

MIQ Q2 2024

Foreword



Inflation is down, the economy is growing, what now? Leaders are asking how to get work done while keeping costs low and mitigating risk.

One of the trends we always see as we come out of a downturn is an increase in the use of contractors and temporary staff, businesses looking to deliver projects or finish stalled development without wanting to commit to a permanent headcount. 65% of businesses report they plan on a significant increase in the use of contingent workers.

This ties in with a broader trend we're seeing across all sectors as both staff and companies alike look to benefit from more flexible working. When I say flexible, I'm not talking about flexible working patterns or hybrid working, I'm talking about how businesses engage with people, whether that's gig economy workers at one end of the spectrum or fractional execs at the other. Individuals enjoy the **flexibility and variety of having more control** over their working lives and businesses benefit from **access to specific skills and experience when they need it, without ongoing costs.**

Those businesses that embrace a more flexible approach to how they solve a skill gap will give themselves the greatest chance of success. That means taking a step back and thinking about the different ways to deliver what's needed. Do you need a permanent person or would a 6-month contract be better?

Do you need one person 5 days a week or would you be better with 2 part-time workers? Maybe a particular project is better delivered by a consultancy. The important thing is to consider your options, **be agile and flexible and think skills not people.**



Greg Coleshill

CEO, InterQuest Group

Email me



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Meet Our Experts



Rob Sugden Managing Director, ECOM

Rob is ECOMs Managing Director for Manchester. He leads our teams across the North & Midlands operating in Digital Tech, UX & Design, Product & Project, Marketing & eCommerce and Data. He's had over 19 years of recruitment experience in Manchester, building an extensive network.

Kam Bhangu Managing Director, InterQuest Group

Kam excels in building and managing successful sales teams in the technology sector, particularly in senior roles. With 18+ years of recruitment experience, Kam has shaped careers and provided invaluable advice to clients across diverse sectors, from SMEs to Blue-Chip companies. He prioritises placing the right people in the right roles, fostering long-term relationships.

Anna Massey Managing Consultant, InterQuest Group

Anna, based in Amsterdam, drives InterQuest's client base growth. She specialises in assisting fast-growing fintech clients in digital assets, crypto, banking, cards, and payments. With a proven track record, Anna builds senior risk leadership teams and wider risk teams, enabling clients to scale rapidly with top talent.

Paul Fraser Managing Director, ESM, Networks & ERP Practices

Since joining InterQuest in 2004, Paul has played a key role in leading the ESM, Networks, and ERP/SAP Practices. With extensive experience in IT Talent Management, he and his teams specialise in the ITSM, Networking & Telecoms, SAP/ERP and Salesforce Contract & Permanent sectors across the UK, Europe, and the US.

Michelle Khan Director, InterQuest Group

Michelle is the Director of InterQuest's Risk, Regulation and Compliance practice. Michelle has spent the last 18 years investing in her reputation within risk and compliance in financial services.





Labour Market Trends

UK economy starting a strong recovery

The British economy grew **0.6%** in **Q1 2024**, exceeding forecasts of **0.4%** and ending last year's recession.

This is the strongest growth in over two years.



Vacancies are still above **pre-pandemic levels**

Vacancies fell to **898,000** in February to April 2024, continuing a decline since March to May 2022.

Despite this, vacancies were still **102,000** higher than January to March 2020.

In mid-2022, vacancies outnumbered unemployed people, but by January to March 2024, there were **1.6** unemployed people per vacancy.





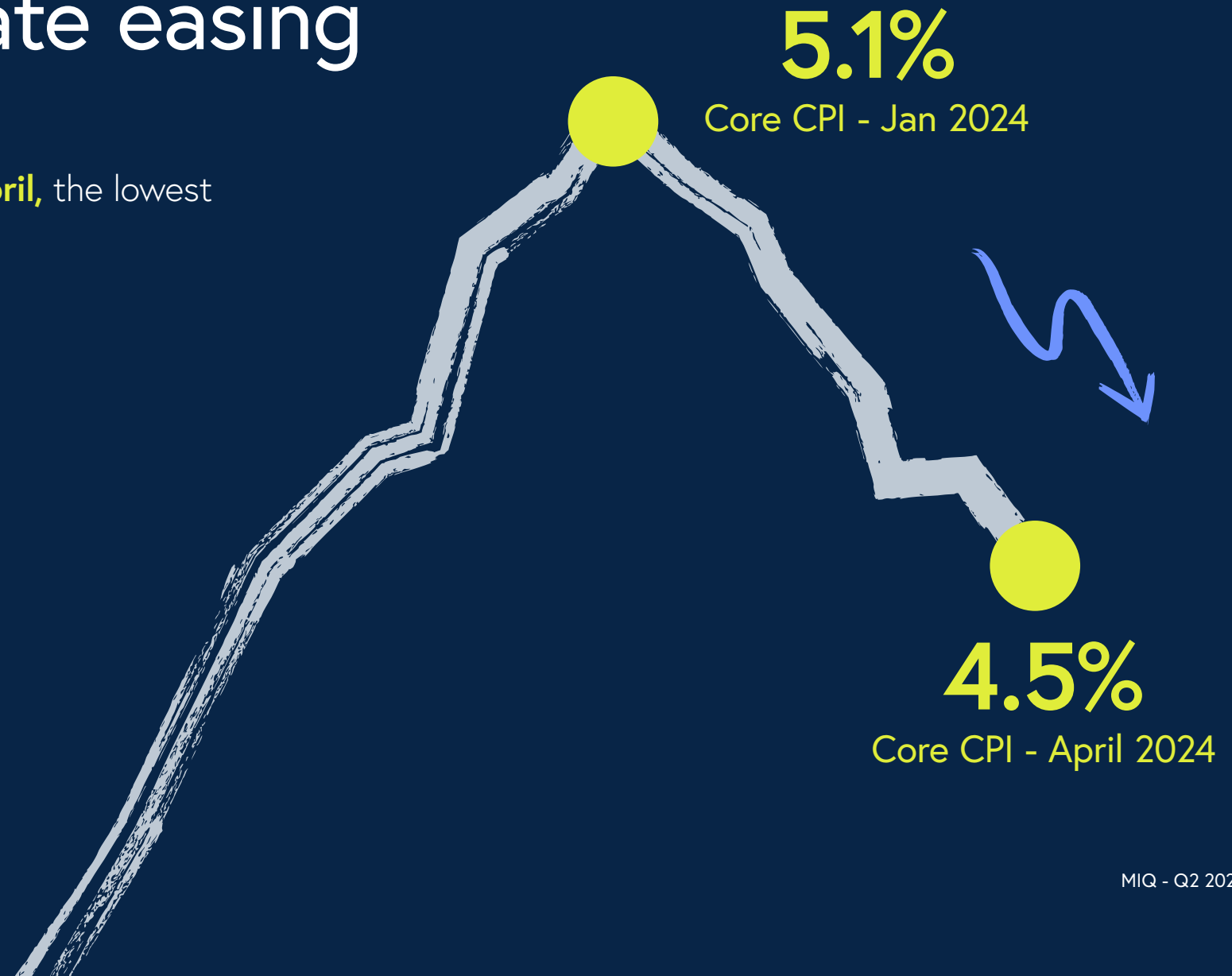
Inflation: UK rate easing

UK inflation rate fell to 2.3% in April, the lowest rate since September 2021.

