1.0 The IT Market in The UK

According to a report released by cbronline.com in February 2009, it is expected that the overall IT market in The UK will contract by 2% in 2009 and a further 1% in 2010. Even though The UK is the European leader in the IT sector the decline is concerning when compared to the European IT sector which as a whole is still expected to grow by 2.2%. In particular the larger Western markets such as Germany and The Netherlands are still expected to experience 2% and 1.1% growth respectively.

Despite the negative growth in 2009 and 2010, the total value of the IT industry in The UK equated to £70 billion in 2008. The IT sector therefore remains a significant contributor to The UK’s GDP (contributing 10%) and remains the largest market for ICT in the EU. However it isn’t just the size of the market that demonstrates The UK’s strength in the IT sector. In the latest Global Information Technology Report 2008-2009, The UK was ranked 15th in the world when it comes to networked readiness. This demonstrates The UK’s active investment and effective use of technology within the political, social and economic system.

2.0 Demand for IT Professionals in The UK

2.1 IT Vacancy Trends

In April 2009, The UK saw a 50% decline in the number of vacancies advertised online, which is similar to other European countries such as The Netherlands which saw a 48% decline and Belgium which experienced a decline of 29% in jobs advertised online. However, research by The IT Job Board shows a further decline in jobs in The UK in May of 57% year on year.

There is however a few signs of recovery from at least one of the most important market sectors. According to new research, job offers to IT contractors in financial services doubled between April and May, raising hopes that the worst could be over for financial service recruiters. The research, by pre-employment firm Powercheck found in particular IT employment offers increased in insurance (+23%) and banking (+19%).

However despite the short-term decline in demand, a skills shortage has been predicted by eSkills. For more information about the skills shortage refer to section 5.0 of this report.
2.2 Demand By Location

Diagram 1 demonstrates the demand for IT professionals in The UK by region.

As depicted in diagram 1, the majority of IT opportunities are concentrated in the regions that are home to Greater London and the South East. The South East represents 21.5% of IT jobs which is partly attributed to the many technology companies which are located in the so called ‘Gatwick Diamond’. Whilst the Greater London economy represents 36.2% of IT jobs which is driven by industries such as finance, media and travel and tourism.

In addition there is a significant portion of IT opportunities in the South West (11%). This region is known for aeronautics, IT, telecommunications and electronics. Whilst the North of England is dominated by heavy industry, mineral extraction and processing which explains the 10.7% of IT jobs on offer in this region.

The East and West Midlands are home to industries such as manufacturing, retail, electronics, finance and entertainment which is why this area is equates to 11.5% of IT jobs.

As Wales and Scotland are characterised by light and heavy industries as well as petroleum, the number of IT opportunities is relatively low with Wales accounting for 1.1% of IT jobs and Scotland equating to 3% of IT jobs.
The IT Job Board has seen a 57% decline of jobs advertised on site year on year in May which has been a direct impact of the recession.

Despite the economic downturn The IT Job Board can reveal that, based on the proportion of IT jobs advertised year to date, the software market is showing more promise then the hardware sector as it now represents 60% of all positions on site, up 4% year on year.

Whilst overall the total number of software jobs has not risen, we have found that Project Management and Testing positions now represent a greater portion of jobs on site (2% growth per category) than a year ago. However, with many organisations slowing down software investment in 2009, it is expected this will have a knock on effect in the demand for testers in 2010. It is also predicted that the demand for Project Managers will remain fairly stable, and as the economy is recovering, organisations will start to ramp up their investment in new projects thus will continue to need Project Managers.

Developer and Business Analyst positions have seen a decline in the proportion of jobs advertised year on year, this could largely be due to IT projects coming to an end thus there is less need for Business Analysts who are typically required at the beginning of a project. In addition many organisations are starting to consider offshoring to save costs – and typically roles such as Developers are affected.

IT Support jobs have remained constant in terms of the proportion of jobs, but with a lot of talk about outsourcing overseas this may be an area that may also see decline.

Networking is one of the other skills that have seen decline which is a direct result of IT departments cutting back on hardware during the recession, this is largely due to companies lack of budget to invest in areas such as Telecommunications.
Future Skill Predictions

Despite the current/historical skills in demand there are several key sectors and skills that The IT Job Board believe will be in high demand for 2009 and 2010 which both recruiters and IT professionals should be aware of.

According to a global survey conducted by Computerworld, the 9 skills that will be in demand in 2009 and beyond are:
1. Help Desk/Technical Support
2. Programming/Application Development
3. Project Management
4. Networking
5. Business Intelligence
6. Security
7. Web 2.0
8. Data Center
9. Telecommunications

On the programming and development front it is important to note that developers with experience in open source will also increase in demand – as it is believed that 40% of IT jobs will be linked with open source by 2020.

