

## ContractorCalculator Market Report August 2010

Contractors are continuing to experience increased demand for their services and, with the exception of one survey, indicators suggest that IT contractors in particular are benefitting from renewed confidence in the economy. London's financial district is going from strength to strength, and, as it's one of the largest consumers of IT contractors, this is clearly good news. Manufacturing continues its recent growth, which means more contracts for contractors across a range of disciplines.

In this month's ContractorCalculator Market Report:

- o The Monster Employment Index shows a small increase, with online IT worker demand falling, although it has continued to increase year-on-year
- o IT recruiter CWJobs.co.uk reports that IT contractor fortunes have been improving steadily, with IT contractor vacancies up by 11%
- o Contractors in IT, engineering and interim management supporting the UK's manufacturing sector will be cheered by the latest Quarterly Industrial Trends Survey from the CBI (Confederation of British Industry), as manufacturing continues to perform highly
- o Scottish IT contractors continue to dominate worker demand north of the border; rates are also increasing, but more contractors are registering for work, increasing worker availability
- o London's financial services sector is experiencing an ongoing increase in demand for workers, which likely to continue to feed the demand for IT contractors.

### Online demand for workers increases overall, but IT declines says one survey

Despite a one point rise this month, the [Monster Employment Index](#) show a slight fall in online demand for IT workers, including contractors. However, demand is up year-on-year, and the engineering and construction sectors have surged ahead.

"The Monster Employment Index was little changed in June, with positive trends continuing to be seen in sectors related to manufacturing and financial services," says Monster UK & Ireland MD Julian Acquari.

"Annually, recruitment trends in business support services like HR and admin/organisation were also up," he continues. "However, these are early signs, and there's a way to go before seeing wider improvements in the labour market."

### IT contract vacancies up by 11%, online IT recruiter

Although the Monster Employment Index records a fall in UK demand for IT workers, a [survey by jobsadswatch.co.uk](#) on behalf of specialist IT recruiter CWJobs.co.uk says that contract vacancies in the sector are up by 11%.

Financial services IT contractors are reaping the benefit of an increase in finance jobs of 7.9% in a sector that accounts for 22.9% of all UK IT recruitment. Reflecting the government's austerity measures, 21.4% fewer IT contract and permanent jobs have been advertised in the public sector.

According to the survey, contractors are historically the first to be discarded when times are tough and the first to be recruited in up-turns. The report cites first quarter growth of 10.1% in IT contractor vacancies and second quarter growth of 11.2%, 'suggesting the [economic] recovery is well underway.'

### Manufacturing boom continues, but for how long?

The latest [Quarterly Industrial Trends Survey](#) for the [CBI](#) (Confederation of British Industry) shows that the UK's manufacturing sector has grown at its fastest pace in the last 15 years, with 38% of manufacturers questioned reporting that they saw output rise, versus 15% saying it fell.

Despite representing good news for contractors of all disciplines who work in the manufacturing sector, there is a sting in the tail – the CBI forecasts that growth will slow in the third quarter of 2010.

Manufacturing exports were up again, with 28% of firms reporting a rise in export volumes. But overseas demand is forecast to fall as businesses ramp up inventories.

### IT contractors continue to dominate in Scotland

IT and computing dominate the contracting market in Scotland, showing the strongest rise in demand for IT contractors in all eight categories of temporary workers monitored in the latest [Bank of Scotland Report on Jobs](#). Engineering and construction came in at fifth,

after executive and professional, hotel and catering and blue collar.

More contractors have been registering their availability with the recruitment and employment businesses surveyed, with contractor numbers increasing each month for the last two years. This suggests that many workers are turning to contracting as a career choice.

Pay has been increasing for contractors operating in Scotland, with 'a modest rise in hourly staff remuneration in June', which has 'extended the current period of temp pay inflation to six months'.

### Financial services jobs increase suggests City is slowly recovering

Recovery in London's financial district is set to 'hold firm', according to the latest [Morgan McKinley London Employment Monitor](#). City employers surveyed overwhelmingly see hiring increasing during the rest of 2010, and as the financial services sector's fortunes improve, so do those of the IT contractors and interim management contractors that support financial operations.

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Andrew Evans, Morgan McKinley

“As anticipated at the start of the year, hiring in 2010 was expected to rise significantly compared to 2009 levels, and this has proven to be the case,” explains Andrew Evans, Managing Director of Morgan McKinley Financial services.

“The first six months of 2010 saw job opportunities increase by 26% compared to the second half of last year,” continues Evans. “The monthly data also reinforces this growth with job volumes in June 2010 up 49% on June 2009 levels.”

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