

**CW
JOBS**

UK TECH HUBS

Redefining the nation's tech innovation map

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FOREWORD

Internet connectivity has long been an essential part of modern day-to-day lives and business requirements. London's established tech community has led the way, thanks to its prime location and a large majority of those with tech and digital skills collecting in the capital. However, in 2020, investment into digital and physical infrastructure, such as nationwide advancements to broadband, is expected to drive talent migration outside of London more than ever before.

Lack of connectivity has been a problem in recent years as a large percentage of the population still could not access the most basic services. In 2019, figures from Ofcom revealed that more than half a million British households and businesses still lacked a decent broadband connectionⁱ – defined as a service that can provide download speeds of 10 Mbit/s, and an upload speed of 1 Mbit/s. Small to medium businesses have argued it has hindered the economy, making it more difficult for entrepreneurs and employees to operate in rural areas or work from home.

Vowing to end the 'digital divide' in the country, the government has now committed to ensuring businesses and individuals have access to cutting-edge internet speeds across the UK. As we have already started to witness, a key priority has been rolling out 5G wireless networks, with the likes of Vodafone, EE, and Sky launching their 5G carrier services. From March 2020, everyone in the UK will have a clear, enforceable right to request 'future proof' full-fibre high speed broadband of at least 10 Mbit/s download, and 1 Mbit/s upload speeds from their internet service providers¹.

Therefore, nationwide gigabit-capable infrastructure is predicted to bring enhanced economic and social benefits, through improved productivity and innovation, and promises for major digital upgrades will prepare the nation for future data and digital demands. Already, we are seeing the combination of better connectivity, access to faster internet, as well as the rise of flexible and remote working leading to the development of significant tech hubs outside of traditional areas, such as London.

This is undoubtedly resulting in talent migrating to areas not typically associated with tech and presents a fantastic opportunity to build up skilled workforces across the UK to nurture new start-ups and grow companies already established in these areas even further. Therefore, the trend of employers recruiting in specific big-city catchment areas is starting to slowly fade.

Within this report, we are excited to share our in-depth research results from 1,000 UK tech workers and 500 IT decision makers (IT DMs) across all areas of the UK, to reveal the trends, patterns, and motivations of the current tech workforce. What do tech professionals want and how will this help employers attract and retain a diverse pool of talent outside of London, as well as increase productivity in the current workforce?



Dominic Harvey,
Director at CWJobs



EMBRACING TECH INNOVATION OUTSIDE OF LONDON

According to Tech Nation Report 2018ⁱ, the UK's digital tech sector continues to accelerate faster than the rest of the economy. For many tech entrepreneurs, the UK's dynamic tech sector has flourished in London and the city remains one of the world's most connected hubs.

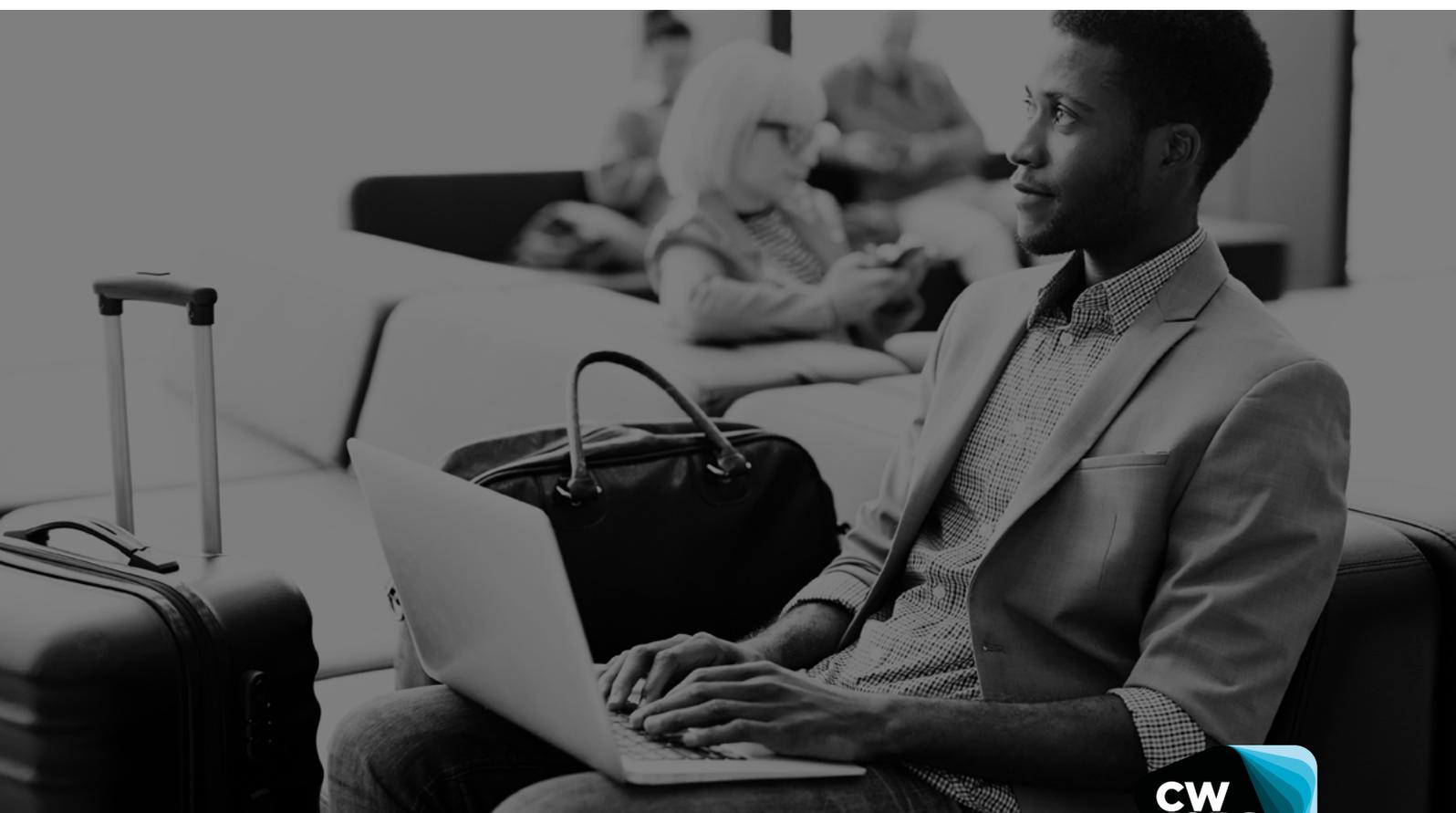
This is testament to nearly half (46%) of tech workers declaring London as the top location to work in. Especially amongst entry-level talent as over half (54%) of 16-24 year olds agree, in comparison to just one third (34%) of over 55s and nearly half (49%) of 25-44 year olds.

