CWJOBS CONFIDENCE INDEX 2020

Confidence and concerns: A deep dive into
the current and future UK tech industry

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FOREWORD

This time last year, the UK and rest of the world was in a very different position to today. The outbreak of Covid-19 has undoubtedly shocked economies and industries across the globe and shone a brighter light on the UK tech sector than ever before. From tech giants, such as Apple and Microsoft, committing to donating millions of pounds and equipment to the NHS, to tech start-ups utilising their specialist skills to develop new apps and resources to help, the industry has truly come together to drive change amidst the outbreak over the last few months.

However, uncertainty is rife amongst both consumers and companies, generally on what the outlook on the economy looks like post Covid-19. Therefore, assessing confidence at an industry level is more important than ever. Many external political and economic factors are indeed having a knock-on effect on confidence, as IT professionals worry about several issues, including falling share prices, the current skills gap and fears of losing talent abroad.

If the tech industry is to maintain and accelerate the steady growth it has experienced in the last 10 years, confidence levels must remain high throughout the current and future workforce. This is why, at CWJobs, we wanted to take a deeper dive into the thoughts and feelings of IT professionals, made up of over 1,000 tech workers and 500 IT decision makers (DMs), to find out how confidence is currently faring across the country in this current climate.

In 2019, our first ever Confidence Index report revealed a staggering nine in 10 (**89%**) IT professionals surveyed shared a confident outlook on the state of the industry. How does this compare with 2020, what has changed over the last 12 months and which external and internal factors are tech workers most concerned will leave a lasting impression?

Luckily, it's not all doom and gloom, as over four in five (**81%**) IT professionals revealed they feel a level of confidence in the current state of the industry, despite Covid-19. In fact, the development of emerging technologies such as artificial intelligence (AI), virtual reality (VR) and augment reality (AR)[i], which pose huge potential for the future of the industry, is moving faster than ever and IT support skills have never been more in demand than they are in this very moment.

Following the success of last year's report, we are pleased to present the second annual CWJobs Confidence Index and reveal our findings to help tech businesses and teams across the UK, throughout this unprecedented period. Now more than ever, we are committed to ensuring that the tech industry is future-proofed, supporting employers and tech talent alike by offering reliable and timely insights to navigate the tech job market, throughout the rest of 2020 and beyond.

Dominic Harvey,
Director at CWJobs

CONFIDENCE INDEX 2020 KEY HIGHLIGHTS:

- Over eight in 10 (**81%**) respondents are confident in the current state of the UK tech industry

- Only one in six (**16%**) respondents are not very confident in the current state of the UK tech industry

- In 2019, just **4%** of respondents thought their salary would decrease (slightly or significantly) within five years, this rose to a fifth (**20%**) of respondents in 2020 who believe their salary will decrease (slightly or significantly) in the next year[ii]

- Nearly half (**49%**) of IT DMs believe their business will increase tech budgets in the future because of new learnings from Covid-19

- Three quarters (**75%**) agree that IT/tech is vital to keeping companies afloat during the outbreak

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The UK has always had a historically strong technology industry. However, like any other sector it is affected by the economic uncertainty we are currently experiencing. The data published in this report, showing that confidence remains high, provides some reassurance but our approach to the next phase in our response to this crisis will be crucial.

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– Julian David
CEO, TechUK

[i]https://www.forbes.com/sites/serenitygibbons/2020/05/02/how-businesses-are-using-vr-to-survive-the-covid-19-era/#149cb5f4feae
[ii]Data combines respondents who strongly agree and somewhat agree with the statement 'Our business will increase tech budgets in the future because of learnings from the COVID-19 outbreak'