Core inflation down to 4.5% from 5.1% in Jan.

Downward contributions:
Gas and electricity

Upward contributions:
Motor fuels



Business confidence at 8-year high



Business confidence in May rose 8 points to 50%, above the 28% long-term average for the 12th consecutive month.

This is the highest since November 2015, before major economic shocks. The rise is due to firms' optimism about trading prospects and the broader economy.

50%

May 2024



Regional confidence up in 7 of 12 UK regions

The regional picture has improved from the previous month's mixed results.

The South East, Scotland, and the West Midlands saw the largest rises, placing them in the **top three**.

Despite a slight fall, the East of England and London, with a significant gain, **tied for fourth**.

The North West and Yorkshire & the Humber saw big increases, bringing their confidence close to the **UK average**.





Strongest job prospects since 2017



Over half of firms plan to hire.

Staffing level expectations are the highest since March 2017.

54% (up from 49% in April) **expect workforce growth** in the next twelve months, while 15% (down from 16%) expect reductions.

The net balance rose **6 points to 39%**, increasing for the second consecutive month.



Wage growth **remains relatively strong**

Annual growth in regular earnings (excluding bonuses) was **6.0%** from January to March 2024.

In real terms (adjusted for inflation) regular real pay was **2.0%**; the highest since July to September 2021 (**2.2%**).





Pay expectations rise

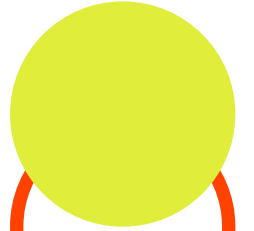
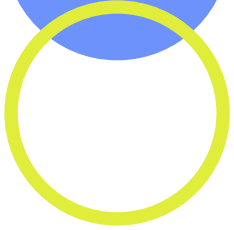
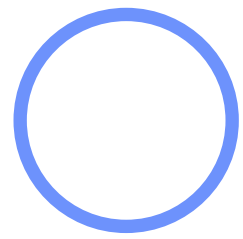
Firms expect higher wage growth than pre-Covid levels.

More firms anticipate wage growth of **3-4%** and **4-5%**, while those expecting over **5%** remained steady.

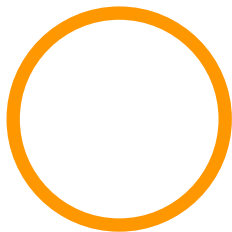
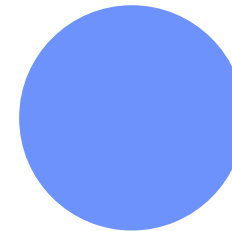
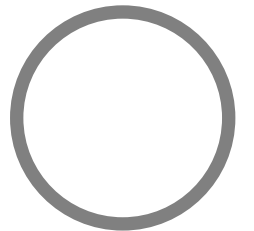
3-4%

4-5%

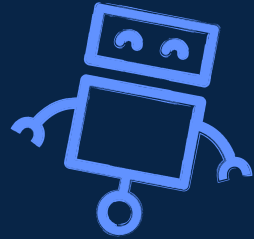
5%



Key Skills Trends



Tech Market Overview



Digital, Data and Cyber skills are in extraordinary demand with CEO's highlighting a need for a specific focus on **Digital, Data and Cyber roles**. Specific sectors like Financial Services are expecting a huge exodus of transformation-critical talent.

Over the last year, **demand for AI skills has rocketed** and along with it, a huge premium on AI-based salaries. As more data and engineering professionals seek out lucrative AI roles, we can expect a strain on an already heavily in-demand talent pool.



83%

of UK business leaders expect at least a quarter of the workforce to be reskilled in response to GenAI and automation.

38%

claim this figure could be over half the workforce.

The Financial Services Skills Commission has identified machine learning (34%) and cyber security (33%) as having the largest skills gaps in FS.

Machine learning 34%

Cyber security 33%

Spotlight on AI

Demand drivers

The UK AI market is currently worth more than £16.8 billion and is expected to grow to **£801.6 billion by 2035.**

Approximately one in six UK organizations (totalling 432,000) have embraced at least one AI technology.

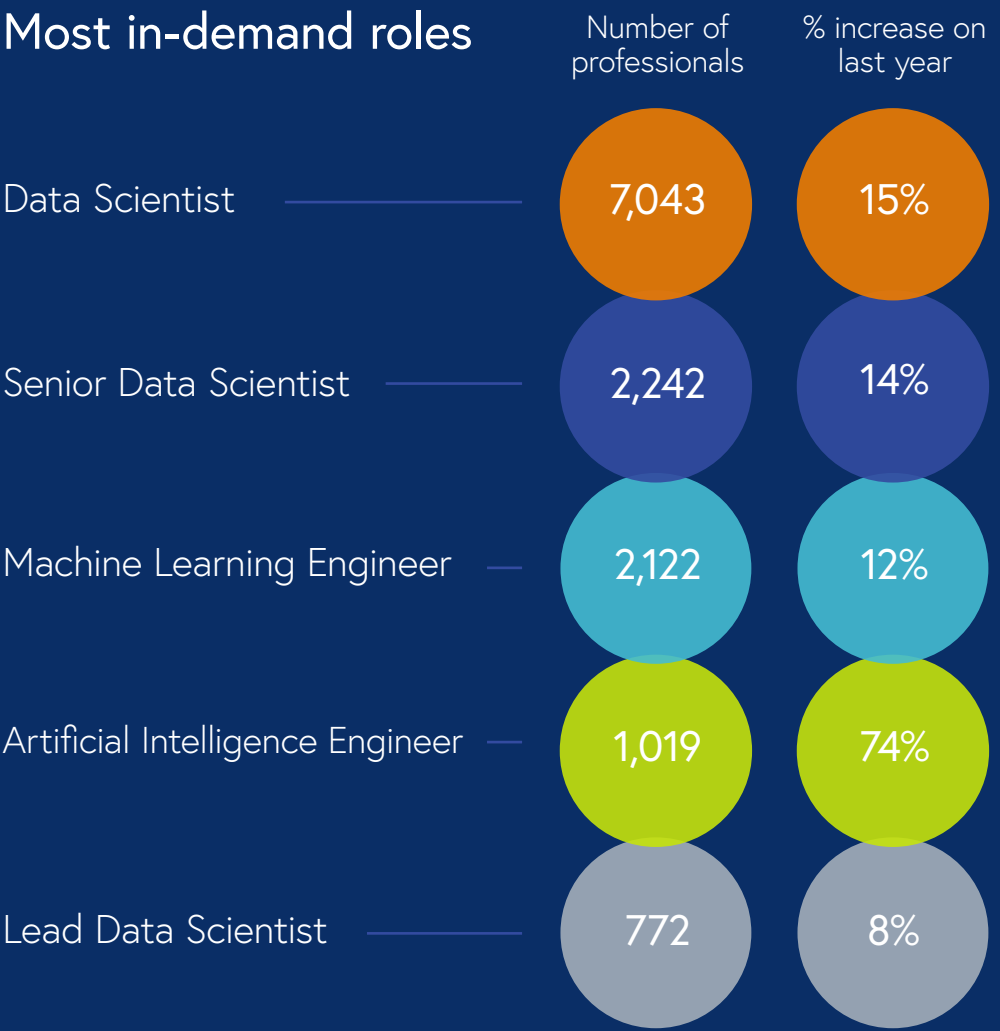
Large companies (68%), medium-sized companies (33%), and small companies (15%) have incorporated AI technologies.