However, a staggering three-quarters (75%) of tech workers based in Greater London are likely to relocate for work to progress their career or seek a better quality of life by leaving London, within the next three years. High levels of monetary investment into new 'tech innovation hubs' or 'Silicon suburbs' that are rapidly developing elsewhere in the country, must be maintained to ensure British start-ups and established businesses can continue to succeed.

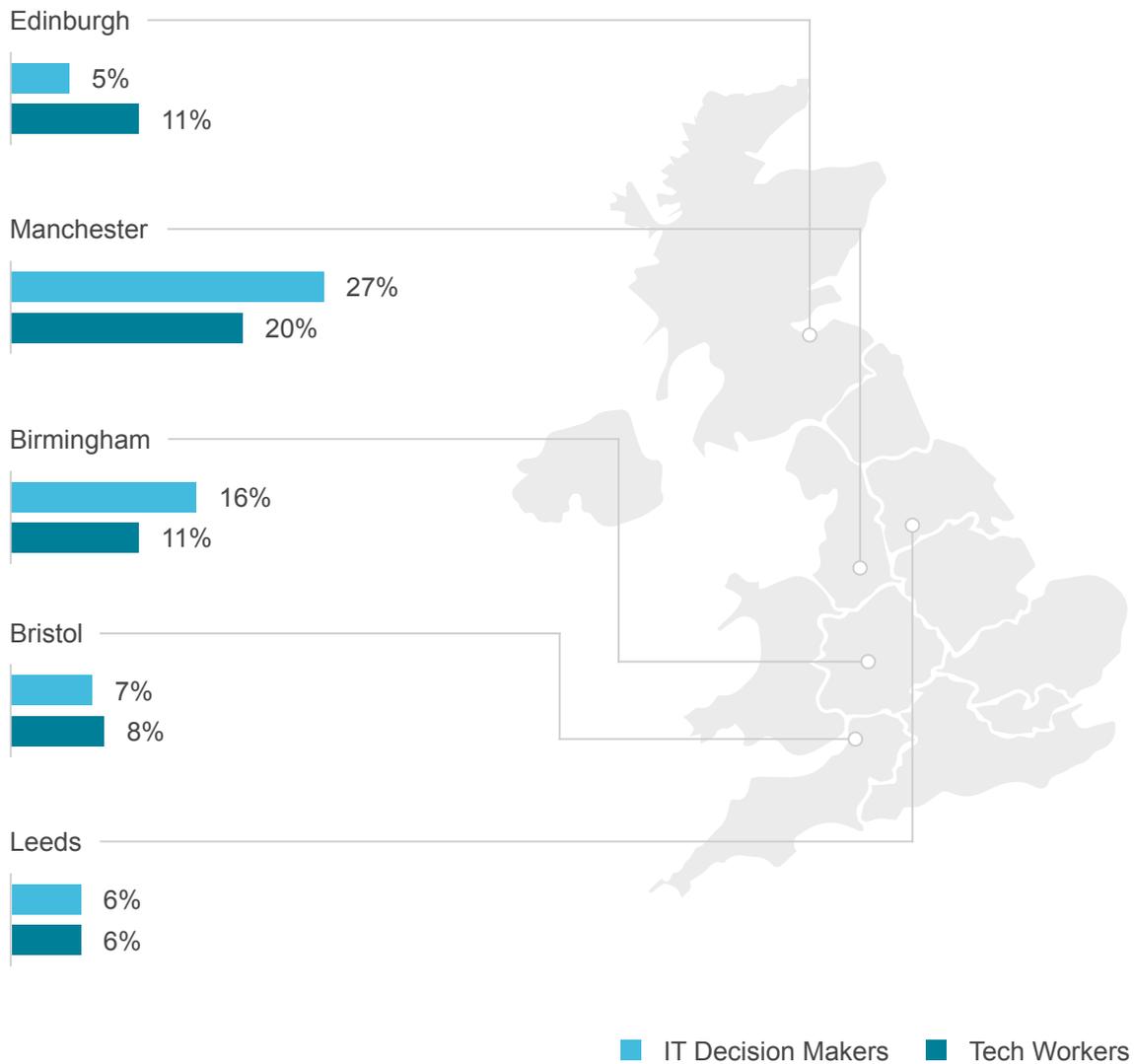
As many areas of the UK become more connected than ever, our findings reveal the London tech exodus could result in an increased number of tech workers and IT DMs favouring cities such as Manchester, Birmingham, Edinburgh, Bristol, and Leeds.

ⁱ<https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/broadband-uso-need-to-know>

ⁱⁱ<https://technation.io/insights/report-2018/>



What are the top locations, outside of London, to launch a tech business?



Manchester was chosen as the top location for IT DMs, to launch a tech business outside of London in the next three years (**27%**), ahead of Birmingham (**16%**). Over a fifth (**23%**) of IT DMs who selected a UK city (outside of London) selected this city because they believed it had the best talent available. While the definition of 'best talent' will vary from company to company, it is widely understood to be the employees who perform the most efficiently or who possess and exhibit the characteristics most valuable to an organisation.

Similarly, tech workers mirror these thoughts, with a fifth (**20%**) choosing Manchester as their top location. This supports previous CWJobs research looking specifically at the Northern Powerhouse regionⁱⁱⁱ, revealing

ⁱⁱⁱ<https://www.cwjobs.co.uk/recruiters/northern-powerhouse-report>



that nearly two-thirds (**64%**) believe areas such as Manchester and Leeds have the tech know-how to rival London. Competing with the capital for the best talent, a quarter (**26%**) of those living in the North stated they had actually moved out from the capital themselves.

