

ContractorCalculator Market Report March 2010

Contractors' only certainties so far in 2010 remain uncertainties. On the one hand, early positive signs of a financial services recovery are said to be looking shaky, but oil and gas is reported to be bullish. Some research shows that IT contractors will be the economy's equivalent of the 'Second Coming', with huge growth forecast in the next decade, yet engineering contractors suffered a 31% decline in online demand in contract opportunities in the past 12 months.

In this month's ContractorCalculator Market Report:

- o Despite an 8% fall in January 2010, the Monster Employment Index stays level year-on-year, avoiding an annual decline for the first time since November 2008
- o The shaky recovery of the financial services sector could impact negatively on IT contractor prospects
- o The latest Computer Weekly/SSL/JobAdsWatch survey confirms that IT contracting is dominated by the financial sector in London and the South East
- o An upswing in exploration and production confidence could signal improvements in oil and gas contractors' fortunes
- o Research from e-skills UK says that IT and telecoms contractors could be 'the solutions to the UK's economic recovery.'

Monster Employment Index

January 2010's [Monster Employment Index](#) fell by 8%, following four consecutive months of growth, to remain at the same level as January 2009. Julian Acquari, Managing Director at Monster UK and Ireland, says the underlying trend is upwards, and blames the fall on post-Christmas seasonal factors.

"Despite a seasonal fall during January, the long-term annual growth rate of the Index continues to improve," says Acquari. "Whilst business conditions are likely to remain challenging for some time, it is encouraging to see some stabilisation in long-term hiring trends."

Although interim management contractors and consultants enjoyed a year on year increase in online demand of 21%, IT contractors have seen a 7% fall in demand, telecoms a fall of 15% and engineering contractors have suffered a huge decline of 31% year on year.

Financial services shaky recovery could rebound on IT contractors

Nearly a third of all UK IT contractors work in the financial services sector, according to the latest [CBI/PricewaterhouseCoopers Financial Services Survey December 2009](#), whose results will be of little comfort to many contractors.

The sector, which includes banking, insurance, securities and investments, saw an upturn in the final quarter of 2009, but according to those surveyed this won't be sustained into 2010. This is a further blow to IT contractors, who have heard tales of numerous green shoots in the financial services sector over the past couple of months.

"The bounce in UK financial services activity over the past six months is not expected to last," comments CBI Chief Economic Adviser Ian McCafferty. "Firms see their business volumes falling back again, with no further improvement in profitability over the next three months."

The City, software, London and the SE dominate IT contracts

The latest [Computer Weekly/SSL/JobAdsWatch survey](#) confirms what many IT contractors already know, that the City of London financial services sector dominates the IT contract market. According to the survey, London and the South, plus the M4 corridor, account for 72% of all IT roles advertised, with London alone accounting for 35% of all UK IT roles. The software sector dominates contracts, keeping 42.9% of contractors in work, with finance a close second at 31.9%.

George Molyneaux, Research Director at SSL, says: "The tentative green shoots seen in the third quarter 2009...continued to grow during the last quarter. Throughout most of 2008 and 2009 sectors such as software houses and finance bore the brunt of layoffs as the financial crisis reached its zenith. It is clear that in some areas this was overdone, particularly in the contract market, where the discarding of staff was swift and initially deep."

Oil and gas price peaks increase demand for contractors

The media spotlight has returned to the oil and gas sector, with the drama surrounding drilling around the Falklands Islands. Whether the South Atlantic becomes a new 'Middle-East' for the UK's pool of offshore and onshore experts remains to be seen. But, with oil prices once again at \$70 at the time of writing, activity on the UK Continental Shelf (UKCS) could be set to rise, and with it the demand for contractors.

The latest [Oil & Gas UK Index](#), which canvasses the views of 1,750 companies in oil and gas production and the supply chain, shows that the surge in prices is having a positive knock-on effect on confidence in the sector, and there is greater optimism among oil and gas firms than in the last 12 months.

"The increase in optimism within the entire upstream sector suggests that investment opportunities are being considered by [exploration and production] companies," explains Oil & Gas UK's supply chain director Brian Kinhead. "[This] is filtering through to increased activity and optimism within the supply chain."

IT and telecoms contractors 'will boost UK's economic recovery'

New research published by IT and telecoms sector skills council [e-skills UK](#) draws a link between the highly skilled technology workforce and the UK's economic recovery.

The research, [Technology Counts: IT & Telecoms Insights 2010](#), shows that there are over 1.1m permanent employees and contractors working in the sector. It forecasts demand for IT & telecoms workers will grow at four times the UK average in the next decade. However, the lack of applicants to many vacancies shows skills shortages and the lack of experienced IT and telecoms professionals is causing employers and IT clients real problems.

"This research illustrates just how important technology is to the UK economy, and how technology will play a vital role in the UK's economic recovery," says Karen Price, CEO of e-skills. "Technology can help reduce costs and enable innovation, so continued investment into the sector, and into the skills of the people working in it, is essential for the UK's economic future."

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Karen Price, e-skills UK

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