



Unlocking the UK's tech talent potential

February 2024



Eagle Labs



Funded by
UK Government

 **Beauhurst**

Executive summary

Talent plays an important role in the success of any business. Hiring individuals with the right skills can allow businesses to realise their potential and execute their vision, but the skills required are constantly evolving.

The UK tech sector is dynamic and rapidly changing, employing over 3m people. New technologies such as artificial intelligence (AI) are changing the skills that tech companies need, while the shift towards hybrid and flexible working models, accelerated by the COVID-19 pandemic, has broadened the geographical scope for job seekers. This report investigates digital skills and hiring in the tech industry in this context through the analysis of 15k active high-growth UK tech companies.

Technological developments are leading to skill gaps in the tech industry, with demand outstripping supply on many occasions. This imbalance has led to increased competition among businesses for talent, which has led to a rise in median salary for in-demand skills, such as the programming language Python. The digital skill gap is impacting the UK economy through loss of GDP. **The Digital Skills Council**, a collaborative effort between government and industry to address the digital skills shortage, aims to develop solutions that ensure the UK remains competitive in the global economy.

Diversity and inclusion have been major issues within the tech sector, at times companies within the industry have failed to hire those from a range of gender, ethnic and socioeconomic backgrounds. Initiatives addressing these issues are becoming increasingly common, a positive sign for the development of the industry.

Unsurprisingly, companies in London are at the epicentre of tech hiring, followed by the South East and the East of England. Companies at the venture stage of evolution are hiring the most employees. Software-as-a-Service (SaaS) businesses are making the most hires within the broader tech sector.

Universities and industry networks play a crucial role in attracting and retaining talent by nurturing the next generation of tech professionals. Universities are often at the forefront of education in emerging technologies, while industry networks facilitate the exchange of knowledge and foster collaboration.

AI has the potential to transform recruitment for employees and employers. While there is already evidence of technology transforming the recruitment process, recruiters need to be wary of the potential for AI to perpetuate biases. Recruitment processes may need to be altered to accommodate the increasing use of AI, to ensure candidates are fairly tested for their suitability and are not abusing this technology. As the companies and those employed in the UK tech sector navigate these changes, the commitment to training and development, diversity and inclusion, and adapting to emerging technologies will be the key to unlocking the sector's full potential and maintaining its global competitiveness.

Understanding skills and hiring in the tech industry

The evolving nature of the technology sector has highlighted the importance of both skill sets and hiring practices for businesses. Employing over 3m people, the UK tech sector is leading amongst its European counterparts.¹ With the advent of new technologies, many traditional tech roles are changing whilst new roles are emerging. In recent years, tech roles have diversified to include specialised fields such as artificial intelligence (AI), cybersecurity, and data science. Skills in machine learning and data analysis have become increasingly vital, alongside a growing emphasis on soft skills like adaptability, problem-solving, and communication. This shift in skill requirements reflects the industry's progression and impact on employment trends. As digital transformation accelerates, the demand for skilled tech professionals continues to grow,

outpacing the supply in many areas. The rapid pace of technological advancement requires entrepreneurs to continuously adapt their talent requirements to stay competitive. This competition is driving higher salaries and more comprehensive benefits packages as businesses strive to differentiate themselves to prospective employees. Resultant of the global pandemic, hybrid and flexible working arrangements have become an essential part of company culture. These models have expanded the geographical scope for job seekers, enabling them to explore employment opportunities in a broader range of locations.

However, the gap between the skills available in the workforce and those needed by employers continues to widen.^{2,3} This gap poses significant challenges for businesses and in some cases has hindered potential growth. Digital skills, which encompass a range of competencies such as computer literacy to technology expertise, are becoming increasingly important in the economy. The digital skills gap is estimated to cost the UK economy £63b per year in lost potential gross domestic product (GDP).⁴ However, as reinforced in the UK Digital Strategy, there is a concerted effort towards upskilling current employees to meet the demands of new technologies and methodologies. An example of initiatives being established to combat this is the Digital Skills Partnership (DSP), which aims to close the

gap through the provision of training and education resources. By increasing the supply of digitally and tech-enabled workers, the UK aims to enhance its global competitive reach and innovation.