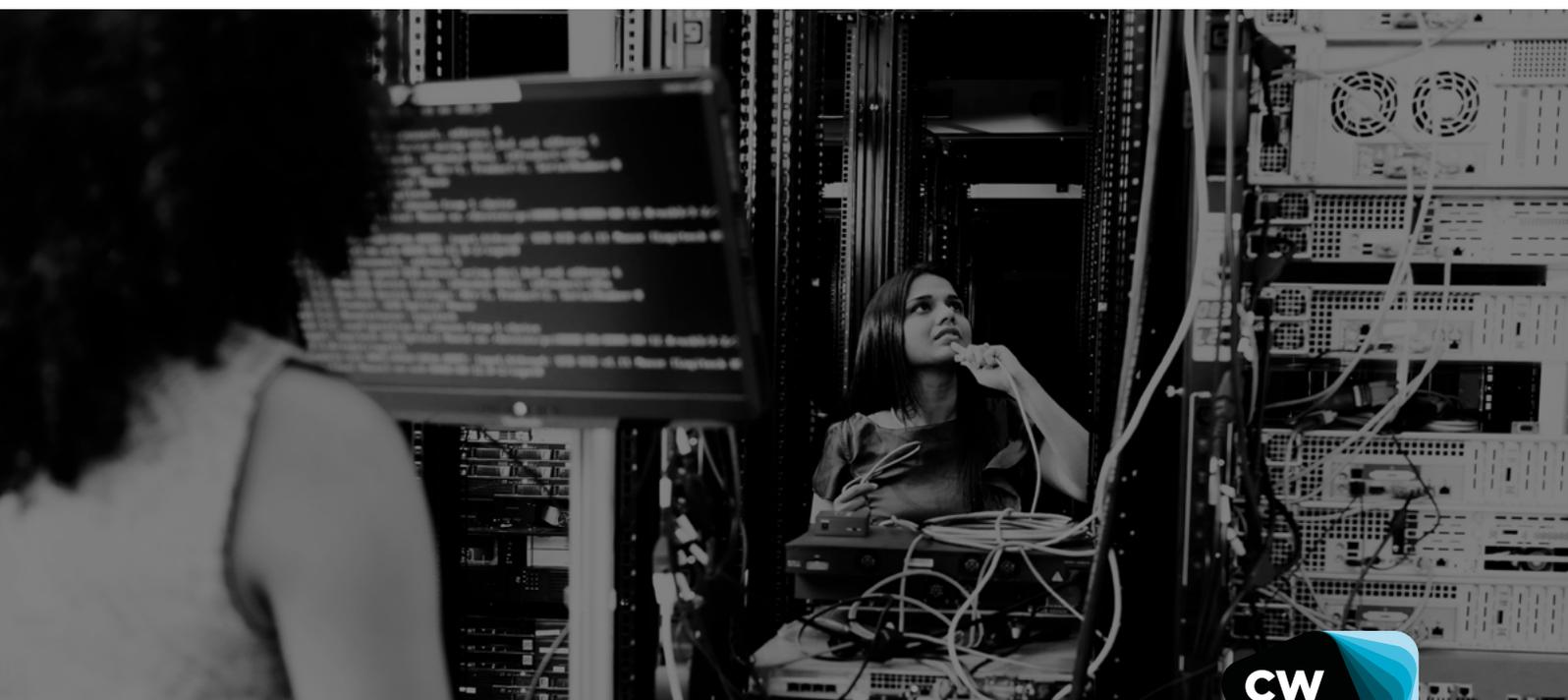
It comes as no surprise that many within the industry recognise thriving city locations as the most desirable places to relocate. Tech workers would primarily like to move to a different city in the UK (**56%**), to the countryside (**25%**) and even abroad (**37%**). Overall, IT decision makers have a significantly stronger desire to move to a different city in the UK (**71%**).

However, when it comes to breaking down those who would like to work in the city vs countryside by age, four in 10 (**43%**) 45-54 year old IT DMs would like to work in the countryside, in comparison to just **18%** of entry-level tech workers in the 16-24 year old age category.

KEY FINDINGS

- ✓ Three quarters (**75%**) of tech workers based in London are likely to relocate for work within the next three years
- ✓ Eight in 10 (**80%**) 16-24 year old tech workers are willing to compromise on location if they were to secure their dream job, as would three quarters (**77%**) of 25-35 year olds
- ✓ The 45-54 age group of IT DMs is the most likely to relocate to the countryside to work remotely

London remains the most popular place to recruit tech specialisms, but companies could be forced to look elsewhere soon. This is supported by the fact that IT DMs think London (**59%**) is one of the best locations to recruit tech talent ahead of Manchester (**38%**) and Birmingham (**19%**). When recruiting new talent for their company, the top tech skills wanted are cloud (**57%**), cyber security (**54%**) and data analytics (**51%**).



Dr. George Windsor, Head of Insights at Tech Nation, the UK network for ambitious tech entrepreneurs, lends his thoughts on the growth of local economies across the UK:

“

For years, the tech sector has been concentrated in London and the South East. However, it is not the sole preserve of larger metropolitan cities. The digital tech industry is powering the growth of local economies across the UK. Areas such as Guildford, Aldershot, Slough, and Heathrow have significantly higher digital tech density and the highest levels of employment and tech turnover, suggesting that the UK has emerging digital suburbs, challenging the conventional view that UK tech activity is based in large cities.

In order for the tech sector to realise its huge potential to boost communities and economies across the entire nation, we must look beyond our shores. Building on the connection and collaboration the UK is pioneering, in this era of pervasive, transformative technology. Every entrepreneur, every innovator and every employer in the tech sector and beyond can help make this happen. Together, we can build a Tech Nation which sets the UK apart, and brings us all closer together.

