning to work with it. Out of 71 respondents in the education sector, for example, not a single one selected IR35 status as their top factors when choosing a role. This is expected though for this sector, as many roles have been inside IR35 status for a long time. For most, it seems pay now outweighs IR35 status. If the rate is high enough to offset the extra tax burden, many are still willing to take on inside-IR35 roles.

The insights offered by recruiters paint a similar picture. **Two-fifths (42%) of respondents reported more roles being determined inside IR35,** with clients erring on the side of caution or aligning closely with HMRC guidance by bringing more roles onto payroll terms.

Recruiter highlights: what contractors are looking for

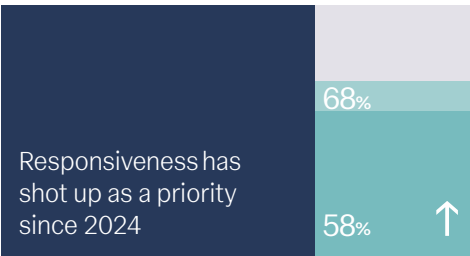
Contractors continue to be clear on what they value from recruitment agencies, and while the primary concerns remain the same, the 2025 results show some interesting changes.

COMMUNICATION REMAINS THE TOP PRIORITY

In 2025, communication remains the leading factor contractors consider when choosing an agency. This year, 70% ranked regular communication among their top three priorities, in line with last year's 76%. The emphasis is even stronger in construction, where 77% of respondents highlighted communication as a key priority when selecting an agency.

RESPONSIVENESS GROWS IN IMPORTANCE

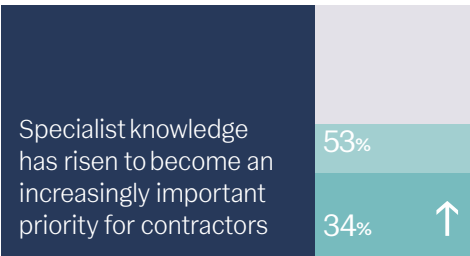
Speed of response has climbed the rankings. In 2024, 58% of contractors highlighted responsiveness, rising to 68% this year. Contractors are increasingly looking for quick answers and fast resolution of queries, valuing agencies that are easy to reach.



SPECIALIST KNOWLEDGE AS A DIFFERENTIATOR

In 2025, 53% of contractors cited sector knowledge as a key priority when working with recruiters, up from 34% last year. This rising demand reflects today's more cautious market, where contractors want to work with recruiters who understand their industries and can connect them to relevant opportunities.

The expectation was especially high amongst contractors working in social care (70%), transportation (68%) and software and technology (62%), where it's clear that nuanced knowledge is seen as a differentiator. While overall confidence in the contractor market has softened since 2024, this sharper focus on specialist expertise suggests contractors are leaning more heavily on recruiters to guide them through a tougher economic climate.



THE DIGITAL EXPERIENCE

Ease of systems such as timesheets and portals remains important, with 46% mentioning it this year. While slightly down from 52% in 2024, it still represents a significant part of the contractor experience, underlining the role of smooth, user-friendly processes.

RELATIONSHIPS MATTER, BUT VARY BY SECTOR

A third (34%) of contractors overall said a longstanding relationship with their consultant is important, with this factor ranking highest in the public sector. However, this proportion was noticeably lower in a number of other sectors, including health (28%), social care (27%), manufacturing (27%), and software and technology (28%). This highlights how the strength of the consultant-contractor relationship is valued differently depending on sector.

34%

**SAID A RELATIONSHIP
WITH THEIR CONSULTANT
IS IMPORTANT**

REPUTATION COUNTS

Reputation may not lead the rankings, but it continues to influence contractor decisions. In 2025, one in four (25%) contractors considered an agency's brand or reputation when choosing who to work with. The impact is particularly visible in finance (34%), retail (38%), professional

services (33%), and telecoms (36%), where trust and credibility carry greater weight.

While reputation trails factors such as communication, responsiveness, and specialist knowledge, its importance should not be underestimated. In sectors where compliance, professionalism, and market standing are critical, a strong reputation can tip the balance between agencies that otherwise appear similar.

PREFERRED COMMUNICATION CHANNELS

When asked to name just one channel via which they would like to be contacted about potential opportunities, email emerged as the clear winner, chosen by 74% of contractors.

OTHER CHANNELS FEATURED AT LOWER LEVELS:

- Phone calls: 13%
- SMS/text and WhatsApp: 11%
- LinkedIn: 2%

While this highlights email as the preferred channel if contractors had to choose just one, utilising a variety of purposeful, relevant communication tailored to the contractor's individual preferences, sector and working environment is key.

For example, construction workers, often away from computers, are more likely to favour SMS, underscoring the importance of matching the channel to both role and contractor context rather than relying solely on email.

Navigating compliance and legislation: the recruiter view

For recruiters, the contracting regulatory landscape is becoming more complex. A legislative tug of war is reshaping payroll decisions and making partner choices critical.

The Employment Rights Bill (ERB) will expand worker protections, from day-one sick pay to enhanced parental leave and unfair dismissal rights. For agencies engaging contractors directly, this could mean higher costs, more administration, and greater risk. Many are therefore exploring umbrella companies or PEOs as a way to manage these responsibilities more effectively.

At the same time, from April 2026, new tax legislation will make agencies jointly liable for unpaid PAYE or NICs if partners fail to operate compliantly – a change that sits separately from the planned regulation of umbrella companies due in 2027 under the Employment Rights Bill. Together, these changes are placing a sharper focus on how recruiters select and manage their payroll partners.

PREPAREDNESS FOR 2026 UMBRELLA COMPANY REFORM

Although most recruiters are aware of the incoming umbrella legislation, confidence in their own knowledge varies.

