



IT

LABOUR MARKET INSIGHT REPORT



March 2024



Welcome to our IT Labour Market Insights Report: 2024, developed specific to the needs of our IT clients and, providing enhanced analysis across the candidate market.

As a prime supplier of workforce solutions to major clients across UK and EMEA markets, we are expertly positioned to provide this overview of all major hiring and industry activity, supporting you to advance hiring practices and inform strategy.

Our data tools and resources are supported by specialist teams, providing critical analytics from both quantitative and qualitative sources. All data is drawn from our partners, Horsefly and wider industry sources, providing live analysis against thousands of job postings and hiring activity.

We'd love to hear from you where a more detailed analysis on any aspect of this report is required or to learn how our industry specialists can support your needs.

Best Wishes

A handwritten signature in black ink, appearing to read 'Dave Wilson'. The signature is fluid and cursive, with a large initial 'D'.

Dave Wilson
Chief Executive Officer

National Outlook

New year brings a rise in business activity

Higher levels of confidence have been reported across the service sector following business activity rising for the second successive month, with SME's seeing the largest increase. That said, momentum fell short of that seen for larger firms.

The back-to-back increased in sector output was driven by an increase of client wins, strengthening economic conditions and a steadying of and predicted decrease of interest rates following the spring budget (See Figure 1).

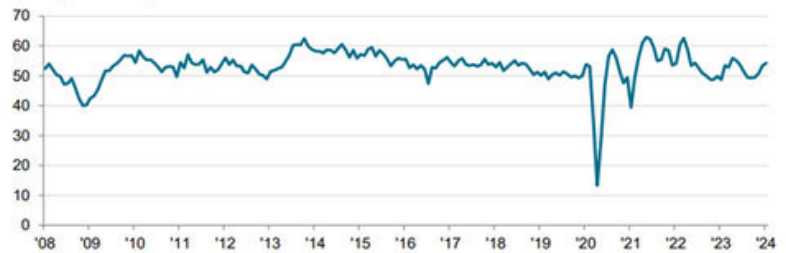


Figure 1- Global UK Services Activity

Hiring Surge

The Employment Index (Figure 2), adjusted for seasonal variations, indicates a fresh surge in staffing levels across the service economy, rebounding from a slight decline in the preceding month and highlighting the swiftest rate of job creation since July 2023.

The increase in recruitment is linked to recent business victories and strategic expansion initiatives. Strong pressures on profit margins continue to be recognised as a factor limiting the creation of new jobs.

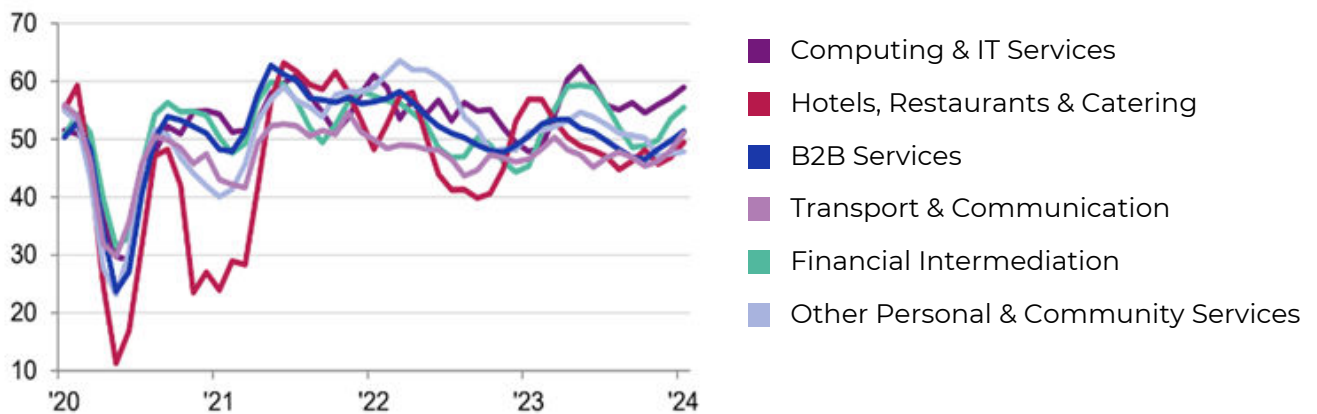


Figure 2- Employment Index

Industry Outlook

Recent data reveals that the Computing & IT sector has outperformed others in terms of business activity growth. Furthermore, the pace of expansion has slightly increased, reaching its peak since the second quarter of 2023.

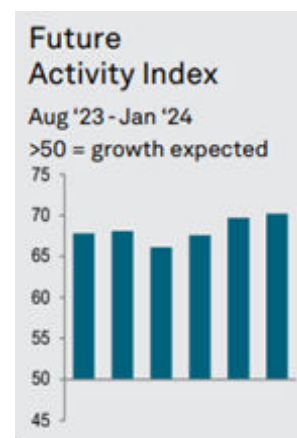
Projections for business activity in the upcoming year remain notably more robust in comparison to other sectors, leading to an increase in hiring requirements in the sector.



