

Contractor market report - March 2007

- o Demand for engineers rose 105%
- o IT contractor demand rose 22%
- o Electronics contractor demand rose 54%
- o Steady expansion for UK economy says Bank of England

Growth continued strong during the month of March for the UK contractor market, according to the Colchester-based Web job board [Jobserve](#).

"In March we have seen a continuation of the trend for the past three months, all of which have been very positive for [Jobserve](#)," says Ian Frost, head of marketing at the job board. "During the first 3 months we have seen a growth in the volume of job applications across all of the main contractor industry sectors. When compared to the same period last year engineering has more than doubled, up 105%, construction is up 57%, Electronics is up 54% and IT is up 22%."

"Across the same sectors the number of jobs advertised on [Jobserve](#) is up almost 10% with engineering again leading the way with 23,870 vacancies in the period, Frost continues."

"With a total of 2,821,579 applications processed for 526,084 job applications during the quarter, there is steady demand to all appearances, one that has not been affected by growing inflation in the economy," Frost adds.

“ In March we saw the continuation of the positive trend this year ”

Ian Frost - Jobserve

M&A Boom Fuels Contractor Demand

With rising inflation, pay for UK IT consultants has shot up 17% over the past year, fuelled by soaring demand for skilled and experienced professionals to meet public sector outsourcing needs and integrate systems after a huge wave of merger and acquisition activity, according to research by the London-based Association of Technology Staffing Companies.

Average pay for IT consultants rose from £41,500 in 2005 to £48,383 last year, with many consultants earning considerably more, the [Atsco](#) research shows.

Demand for external consultants has hit record levels due to an unprecedented boom in merger and acquisition activity and the continuing outsourcing of IT development in the public sector. Public sector spending on external consultants hit £2.8 billion last year, up 33% on the previous year.

Atsco chief executive Ann Swain says: "Demand for consultancy skills has surged on the back of the recent M&A boom. Post-merger integration of IT systems can be a hugely complex task, and companies rarely have the resources to manage the process internally."

Inflation is Principal Concern

All of this growth has occurred despite rising inflation. Indeed, Inflation is the principal concern for the UK economy which has "recorded a remarkably steady rate of expansion over the past five quarters, one which we do not expect to see diminish," according to [Bank of England](#) Governor Mervyn King.

The BoE chief noted that output growth was 3% in the fourth quarter, though the CPI inflation lingered above the 2% target. The [February Inflation Report](#) showed that the Monetary Policy Committee expects the output growth to continue at the recent rate. Further, the MPC sees inflation retreating "quite sharply" later in 2007 as lower retail gas and electricity prices feed into household bills."

IT Thrives Across Europe

The thriving economy is driving a prosperous IT sector, not just in the UK, but right across Europe.

Public and private investment in information and communication technology (ICT) is bearing fruit, finds the [European Commission's](#) annual progress report on i2010 – the digitally-led strategy for growth and jobs. The ICT sector continues to grow faster than Europe's overall economy, according to the i2010 second annual report. ICT contributed nearly 50% of EU productivity growth between 2000 and 2004, with software and IT services currently the most dynamic growth area (5.9% for 2006-2007).

Businesses Are Investing

The report also shows that businesses are investing in new and more mature ICT solutions, and

“ The ICT sector continues to grow faster than the total ”

Europeans are quickly embracing new online services. This is supported by a record number of new broadband connections: 20.1 million new broadband lines, connected in the year to October 2006, with higher broadband penetration rates in the UK than in the US. The UK also boasts the most houses with digital TV.

economy in Europe

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EC Commissioner Vivianne Reding



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