TECH CONFIDENCE HOLDS FIRM

Confidence in the UK's tech sector remains strong, as results from this year's report echo the thoughts from tech professionals in 2019. Last year nearly nine in 10 respondents (**89%**) were confident in the state of the UK tech industry, and today that figure is still over eight in 10 (**81%**), highlighting a continual and stable overall outlook.
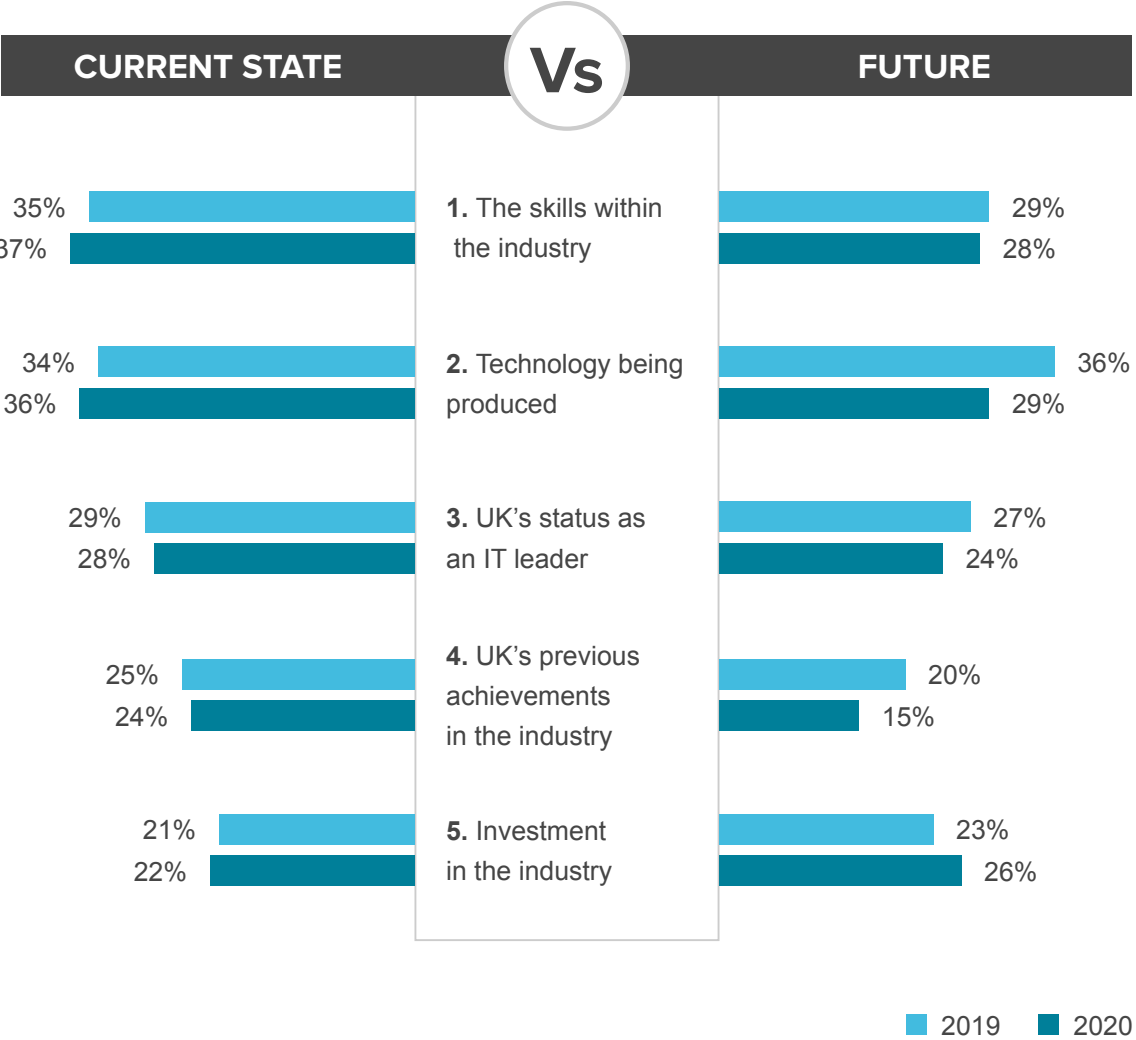
When broken down across different demographics including gender, age and regions, the findings become particularly interesting. Approximately nine in 10 overall respondents aged 16-24 years old maintain confidence in the UK tech industry (**93%** in 2019 vs **87%** in 2020), which is reiterated across all other age groups, including by 25-54 year olds (**82%**) and even over 55s. As many as eight in 10 over 55s agree with this sentiment (**86%** in 2019 vs **80%** in 2020). In addition to this, confidence is also reaffirmed when the data is broken down by gender, with eight in 10 male (**82%**) and female (**81%**) respondents being very or somewhat confident in the current state of the UK tech industry.

The reasons behind the continued confidence in the industry seem clear. The skills within the industry is the top aspect driving the most confidence for a second year. As seen in the first graph below, confidence in skills has actually grown from just over **35%** to **37%** for those surveyed.

Following on from last year, where over a third (**36%**) considered skills the top aspect for the future of the industry, in 2020, technology being produced now represents the point of most confidence (**29%**) for the future of the tech industry. Whilst last year this was followed closely by the skills in the industry (**29%**) and the UK's status as a leader in IT (**27%**), this year respondents continue to place a similar level of confidence in the skills (**28%**), but consider investment to hold more importance (**26%**) than it previously did (**23%**).

