

+ audit

D/GITAL. /SKILLS

► NATIONAL

IN PARTNERSHIP WITH

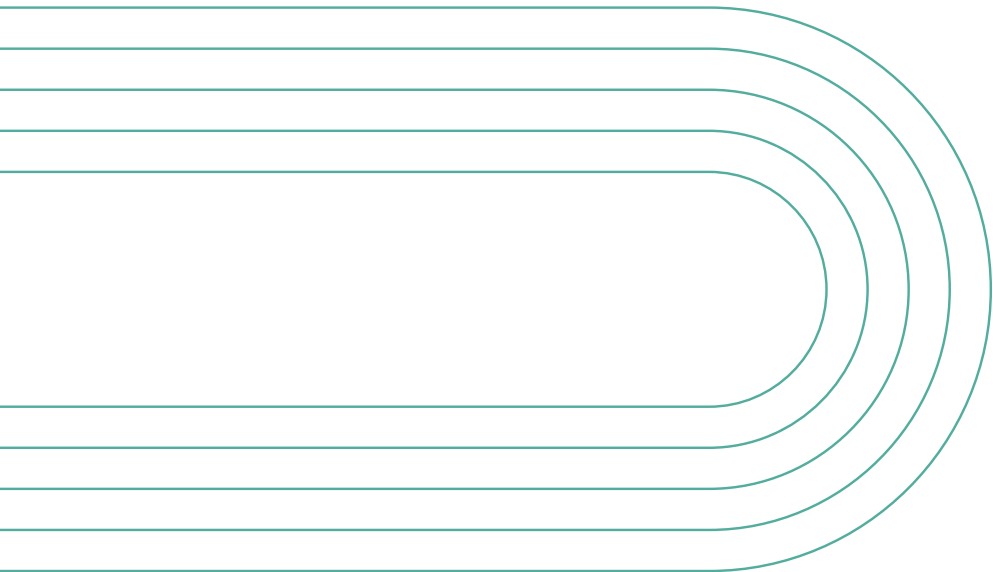




Foreword

This is one of the first pieces of work which truly dives deep into the local ecosystems of the UK to provide an understanding of Covid-19's impact on the tech sector. The findings demonstrate the increasing importance of the sector at both a local and national level and why tech is a pivotal element in UK 'levelling-up'. Whilst the tech sector has not been immune to the impact of Covid-19, it is encouraging to see that many parts of the sector are still growing and have even benefited from the drive to digitisation created by the pandemic. This year's report is very much a snapshot in time and as lockdown eases we expect to see significant shifts in some of the findings over the next 12 months. The pandemic has shown us that strong regional tech ecosystems are a key enabler for economic recovery and the UKTCG will build on this work to better support and empower our regional tech communities and play a significant role in the wider economic recovery of the UK.

David Dunn
Chair of the UK Tech Cluster Group



The Institute of Coding (IoC) is pleased to support the UK Tech Cluster Group's 2021 Digital Skills Audit. The research returned by the Skills Audit will be useful in helping to understand the issues in digital and tech that need to be prioritised and addressed and in identifying new or emerging trends as well as the impact of the pandemic.

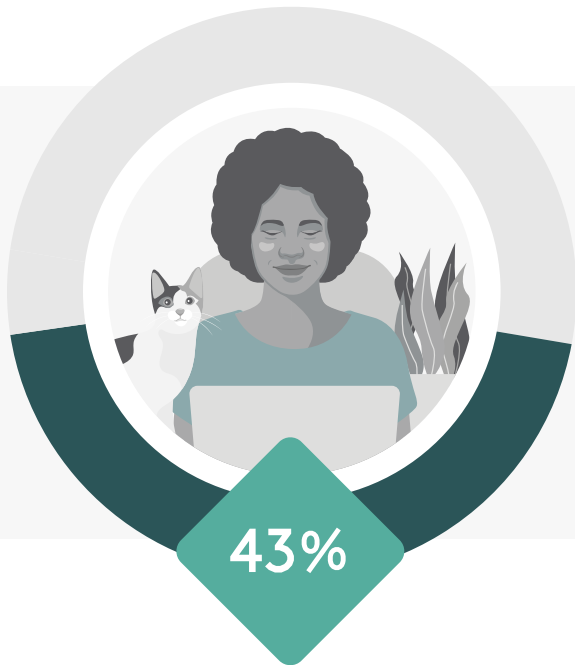
As a national consortium of more than 35 universities and over 200 employers and industry bodies, the IoC is working to respond to the ongoing digital skills gap. Since our launch in 2018, we have been working to encourage a larger and more diverse group of people into tech careers through higher education, and have worked with employers from the tech sector to ensure we are responding effectively.

By developing courses and learning pathways that are designed with employer and sector input, we are helping people to improve their employability and gain the skills needed for the workplace. This Skills Audit helps us to build on that work with fresh insight.

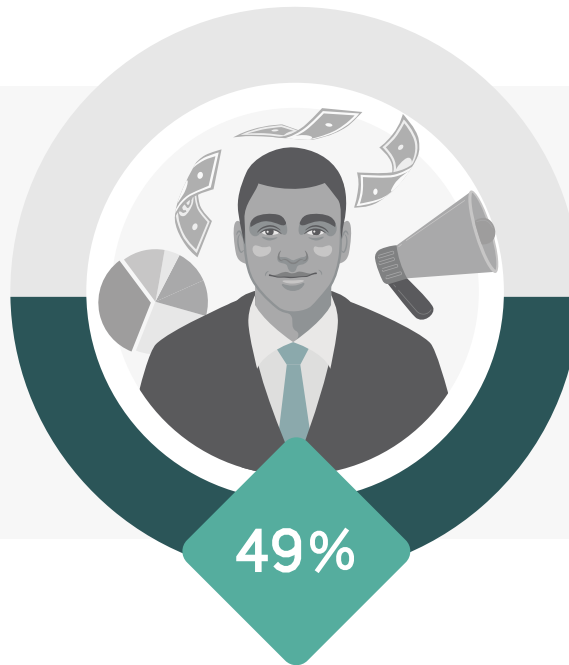
Dr Rachid Hourizi
Director of the Institute of Coding



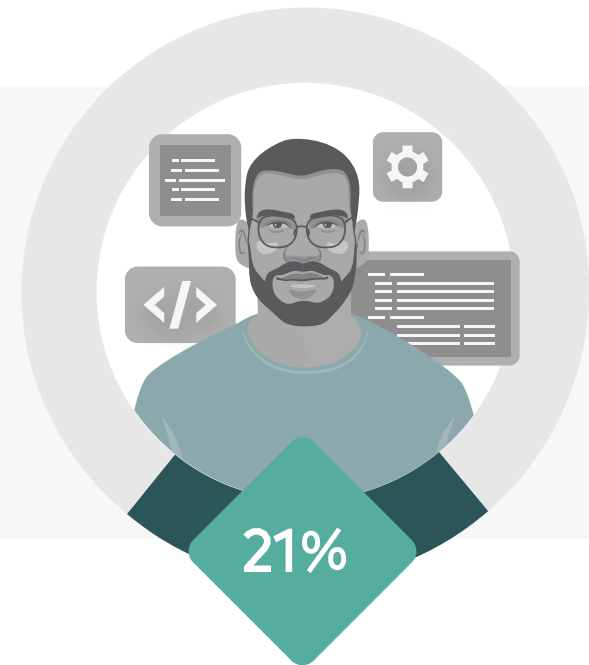
Summary trends



of businesses plan to offer **full time remote working** over the next 12 months.



of businesses believe **sales and development** will be the key skill for company growth.



of students are looking for a **role as a developer**.