The demand for AI roles has increased the average tech salary by 35.8%.

Job listings mentioning AI advertise salaries 20% higher than those without AI.



Most in-demand roles

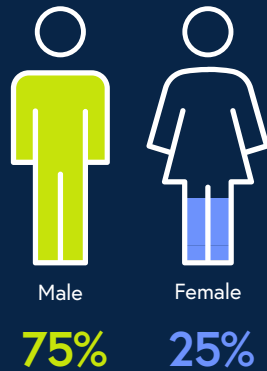


AI Professionals - UK

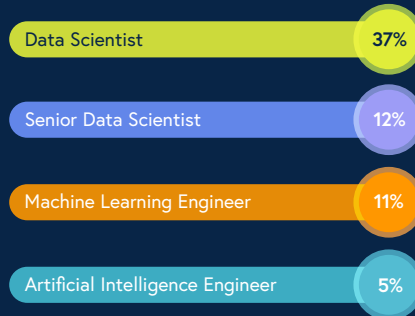
INTERQUEST 

18,860 Professionals | 24% Changed jobs | 1.1 Yrs avg. tenure

Gender breakdown

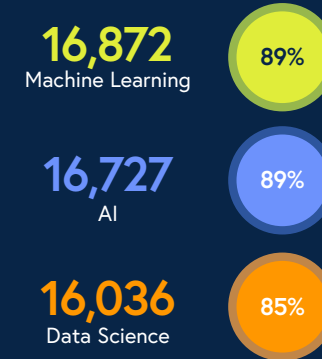


Most common job titles



The % of professionals who have this job title listed on a currently active position on their LinkedIn profile

Most common skills

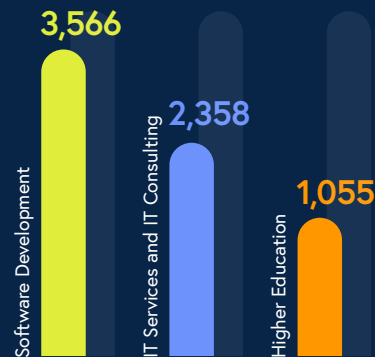


Number of professionals who have this skill listed on their LinkedIn profile. (Also shown as a %)

Companies using this talent

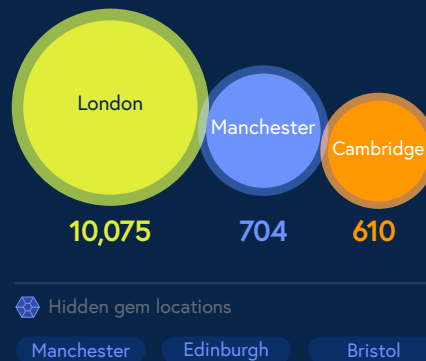


Industries hiring



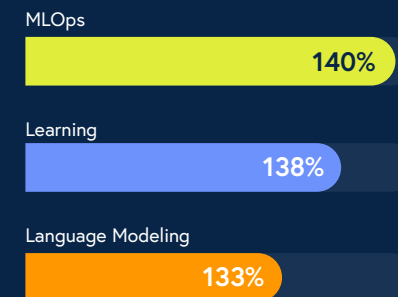
Professionals currently employed by a company in this industry

Top locations



Locations where the supply of professionals is high relative to hiring demand

Fastest growing skills



% change in the number of professionals with this skill, compared to one year prior

Professionals with an active position at this company listed on their LinkedIn profile

Spotlight on: Cyber Security

Demand drivers

Approximately **50% of all UK businesses have a basic cyber security skills gap**, while 33% face an advanced cyber security skills gap.

In the last year, there were **160,035 cyber security job postings** in the UK.

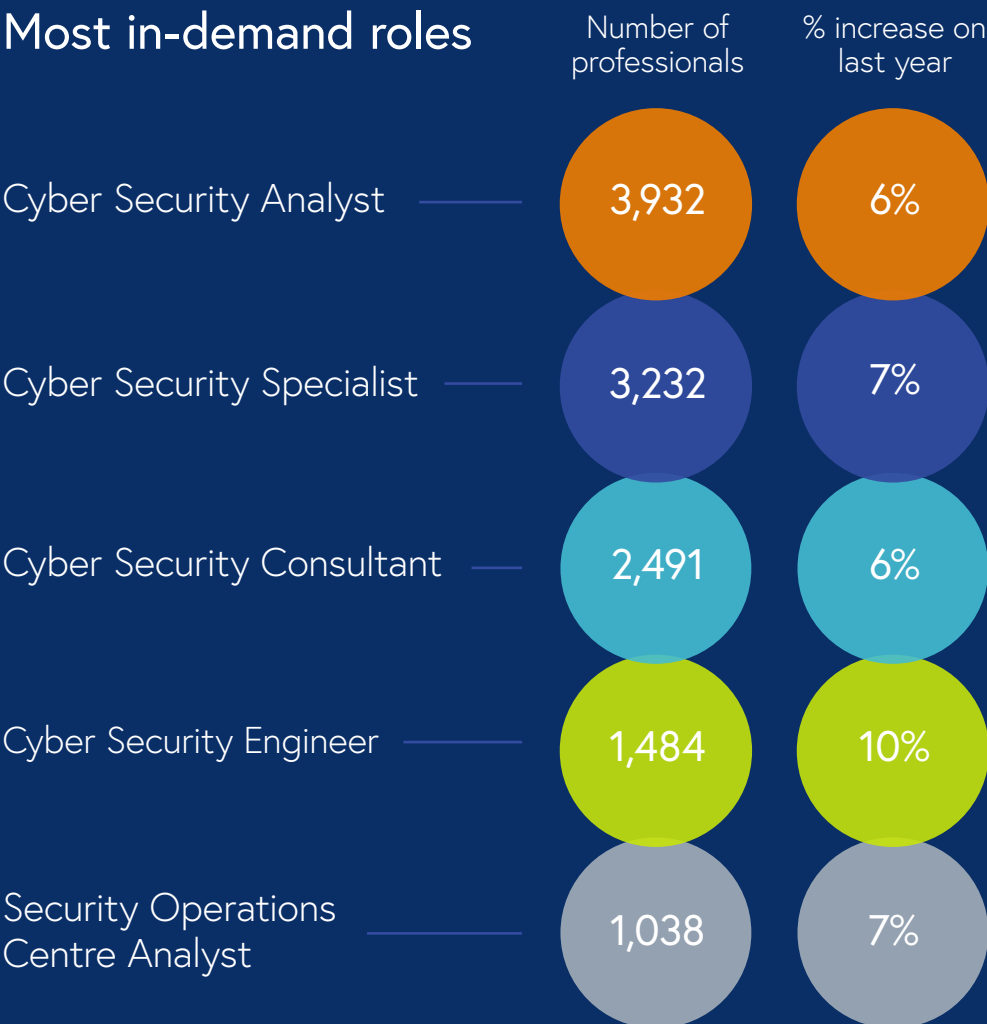
The UK cyber security sector **grew 13% last year** to £11.9 billion. Growth in 2023 was 7.7%.