The tech industry has historically struggled with diversity, particularly in terms of gender, ethnicity, and disability representation. Although women make up about half of the global workforce, they are significantly underrepresented in the tech sector. Only 24% of jobs within the tech sector are occupied by women, with female representation dropping further in sub-sectors such as cybersecurity.⁵

Prioritising diversity and inclusion can enhance a company's reputation and increase attraction to potential talent. Some UK businesses have adopted blind and inclusive hiring practices and conduct unconscious bias training to enhance awareness as well as diverse and inclusive behaviours. Diverse teams have been shown to be more innovative and efficient, due to their varied perspectives and experiences.⁶

This report examines digital skills and hiring in the tech industry through the evaluation of over 15,000 active high-growth tech companies. The term "actively hiring" for the purpose of this report has been used to describe businesses with a live job advertisement on

their website. The report also leverages labour market data provided by the job advertisement platform Adzuna.

¹ Department for Digital, Culture, Media & Sport, and Paul Scully MP. "UK Tech Sector Retains #1 Spot in Europe and #3 in World as Sector Resilience Brings Continued Growth." GOV.UK, 21 Dec. 2022

² Skills Shortage Increase Sends an Important Message to Us All." Speakers for Schools

³ HR Review. "The Skills Gap Is Widening: How Can the Talent Shortage Come to an End?", 6 May. 2022

⁴ UK Government. "UK Digital Strategy." GOV.UK. 4 Oct.2022

⁵ TechUK. "As the Technology Industry Continues to Grow, So Does the Number of Women Working in IT, 2023

⁶ Forbes Insights. "Diversity Confirmed to Boost Innovation and Financial Results." Forbes, January 15, 2020



Trends in hiring

As of January 2024, London leads the UK's tech hiring with 1,664 companies, followed by South East England (418) and East England (252). Key hiring sectors include SaaS (1,157 companies), internet platforms (889), and mobile apps (544). Venture-stage companies dominate hiring (31.3%), closely followed by growth-stage (25.5%) and seed-stage (22.3%). The East of England is also becoming increasingly prominent, with 252 hiring companies, drawing on the intellectual capital of Cambridge and other innovation-rich areas.



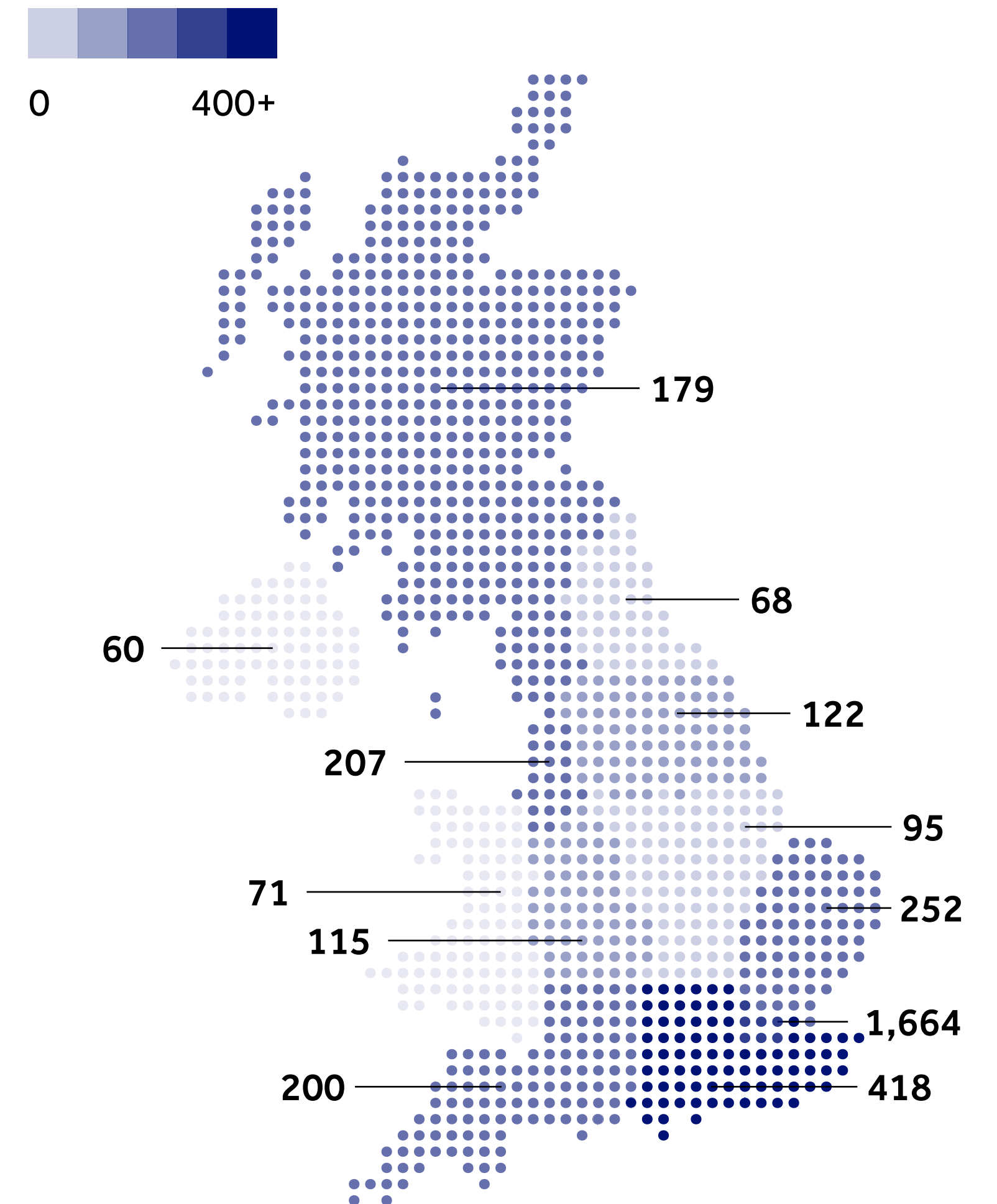
Regional distribution of actively hiring companies