Impact of the pandemic



COVID impact on companies

COVID has undoubtedly impacted the digital and tech sector, although early signs are showing the sector to be more resilient and potentially quicker to recover than other industries. The impact has been felt by businesses and individuals, however, not all are reporting the impact to be negative.

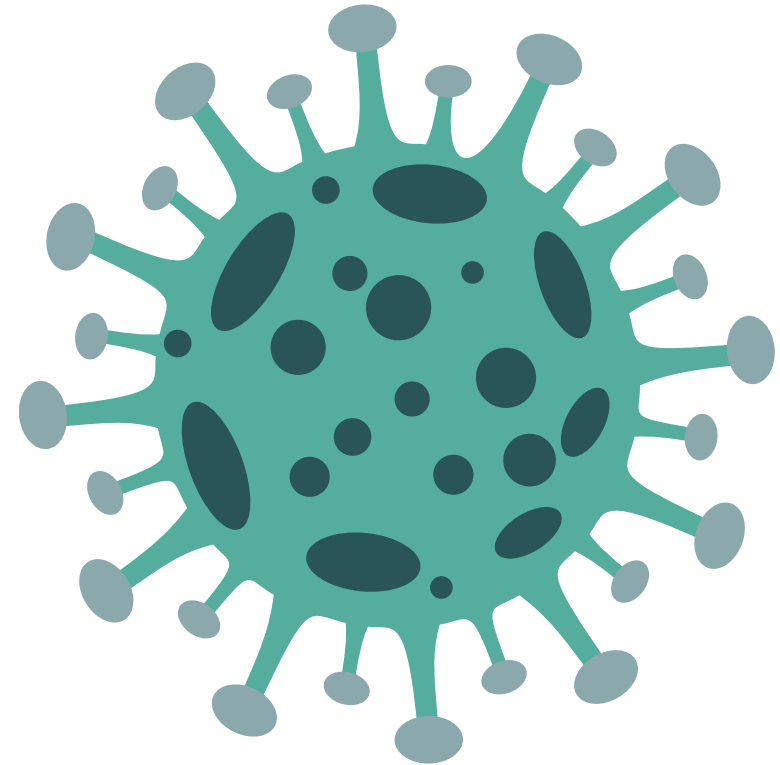
3 in 5 of the businesses reporting a decrease in their revenue over the last 12 months have indicated this change has been as a direct result of the pandemic. 42% of the businesses we spoke to saw their revenue increase over the past 12 months, with over two thirds suggesting the pandemic had some impact on these figures.

59% of businesses saw a **change in client requirements**

42% reported a **loss of business**

37% **had to change their product or service offering**

Figures are based on businesses in operation for at least two years.

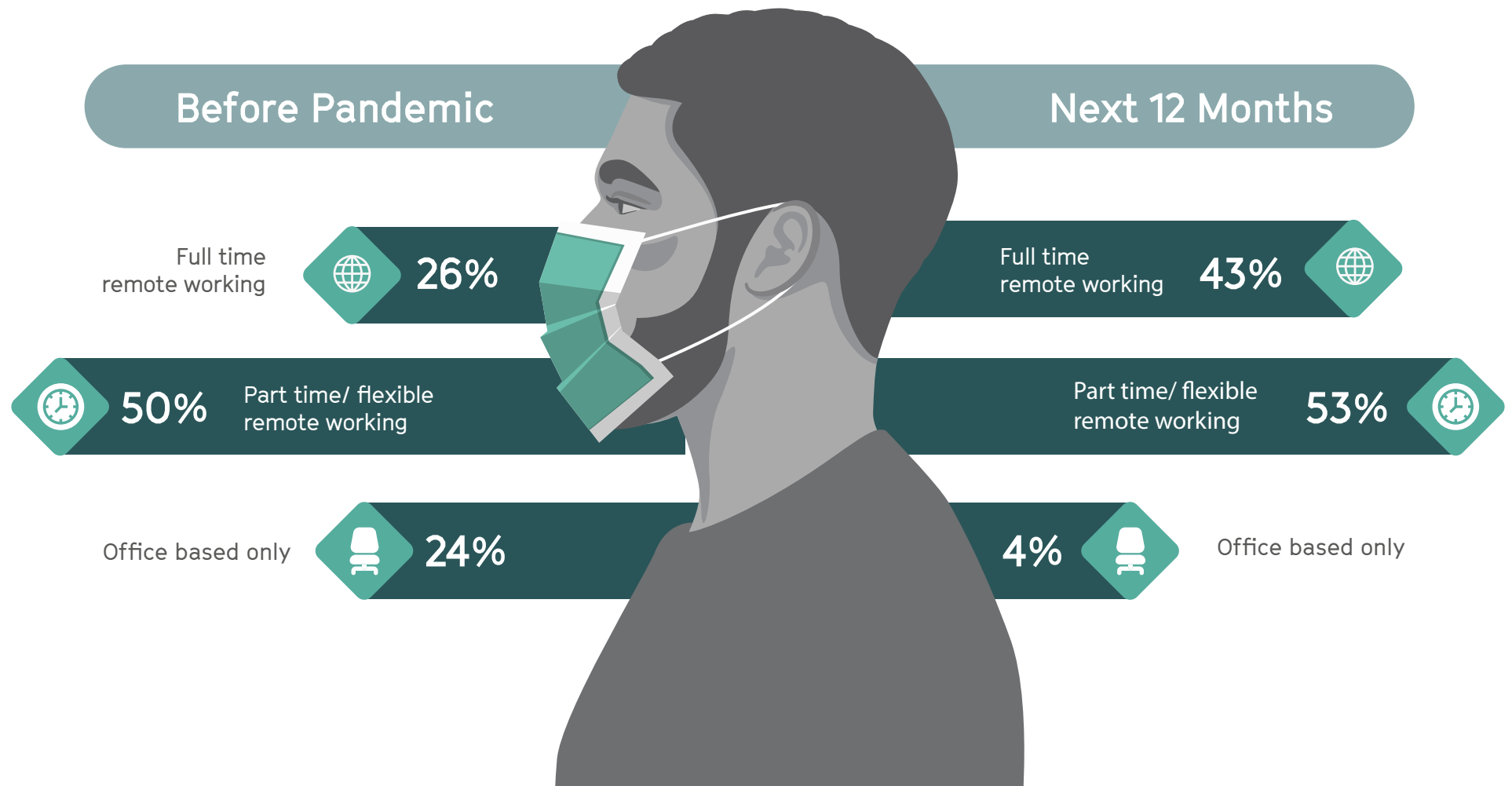


It's important to keep in mind that COVID-19 will have an impact on the responses throughout this survey, not only with the immediate impact on business and individuals, but the impact on mindset and needs, which is likely to be a longer term shift in thinking.

The future of working

Before the coronavirus pandemic, 76% of businesses offered some form of remote working to their employees. Following the restrictions and the reliance on working from home for the past 12 months, over

96% of businesses now plan to offer some form of remote working for their employees, with 43% of these saying full time remote working will be possible over the next 12 months at least.



Importance of physical office space

The past twelve months have changed the way we work, with a large number of businesses relying on their employees being able to work from home.