Looking at the UK tech industry, the top five aspects which respondents are most confident in are:

CURRENT STATE	Vs	FUTURE

1. The skills within the industry
- 35% (2019)
- 37% (2020)
- 29% (2019)
- 28% (2020)

2. Technology being produced
- 34% (2019)
- 36% (2020)
- 36% (2019)
- 29% (2020)

3. UK's status as an IT leader
- 29% (2019)
- 28% (2020)
- 27% (2019)
- 24% (2020)

4. UK's previous achievements in the industry
- 25% (2019)
- 24% (2020)
- 20% (2019)
- 15% (2020)

5. Investment in the industry
- 21% (2019)
- 22% (2020)
- 23% (2019)
- 26% (2020)

■ 2019 ■ 2020

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KEY FINDINGS IN 2020:

✓ Only one in six (**16%**) respondents are not very confident in the current state of the UK tech industry

✓ When looking towards the future, over three quarters (**77%**) of respondents are confident in the state of the UK tech industry in 12 months' time

✓ Looking at the bigger picture, nearly nine in 10 (**85%**) respondents are confident in the state of the UK tech sector in five years' time

PUBLIC SECTOR	Vs	PRIVATE SECTOR

In 2019, our research highlighted that the public sector was in danger of losing huge amounts of talent to its private counterpart, with over four in five (**80%**) public sector IT professionals surveyed, who had more confidence in the future of the private sector, revealing they would consider leaving to join the private sector in the next five years. 2020's findings reiterate this, as three in four (**75%**) state they would consider leaving the public sector in the next year alone, but why is this the case?
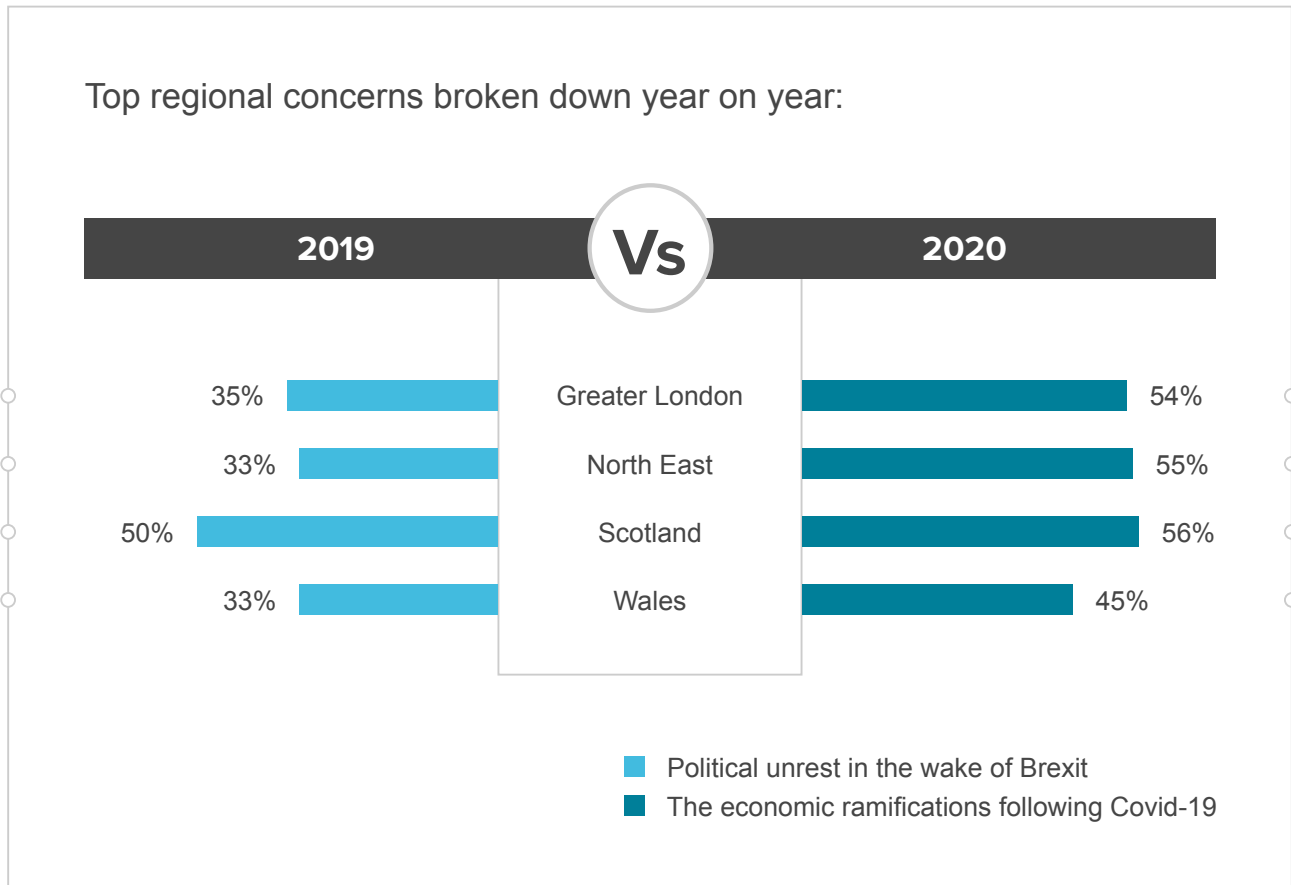
Whilst the financial incentives remain the biggest reason, with nearly four in 10 of those who would consider joining the private sector (**39%**) saying they would do so for more money, other reasons such as more stability (**13%**) and more available roles (**13%**) have decreased slightly following 2019. Nonetheless, three quarters of all respondents (**72%**) still place more confidence in the future of the private sector than the public sector.

