

Summary

A key element that has driven IT recruitment over the past two years has been the recovery seen in the finance sector. It was here that the effects of the banking crisis were first felt. By the end of 2008 IT recruitment by financial organisations had fallen to a third of the peak 2007 levels. From 37,470 jobs in the last quarter of 2007 to 11,175 jobs in the last quarter of 2009. Cuts were made across the whole spectrum of IT functions from support personnel, developers right through to senior management grades. As the economy recovered during 2010 recruitment levels improved to an extent that by the third quarter vacancies being advertised had increased to 13,317 jobs. The last quarter of 2010 put an end to this with vacancies being cut back by 5.5%. With the exception of the public sector finance is the only area to have seen such a reduction. However there is probably a likely explanation for this. Finance has historically been the front runner in outsourcing IT functions. Immediately following the recessions of the early 1990s and the Y2K fall out finance outsourcing of IT operations in particular accelerated. Since then the target from outsourcing companies has been to cover major development projects. This meant an increase from these companies for skilled and experienced IT development staff rather than for support personnel. It would have been great if these vacancies had been taken by home grown IT people, but increasingly overseas software houses and consultancies have been filling vacancies by importing more cost effective employees from their home countries. This is mainly the province of Indian based companies utilising an onshore or offshore type of operation. In essence the companies have an offshore contract which is then fulfilled by bringing in staff to the UK from the home country.

Government policy on immigration is meant to be curtailing immigration from non EU countries, however it will do little to stop the activity of predominantly Indian based companies using Inter Company Transfers (ICTs) via the onshore-offshore process. Thousands of IT staff come to the UK from Indian companies every year via ICTs. It is estimated that 80% of non EU IT people come to the UK on this basis. The government has stated that any person staying more than a year will have to be paid a minimum of £40,000, the view being that it will make it more expensive for companies to keep people in the UK for longer than this. This is a pathetic approach in that IT developers working in finance in the city are currently being offered salaries that average £56,298 with more senior grades going up to £70,188. The overall UK average being advertised for developers is £42,201. On top of this is the cost to employers of NI and other related costs. The pay figure set by the government needs to reflect the types of jobs being exploited and fix the level accordingly.

The principle that immigration is based on there being a shortage of highly skilled IT people is of course acceptable. However this principle is being abused on a widespread basis. The argument from companies is that the UK is now dependent on offshore suppliers to develop our IT systems and services and that restricting immigration will mean these services becoming more expensive. This view is not held by the many thousands of UK based IT professionals who have lost their jobs over the past two years. This includes the 17% or so graduates in IT who have yet to find employment. The future for the UK based IT industry is not looking good, and will remain so until this government puts some teeth into its immigration policy. The import of lower paid IT personnel will continue unabated.

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