112 new cyber security firms were created last year, up 6%.

Demand for **Cyber Security Analysts** expected to grow **35% by 2031**.



Most in-demand roles

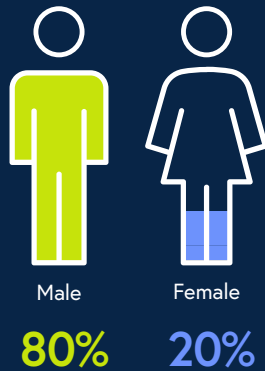


Cyber Security - UK

INTERQUEST 

23,588 Professionals | 19% Changed jobs | 1.5 Yrs avg. tenure

Gender breakdown

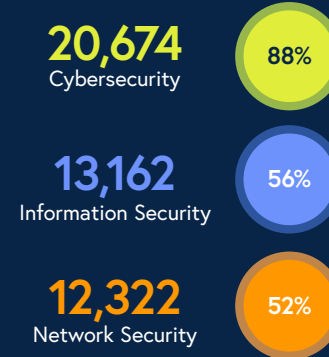


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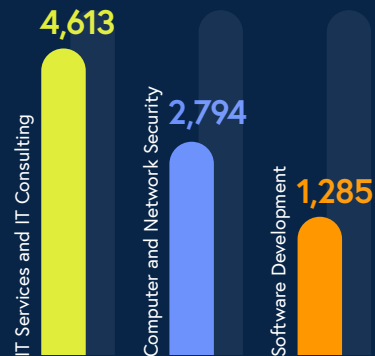


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Companies using this talent



Industries hiring



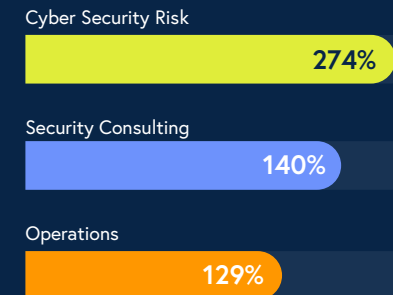
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Spotlight on: Cloud

Demand drivers

The market size of 'Infrastructure as a Service' segment of the public cloud market in the United Kingdom was forecast to **continuously increase** between 2023 and 2028 by in total **\$3.1B (+105.%)**.

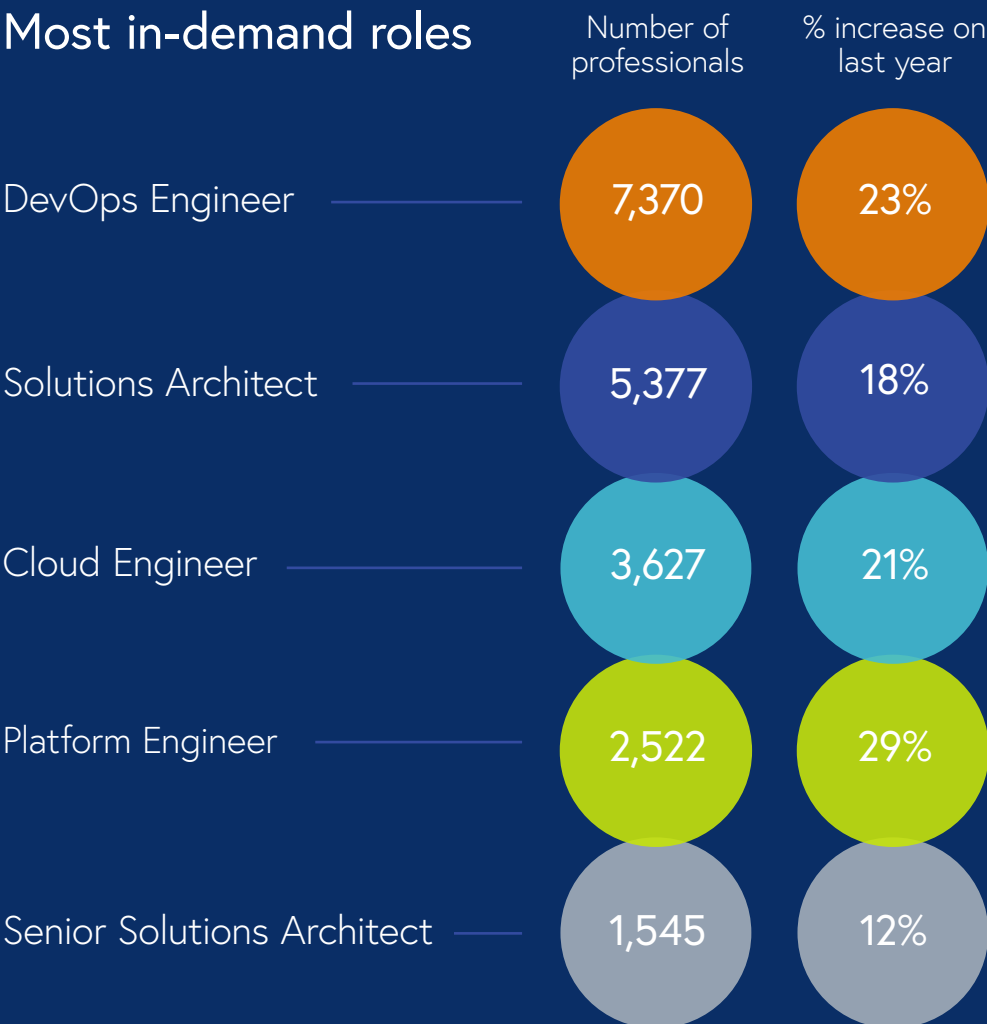
The 2023 IT Skills Gap Report reveals that **93% of UK businesses say there is an IT skills gap**.

95% of businesses globally are facing a cloud and IT skills gap
The **UK cloud computing market** size is estimated at **£41B in 2022, and is forecasted to grow to £59B in 2024**.

The global cloud computing market size was valued at **\$587.78B** in 2023. The market is projected to grow from **\$676.29B in 2024 to \$2,291.59B by 2032**, exhibiting a CAGR of **16.5%**.