As of January 2024, London is the most actively hiring region, leading with a significant 1,664 companies seeking new talent. This is a testament to the abundance of co-working spaces, networking events, and London being a melting pot of global talent enriched by a large business population. The South East of England follows with 418 actively hiring firms, benefiting from the spill-over from London's tech ecosystem and the famed M4 corridor's tech clusters. The East of England is also becoming increasingly prominent, with 252 hiring companies, drawing on the intellectual capital of Cambridge and other innovation-rich areas.

In parallel, the North-West with 207 actively hiring companies, is undergoing a remarkable transformation. Once known for their industrial heritage, cities like Manchester and Liverpool are now at the forefront of the digital revolution. Consequently, they are actively seeking to attract and nurture local talent.

Scotland also stands strong as a tech powerhouse, with 179 actively hiring companies. This growth can be attributed to a combination of strong academic foundations and proactive governmental policies. This necessitated the recruitment of top talent to satisfy the growing demands of the flourishing Scottish technology sector.

Distribution of actively hiring technology companies by region (as of January 2024)



Local authority distribution of actively hiring companies

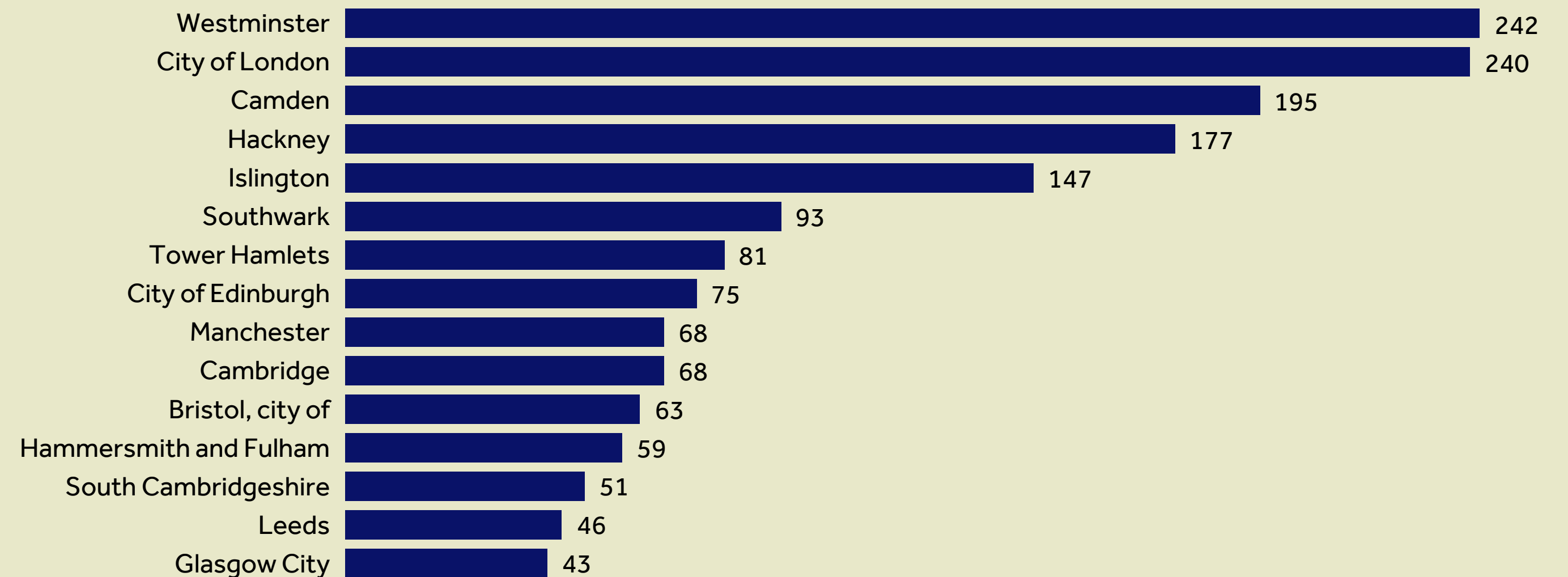
As of January 2024, Westminster and the City of London lead the UK's tech hiring scene, with 242 and 240 actively hiring firms, respectively. Camden and Hackney, with 195 and 177 hiring companies each, are also burgeoning as centres of tech innovation. This observation is reflective of the capital's attractiveness, with London boroughs reaping the benefits of the city's status as a global financial hub. London's extensive financial infrastructure not only ensures that tech firms are well-funded but also allows them to attract a diverse workforce, fuelling their growth in a competitive global market.