57%

of businesses now feel their physical office has **less importance** than it once did.

45%

of companies indicated that the pandemic has had **no impact** on the size or location of their office space.

29%

of businesses have **chosen to reduce** the space they're using.

Some businesses have increased their office space to allow for social distancing measures to be implemented or, to refigure the space to a new way of working.





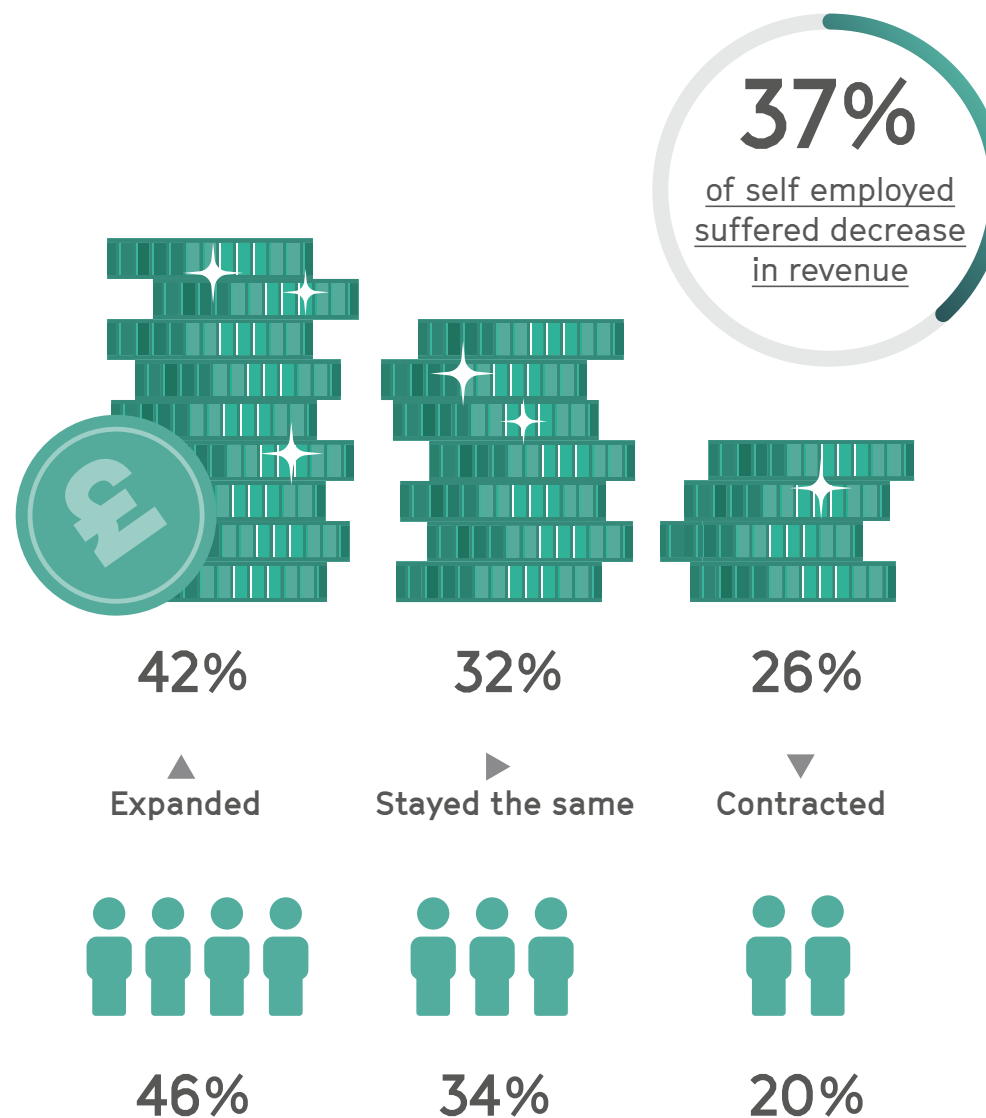
Workforce

Business expansion

Revenue

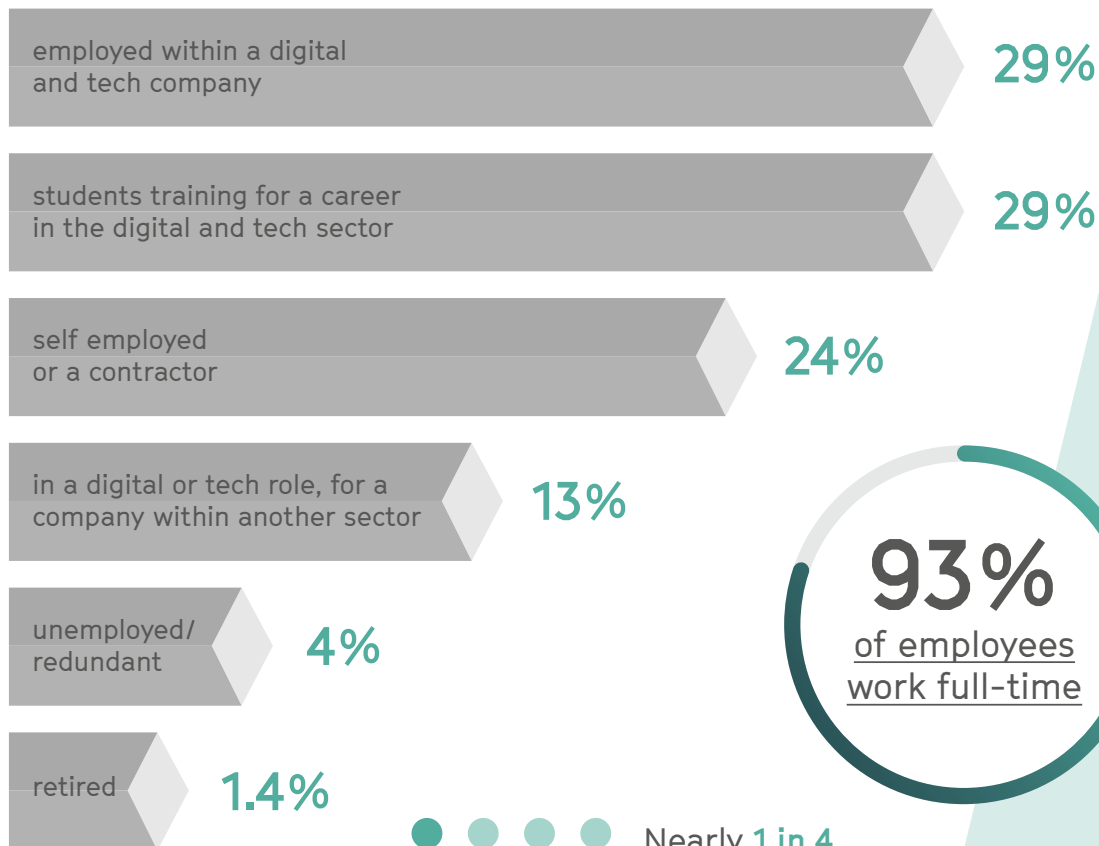
The past 12 months have posed challenges for many businesses. It's encouraging to see that 42% of businesses that responded to the survey have reported growth in revenue, 32% reported their revenue was consistent with the previous 12 months, leaving 16% reporting a loss in revenue compared to the previous year.