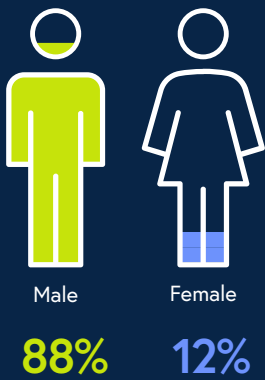
Most in-demand roles



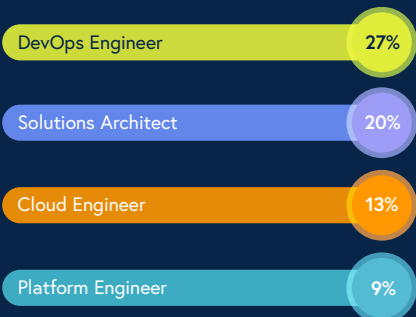
Cloud Engineer - UK

27,177 Professionals | 15% Changed jobs | 1.8 Yrs avg. tenure

Gender breakdown

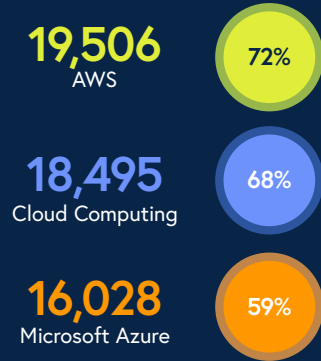


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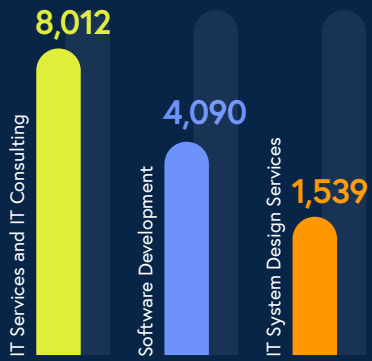


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Companies using this talent



Industries hiring



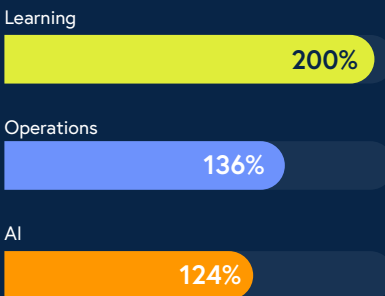
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Locations where the supply of professionals is high relative to hiring demand

Fastest growing skills



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Professionals with an active position at this company listed on their LinkedIn profile

Spotlight on: Data

Challenges

Research predicts that **data analysis will be the fastest-growing digital skills cluster**, increasing by an estimated 33% in the next five years.

Almost half of businesses **(48%) are actively recruiting for roles that involve data skills**, ranging from basic IT skills to programming.

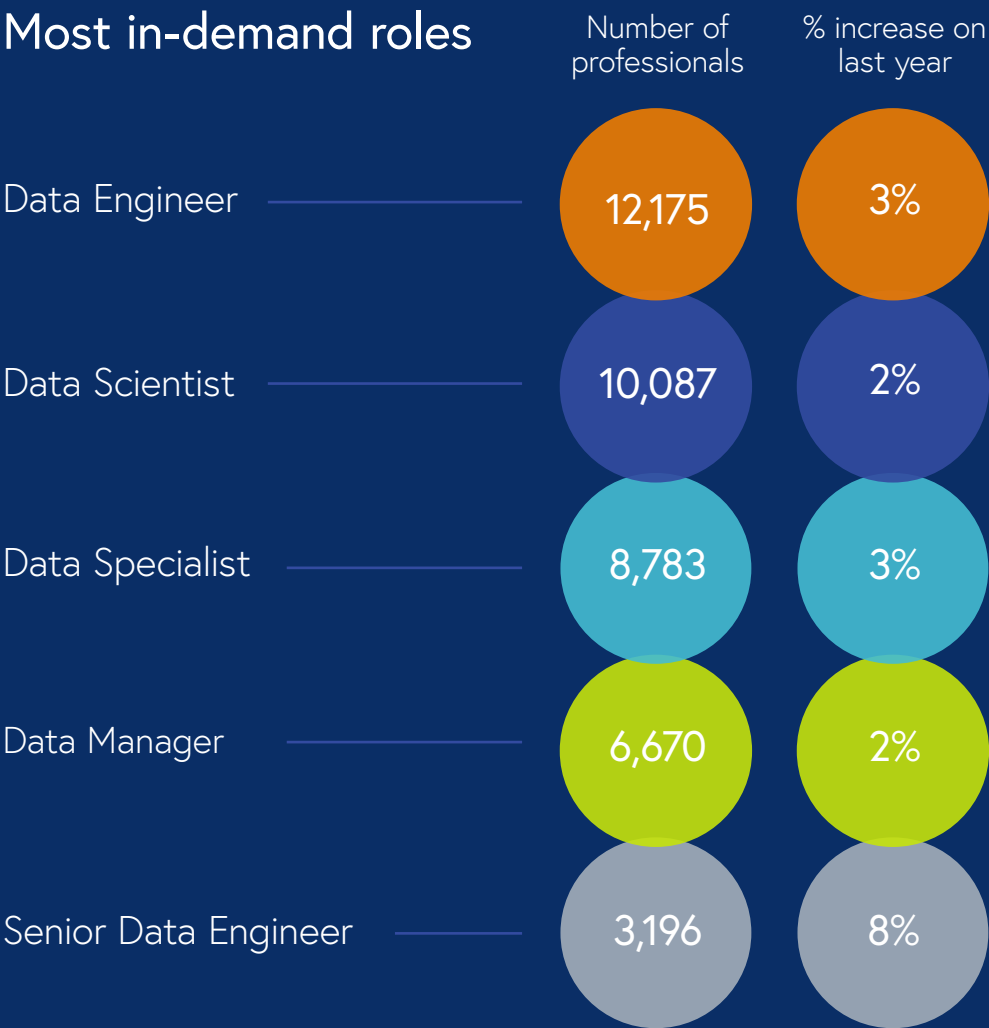
46% of these businesses have faced challenges in recruiting for these data-related roles over the last two years.

Last year, there were potentially between **178,000- 234,000 specialist data roles vacant in the UK**.

Artificial Intelligence Engineer is the fastest growing Tech role, increasing 74% in the last year.



Most in-demand roles

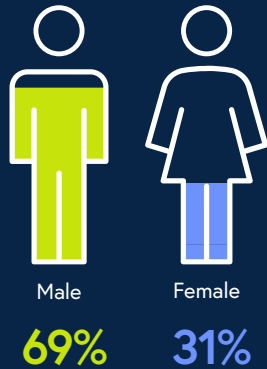


Data Engineer - UK

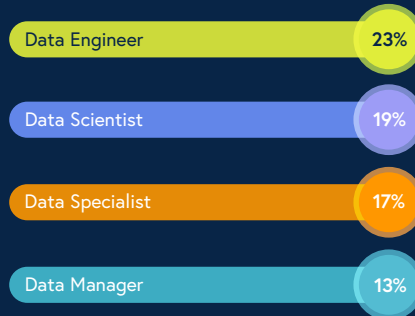
INTERQUEST 

53,205 Professionals | 18% Changed jobs | 1.3 Yrs avg. tenure

Gender breakdown

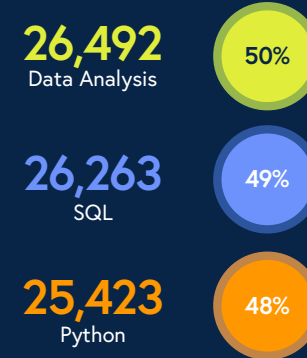


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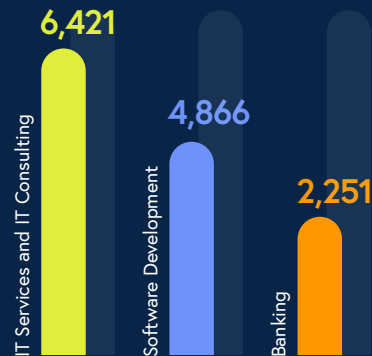


