



THE ADECCO GROUP

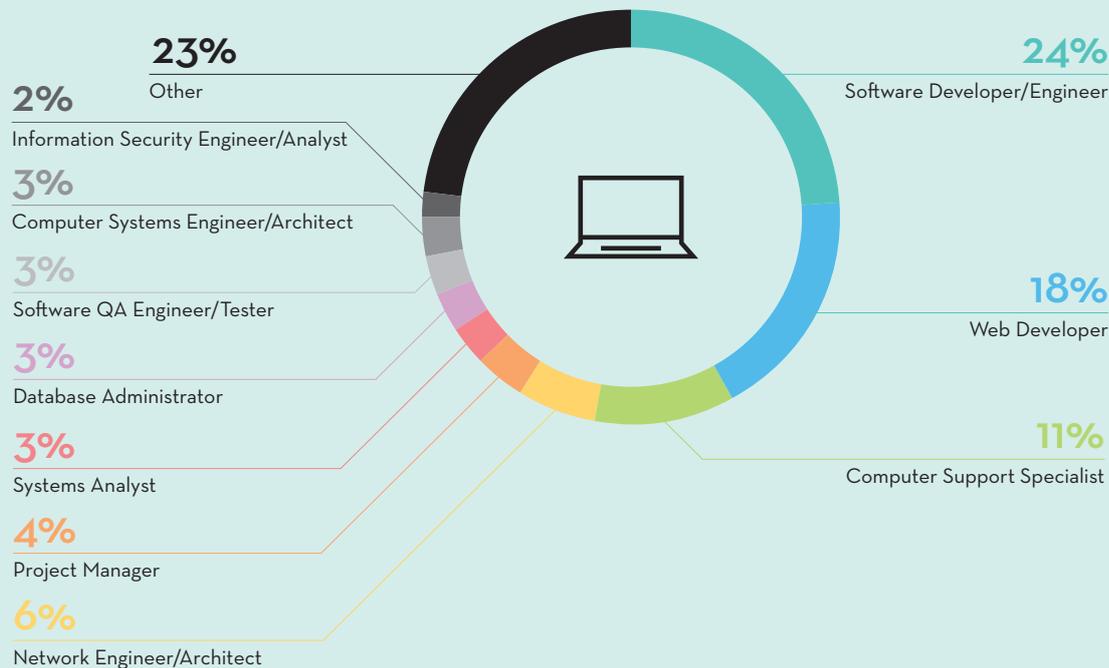
IT Sector review

Q2 2017

adeccogroup.co.uk

Share of IT Professionals vacancies since the start of 2017

(Source: Burning Glass 2017)



Demand for IT roles continues to be strong in the UK despite ongoing economic uncertainty. Following the jump in demand for the first quarter of the year the second quarter looks to be equally strong.

Firms in the technology sector also seem more likely to be increasing their workforce in the coming months according to the Spring 2017 Labour Market Outlook report produced by the CIPD and The Adecco Group UK&I. More than half of IT & Engineering companies expect their staff level to increase during Q2 compared to just 15% that expect a fall. That difference of +38% is far higher than the +20% seen in the UK as a whole.