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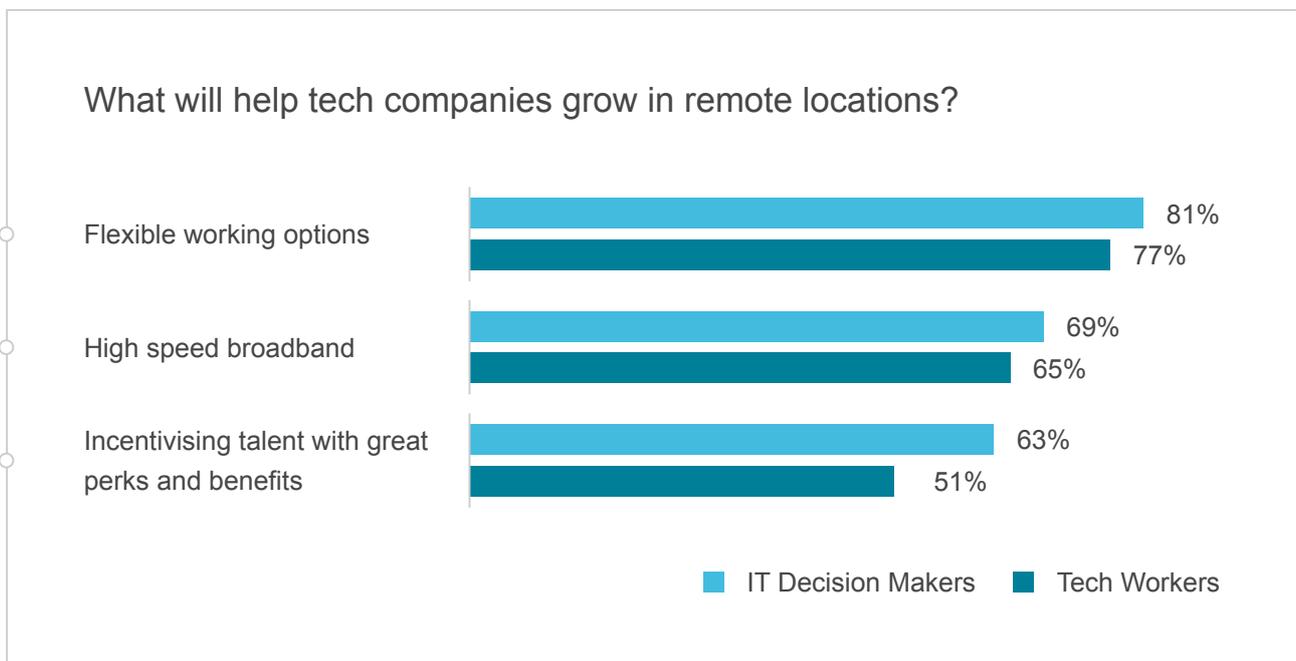
RELOCATION, RELOCATION, RELOCATION

The high demand and short supply of tech workers continues to create a number of competitive and lucrative career prospects in emerging tech hubs across the country. But what makes these specific areas so attractive to the wider tech workforce?

One of London's drawing factors is the sheer 'digital-density' - a measure of the digital specialisation in an area compared to the UK as a whole - of tech companies and talent in the capital. However, other cities have been or are starting to fiercely compete. Manchester has recently been awarded a £2 million grant from the Department for Digital, Culture, Media, and Sport^{iv} to fund a new scheme to promote early stage tech companies and entrepreneurs, whilst the mayor of the West Midlands is ushering in a digitally-led economy in Birmingham as heavyweight start-ups emerge throughout the city and its surrounds^v.

This, alongside better infrastructure, will play a large part in the success of these areas. Most notably, High Speed 2 (HS2) will ensure cities throughout the UK are better connected than ever before^{vi}. The proposed route, which will link London to Birmingham and then Manchester and Leeds within its second phase, is encouraging a breadth of opportunities for the region. HS2 will deliver ample opportunities for tech companies looking to grow and expand in the region and will be crucial for start-ups.

The promise of better broadband is one factor that the industry feels confident about as our research found **65%** of tech workers and **69%** of IT DMs believe high-speed broadband will help tech companies grow in remote locations throughout the UK.



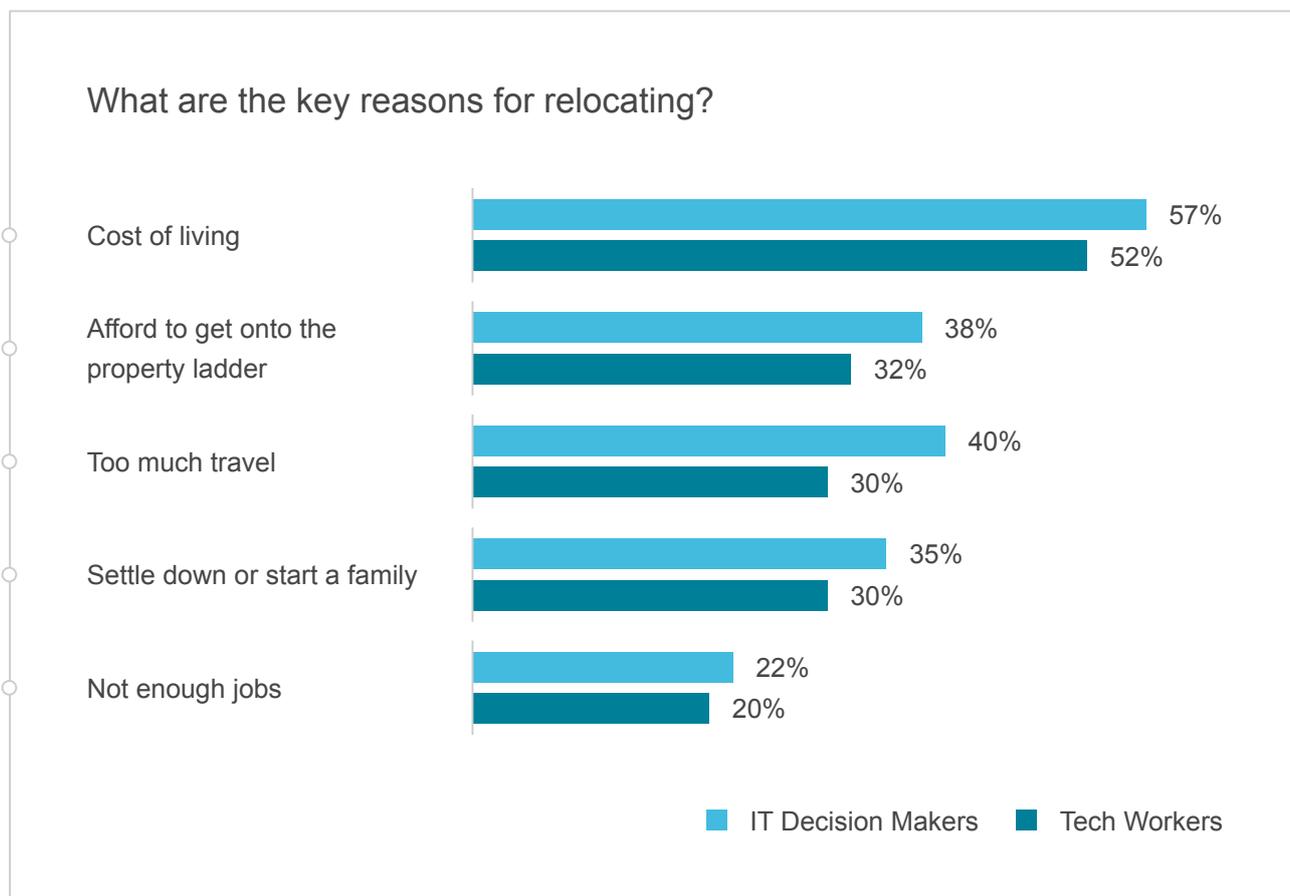
^{iv}<https://aboutmanchester.co.uk/enterprise-city-awarded-2-million-grant-to-kick-start-2000-new-tech-jobs/>