In addition to the above, we foresee Infrastructure Analysts as well as Business Analyst and Consultants to be in high demand both now and in the future within The UK IT sector. Infrastructure specialists in particular are also increasing in importance because of the growing trend towards SaaS and SOA (Service Oriented Architecture) as well as ‘Green Computing’.

2.4 Other key IT recruitment trends

Contract vs Permanent Demand

It is a popular belief that contract IT roles increase in demand during the recession however The IT Job Board statistics demonstrate a very different scenario. In April 2008 the split between contract and permanent positions on The IT Job Board site in The UK was 21% contract and 79% permanent.
In April 2009 we can see that the ratio of permanent jobs remained constant with permanent jobs equating to 79.6% of total jobs and contract jobs now representing 20.4%.

3.0 Candidate Market Confidence

The IT Job Board conducted research in May 2009 to determine how candidates felt the current market was affecting their employment opportunities. Of the 150 respondents, 76% stated that the current economic climate was making the process of looking for a job more difficult. As a result 55% of candidates stated that they have become less selective in their job search. In particular 60% of those who are becoming less selective stated that they would consider both permanent and contract roles whilst another 60% said they are willing to accept a lower salary.

It is thus important to note that as the market is now more favourable to attract high calibre candidates, organisations that consider recruiting in the near future could benefit from the low competition in the market for highly skilled professionals.

As a result of market conditions, many IT professionals are therefore going the extra mile to improve their employability in the recession. In particular 72% are spending more time gathering knowledge about IT industry trends whilst an additional 53% rely on online networking to help them to secure a role.
4.0 Companies appetite for IT recruitment in The UK

In June 2009, The IT Job Board.co.uk conducted research with 100 organisations to determine the appetite for IT recruitment for Q3 and Q4 of 2009.

When asked if companies were planning to recruit IT professionals for the remainder of the year, 34.3% of employers stated they will to recruit, whilst a further 27.5% might recruit IT professionals. Moreover, 51% of companies stated their recruitment numbers will remain the same compared to 2008. This figure demonstrates that the IT sector should still have a relatively strong year compared to many other industry sectors as organisations understand the value of IT projects to maintain competitive advantage in their respective marketplace.

5.0 Future Challenges For The UK IT Recruitment Industry

A new series of reports from eSkills has predicted that the UK will need more than 140,000 new IT and Telecoms professionals per year over the next five years. Aside from that, the IT and Telecoms Insights 2008 reported that, due to the lack of supply, half of these professionals are expected to be experts from other fields, whilst only one in five will be hired directly from education.

One of the key reasons why only one in five will be hired through education is due to the lack of enrolments in key courses. According to Microsoft and The British Computer Society (BCS) there is an insufficient number of students choosing to study the “cpSTEM” (Computer and Physical Science, Technology, Engineering, and Mathematics subjects) in the UK, which is critical to the success of the IT sector.

So far, the drive towards wider access to university education has not led to a greater uptake of these important subjects. This issue has left many employers with a skill shortage as they increasingly look for industry qualifications and experience, which are not delivered consistently by cpSTEM degree courses in The UK.

As a result of increasing demand and candidate supply shortages, the long term IT recruitment market is going to be particularly buoyant because of the lack of skills in the sector.

Conclusion & Feedback

Despite the economic downturn, The UK as a market for IT recruitment is still showing several positive signs for longer term growth. The research findings show that whilst Q2 will show negative growth in job vacancies, the industry still foresees a significant shortage of IT professionals in the longer term. As a result of a lack of candidate supply, it is therefore important for clients to continue to actively improve their employer brand and work hard to attract the best talent in the industry. In addition organisations need to be actively consider how they will mitigate the risk of longer term skills gap within their IT departments to ensure they remain competitive in their respective marketplace.

We hope you enjoyed our report on the state of The UK IT recruitment market. If you would like to provide feedback on the contents on this document please email t.decock@theitjobboard.com
UK software services markets will shrink to 2011, Kevin White, Feb 2009: http://www.cbronline.com/news/uk_software_services_markets_will_shrink_to_2011_190209


FAQs to Degree Courses in Computer Science: http://www.qmul.ac.uk/courses/study_degree_london_uk.php?dept_id=4


First Industry Barometer Reveals UK Software Sector ‘Strong Now But Under Pressure’ http://www.microsoft.com/uk/press/content/presscentre/releases/2008/12/PR03924.mspx