In line with this, confidence in the public sector also witnessed a decrease, with one in eight (**12%**) declaring having more confidence in the public sector compared to the private sector within the technology industry, which is down from **18%** last year. Despite this, the UK's public sector looks more likely to retain its IT talent when compared with a year ago. Amongst the respondents in the public sector who have more confidence in the future of the private sector, only one in eight (**12%**) would not consider joining it in the next year.
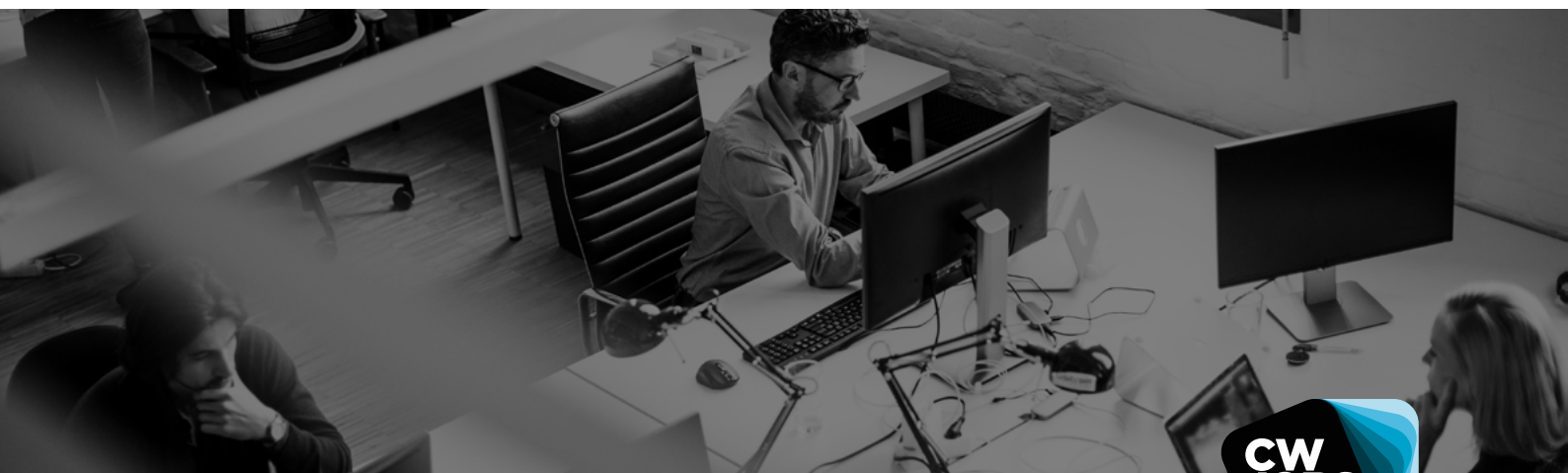
COVID-19 DOMINATES CONCERN

Rewind back to last year and the political wake and fallout of Brexit was on everyone's minds. This was clearly reflected in our 2019 findings, as **38%** of tech workers surveyed revealed it was by far the biggest worry. Since then, understandably Covid-19 has become the most concerning aspect for the UK tech industry, topping the current list.

Top regional concerns broken down year on year:

2019	Vs	2020
35%	Greater London	54%
33%	North East	55%
50%	Scotland	56%
33%	Wales	45%

■ Political unrest in the wake of Brexit
■ The economic ramifications following Covid-19

One of the most notable year-on-year differences, likely caused by how Covid-19 has impacted the job market, is expectations towards salaries in the industry. In 2019, just **4%** of respondents thought their salary would decrease within five years, this rose to a fifth (**20%**) of respondents in 2020 who believe their salary will decrease in the next year.

According to Deloitte, UK consumer confidence is generally down and has been heavily affected as the Covid-19 pandemic continues to force employees to work remotely[iii]. For the tech sector, the shift to remote working has meant businesses and employees have had to act fast, to roll-out and implement effective communications all across the country, primarily with IT support teams and systems operating directly from people's homes.

[iii]https://www2.deloitte.com/uk/en/pages/press-releases/articles/consumer-confidence-edges-up-but-caution-remains.html

Our research found that it took companies an average of five days to set up employees to work remotely because of the Covid-19 outbreak. Taking a closer look into how exactly Covid-19 has shifted and affected people's normal working-days, it is positive that **64%** of respondents agreed their employer has communicated effectively about the business amidst the Covid-19 outbreak, with only **9%** disagreeing. It is also encouraging that over half (**56%**) felt their employer has supported their well-being during this time[iv].

