

## Contractor calculator market report - June 2007

- o 15% Rate Hike For IT Contractors
- o Engineers fees up 3% over the past month
- o Construction Up 2% in quarter for year -on-year
- o UK economy
- o British economic growth at about 3%

### Skills Shortage Drives IT Demand

To avoid being hit by the current skills shortage in the IT market, the Wimbledon-based business and IT services agency [Parity](#) is warning businesses that they may have to increase contractor pay rates by up to 15%.

With so many projects for such a small pool of contractors to pick and choose from, Parity believes that businesses will have to offer considerably higher rates in order to attract the best candidates, according to Parity's professional services director Simon Wayne. What's more, without adequate forward planning, the shortage of skilled project and programme managers, as well as development staff in the IT sector, is set to cause serious delays in project implementation, a factor that will drive costs even further according to Wayne.

"High demand means that contractors are once again finding themselves in the fortunate position of being able to pick and choose the projects they work on," Wayne insists. Wayne, Professional Services director at Parity. "Businesses therefore run the risk of losing out if they do not offer much more attractive day rates, confirm contracts more quickly, and secure longer term agreements."

### Skills in Demand

In general, project management, business analysts, and database work was most in demand. But more specifically, according to a survey by the London-based [Institute of Directors](#), demand for skills rose by 25 per cent or more in the following areas:

- o Arcserve
- o Fireworks
- o Hubs
- o Java class library
- o Navision
- o RPG400
- o Synchronous digital hierarchy
- o Wiki mark-up language

Rates for IT contractors currently range from GBP 40-60 per hour, although they can go higher in high-demand areas. The skills shortage could see rates break the GBP 100 per hour barrier in key areas like banking and telecommunications.

### Fees for Engineers Are Up 3%

A survey by [John Prodger Recruitment](#) found that engineers' fees are up a total of 9% since the past year, and a full 3% over the past quarter as demand in this skill-shortage threatened area increases as well.

Kay Alexander, divisional manager at the St. Albans, Hertfordshire-based John Prodger Recruitment, said: "There is a continual decline in the availability of experienced and skilled engineers. The problem has not taken on the urgency that the IT sector is experiencing, but it is one that should be taken into account."

### Construction Also on the Rise

Contractors in construction are also having a good month.

According to data released on June 1 by the [Department of Trade and Industry](#), the total volume of construction output in the year to the first quarter of 2007 rose by 2% compared to the previous year. Overall new work rose over the same period, with increases in all sectors except infrastructure and public non-housing output. Repair and maintenance fell, with an increase in private non-housing being more than offset by decreases in private housing and public non-housing. Output in the first quarter of 2007 rose by 1% compared to

“ High demand means that contractors can still pick and choose projects

”

Simon Wayne-Parity

the fourth quarter of 2006 in volume terms and by 2% in current prices.

## UK Economy Still Growing Despite Paradox

All of this demand takes place in a somewhat curious economic context. The UK economy is still growing, albeit a bit more slowly than in previous quarters. But inflation is still a threat and some economists fear rate rises to control it may wither growth if it picks up.

For now, inflation is definitely under control. A report issued by the UK Office for National Statistics on June 1 showed that the UK economy has grown by an unrevised 0.7% in the first three months of 2007, which also matches a revised 2.9 percent growth year-on-year.

Some British economists argue that the robust performance of the country's economy means that the Bank of England will not be deterred from raising rates further to combat inflation. The central bank raised interest rates to 5.5 percent earlier this month, taking them to the highest level in the Group of Seven major economies.

The latest data showed the implied gross domestic product (GDP) deflator, a measure of price pressures in the economy, has recorded an annual rate of 3.2 percent, the highest in five years.

The British economy is posing a kind of paradox: growth with high interest rates and an extremely high pound. Economists like Simon Ward of [New Star Asset Management](#) expect a rate rise and continued growth. So at least in the short- to medium-term, demand for contractors should remain high as the economy continues to perform well.

“ Expect a rate rise and continued growth ”

Economist Simon Ward-New Star Asset Management

**Published: Tuesday, June 05, 2007**

[Tweet](#)

© 2011 All rights reserved. Reproduction in whole or in part without permission is prohibited. Please see our [copyright notice](#). If you want to use any content you have seen on this site then please [request our media pack](#) and ask for details of our Content Licencing Service.

### Readers Comments...



Be the first to comment on this article

### Also of interest...

#### Related Guides:

- [How to Find a Contract](#)
- [How to Find a Contract: Guide for UK Contractors](#)

#### Related Calculators:

- [Contractor Calculator](#)
- [Contract Comparison Calculator](#)
- [Permanent To Contracting Calculator](#)
- [Target Income Calculator](#)
- [Permanent Salary Comparison Calculator](#)

#### Related Internet Links:

- [Parity](#)
- [Institute Of Directors](#)
- [John Prodger Recruitment](#)
- [Department Of Trade And Industry](#)
- [New Star Asset Management](#)



ABCe verified website - last audit confirmed **130,682 monthly unique visitors**

© Copyright 2011 Byte-Vision Limited UK. All rights reserved [Copyright notice](#)