

## Contractor calculator market report - August 2007

- o 40% increase in construction jobs in July
- o IT down 3%
- o Electronics down 7%
- o UK 6% interest rates will slow economy slightly

With the holiday now in full swing, contractors are seeing slight declines in activity which will almost certainly be compensated for in the fall.

"The holiday season has now taken hold," says Karen McDermott, head of marketing at the Colchester based job board [Jobserve](#). Apart from Construction, which saw a 40% increase in the number of jobs advertised on JobServe in July, Engineering, IT and electronics were 2%, 3% and 7% down respectively.

One should not assume that growth has slowed in any definitive way. Says McDermott: "When the year-on-year figures are scrutinized, engineering saw an 82% rise in jobs advertised on JobServe to 8,298. IT and construction saw more modest single-digit growth but overall the outlook is encouraging."

The same paradox seems to hold for online applications processed via JobServe. Compared to last month (June), all four sectors have registered a slight decline. However, compared to last year, engineering and construction have declared very healthy increases of 110% (13,113 applications) and 263% (3,132) respectively, with single-digit growth for IT.

### IT Is Changing

According to the [SSL/Computer Weekly](#) survey of IT demand, the nature of the IT contractor market is changing. The low rate of average fee increase, in the continuing decline in demand for software engineering and networking staff, and in the fall in demand for recently popular skills such as Visual Basic, Sybase and even Unix all spell a different evolution in which senior contract roles have fallen by 20%.

There has been an effort to headhunt in the most pressured skills areas—with a significant number of contractors being lured into permanent jobs again, particularly at the senior level. The result is that management posts and PC support posts are up 22% and 26% respectively. In contrast, posts offered to networking staff, software engineers and programmers all fell by 8%-15%.

“ The holiday slowdown is not definitive ”

Karen McDermott - Jobserve

### The Olympics Is A Driver

Despite these fluctuations, demand will soon be driven by the Olympics. A survey of the industry by the London-based contractor services provider [Giant](#) shows that there has been a massive rise in the number of IT contractors working within the engineering sector as a result of London's successful Olympic bid. The proportion of IT contractors operating in the engineering sector has nearly doubled over the last 12 months, from 6.3 per cent to 10.2 per cent according to the Giant study. The survey, which involved over 1,500 IT contractors, suggests that preparations for the forthcoming Olympics have played a large role in this sector growth.

More good news from the London-based Association of Technology Staffing Companies ([ATSCO](#)). Their survey shows that pay for Web developers has jumped 26% over the past 12 months, propelled by the online social networking phenomenon ([MySpace](#), [Facebook](#) etc) and the ongoing e-commerce boom.

The survey shows that Web developers, who defined the first dot com era, but saw demand for their skills decline after the late 90s downturn, are now among the most sought-after IT professionals in the UK. The average hourly rate for Web developers is £29, up from £23 this time last year. A spate of recent high profile Web 2.0 acquisitions has further cemented pay rises for professionals skilled in Web technologies. ATSCO chief executive Ann Swain comments: "The proliferation of social networking sites, and the increasing amount of time people are spending online, has lead to a boom in demand for online content from advertisers looking to target these audiences."

### Engineering and Construction Flourish

Demand has spread right across the board within engineering and construction, as Jobserve's McDermott points out. Skills in design, development, technical, software, analysis, test, and quality are all sought after in highly regulated sectors such as oil, gas, chemical, pharmaceutical, food, rail and defence. The construction industry is focusing on site, project and contract managers as well as planners, estimators and especially quantity surveyors at all levels.

“ The proliferation of social networking sites and the increasing amount of time people are spending online has lead to a boom in demand for online content ”

## With 6% Interest Rates, Does It Continue?

But will the UK economy continue to flourish, and drive contractor demand?

The Bank of England raised interest rates yet again at their July meeting. The rate now stands at 5.75%, the highest for six years. This was the fifth rise in under a year, the previous ones being on 10th May, 11th January, 9th November and 3rd August. And it doesn't look as though the Bank is going to stop here either.

Most observers believe that the Bank will keep raising interest rates until the prime is at 6%. There is a real danger that overall growth will slow as a result. But it may not have as marked an effect on the industries like financial services and electronics where contractors are likely to see continued demand growth.

According to the Centre for Economics and Business Research, the strong sectors for UK exports are financial services, pharmaceuticals, energy, retail, business and professional services and engineering. All of these are global industries, and none are linked to local economic conditions. There is little likelihood then, that a slight economic slowdown will cause major turbulence in the industries that most use contractors.



Published: Tuesday, August 07, 2007

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Ann Swain- ATSCo

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