In total, **69%** believe their business was prepared to work remotely as the Covid-19 outbreak started, in comparison to **30%** who said they weren't very prepared or not prepared at all. Interestingly, IT workers had a different view to IT DMs regarding how ready their business was to work remotely – just under a quarter (**24%**) of IT workers surveyed said their business was not very prepared, whereas only a fifth (**19%**) of IT DMs surveyed said the same. Perhaps these perspectives differ slightly as employees' sentiment and culture reduced initially as teams dispersed and adapted into environments designed for living, not working. Whereas, IT DMs who potentially worked closer with board members and heads of departments during the transition, were able to overcome main obstacles and seek any support required quicker.

The most time-consuming tasks related to the Covid-19 outbreak for respondents whose businesses have set up remote working for their employees were; setting people up to work remotely (**44%**), dealing with teething issues (**41%**), educating people in how to work remotely effectively (**38%**), implementing additional security measures (**27%**) and new software (**24%**), as well as changing company policy on remote working (**18%**).

Unsurprisingly, of those who work in larger companies with 250-500 employees, under a quarter (**24%**) of respondents said changing company policy on remote working has been one of the most time-consuming tasks. This is in comparison to just **10%** of those who work in a small company with nine or less employees, demonstrating the way various companies have had to adapt to Covid-19.

As businesses of all sizes and HR teams across the country lean on the government's financial support amidst the pandemic, **41%** revealed people within their company have been furloughed due to the Covid-19 outbreak[v] and over a fifth (**23%**) said employees had been made redundant, as a direct result[vi].

Despite this though, Covid-19 has brought about a sense of confidence in the UK tech workforce and new-found recognition for the ways technology has helped fight the pandemic. Clearly crediting the considerable efforts of the industry during the outbreak, **71%** said tech has significantly helped support the UK economy[vii] and **72%** agreed it has shone a spotlight on how important the tech department is to the daily running of businesses.

[iv]Combining respondents who strongly agree and somewhat agree with the statement 'I feel my employer has supported my well-being during the Covid-19 outbreak'

[v]Combining respondents who strongly agree and somewhat agree with the statement 'People in my company have been furloughed due to the Covid-19 outbreak'

[vi]Combining respondents who strongly agree and somewhat agree with the statement 'People in my company have been made redundant due to the Covid-19 outbreak'

[vii]Combining respondents who strongly agree and somewhat agree with the statement 'Tech has significantly helped support the UK economy since the outbreak of Covid-19'
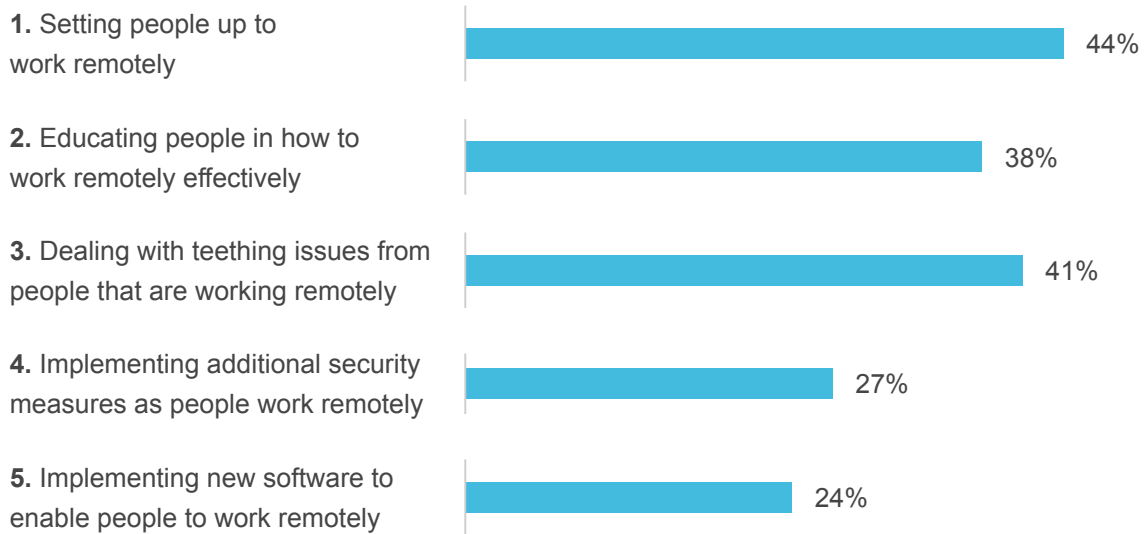
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These are interesting times, indeed, both for the wider job market and the tech industry. Understandably, the situation around Covid-19 is having a knock-on effect for confidence in the current tech job market. However, as revealed through this research, the IT sector has clearly risen to the increased demand for efficient services and supporting products that enable the UK workforce to try and maintain operations on a remote basis. The industry recognises the incredible efforts its workers have contributed to the pandemic and there remains a demand for workers with IT or tech skills to help deliver change. What is clear in these times, is that tech talent is integral to shaping the future of work and therefore as employers, we need to understand how we value and demonstrate appreciation for these employees as their skills reach peak demand.