The data also showed that smaller companies seemed to be impacted most, with 36% of smaller companies (with fewer than 10 staff) seeing a decrease in the company revenue.



Employment status

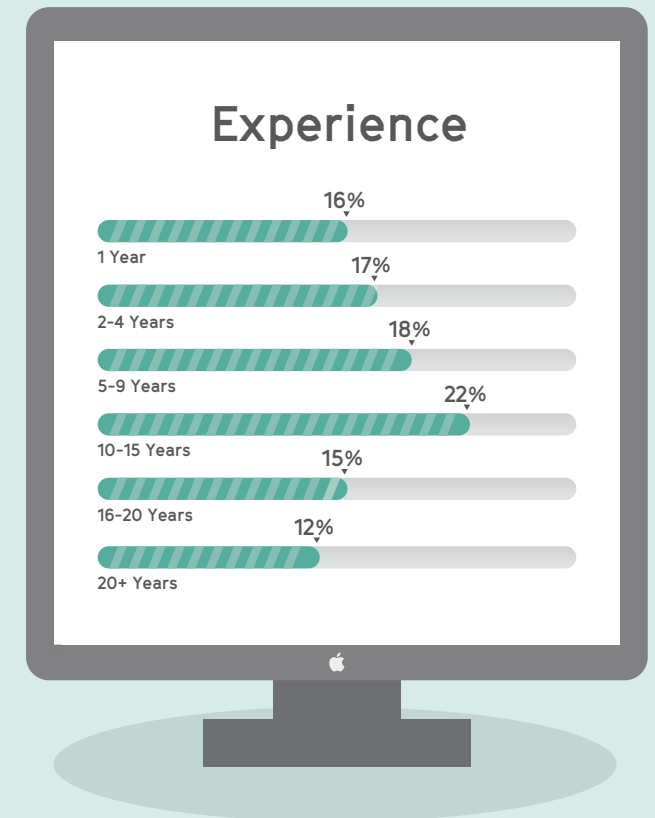
We asked employees and individuals across the country to tell us about themselves and their views on tech employment.



 Nearly 1 in 4 employees are developers



Individuals represent a wide range of experience in the digital and tech sector. 33% have less than 5 years' experience, whilst 27% have been working in the sector for over 15 years.

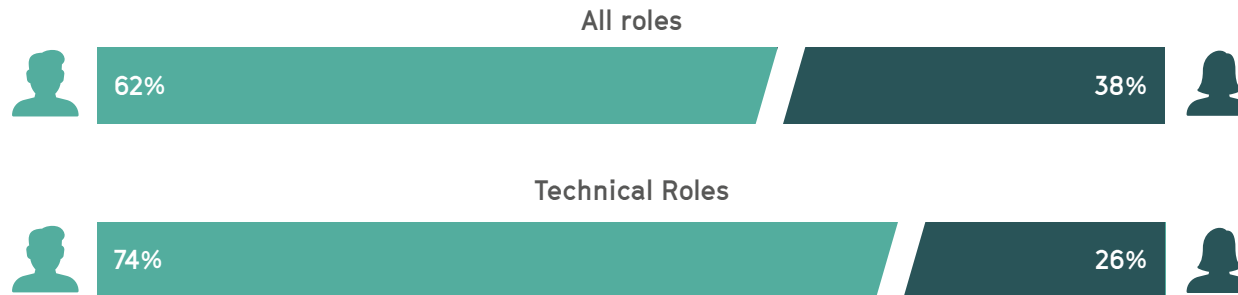


Gender split

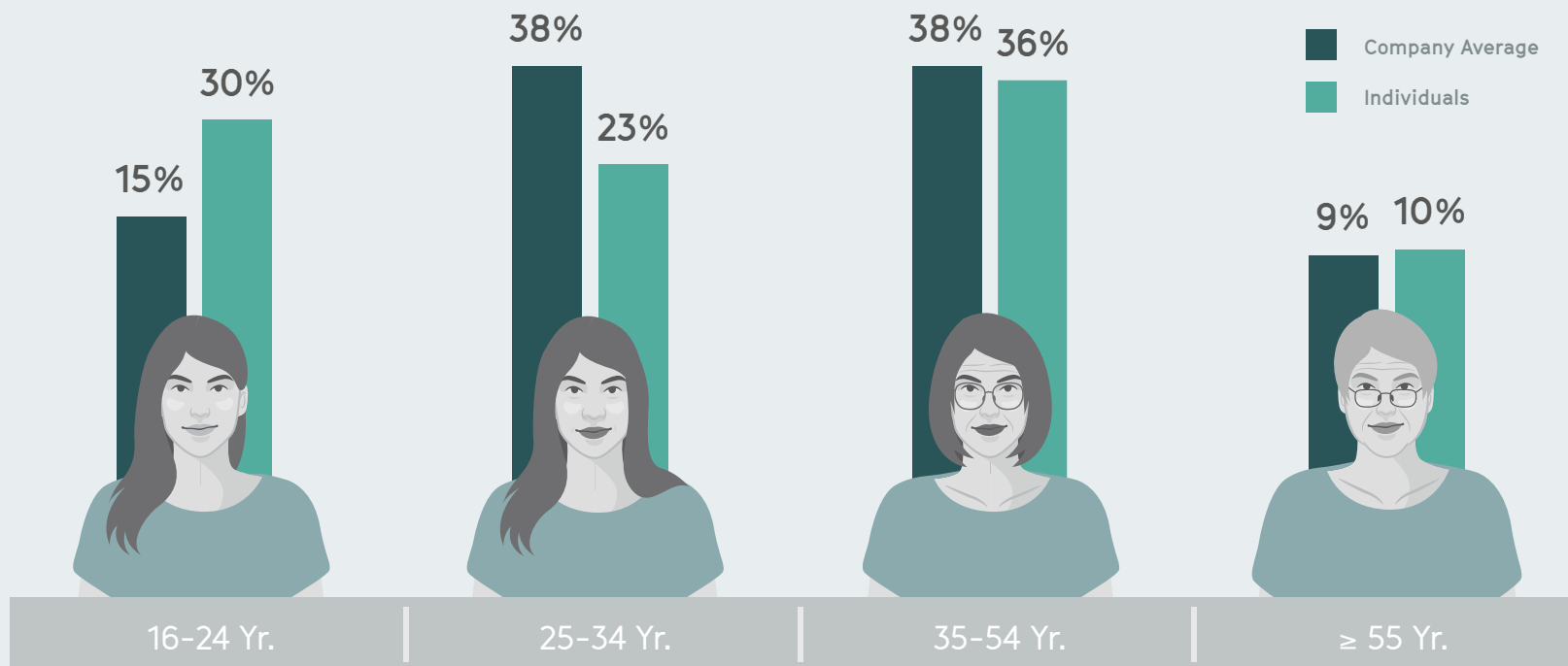
The gender imbalance in tech has been well documented over the years, and whilst the numbers are moving in a positive direction, it's happening at a slow pace.

The audit shows that women now account for 38% of people working in the digital and tech industry, this reduces further, to only 26%, when we look specifically at the number of women who hold technical roles.

Feedback from women in the industry is that there are not enough peer mentors for women when they have entered the industry and are looking to develop and progress. We must continue to deliver programmes which engage with women of all ages, and inspire them to consider a career in the digital and tech sector.



6% of respondents either identified as another category, or preferred not to disclose their gender.