Market Optimism

Data recorded from over 650 respondents in a recent sector survey* reported increased optimism in the sector, with the majority (52%) anticipating an upswing in business activity over the next 12 months. This has led to the Future Activity Index indicating the highest level of business optimism since April 2023.

Service providers commonly attribute this positive outlook to an improved economic perspective and expectations that lower interest rates will stimulate both business and consumer spending throughout 2024.



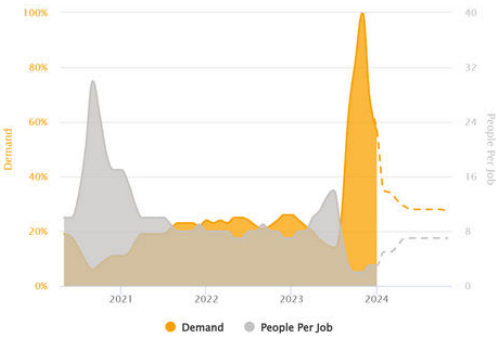
*S&P Global UK Services PMI report, February 2023

Talent Market Analysis

Software

In the latter part of 2023, there was a pronounced surge in the demand for software skills, significantly surpassing the available talent pool. This peak occurred in October. Although demand remains elevated, it has begun to decline and is anticipated to stabilise throughout the remainder of 2024.

There exists a severe shortage of software skills in Northern Ireland, Wales, and the Northeast of England, with a concentration of talent primarily in London and the Southeast.



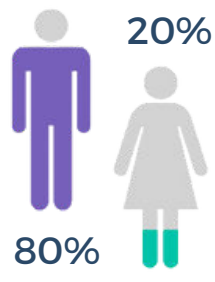
Top Job Titles

1. Software Engineer
2. Software Developer
3. Senior Software Engineer
4. Web Developer
5. Project Manager

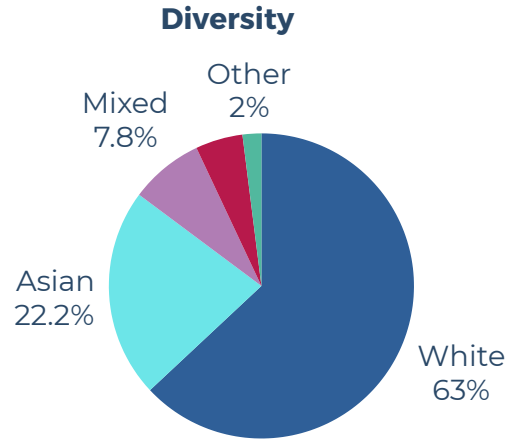
Top Employers

1. IBM
2. accenture
3. LLOYDS BANKING GROUP
4. tcs TATA CONSULTANCY SERVICES
5. HSBC

Key EDI Statistics



Gender Split



Diversity

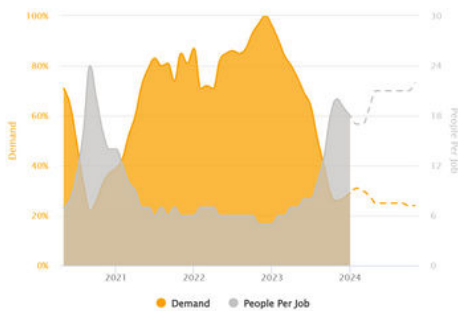
Talent Market Analysis

Cyber

With high concentrations of candidates in London and the Southeast, Cyber talent recruitment is extremely challenging in areas across the UK, with notable shortages in Northern Ireland, Wales and NE England.

Conversely to software talent, Cyber appears to be more accessible, with candidate supply outstripping demand. However, projections from our partners at Horsefly indicate that from late 2024, there will be a mismatch between candidate demand and a notable decreasing availability in the market.

Supply & Demand



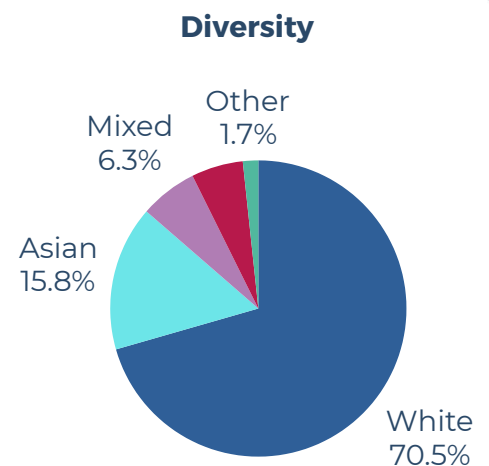
Top Job Titles

1. Project Manager
2. Information Security Manager
3. Information Security Analyst
4. Security Analyst
5. Security Consultant