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– Steve Ward
UK Director at global employer brand specialists, Universum

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The top five most time consuming tasks related to the Covid-19 outbreak*:

1. Setting people up to work remotely — 44%

2. Educating people in how to work remotely effectively — 38%

3. Dealing with teething issues from people that are working remotely — 41%

4. Implementing additional security measures as people work remotely — 27%

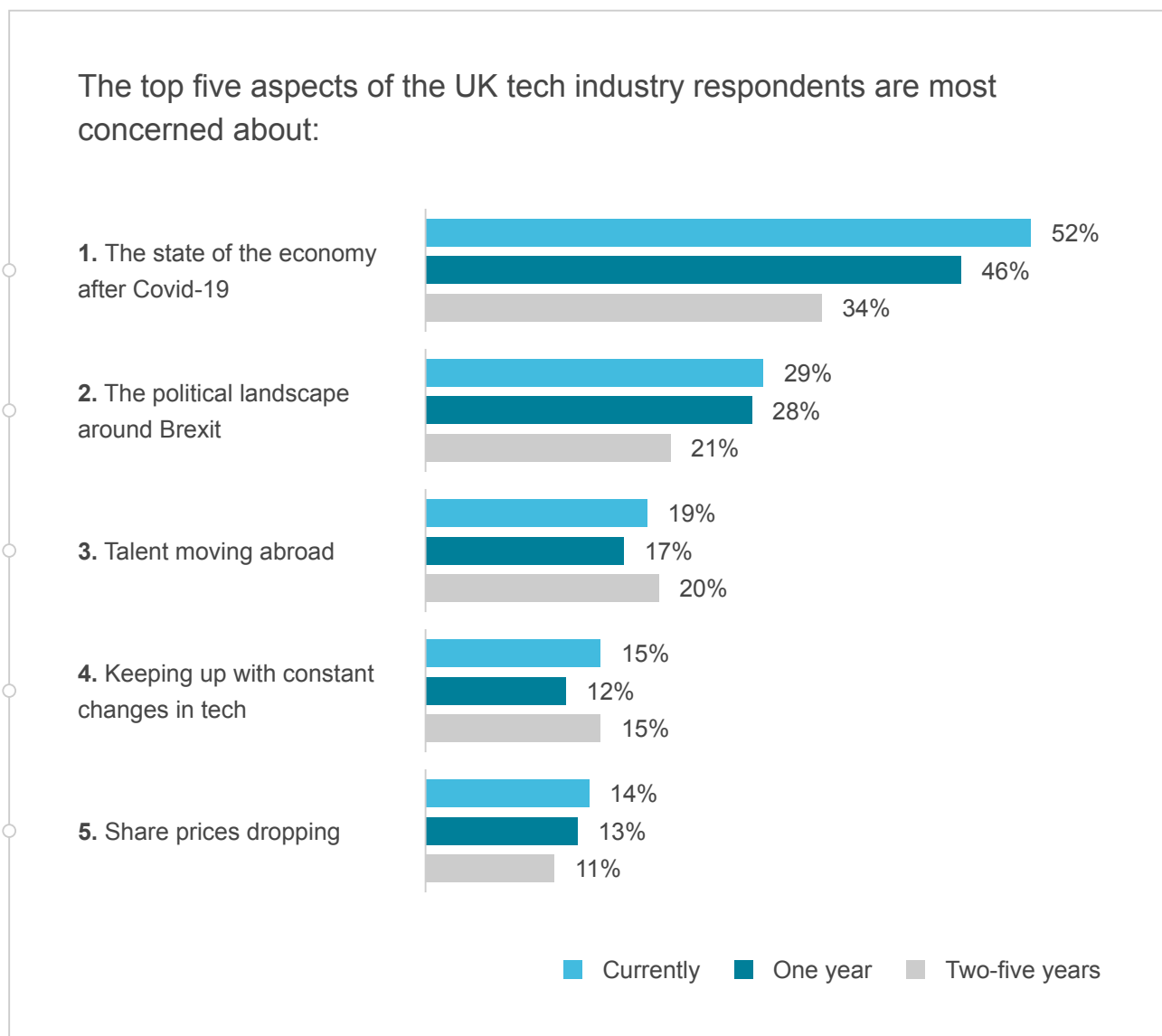**5.** Implementing new software to enable people to work remotely — 24%

* respondents whose company set employees up to work remotely

KEY FINDINGS

✓ Three quarters (**75%**) agree that IT/tech is vital to keeping companies afloat during the outbreak

✓ Just over a quarter (**27%**) of IT professionals surveyed have been working additional hours due to the Covid-19 outbreak

✓ Over three in five (**63%**) said Covid-19 will make their company reassess its remote working policy, whilst two thirds (**66%**) said it will change the way they work as a business generally in the future