Just 19% describe themselves as 'very informed' with changes already underway internally, while 42% are 'fairly informed'. A further 26% admit they need more detail, and 13% said they weren't aware at all.

26%

OF RECRUITERS NEEDED MORE INFORMATION ABOUT NEW UMBRELLA REFORM LEGISLATION

Despite this knowledge gap, recruiters remain strongly reassured by their umbrella partners. Confidence levels are high: **recruiters gave providers an average score of 8-9 out of 10 for expected compliance, with nearly 90% rating their confidence at 7 or higher.** Only a small minority expressed doubts, usually due to isolated past experiences. In short, even where recruiters aren't across every detail, most feel comfortable relying on their umbrella partners to prepare on their behalf.

CONCERNS ABOUT THE EMPLOYMENT RIGHTS BILL

The Employment Rights Bill is sparking greater uncertainty. **The top issues flagged by recruiters when asked to name their biggest concern were increased supply chain liability (27%), the planned regulation of umbrella companies from 2027 (25%), and higher compliance costs (25%).**

One in five also worried about the risk of employment status misclassification, while day-one written terms (14%) and holiday pay rights (7%) were mentioned less often. No respondents highlighted statutory sick pay costs as a major issue.

While few object to stronger worker protections in principle, the data suggests recruiters are uneasy about blurred lines between contractors and employees, and about how far liability might extend if non-compliance occurs in the supply chain.

When asked how the Bill might affect umbrella usage, views were mixed.

Around a third of recruiters (30%) said they expect umbrellas to be used more, while 23% thought little would change and 35% admitted they were unsure.

This uncertainty highlights why many recruiters see umbrellas as a stabilising partner. As obligations rise and classification rules tighten, accredited umbrella providers are viewed by some as a practical, low-risk way to stay compliant while preserving the flexibility contractors and clients depend on, especially with new umbrella tax rules starting in April 2026 and the Employment Rights Bill arriving quickly the following year.

30%

OF RECRUITERS EXPECT
THE BILL TO INCREASE
UMBRELLA USAGE



PSL PRACTICES AND PRIORITIES

These pressures are already influencing how recruiters manage their umbrella relationships. The Preferred Supplier List (PSL) has become the cornerstone of compliance management: 92% of agencies now operate a PSL, with two-thirds (65%) actively reviewing and updating it. Others **(27%) take a more reactive stance, checking only when problems arise**, and a small minority have yet to adopt one, though indicated plans to do so.

When deciding who makes it onto a PSL, compliance credentials dominate. **Two-thirds (66%) of recruiters require umbrellas to hold FCSA membership, with another 28% citing SafeRec accreditation.** Service quality is also highly valued, particularly responsive support (46%), reliable contractor payments (45%), and strong account management (35%). By comparison, commercial terms and contractor rewards rank far lower, suggesting recruiters are less concerned with cost savings or “value adds” and more focused on trust, compliance, and operational delivery.

It's clear that umbrellas are now seen less as cost-cutting partners and more as compliance-critical allies.

CONTRACTOR EXPECTATIONS

Contractors, however, focus on a different set of priorities when choosing umbrellas. **Three-quarters (75%) said that clear, detailed payslips were the most important factor**, underlining the demand for transparency. Reliable, rapid payment and access to customer support followed closely, each cited by 43%. Accreditation mattered to 30%, while financial security options such as private pensions (22%) and tax or financial advice (18%) also featured. Benefits and insurance are increasingly seen as more than “nice-to-haves”. For contractors facing cost-of-living pressures, comprehensive umbrella packages that include pensions, insurance, and financial advice can unlock significant savings and improve financial security, particularly in sectors like finance and insurance where structured pension offerings are highly valued.

Ultimately, for contractors, umbrellas are about timely, accurate, and transparent pay. For recruiters, the priority is compliance and liability protection. PSLs therefore sit at the crossroads of these expectations, helping agencies manage risk while ensuring contractors receive the standards of service they value most.



92%

OF RECRUITMENT
AGENCIES OPERATE A PSL

Conclusion

The 2025 Contractor Census shows a market that is evolving fast. Contractors are more cautious than before, focusing on pay, location, and contract length, yet they are also showing flexibility, willing to travel further or take inside-IR35 roles if the rate is right. Recruiters are confident in their ability to connect talent with opportunity, but new umbrella legislation and the Employment Rights Bill are creating more complexity and uncertainty.

The survey demonstrates a gap in knowledge about these changes, making it clear that preparation cannot wait. Agencies that start planning now, reviewing their processes, and engaging with compliant partners will be best placed to navigate the shifting landscape.

Above all, this Census highlights how interconnected contractors, recruiters, and umbrella partners truly are. By understanding shifting priorities and responding proactively, the sector can turn challenge into opportunity, building resilience, strengthening relationships, and ensuring the contracting market continues to deliver for everyone involved.

At Sapphire, we'll continue to monitor these shifts closely and share insights that matter. Our mission is simple: to help contractors, agencies, and umbrella partners stay ahead of change, succeeding together in a more complex, more regulated, but still opportunity-rich market.



About Sapphire Contracting

Sapphire Contracting is part of Sapphire Group, an accountancy and contracting business that has unlocked the ambitions of businesses and contractors nationwide.

We live and breathe contracting. It's why we're trusted by thousands of contractors across the country.

Our specialist team works with contractors to find the right financial solution for their needs and provide wrap-around support at every stage of the journey.

We make sure recruitment agencies and contractors have the best experience every time.



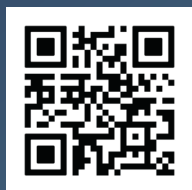
Contact us today to discuss how we can help you stay ahead in the contractor market. Together, we can unlock new opportunities and drive success in this ever evolving industry.

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