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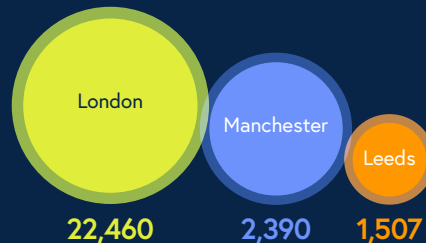



Industries hiring



Professionals currently employed by a company in this industry

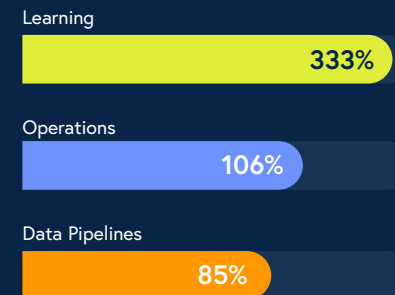
Top locations



 Hidden gem locations

Edinburgh | Glasgow | Birmingham

Fastest growing skills



% change in the number of professionals with this skill, compared to one year prior

Professionals with an active position at this company listed on their LinkedIn profile

MIQ - Q2 2024

22

Spotlight on: Risk & Compliance

Challenges

78% of CEO's expect skills shortages within their organisations.

68% of CEO's say they lack the technology capabilities to transform effectively.

Within financial services alone, there will be **260,000 high-skilled people leave the sector by 2035.**

Graduates joining the Financial Services sector has **decreased from 8% of all graduates, to 4%.**

8 of **LinkedIn's Top 25 UK roles** that are growing in demand were in the **Risk, Compliance and Regulation cluster of skills.**



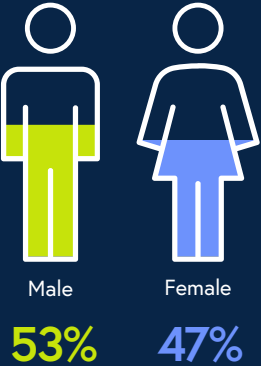
Most in-demand roles

	Number of professionals	% increase on last year
SOC Analyst	1,038	7%
Cyber Security Manager	798	5%
Compliance Lead	734	6%
Risk Control Manager	707	9%
Data Governance Manager	613	6%

Risk, Regulation & Compliance Professionals - UK

89,741 Professionals | 15% Changed jobs | 2 Yrs avg. tenure

Gender breakdown



Most common job titles



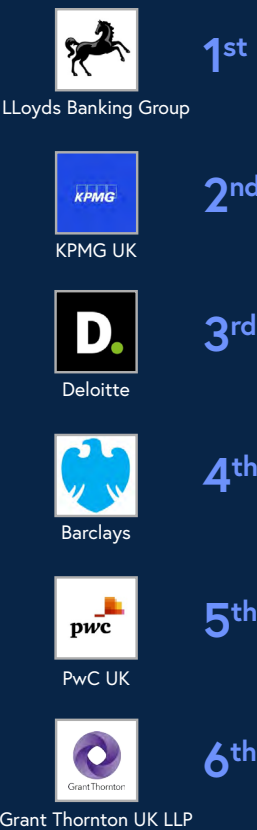
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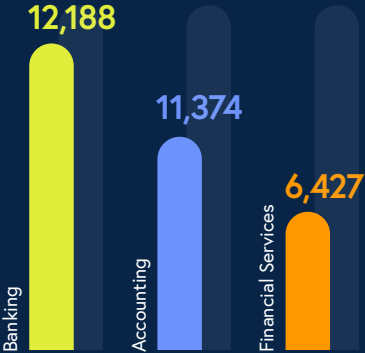


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Industries hiring



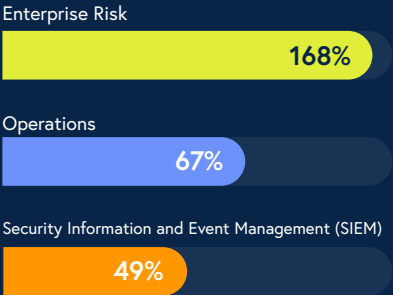
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Operational Hiring Trends

Legislation and Policy: General Election 2024

General Election 2024

Impact of public investment in Tech



Conservatives

Focus Areas

To become a **science and tech superpower by 2030**. No specific sectoral focus.

Policy Approach

Fluid approach, expectations include a strong emphasis on innovation, entrepreneurship and international partnerships.

Specific Policies & Initiatives

Creation of Department for Science, Innovation and Technology (DSIT) with a mission to bring together public research and **funding for emerging technologies such as AI and quantum computing**.

Labour

Greentech, sustainable technologies, renewable energy, sustainable transportation.

Interventionist; Public ownership and investment in technology, centred around inclusivity, democratic control & leveraging innovation for the collective good.

Creation of a **National Investment Bank** alongside a network of **regional development banks** to fund technological innovation, alongside other **investments focused on societal** benefit.

General Election 2024

Impact on employment status



	IR35	Labour's Single Status of 'Worker'
Scope	Primarily deals with tax	Focus on employment rights
Number of Categories	Inside IR35 Outside IR35	Worker [Genuinely] Self-employed
Impact on IR35 Case Law	Labour's Single Worker status could potentially remove the need for IR35 case law, leading to a greater alignment of tax status and employment status.	



What our experts say



A move away from IR35 could turn the market on its head, attracting more workers and businesses alike to opt for contract opportunities. On the one hand, this could be great for businesses desperate for transformation.

On the other hand, there is yet another strain on permanent resources within specialist technology talent pools.

Kam Bhangu

Managing Director, InterQuest Group

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Operational Hiring Trends

Hiring Process

Speedier hiring process



Average time to hire

44 days in the UK, 2023

+1 day from the previous year

Delays lead to

- ▲ **Cost**
- ▼ **Competitive advantage**
- ▼ **Employee morale**



Top 10 most difficult tech roles to fill

1. Cybersecurity	22%
2. Data science/analytics	22%
3. AI/machine learning	20%
4. Robotic process automation (RPA)	18%
5. Enterprise architecture	18%
6. Application development	18%
7. IoT/edge computing	17%
8. Legacy technologies	17%
9. Cloud architecture	17%
10. Multicloud management	17%

What our experts say

Michelle Khan

Director, InterQuest Group

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After any downturn, we always see a spike in contract demand, with employers aiming to kick off project, quickly deliver work, and catch up on tasks that have taken a back seat. They are hesitant to commit to permanent spending right away.



Rob Sugden

Managing Director, ECOM

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Contractor arrangements have revolutionised the hiring process, allowing our clients to onboard skilled professionals rapidly. This agility is a game-changer in the fast-paced world of technology.