^v<https://businessbirmingham.com/sectors/tech-digital/> ^{vi}<https://www.bbc.co.uk/news/business-51443421>



As well as these wider social and economic plans, driving factors for workers to relocate to a UK city outside of London (to launch a tech business in within 3 years), include social desirability (23%), ease of travel (22%) and lower rent (16%). The cost of living is certainly the largest factor driving both tech workers (52%) and IT DMs (57%) alike to consider relocating, alongside trying to get onto the property ladder (32% and 38% respectively).

Unsurprisingly, tech workers who work in London were most likely to relocate for work in the next 3 years due to the cost of living (63%).



KEY FINDINGS

- ✓ Despite common preconceptions, the cost of living appears to be a larger factor amongst tech workers (likely to relocate for work within the next 3 years) living in the South East of England (65%), as opposed to London (61%)
- ✓ Male IT DMs are far more concerned about the cost of living (62%) than women (47%)
- ✓ Interestingly, nearly three in 10 (29%) tech workers over 45 would relocate due to a lack of jobs, whereas only two in 10 (20%) 16-34 year olds would
- ✓ The main reason for both tech workers (63%) and IT DMs (68%) not to relocate is to stay close to their families



A RISE IN REMOTE WORKING

Over the last decade, there has been plenty of talk in the news about one of the major changes coming into workplace culture; the rise of remote working. Companies – no matter the size or sector – have had to adopt accommodating attitudes towards this new phenomenon in the modern workplace.

Data from the Office of National Statistics (ONS) revealed that the number of UK workers benefitting from remote working has increased by nearly a quarter of a million over a decade^{vii}. Continuing its upward trajectory, it has been predicted that by the end of 2020, half of the UK workforce will be able to enjoy flexible working more, thanks to changing attitudes and ever-improving network capabilities^{vii}.

Largely enabled by the advancement of technology, including the development of call and video conferences, collaborative software and better network security, companies all over the country are allowing and even promoting remote working as a sought-after work benefit. Perhaps the most important factor aiding and influencing this is nationwide access to high-speed internet in rural or remote areas.

Across the tech industry, our research indicates that just under a third (**29%**) of tech workers do not currently work remotely at all during the week, whereas IT DMs work remotely on average two days a week. Whilst there is clearly demand from workers, with just under half (**49%**) agreeing they'd be willing to even take a pay cut to be allowed to work from home, nearly a third (**30%**) of female IT DMs agree technology is not advanced enough yet to effectively offer remote working for their company; whereas the majority of male IT DMs (**61%**) disagree with this.

When it comes to gender breakdowns, women (**71%**) are slightly more likely than men (**65%**) to agree they would not accept a job with no flexibility, potentially due to family commitments. Whilst it is clear flexibility is important for all, this is also supported by parental status being an influential factor when accepting a job offer.

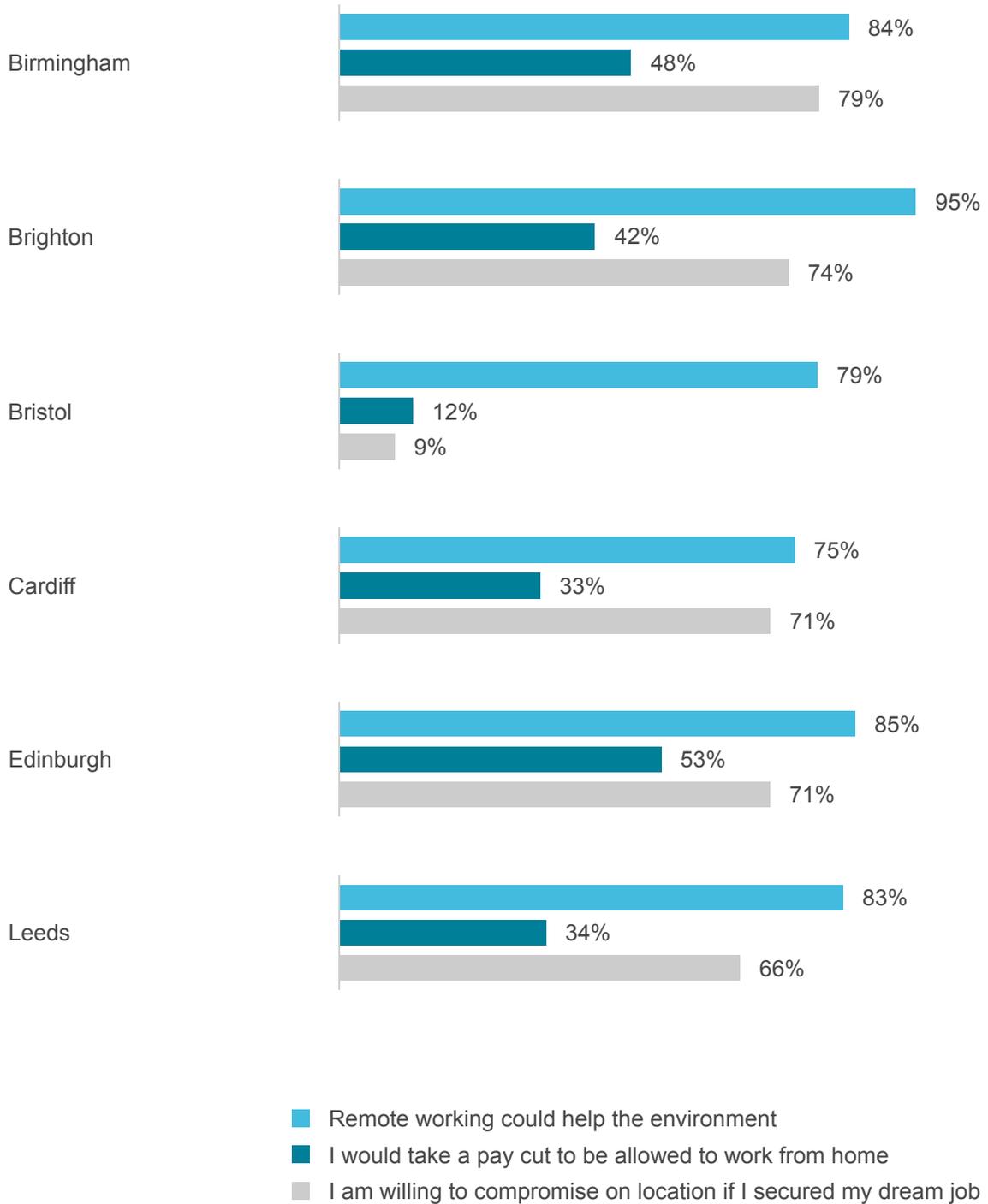
The benefits of remote working could be significant for employers and employees alike, including increased staff retention, environmental efficiency, reduced office costs and access to a wider talent pool. Tech workers believe that flexible working options (**77%**), combined with incentivising talent with great perks and benefits (**51%**) are among the most likely factors to help tech companies grow in remote locations.