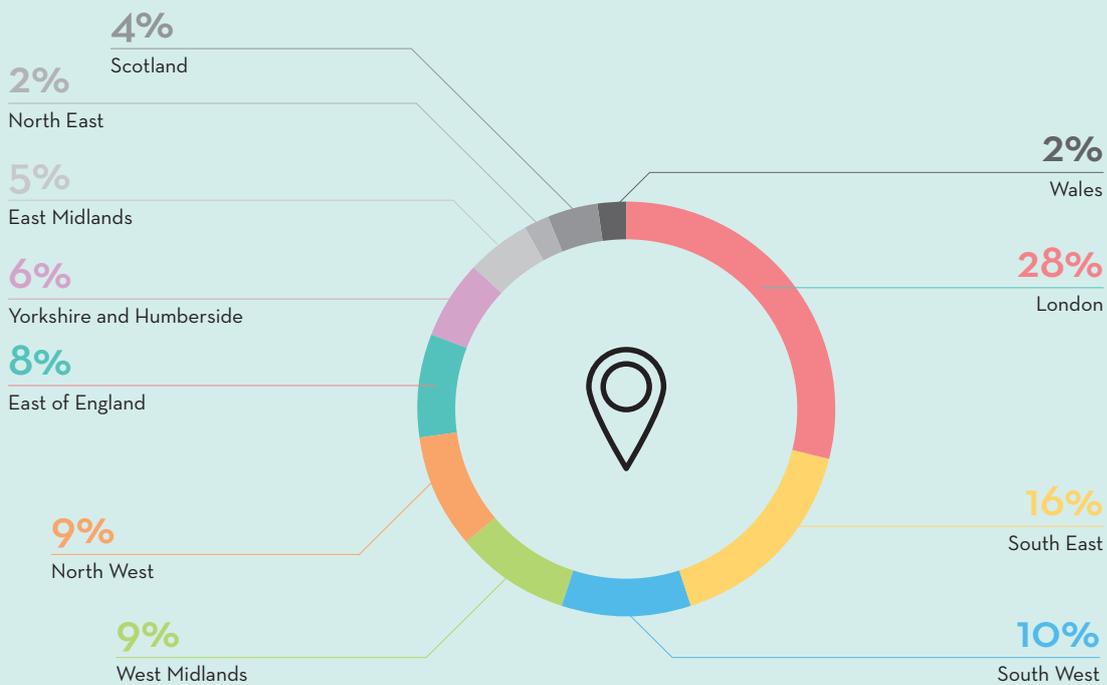
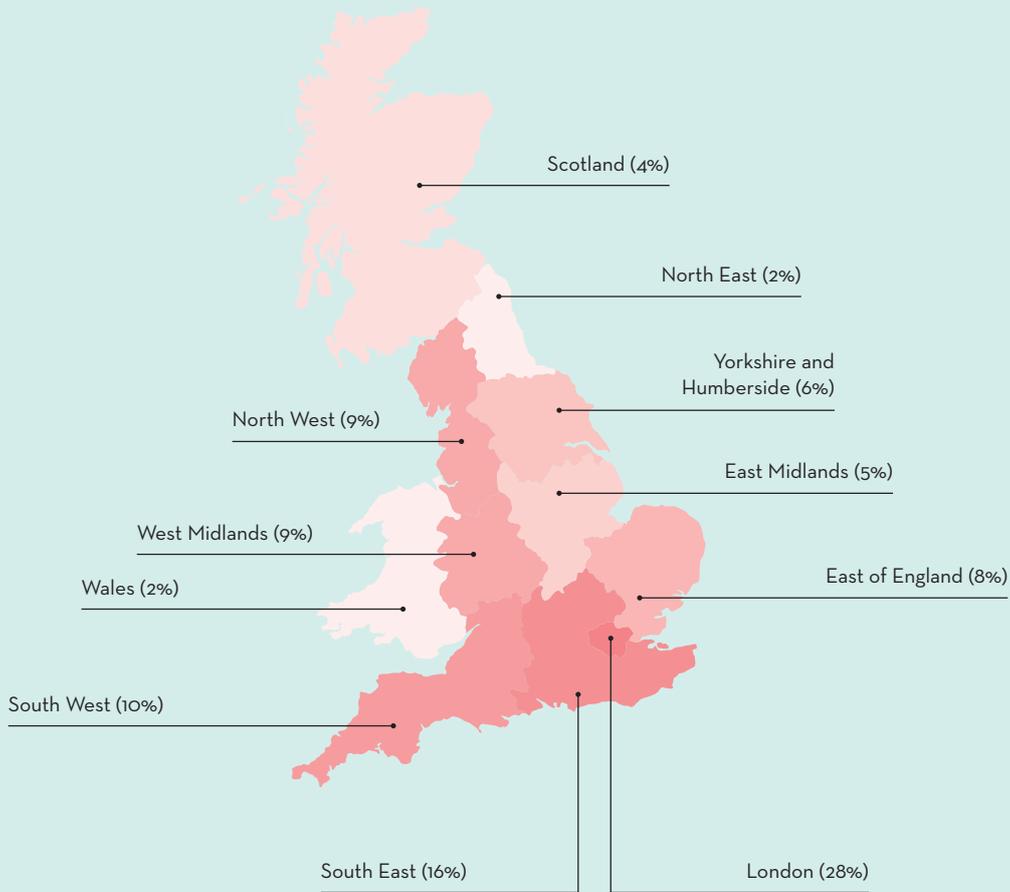
Developers remain the most in demand skill set, accounting for more than 40% of all vacancies advertised in the UK since the start of this year. In fact, data from the Association of Professional Staffing Companies (APSCo) suggests that demand for developers has increased almost 25% in the last two years, far faster than the overall trend in the IT market.