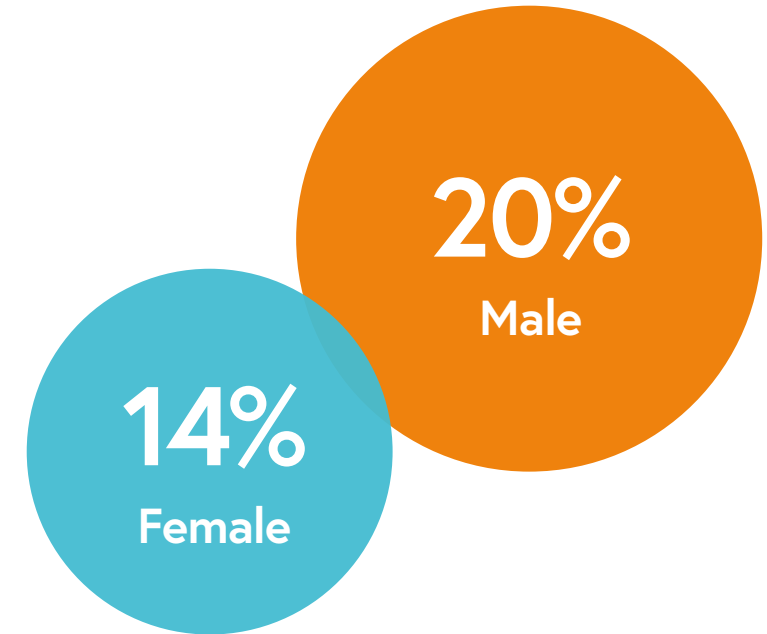


Candidate experience

Great candidates can be poached with a better offer - especially while they retain the upper hand.

51%

Most candidates (51%) think only two rounds of interviews are necessary.



Of male candidates and 14% of female candidates would remove themselves from consideration due to too many interviews

Reap the rewards: Refining your candidate process



Improved Hiring Quality

Organisations with mature, refined talent acquisition processes are **2X more likely** to achieve **higher quality hires**.

Time & Cost Savings


A vacant position can cost **50-150% of an employee's salary**. The UK average hiring process takes **44 days**, but well-refined processes can significantly **reduce time-to-hire**.

Increased Diversity & Inclusion

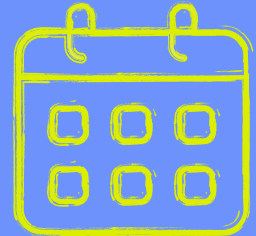
Companies in the top quartile for gender diversity are **15% more likely to exceed national industry medians financially**.

There's a promising candidate, what's your move?

35%



of candidates received **four or more offers**
during their last job search.



44%

of candidates deem waiting for **more than
two weeks** after an interview = opportunity is
no longer worthwhile.

Delayed decision-making or lack of follow-up might lead candidates to lose interest or accept other offers.

Factors that can tip a candidate's decision



What would make you refuse a good offer?

Strong negative experience during the selection process

52%

Unprofessional selection process (e.g., too slow)

39%

Lack of flexibility to match the offer to my needs

30%

Doubts about company culture and values

24%

Doubts about my future colleagues or manager

21%

How can an employer motivate you to take the offer?

Being open to negotiation

59%

Giving me space & time to decide

49%

Calls from my future manager to encourage me to take the offer

47%

Tour of the workplace

45%

Calls with future colleagues to better understand the company & job

29%



Operational Hiring Trends

DE&I

The Power of Prioritising Diversity in Hiring



78% of companies focus on diversity to improve company culture, and **62%** do it to enhance overall performance.

Key areas of focus include

Gender

71%

Race/ethnicity

49%

Age/generation

48%

Educational background

43%

So, how do companies support diversity internally?

67%

foster an environment that **respects** differing opinions.

51%

encourage employees to be **themselves** at work.

47%

have leaders who acknowledge the **importance** of diversity.

But it's not all smooth sailing.

Companies still face barriers like finding diverse candidates to interview (**38%**) and retaining diverse employees (**27%**).

Talent attraction- DE&I policies are in demand

The impact of efforts to improve representation has been patchy over the past year.

Source: eFinancial careers DEI report 2023



38%

38% of employees in FS say their firm have **made 'not much' progress** in the past year to attract candidates from under-represented backgrounds.

19% also said **no progress has been made.**



Talent attraction - promote authenticity

It's important to view employer branding
as a critical part of the hiring process.



70%

Of financial services professionals
think **DE&I policies are important**
when deciding where to work.



Talent attraction - mitigate bias in interviews

55%

Mitigating bias in interviews is the **most effective way to promote inclusion**

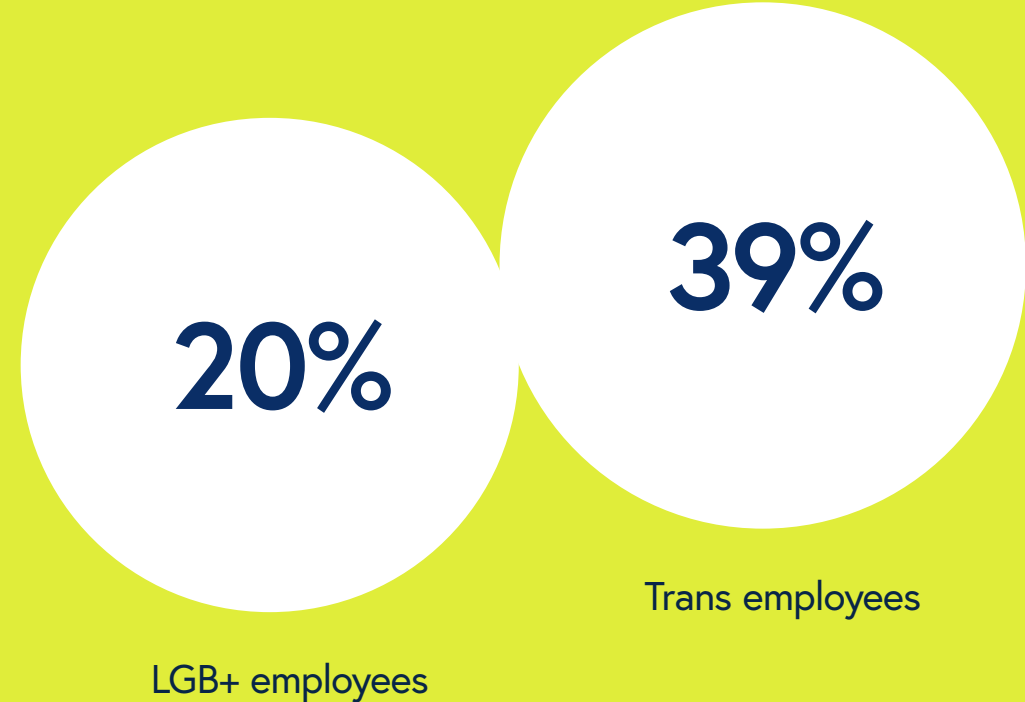
55% said that mitigating bias in interviews was perceived as more effective than some of the other methods of promoting inclusion during the recruitment process.

Ahead of allowing more time to source (21%).

LGBTQ+ inclusion at work

20% of LGB+ employees and **39% of trans** employees reported experiencing humiliation or undermining at work.