✓ However, over two in five (**44%**) believe Covid-19 has been detrimental to their company and over a quarter (**26%**) said their confidence in the UK tech industry has declined as a result of the Covid-19 outbreak

✓ Over two in five (**44%**) IT workers surveyed and nearly half (**49%**) of IT DMs surveyed believe their business will increase tech budgets in the future because of new learnings from Covid-19

Looking ahead to a year from now and then also to the slightly longer-term impact of Covid-19 in two to five years, concern amongst IT professionals decreases slightly down to **46%** and then **34%** respectively. Despite this, as shown in the graph breakdown below, there is an increase in the fear of talent moving abroad over this same time period, rising from **17%** in one year and then to **20%** in two to five years' time. This highlights that whilst Covid-19 is currently instilling a cause for concern amongst the current tech workforce, it may only be short-term worries impacting overall confidence for the sector. What's more, the data below bolsters the significance and real concern the fear of talent moving abroad poses, as **26%** of respondents in 2019 mentioned this as a current concern for them.

The top five aspects of the UK tech industry respondents are most concerned about:

1. The state of the economy after Covid-19
- 52%
- 46%
- 34%

2. The political landscape around Brexit
- 29%
- 28%
- 21%

3. Talent moving abroad
- 19%
- 17%
- 20%

4. Keeping up with constant changes in tech
- 15%
- 12%
- 15%

5. Share prices dropping
- 14%
- 13%
- 11%

■ Currently   ■ One year   ■ Two-five years

UNLOCKING SKILLS NEEDED FOR THE FUTURE

With the majority of the UK having had to adapt to remote working as a direct result of Covid-19 and as we've witnessed an increase in cyber attacks over the last few months, tech companies have had to pivot their business models, investing more time and money into preventative measures and skills amongst their teams to help them adjust to new working lives.

The top three specialisms that tech professionals surveyed think are currently needed to succeed in the tech industry remain general IT skills (**39%**), cyber security (**36%**) and cloud (**32%**). However, since 2019, we observed a rise of **6%** of respondents who cited general IT skills as needed to succeed in the tech industry, suggesting an impact on confidence levels as organisations work from home. This reflects what we've witnessed with job applications and job postings across the CWJobs website. Software developer, IT support and cyber security roles continue to hold popularity throughout 2020, from January to today. This is undoubtedly a ramification of how IT support teams have proved their worth and importance across businesses in all industries. Since the start of the year, they've become integral by helping employees adapt to working from home and have allowed businesses to continue their day-to-day operations.

Once again, cyber security is joined by AI with nearly four in 10 (**37%**) believing it is a specialism needed to succeed in the tech sector in the long term. Although neither are new technologies, advancements will be key to the workforce over the next couple of years. This is hardly surprising, as cyber security continues to underpin the constant requirement to develop sophisticated and innovative systems in the UK and ensure the privacy of confidential information and loss-prevention. This has been highlighted in being particularly prevalent as we continue to work remotely during Covid-19 lockdown by the UK National Cyber Security Centre[viii].

As a result, the technology itself is deemed crucial to the future, with more respondents (**42%**) confident that AI's technical advancement will continue to receive great attention. Replicating last years' findings, exactly a quarter (**25%**) of IT DMs think AI will have an extremely positive effect on the UK tech industry in the future.

However, there are some prime concerns with AI. A third (**33%**) of respondents believe AI will impact jobs negatively, which is an increase of **3%** from last year. Interestingly, this sentiment is echoed more so across respondents in the private sector, with over a third (**35%**) believing AI will impact jobs negatively (somewhat or extremely), whilst just under three in 10 (**29%**) respondents in the public sector agree. What's more, it seems that older tech professionals are more likely to think that AI will impact jobs negatively compared to younger respondents. More than four in 10 (**42%**) over 55s surveyed said AI will impact jobs negatively (somewhat or extremely), whilst just over a third (**34%**) of 16-24 year olds share this perspective.

As the top three aspects of the UK tech industry giving the most confidence, over the next two to five years amongst professionals surveyed, are the technology being produced (**29%**), the skills within the industry at present (**28%**) and the investment in the industry (**26%**), it is fair to deduce that the influence of these new technologies will only continue to rise within the sector. The rise in influence of these technologies will be mirrored with an expected increase in job roles, as 2020 looks to be a pivotal year for job creation around AI according to Gartner[ix].

[viii] https://www.ncsc.gov.uk/news/security-agencies-issue-covid-19-cyber-threat-update

[ix] https://www.gartner.com/en/newsroom/press-releases/2017-12-13-gartner-says-by-2020-artificial-intelligence-will-create-more-jobs-than-it eliminates

Earlier this year, we researched the UK's emerging tech hubs and the skill sets most in demand across the country[xi]. The CWJobs UK Tech Hubs report found the frequency of cyber attacks in headlines today likely played a factor in this increase of demand, as over half of IT DMs (**54%**) reported a high levels of requests for cyber security professionals. In fact, Greater London emerged top with the highest percentage (**33%**) of specialists in this area per tech worker in the country.