However, amongst those potentially making the hiring decisions, two-fifths (**43%**) of IT DMs agree they need all their employees to be in the office every day for the company to be a success. Whilst two-thirds (**66%**) agree that remote working has a positive effect on their company, they do admit it is difficult to manage. As more workers demand to work from home at least one day a week, employers need to recognise the need to offer better flexibility to keep up with the ever-changing demands and priorities of a highly sought-after tech workforce.

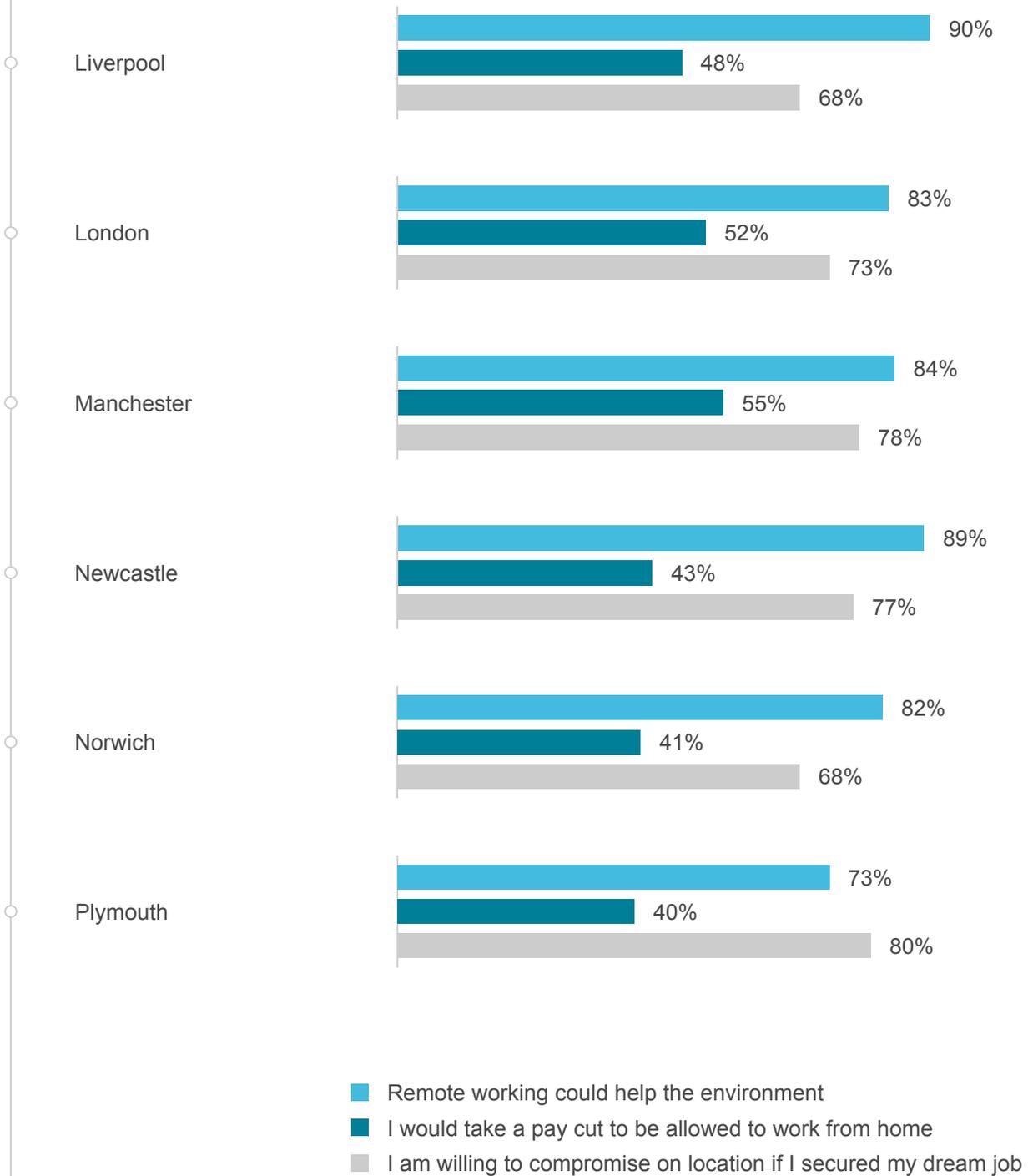
^{vii}<https://www.hso.co.uk/leased-lines/technology-news/homeworking-news/50-of-uk-workforce-to-work-remotely-by-2020>



To what extent do tech workers in different regions agree with the following statements around remote working?