47% of people somewhat agreed and **17%** strongly agreed that LGBTQ+ individuals face discrimination due to their sexual orientation. For gender identity, it's **43%** somewhat agreeing and **26%** strongly agreeing.





Operational Hiring Trends

DE&I: A Focus on Women in Tech

Proportion of Women in Tech in the UK

A thick, dark blue curved line with a yellow arrow pointing upwards and to the right, and a yellow circle above the percentage.

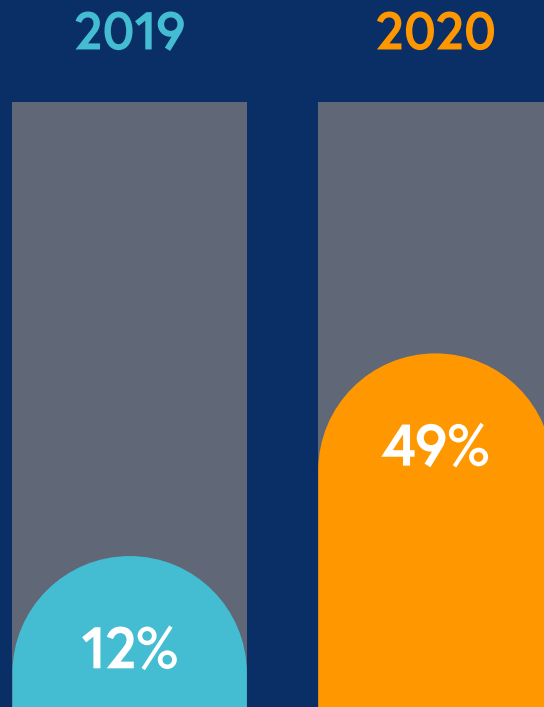
26%

of current tech professionals are women.
An increase from **19%** in 2019.

The Impact of Flexible Work Arrangements



UK workforce in a hybrid role



32.77%

increase in the number of
women in tech occupations in
the UK from 2019 to 2022.



-4.75%



But... Momentum Has Momentarily Stalled

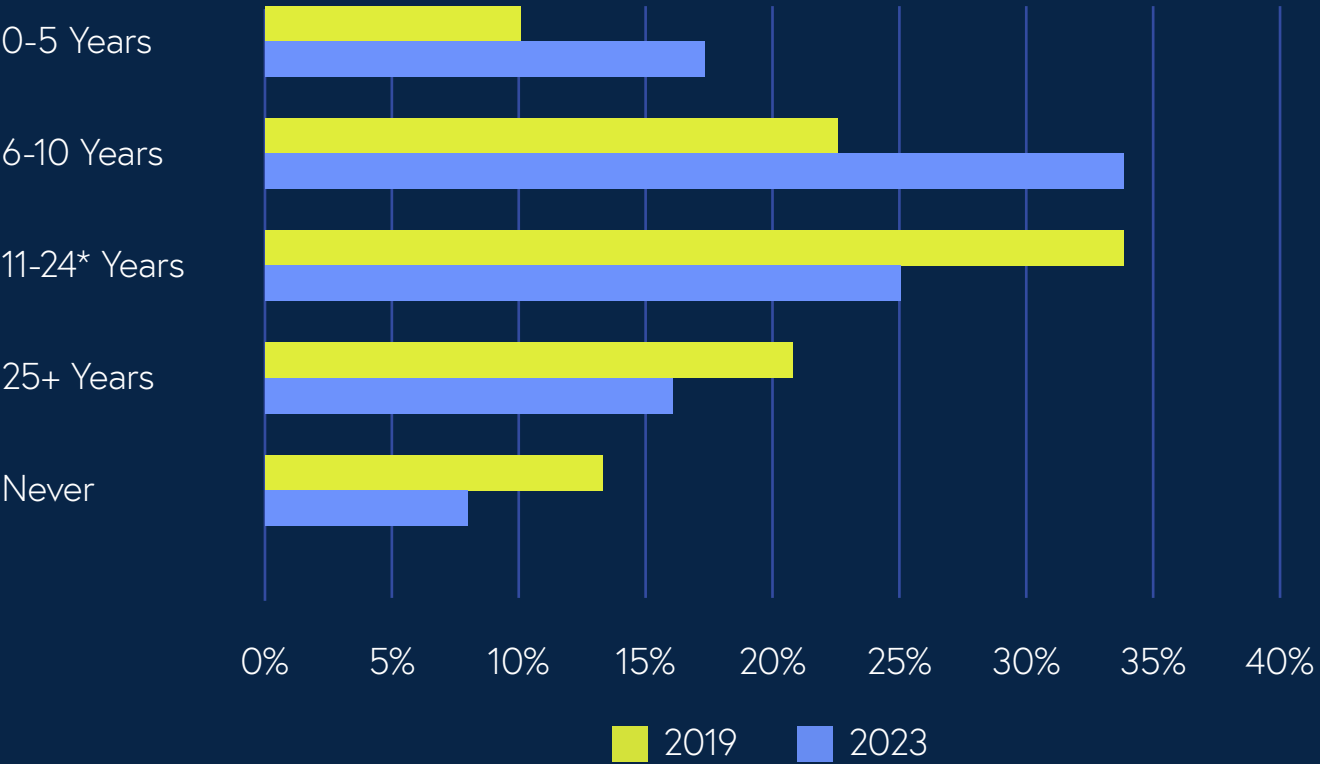
-4.75% decline of women in tech occupations in the UK from 2022 to 2023. Men saw a decline of **5.42%**.

Big Tech firms calling workers back to the office coupled with geopolitical tensions and economic uncertainty have reshaped the workforce.

Gender equality in tech: timeline



How long do you think it will be until gender diversity in tech is equal?



6-10

The timeline for gender diversity in tech has improved since the previous survey with less answering "never", the most popular response is: **6-10 years**

Source: Women in Tech Survey 2023/2019 *The data range in the 2019 survey was split into two categories: 11-16 Years and 17-24 years. To maintain data continuity, we have combined these categories into the new 2023 data range of 11-24 years.



Gender pay gap in tech: timeline



16%

The UK's tech gender pay gap: **16%**. Higher than the national average of **11.6%**.

79%

79% of people agree that there is a gender pay gap in the technology sector. This outlook has **not improved since 2019 (78%)**.

30
years

The timeline to close the gender pay gap in tech stands at: **30 years**





The insights in this report are just the start

If you would like to book a free workshop for more tailored insights on your organisation and talent strategy, please click the link below

Click here to **book your free workshop**



Get in touch



Rob Sugden
Managing Director, ECOM

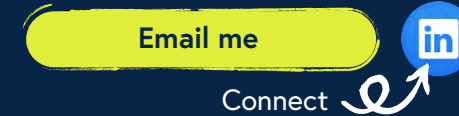


Kam Bhangu
Managing Director, InterQuest Group



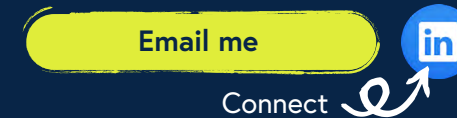
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