Edinburgh (75), Cambridge (68), and Manchester (68) are also key players in the UK's expanding tech

employment. Renowned for their exceptional academic institutions and research, these cities are becoming magnets for tech firms and top talent, especially in specialised areas like life sciences and AI. This trend highlights a strategic shift in the UK's tech industry, branching out from London to tap into the rich pools of local talent these cities offer. Glasgow, hosting 43 actively hiring companies, stands as a significant tech hub. This upswing in hiring is largely attributed to Glasgow's significant investment in innovation districts and accelerator programmes.

These initiatives are not only significant for spawning a range of promising high-growth companies but also creating demand for diverse talent to fuel their expansion.

Distribution of actively hiring technology companies by local authority (as of January 2023)



Company spotlight: SR2

“We need diversity within tech companies because we all use tech every single day, and it needs to be accessible to the customers,” says Alicia Teagle, co-founder, and Director of SR2. “As a woman, I can tell when a platform has got women in mind; it typically suggests the presence of a diverse team behind it.”

Based in Bristol, London, Munich and Austin, SR2 is a BCORP-certified recruitment agency that focuses on connecting tech and digital talent in the UK, USA, and Europe with suitable employers. It was founded in 2017 by Chris Sheard, CEO, Nathaniel Smith, Vice President, and Alicia Teagle. SR2 works with hiring businesses to create tailored recruitment strategies. “Companies like to work with us because of our

socially responsible values and ethos, and candidates like being represented by us because we work with brilliant companies. If you take the time to get to know a business and its culture and values, you’ll know when you’ve found the right candidate,” explains Teagle. SR2 was featured on The Sunday Times Hundred 2023, showcasing Britain's fastest-growing private companies coming 34th with a 3-year CAGR of 104%.

The development of emerging technologies within tech sector has created new roles in the technology sector. Employers are now seeking candidates with a wide range of skills beyond traditional coding or computing skills. “There are so many different opportunities within technology, be it designing, game development, or even AI and ML. There are so many different areas, and it’s important that the next generation are aware of the opportunities that are within technology,” says Teagle.⁷

Teagle, emphasising the importance of ethical practices in hiring, says, “Our focus is on our social responsibility through transparency, honesty, and integrity in our recruitment approach.”⁸ One of the main issues within the tech sector is the underrepresentation of women and the existing gender pay gap. SR2 aims to address these disparities. “We want to help increase the number of women in IT and decrease the gender pay gap,” Teagle explains.⁹

Furthermore, Teagle suggests a practical step towards inclusivity in recruitment: “Remove the level of seniority or years of experience from ads because it deters people who can do the job but don’t tick every box.”¹⁰ This approach advocates for a shift in how job qualifications are presented, aiming to lower barriers for potential applicants who might be deterred by stringent requirements, thereby opening doors to a broader range of talents and contributing to the diversification of the tech workforce.