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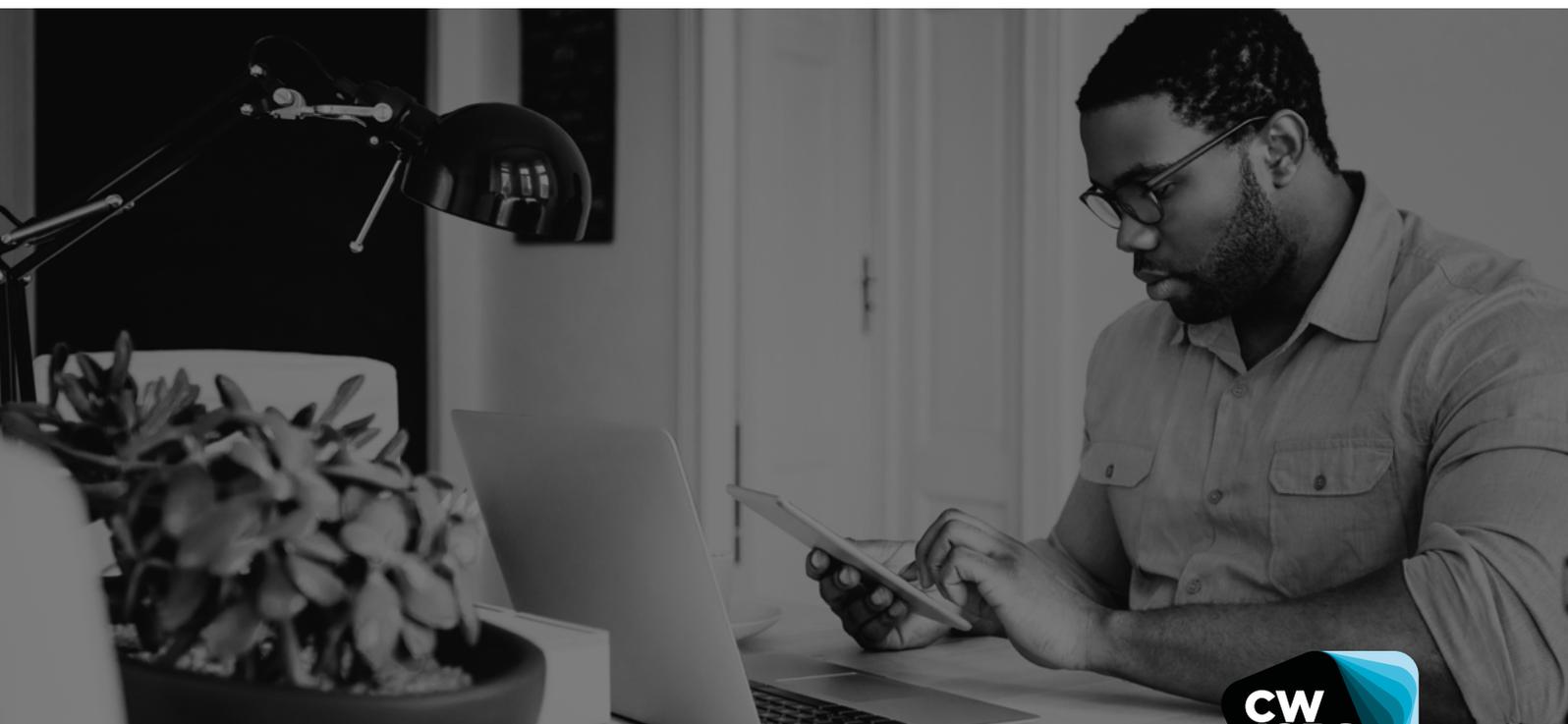


When broken down regionally, tech workers in Birmingham (**40%**) have more (four or more) remote days of work a month than anywhere else in the country. This is followed by **38%** of workers in Manchester, **36%** in Nottingham, with less than a third (**29%**) of workers in London. Two-thirds (**66%**) of tech workers would even accept a job that was based over two hours from where they lived if they could work remotely or flexibly, highlighting this keen desire. Similarly, almost seven in 10 (**69%**) tech workers in the South East would also make this sacrifice.

As more candidates look outside of the established London tech bubble and call for remote working, companies need to start to expand their search radar and set up remote working policies to attract top talent. Employees are no longer needed to be present within the office or attached to their desks day-in and day-out to prove their worth or value to the company.

KEY FINDINGS

- ✓ Most tech workers (**84%**) believe that remote working will help the environment
- ✓ Two in 10 (**22%**) tech workers have not worked from their office in over two weeks
- ✓ Nearly seven in 10 (**67%**) tech workers would refuse a job offer if it offered no flexibility
- ✓ Only just over a third (**36%**) of aged 55+ would consider a pay cut to be allowed to work from home. In comparison, half (**50%**) of under 55s would consider a pay cut, including **48%** of 16-24 and 45-54 year olds and **51%** of 25-44 year olds.
- ✓ Over a fifth (**22%**) of IT DMs consider remote working a right, over a perk, and **81%** feel a remote working policy is necessary to attract talent
- ✓ Therefore seven in 10 (**71%**) IT DMs are considering introducing a remote working policy for their company in the next 12 months, as **80%** believe it would also increase productivity in their company



TOP TIPS

Dominic Harvey, Director at CWJobs, helps employers ensure remote working is effective...

1 FLEXIBILITY

Organisations need to understand that flexibility is becoming the norm and in some instances a necessity in the modern workplace. Our findings show that many tech workers choose their relocation around factors such as travel time, the opportunity to settle down, as well as their ability to get onto the property ladder. Employers are beginning to realise that, in order to attract and then retain the best talent, they must make their workplace more appealing and look to accommodate the needs of workers by creating a widely inclusive and productive working environment.

2 CONNECTIVITY

Communicating clear guidelines to employees is vital and both IT DMs and workers can benefit. Within workplaces, common goals should be established and agreed between employers and employees. For remote working to be effective, organisations should ensure that the correct tools are supplied – if workers have the ability to work from home, but they lack the necessary software and platform, their work will undoubtedly be limited.