Age

The digital and tech sector is still primarily dominated by those under 40, however this is changing. Businesses are now reporting an even split of employees from the 25-34 and the 35-54 age brackets, and over 9% of their workforce are in the over 55 age bracket. This reflects how the sector is maturing rather than the result of programmes to encourage older people to reskill.

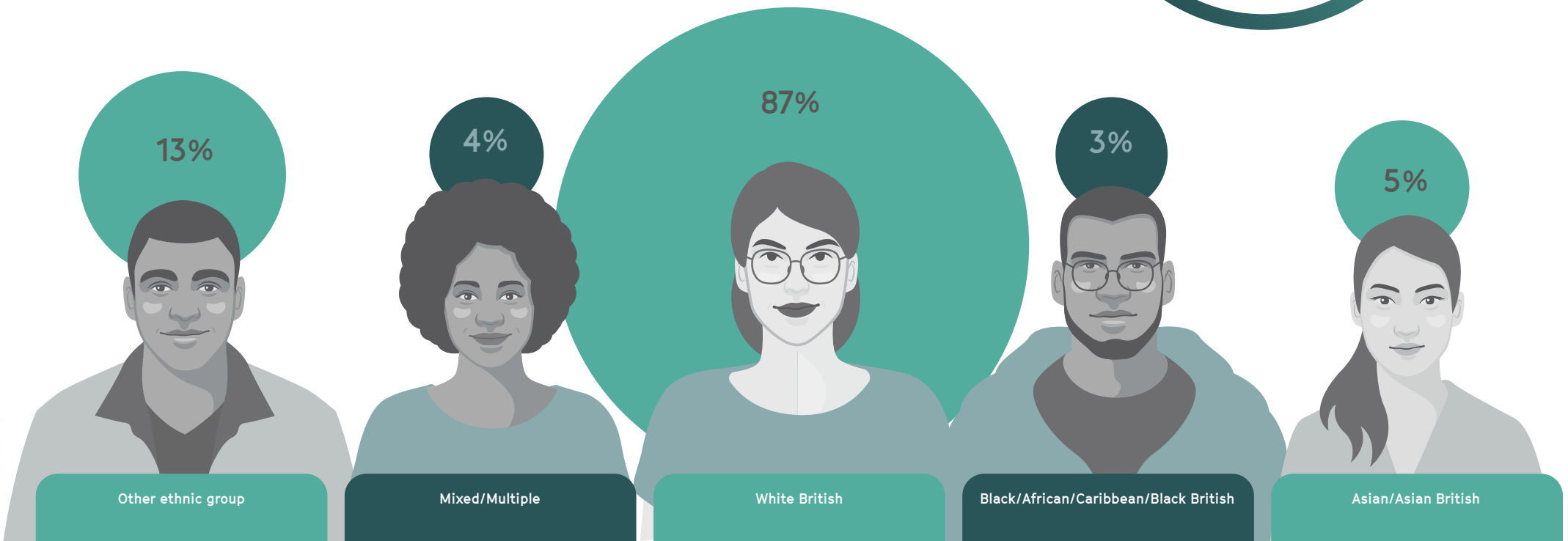
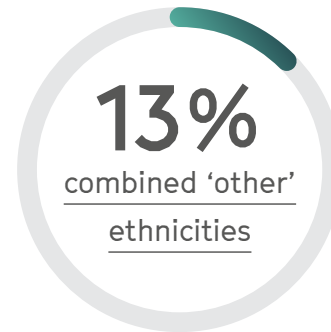
The audit has highlighted that there are more 16-24 year olds within the sector than being reported by businesses (30% vs 15%), which suggests an increase in younger talent looking to move in to the industry.



Ethnicity

Diversity in the industry still shows an imbalance, with 87% of employees within the sector identifying as white. People identifying as black, asian or mixed/multiple ethnic groups combined account for just 13% of the industry. This figure shrinks again when we specifically look at the senior roles within the industry.

There is still a huge amount of work to be done to continue to build a more diverse digital and tech workforce across the UK.

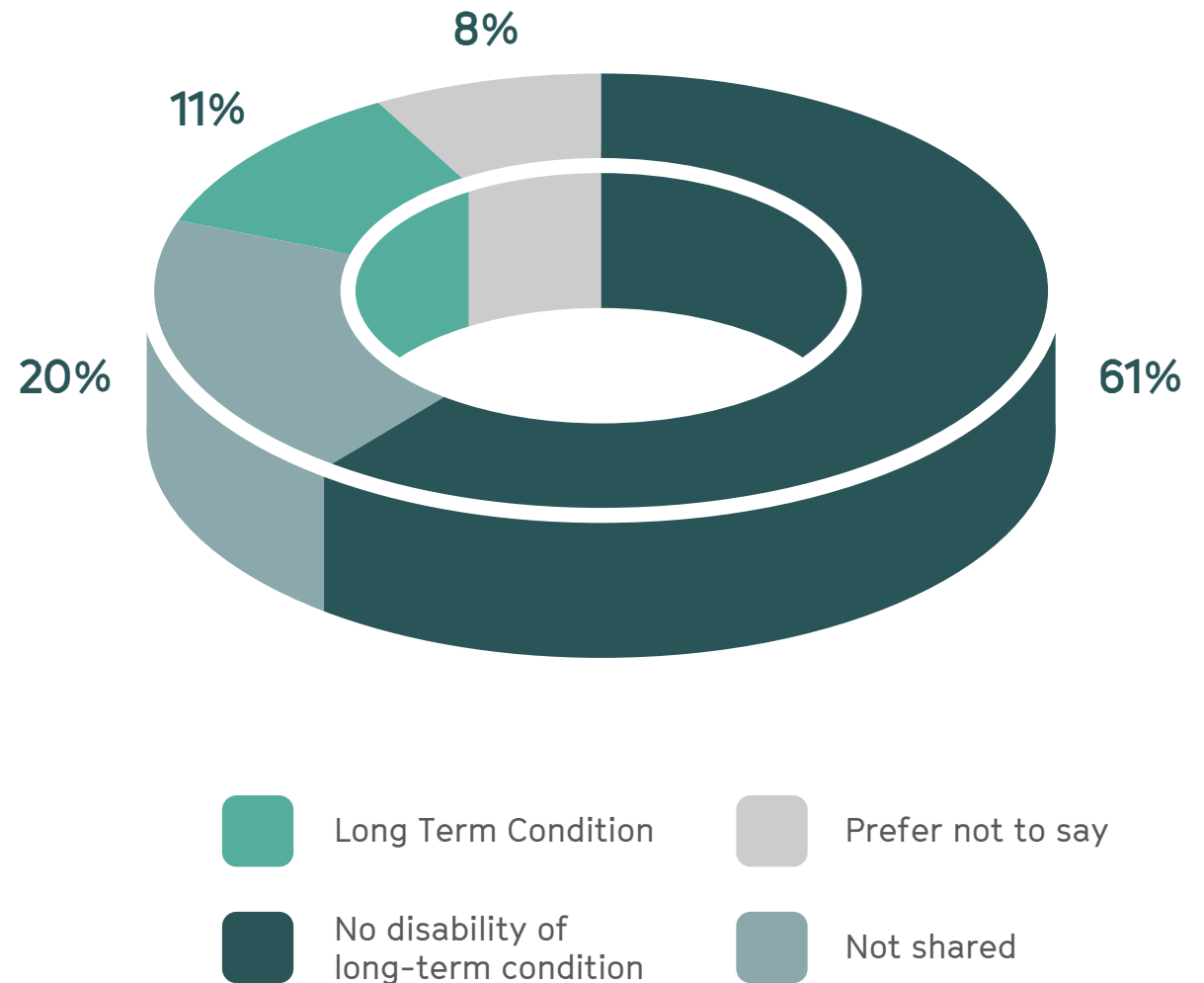


Workplace wellbeing

On average 11% of employees have declared they have a disability or long-term condition. However, employers report almost 20% of employees have chosen not to share whether they have any kind of disability or condition.