Ann Swain, Chief Executive of APSCo, said: "Organisations of all sizes are developing an increased awareness of the need to innovate and keep pace with ever evolving technological shifts, so it is somewhat unsurprising that the demand for IT developers and engineers is currently outpacing all other disciplines. Organisations looking to hire mobile developers will no doubt be looking for professionals in native iOS or Android programming using Swift, Objective C and Java, while in demand skills for front end developers will likely be HTML, JavaScript and CSS."

London and the South East similarly dominate demand for tech talent, accounting for nearly 45% of all vacancies since the start of the year. This level has remained fairly constant for some time now but it is possible that growing uncertainty of London's post-Brexit future will see some of this demand realign to other parts of the UK.

In fact, APSCo point out that demand in Yorkshire & the Humber rose 14% in the year to February 2017 whilst a city like Bristol sees well over 200 start-ups every year that will be demanding talent.

IT vacancies by region
 (Source: Burning Glass 2017)



Legislative changes

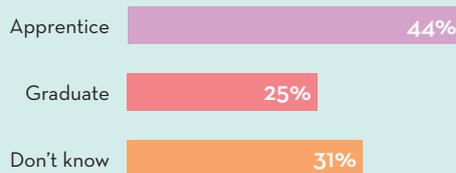
Apprenticeship starts by year: Information & Communication Technology

(Source: Apprenticeships Statistics: England, House of Commons Library, Briefing Paper O6113, 21 November 2016)



In your experience, on average, do you think an apprentice or a non-apprentice has a longer duration at your organisation?

(Source: Labour Market Outlook Survey, Winter 2016, CIPD and Adecco Group UK&I)



The second quarter of 2017 saw two changes in recruitment law that will impact upon the technology recruitment sector.

Immediately changes to the IR35 assessment in the public sector mean that many contractors are effectively taking an overnight pay cut. According to Ian Storey,

Ian Storey is a Director for Spring Technology, a member of The Adecco Group UK&I, he thinks the changes will be profound: "The changes to the assessment of IR35 this April have introduced a new challenge to the to the public sector. With many positions now being deemed to fall inside the scope of IR35, and some organisations making blanket decisions that all contract requirements fall inside IR35, these roles are not as attractive as contracts within the private sector. Projects may be delayed as they struggle to attract candidates in markets where there is strong competition. How the private sector will respond to an increase in candidate availability is yet to be seen, but we anticipate that there will be opportunities for businesses to make cost savings or utilise this influx of talent to boost productivity."

The second change is one that will affect the industry in the longer term, the introduction of the apprenticeship levy. As a cost this only affects companies who have a wage bill greater than £3 million, they will have to pay 0.5% of that. However, all companies will be able to apply to fund in order to pay for training for apprentices in their company.

The figures for this year's starts as so far available suggest a small increase may happen but it is more likely to be seen in the longer term.

This pot of money could be invaluable to technology companies - it could help improve retention and fix skills gaps. Employers shouldn't look at this from the perspective of bringing on a school leaver and teaching them from scratch they can upgrade existing employees into areas that the company needs. They could take a technical support worker and give them an information security qualification.

There are already three technology based apprenticeships in the top ten most popular so the grounding is already there. Digital and Technology Solutions professional is at 4 whilst Network Engineer and Software Developer are a little further down.

If employees are also receiving training and improving themselves, they are also more likely to want to stay.

One reason that this may have such a significant effect on how technology employers attract, retain and improve talent is that employers in the UK already see the value in apprentices according to research that The Adecco Group UK&I conducted with the CIPD.

Employers believe that skills such as time management and commercial awareness are better acquired as an apprentice; only critical thinking and presentation skills were thought to be better acquired at university. The results of our survey also suggest that apprentices integrate far better into company culture than do graduates (47%, with a balance of +40).

Employers aren't even worried about the apprentice getting trained and then leaving as nearly two-thirds (61%) actually believe the apprentice is doing a job they would have to employ another worker to do in any case.