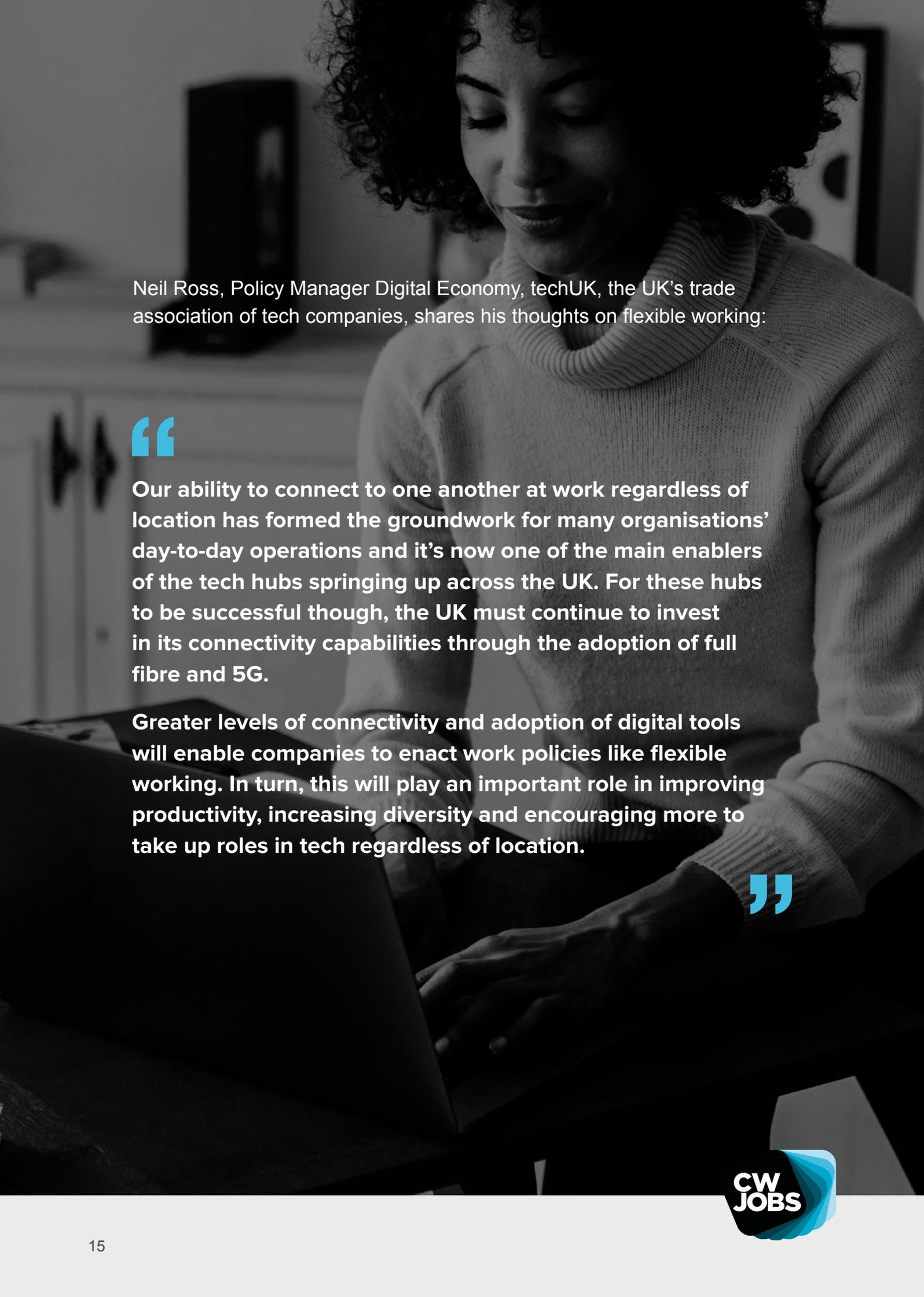
3 COLLABORATION

Encourage collaboration between managers and their teams to better utilise the connectivity available in today's workplace. We are able to host video conference calls, message one another instantly and keep on top of emails all at the same time, from any location with a decent broadband connection.

4 TRUST

Finally, it should be clear that remote working is built upon trust. Bosses shouldn't feel the need to hound employees but encourage and support them, should they need to work from home. Employees should be supplied with the correct tools by employers and trusted to get the job done as effectively and efficiently as they would in the office!





Neil Ross, Policy Manager Digital Economy, techUK, the UK's trade association of tech companies, shares his thoughts on flexible working:

“

Our ability to connect to one another at work regardless of location has formed the groundwork for many organisations' day-to-day operations and it's now one of the main enablers of the tech hubs springing up across the UK. For these hubs to be successful though, the UK must continue to invest in its connectivity capabilities through the adoption of full fibre and 5G.

Greater levels of connectivity and adoption of digital tools will enable companies to enact work policies like flexible working. In turn, this will play an important role in improving productivity, increasing diversity and encouraging more to take up roles in tech regardless of location.

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SUMMARY OF FINDINGS

It is clear that London undoubtedly still has a major pull for tech workers and companies when it comes to job prospects, searching for key tech specialisms, plugging the skills gap, as well as setting up start-up businesses. However, whilst London currently leads the herd, our research shows that we are on the cusp of major breakthroughs from various cities and areas around the UK.

Most notably, Manchester, Edinburgh, Birmingham, Bristol, and Leeds all are considered attractive places to do business, due to their vibrant and growing tech hubs with increasing digital density. In these places, small to medium businesses are following suit, influenced by the presence of multi-national companies. A prime example being MediaCityUK^{viii}, Manchester's international hub for technology, innovation, and creativity, which has driven major tech growth for the city over the last ten years.

Faster broadband, internet-connected technology, and data insights, as well as investment in infrastructure, will continue to transform both rural and urban areas. Providing improved connectivity between UK cities, such as HS2 for example, will help to build a more balanced economy and in turn create new opportunities for tech hubs up and down the country. This is underpinned by attractive job prospects with excellent work-benefits, which is crucial for any company wanting to retain and attract talent.

As our research has shown, the number of start-up and scale-up businesses are likely to dramatically increase, therefore the UK tech talent scene is set for significant change in the next few years. The main factors drawing talent and businesses out of the capital are the cost of living and cheaper residential and commercial property elsewhere across the country, therefore London may no longer be the largest tech hub for emerging job prospects or candidates.

Businesses need to ensure they're on top of the new priorities that are influencing where the UK's tech talent decide to lay down their work hat. Companies will need to be prepared to look outside the capital and answer the needs of tech workers by setting up remote or flexible working policies and initiatives when making hiring decisions in the near future. Whether that be a better work-life balance, access to remote or flexible working or relocation to another city or the countryside, understanding this is vital to stay ahead in an increasingly competitive environment.

^{viii}<http://www.mediacityuk.co.uk/>



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 or our research, get in touch on 0333 0145 111.

ABOUT THE RESEARCH

General population findings are sourced from research conducted by Censuswide on behalf of CWJobs to a sample of 1,000 UK tech workers and 500 UK IT decision makers between 23rd January 2020 and 4th February 2020.

To find out more about our research, please visit cwjobs.co.uk/recruiters/uk-tech-hubs.





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