CURRENTLY

The top five specialisms needed to succeed in the tech industry:

1. General IT — 39%
2. Cyber security — 36%
3. Cloud — 32%
4. Coding — 24%
5. Network infrastructure — 24%

LONG-TERM FUTURE

The top five specialisms needed to succeed in the tech industry:

1. AI — 37%
2. Cyber security — 33%
3. Cloud — 25%
4. Internet of things — 21%
5. Big data — 20%

THE IT EFFECT: A LOOK AHEAD TO IR35

Earlier this year, the Government announced a postponement to the impending IR35 legislation that was set to hit the private sector in April 2020. This piece of legislation has long sparked debate within the tech industry, due to its reliance on contractors to fill the current skills gap the UK is facing. Responses to delaying this move have largely been positive in the tech industry, due to its potential impact of adding to a further skills shortage in the private sector. At CWJobs, we wanted to find out exactly what tech workers and IT DMs were feeling towards the upcoming implementation.

KEY FINDINGS INCLUDE

✓ A third (**33%**) of all respondents agreed their company was not prepared for IR35 this year, whereas a fifth (**20%**) disagreed with this statement

✓ **37%** of all IT professionals agreed the implementation of IR35 will significantly affect their company

✓ **31%** agreed the delayed IR35 legislation roll-out has benefitted their company, however **11%** disagree

✓ **39%** of IT professionals agreed that as a company, they are still unsure what IR35 means for non-contracted staff

Clearly many tech companies and their HR teams are pleased to have more time to prepare and ensure the correct processes are in place, to effectively determine the employment status of their workers ahead of next year's new deadline. There is the potential that IR35 will result in direct increase for employment opportunities, as companies realise the demand to create full-time positions for IT contractors. This allows businesses to invest more time and money in entry-level talent and look to close the skills gap in tech through apprenticeships and graduate schemes.

SUMMARY OF FINDINGS

It is not hugely surprising that confidence in the tech industry has been impacted by Covid-19, much like the rest of the business world. Understandably, there is uncertainty and year-on-year there has been a slight decline, however confidence remains relatively high in 2020 amongst the current tech workforce.

Universally it has been recognised that tech has played a vital role in the fight against the pandemic in the UK and enabled many of us to adapt to lockdown measures, whether that be video conferencing, access to virtual teaching or e-commerce technology allowing increased shopping online. Already the tremendous effort by the industry is keeping UK businesses running, with minimal disruptions, as tech workers and IT teams provide integral support to those operating on the front line, as well as the rest of the nation working from home.

Many initiatives to fight the outbreak have been based on digital innovation and in response to the pandemic, the Chancellor of the Exchequer, Rishi Sunak, has unveiled a number of plans to support the tech industry going forward as "Britain is a global leader when it comes to innovation"[xi].

Thus the need for tech workers and skills is now greater than ever. To maintain and increase confidence and in turn help to develop those vital skills needed for the future, people must be given the opportunity to upskill, retrain or even start a new career in tech. Many candidates are incredibly active during this period and are continuing their job searches. This has been represented in activity on our website over the last couple of months. Since the start of 2020 until May, we have seen an average monthly number of over **26k** active candidates, **777k** website visits and **286k** applications. The most active searches include software developer, as well as network and infrastructure engineer roles and interest in these roles has been increasing week on week.

Whilst some recruitment drives may have been put on hold, our video interviewing software can support recruitment processes and help employers as they continue to work remotely. Now is the time for employers to target available talent pools and help fortify their business in the long run. This will ensure businesses are well prepared to emerge even stronger once the pandemic subsides and the market picks up again.

By ensuring there is steady and stable investment into new technology and talent, the sector will be able to create more natural growth and confidence for the future, bolstering the UK's status as a leader in technology globally and coming out the other side of Covid-19 stronger than ever.

[xi] https://www.gov.uk/government/news/billion-pound-support-package-for-innovative-firms-hit-by-coronavirus

ABOUT US

For the last 20 years, CWJobs has been the home for tech jobs. We match employers from all industries with the most relevant tech talent through our innovative product technology and unique candidate audience.

Our CV database of 1.2 million skilled candidates combined with our expert understanding of tech recruitment means that our clients can find the right talent, quickly and efficiently.

For more information about CWJobs, get in touch on 0333 0145 111.

ABOUT THE RESEARCH

The research was conducted by Censuswide, with 502 UK IT DMs and 1,002 UK IT professionals/workers between 24.03.2019 - 03.05.2019 and 503 IT decision makers and 1,013 IT workers between 09.04.2020 - 21.04.2020. Censuswide abide by and employs members of the Market Research Society which is based on the ESOMAR principles.

To find out more about our research, please visit **cwjobs.co.uk/recruiters/confidence-index-2020**.

For more information on CWJobs,
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