Whilst many employers are proactive in providing support and assistance to people with long term conditions and disabilities.

The industry must continue to make the workplace accessible and supportive to people of all backgrounds.



Recruitment and relocation



Where are we drawing talent from?

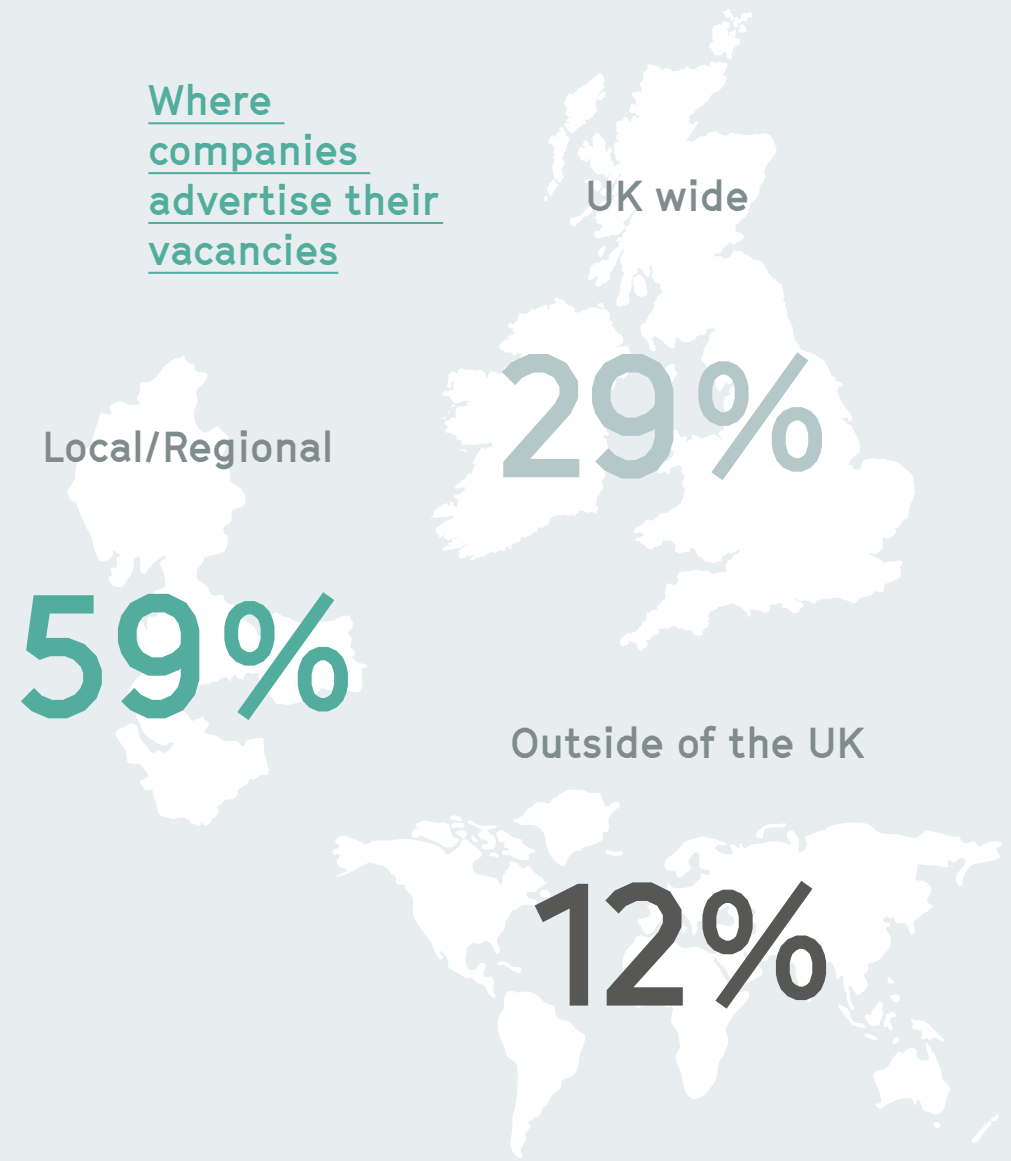
The quality and depth of the talent pool across the UK varies greatly depending on the region and the role. Companies are taking varying approaches when searching for new talent. On average **59% of roles are only advertised within the local region**, 29% of roles are advertised across the UK, and 12% advertised internationally.

This is where we begin to see regional differences with 38% of roles in the North East advertised across the UK, whilst 76% of roles within the North West are advertised in the local region only. The South of England advertises around 24% of roles internationally, over double the national average.

Of the companies recruiting outside of the region the most popular reasons were:

- ▶ Lack of quality candidates
- ▶ Position required specialist skills
- ▶ Remote working so were not restricted by location

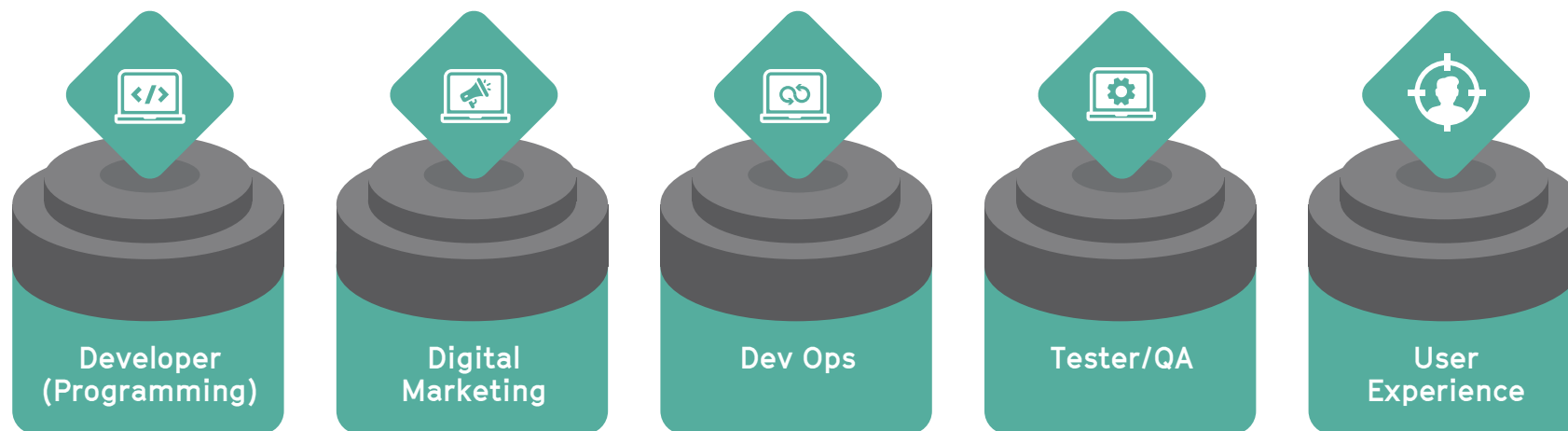
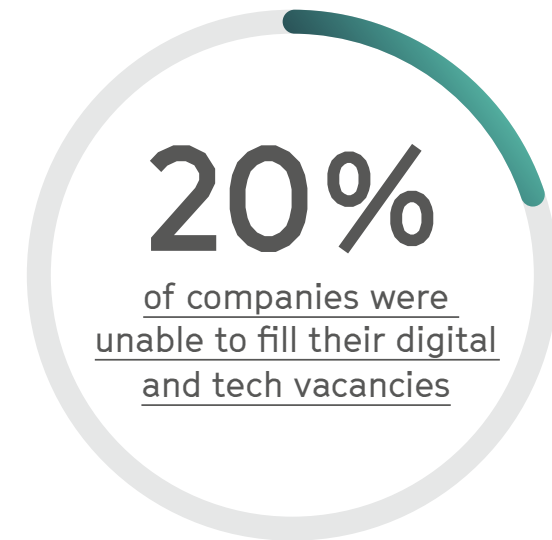
Where
companies
advertise their
vacancies