Top Employers

1. LLOYDS BANKING GROUP
2. BT
3. IBM
4. HSBC
5. The Royal Bank of Scotland

Key EDI Statistics



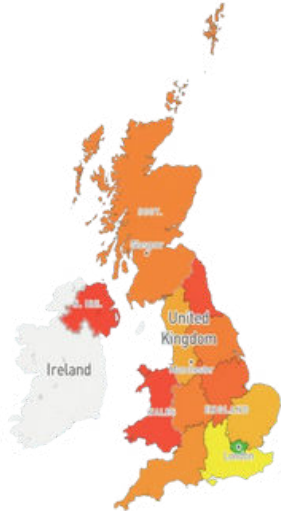
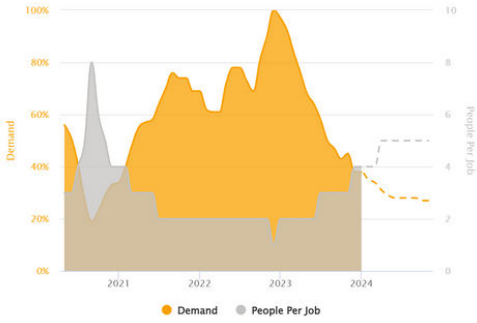
Talent Market Analysis

Cloud

Present data highlights significant regional shortages of candidates nationwide, with a predominant concentration of talent in London and the Southeast. This disparity is more pronounced compared to other sector specialisms previously reported.

Our market analysis reveals a historically high demand for cloud talent. As we progress through 2024, a decline in demand is accompanied by a rise in candidate availability, presenting a potential opportunity to secure talent in 2024.

Supply & Demand



Top Job Titles

1. Software Engineer
2. Software Developer
3. Senior Software Engineer
4. DevOps Engineer
5. Project Manager

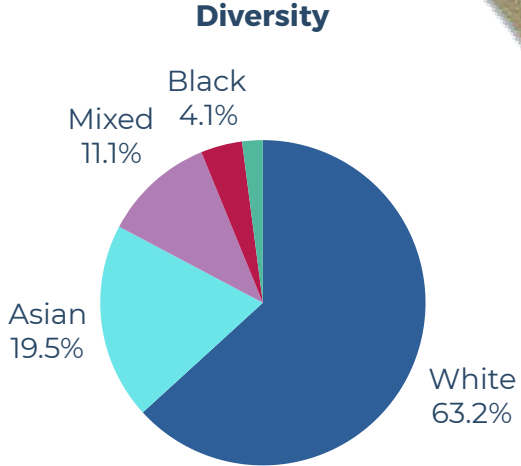
Top Employers

1. IBM
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5. tcs TATA CONSULTANCY SERVICES

Key EDI Statistics



Gender Split



Diversity

Candidate Brand Reputation

Facilitating a deeper understanding of the competitor landscape, we present Glassdoor ratings of prominent competitors across the IT sector. This analysis illustrates brand reputation, from a candidate perspective.

Company Name	Average Score	Pro Comments	Con Comments
NTT DATA	3.9/5	Remote working, good benefits, work culture and environment	Low salary, poor management, no pay increases
Cognizant	3.8/5	Work-life balance, culture, benefits, learning embraced	Management, salary, long working hours, poor onboarding
Tata Consultancy Services	3.8/5	Job security, work-life balance, work environment	Salary, management, lack of flexibility
Virgin Media O2	3.3/5	Benefits such as discounts, people, offices, culture	Toxic management, low salaries, long hours
Mastercard	4.3/5	Work-life balance, culture, benefits, tech-driven	Poor management, long hours, no career progression
BT	3.8/5	Benefits, good pay, work-life balance	Too many managers, long hours, processes, behind the times

Inclusive Hiring Practices

ARM's most effective diverse recruitment solutions are delivered where we work in partnership with our clients, building strategies that collaboratively promote the client as an employer of choice across diverse audiences.

A recent report from Deloitte outlined the most effective practices to attract and retain talent that should be considered:

- ✓ **Promote the Mission** | Engagement strategies should attract candidates to the sector as a talent destination, promoting a 'Mission-Driven' industry, providing a unique appeal that other sectors cannot compete with. This should be aligned with marketing efforts that reduce the perception of the industry as being bureaucratic and slow to act.
- ✓ **Emerging Talent** | Increased community and school engagement through outreach, internships, co-investment and sustainable collaboration between industry and education. Engagement with local agencies such as Education Business Partnerships, providers and third sector agencies, will support a pipeline of talent. The top Universities, supplying talent to the marketplace are outlined below.
- ✓ **Flex** | Increased flexibility in terms of working schedules is almost a given for candidates today, allied with an offer that showcases great working environments and career paths that meet candidate expectations.
- ✓ **Listen** | Expand and focus employee listening initiatives (beyond annual surveys) to assess root cause of challenges (for example, attrition, gender, racial, ethnic, neurodiverse, age-related barriers) developing focused activity to address barriers to entry and retention.

Top Universities for Graduate Employment





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