

Contractor calculator market report - September 2007

- o IT shows steady growth at 9%
- o Engineering is up 27% over last month
- o Electronics is up 17% over last month
- o Telecoms sector records pay rise from 37-43 pound per hour
- o UK economy is steady

Despite much gloom and doom in the national press about higher interest rates and the so-called subprime crisis--which appears to be ending even faster than expected--the UK contracting sector is seeing continued growth.

"We may have had the wettest August on record here in the UK but it hasn't dampened the demand for contractors," says Karen Mcdermott, head of marketing at the Colchester, Essex-based job board [Jobserve](#).

Jobserve has seen a much stronger month than expected, with significant increases in contracting demand indicated.

IT, engineering, construction and electronics were all up on last month and in year-on-year comparisons as well, with only electronics showing a decline in the year-on-year figures alone, Mcdermott explains. It was an identical picture for the overall number of online applications too.

In fact, several new job sites that have started up this year have registered more than 1 million jobs each, according to the online recruitment magazine [Onrec.com](#).

This month construction was the star performer with double the amount of jobs compared to last month, at 4,764. Engineering and electronics rose by 27% and 17% respectively with IT on single-digit growth at 9%.

In the year-on-year comparisons, engineering is the strongest performer, registering 71% growth with 10,569 jobs advertised followed by construction at 50%, according to Jobserve. When reviewing the number of online applications processed by JobServe, construction comes out on top with a 30% increase over last month and 185% compared to August 2006. The IT sector showed a year-on-year the increase of just 5%, but as it has been surging steadily over the past five years this low number actually indicates steady increase, as Mcdermott points out.

“ We may have had the wettest August on record here in the UK but it has not dampened the demand for contractors ”

Karen Mcdermott - Jobserve

Financial Services Demand

The greatest demand for contractors still comes from the financial services sector which is suffering from the IT skills shortage in the UK.

According to results from the 2007 [silicon.com](#) Skills Survey, financial services companies are finding it most difficult to fill IT vacancies in their organisations, compared to the public sector and the world of retail.

Half of the respondents to the survey who work in the FS sector said they have tech job vacancies they are unable to fill. This compares to 44% of respondents in the retail sector and just over a third of those who work in the public sector.

When it comes to specific IT skills shortages, the FS industry and the public sector are finding it hardest to locate staff with programming languages, followed by workers with database skills. In the retail sector programming languages, database and Windows skills are all equally hardest to find.

The non-IT skill in shortest supply in the FS sector is project management, followed by 'knowledge of the sector' - perhaps owing to the need to comply with heavyweight industry-specific regulations such as MiFID and Basel II, according to the survey. In the retail and public sectors, project management is the non-IT skill in shortest supply, followed by leadership skills.

Respondents in the survey strongly indicated that they preferred not to engage the services of contractors from overseas in despite of pressing demand. They believed that they could fill the demand from the UK contractor pool, and obviously this means better pay and better work for all UK contractors.

Telecoms Pay Rise

IT contractors working in the telecoms sector have had particularly good news. According to a study by the London-based research and consulting firm [SkillsMarket](#) and the London-based Association of Technology Staffing Companies ([ATSCO](#)), the hourly fee in the

telecoms sector jumped from £37 to £43, the fastest yearly rise since the telecoms collapse of 2000.

According to Atsco chief executive Ann Swain, there are two factors at work here. First, the rise of social networking on the Web is raising demand for Internet communication. Then there is the demand for mobile platform programmers driven by the increase in content on cell phones. Skillsmarket director Alex Charles reminds us as well that the Apple iPhone will launch in the UK in the fall, and, if it takes off here as in the US, demand for content will surge again.

An equally important phenomenon in the UK market is the Olympics, which is not just driving construction, but also bringing up demand for IT contractors who work in engineering. A significant number of software engineers skilled in advanced computerised modelling are being called on to assist with structural analysis before construction can commence, according to a survey in July by the London-based contractor services firm Giant. The demand for the project is expected to grow as the telecoms and IT infrastructure are put in place as well.

“ Despite the pressing skills shortage UK companies prefer to work with contractors in the country ”

silicon.com survey

Construction Up In Economic Confusion

Construction is booming as the Jobserve demand indicates, and the UK economy as a whole seems to be muddling through all the international brou-ha-ha. In fact, inflation is down again to 1.91% in July. As Geoffrey Dicks, chief economist at [RBS Global Markets](#) points out, inflation is down because retailers have at least begun to be conscious that their prices are too high. Meanwhile corporate growth is driving investment and job growth.

And the subprime disaster will not impact the UK excessively. The London-based consulting firm [Capital Economics Ltd.](#) estimates financial services account for 10 percent of the U.K. economy, and the recent turmoil could shave 0.2 percent from the nation's growth rate. This is an extreme estimate because no one really knows yet how big the exposure is by UK banks. But even if it is true, a change of 0.2% isn't going to change much in an economy that is moving at this rate.



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