Difficult vacancies to fill

Nearly 80% of companies across the UK were able to fill the digital and tech related vacancies that they advertised. Most regions followed a similar trend, however, as a region the North East report that more than 52% of companies are struggling to fill their digital and tech related vacancies, which could explain the increase in their recruitment targeting individuals outside the local region.

Of the companies with unfilled vacancies, over half reported that these included developer/programming roles. This increases to 83% when looking at the North East.



Most difficult roles to fill

Difficult vacancies to fill

Over half of companies unable to fill all of their vacancies the identified a lack of quality candidates as the main reason, this number rises to around 65% when we focus on businesses with more than 10 staff.

Of those companies reporting lack of quality candidates as the main reason, over 70% highlight relevant experience as the main reason.



Lack of interest/
applications



Impact of
Covid



Position required
specialist skills



Unable to meet
salary demands



Lack of quality
candidates

Reasons companies struggle to fill their vacancies

Attraction and retention

More than 3 out of 5 people in employment highlighted flexible working as being in their top 5 benefits of working for their current employer. However, when asked to select the most important benefit, level of pay comes out on top.

When the data is broken down further it shows what is considered important varies by age group.

Flexible working is favoured by the younger age brackets, whereas remote working gradually increases in importance by age before dropping off aged 55 or over.

Level of pay is most important to 35-44 year olds, and the 16-24 age group seem to value employee support and training more.

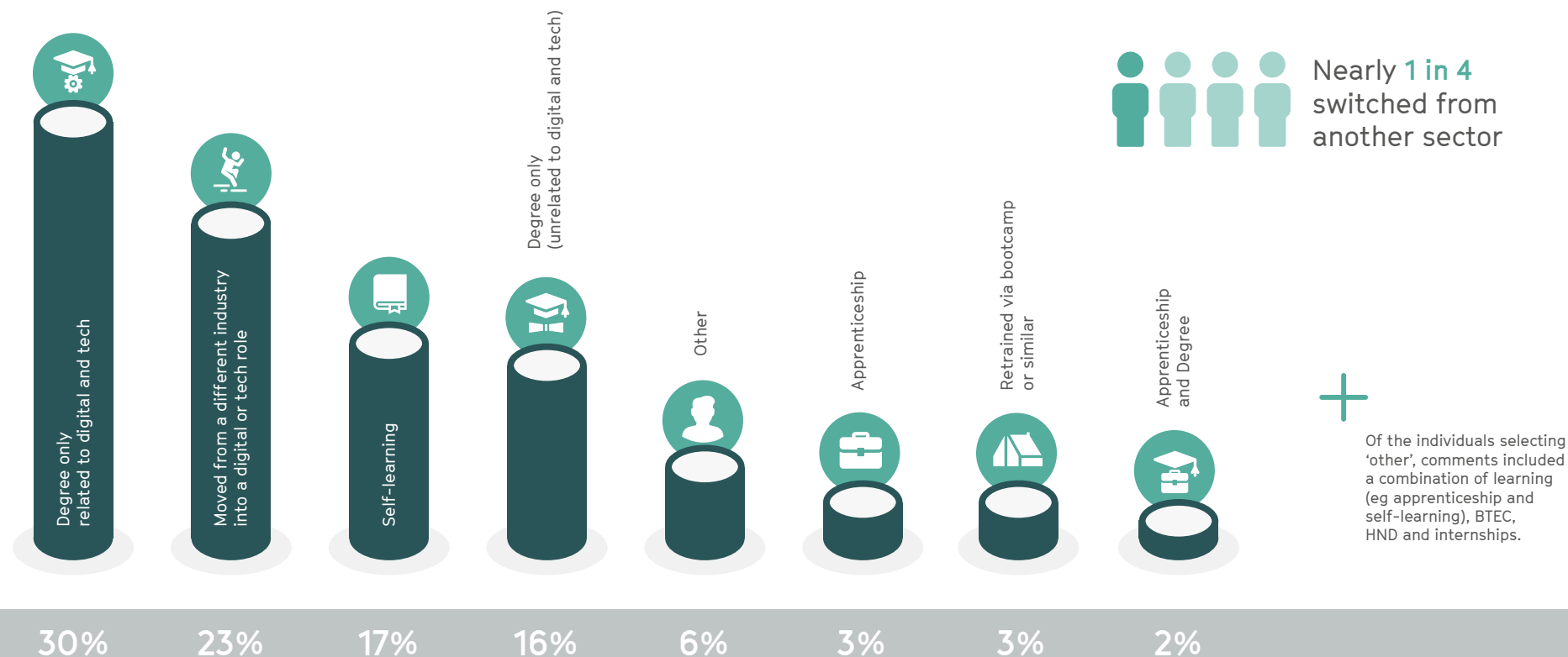
Benefits most valued by employees



MOST IMPORTANT

Qualifications and pathways

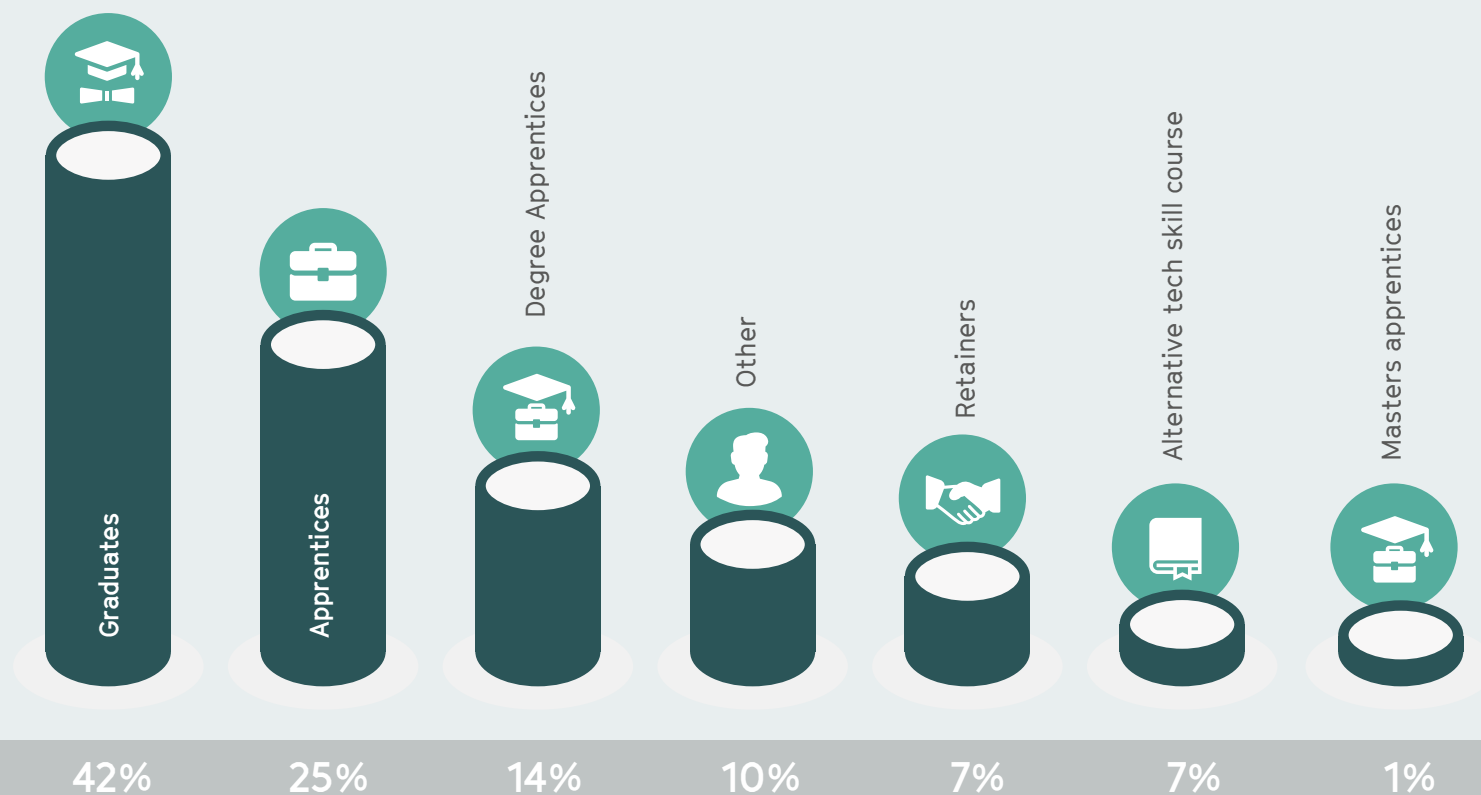




Qualification pathways

The most common pathway into a digital and tech career is a degree related to the sector, which accounts for more than 30% of the people we spoke to. This is closely followed by 23% of people switching careers, and moving from a different industry into a digital or tech related role.

However this trend seems to be changing. The data suggests those individuals entering the industry in the last 5 years were less likely to have come via an industry related degree, when compared to those individuals who have been in the industry for 15 years or longer.



Entry level talent

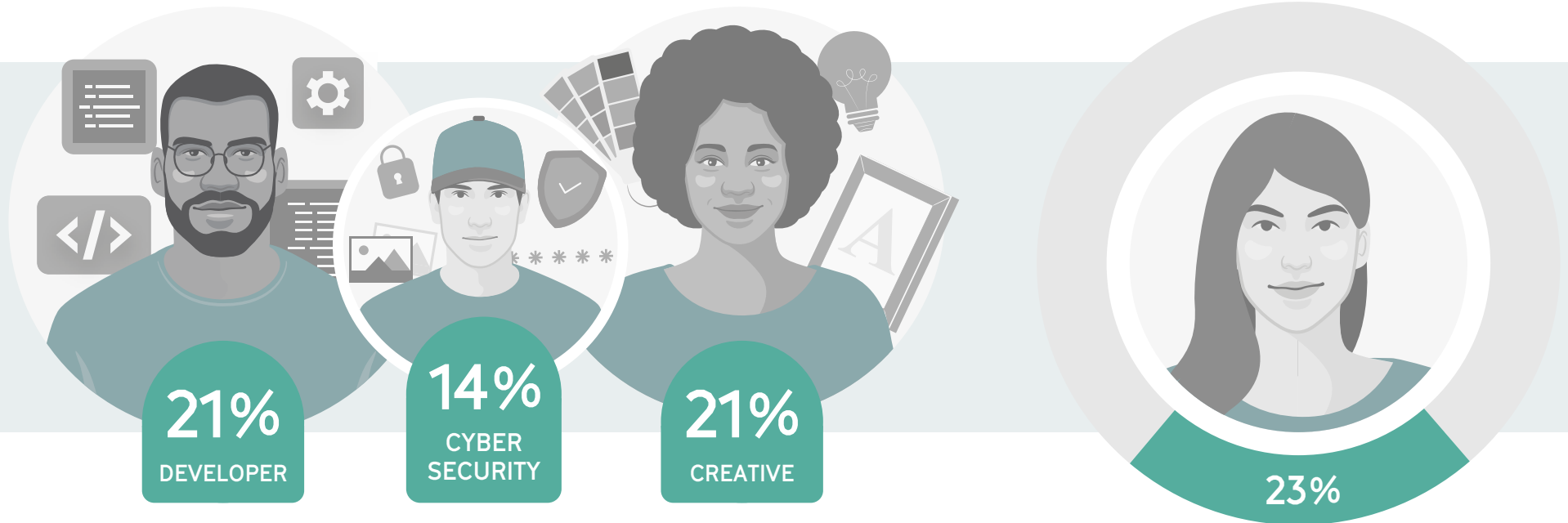
Overall, 42% of companies reported that they hired graduates in the past 12 months, with this rising to 47% for companies with more than 10 staff.



Students

57% of the students we spoke to were studying for a degree only, with another 34% identifying some other form of learning such as bootcamps.

Apprenticeships and apprenticeship degrees only accounted for 9% of the students we spoke to.



Top three roles students are looking for within the digital and tech industry.

of students already have some **experience of working in the digital and tech sector.**

Training and development

Employees were asked if their company had paid for training or development opportunities for them in the last 12 months. **55% of all employees reported that they had**, with this rising to 60% of those working in a company with over 250 staff.

The majority of individuals (88%) have undertaken some form of self-learning over the last 12 months to develop their professional skills. 62% have continued to attend (online or in person) meet-ups.

29% have personally invested in training to further develop their skills and knowledge.

10% reported 'other' which included attending online conferences, coaching, mentoring and free online learning. This could be seen as a benefit of the pandemic and the increase in online events and training available.

Leadership and management is the key skill people want to develop in the future.



55%
of employees
had paid training
opportunities

Top 5 skills

**individuals have developed
over the past 12 months**

- Strategy
- Leadership and management
- Developer (programmer)
- Digital Marketing
- User Experience

Future skills



Areas of growing importance

When employers were asked which skill sets they think will impact growth of the business over the next 3 years, 27% felt that sales and business development was most important, closely followed by development. This isn't surprising, given the impact of the pandemic

as businesses will rely on sales and business development to secure new opportunities and rebuild their sales pipeline. However it's worth noting that of the people who responded to our survey, less than 5% currently work in this area.



TCG UK Tech Cluster Group



The UKTCG is the national organisation helping regional ecosystems grow their tech communities by connecting, collaborating and providing a common voice across the UK.

uktechclustergroup.com

TCG UK Tech Cluster Group

IN PARTNERSHIP WITH

institute of
CODING