⁷ Tech for Good South West. 2023. “Episode 2 - Recruiting in Tech for Good with Alicia Teagle.” Tech for Good South West, February 14

^{8,9,10} Lindsay, Ffion. 2018. “Culture fit is the biggest challenge for startups’: Alicia Teagle on recruiting for Bristol’s tech industry.” CookiesHQ. September 6



“Our focus is on our social responsibility through transparency, honesty, and integrity in our recruitment approach.”

Alicia Teagle

Co-Founder and Director, SR2

Top sub-sectors

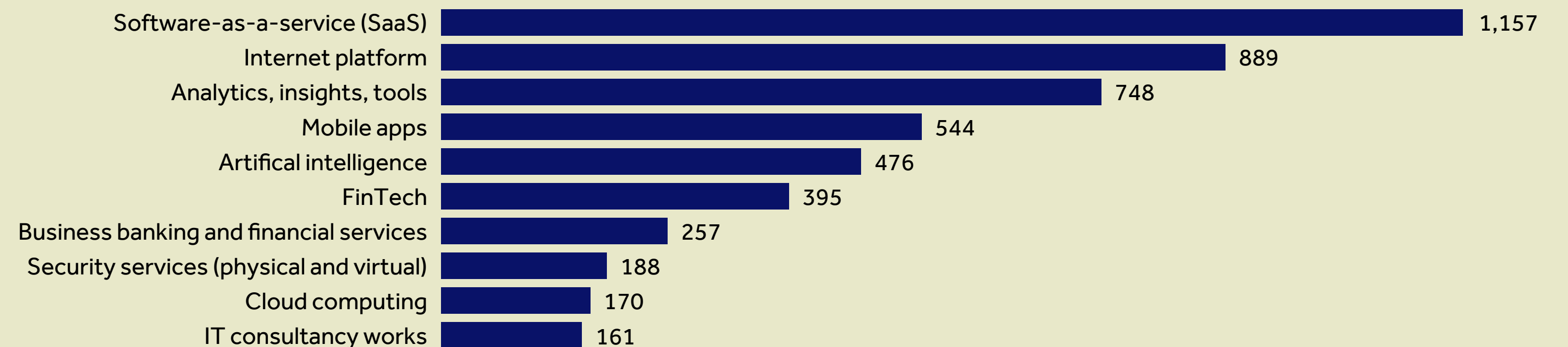
In January 2024, the SaaS sector led with 1,157 actively recruiting firms. This could be influenced by an increasing preference among businesses for cloud solutions in areas such as customer relationship management and accounting. The preference for SaaS platforms reflects their potential to offer tailored, efficient solutions for business needs, thereby creating an attraction for specialists skilled in developing and customising these platforms. Internet platforms, accounting for 889 companies, are central to the digital economy, offering spaces where businesses interact with consumers and execute transactions. The expansion of e-commerce, online services, and virtual communities has accelerated the need for web developers, digital marketers, and cybersecurity experts.

Mobile applications, comprising 544 actively hiring companies, demonstrate a strong hiring trend due to the escalating need for skilled developers and designers. These talents are crucial in enhancing app functionalities and catering to the evolving

requirements of contemporary mobile users. There are 476 artificial intelligence companies that are actively hiring in the UK and this is reflective of the expanding application of this general technology across industries. It is estimated that around one in six UK organisations have adopted at least one AI technology, with the technology sector having one of the highest AI adoption rates.⁷ This high rate of adoption fuels a strong hiring presence, driven by the demand for experts capable of implementing AI solutions tailored to suit diverse industry needs.

Fintech, specialising in integrating technology with financial services like banking and investment comprises 257 actively hiring companies. The sector's hiring landscape highlights its demand for talents adept at navigating the rapidly changing online economic landscape. In parallel, the cloud computing sector accounts for a significant 170 actively hiring companies, driven by the growing complexity and scope of cloud-based systems worldwide.

Top sectors and emerging sectors of actively hiring technology companies (as of January 2024)



Stage of evolution of actively hiring companies

Of companies that are actively hiring, venture-stage companies comprise the largest single group, accounting for 31.3% of all actively hiring companies. At this stage, businesses commonly have marketable products, significant regulatory progression, and have demonstrated a clear potential for high growth. These factors, combined with their increased funding from venture capital firms, enables them to actively recruit and expand their operations and product development more aggressively than companies at other stages.

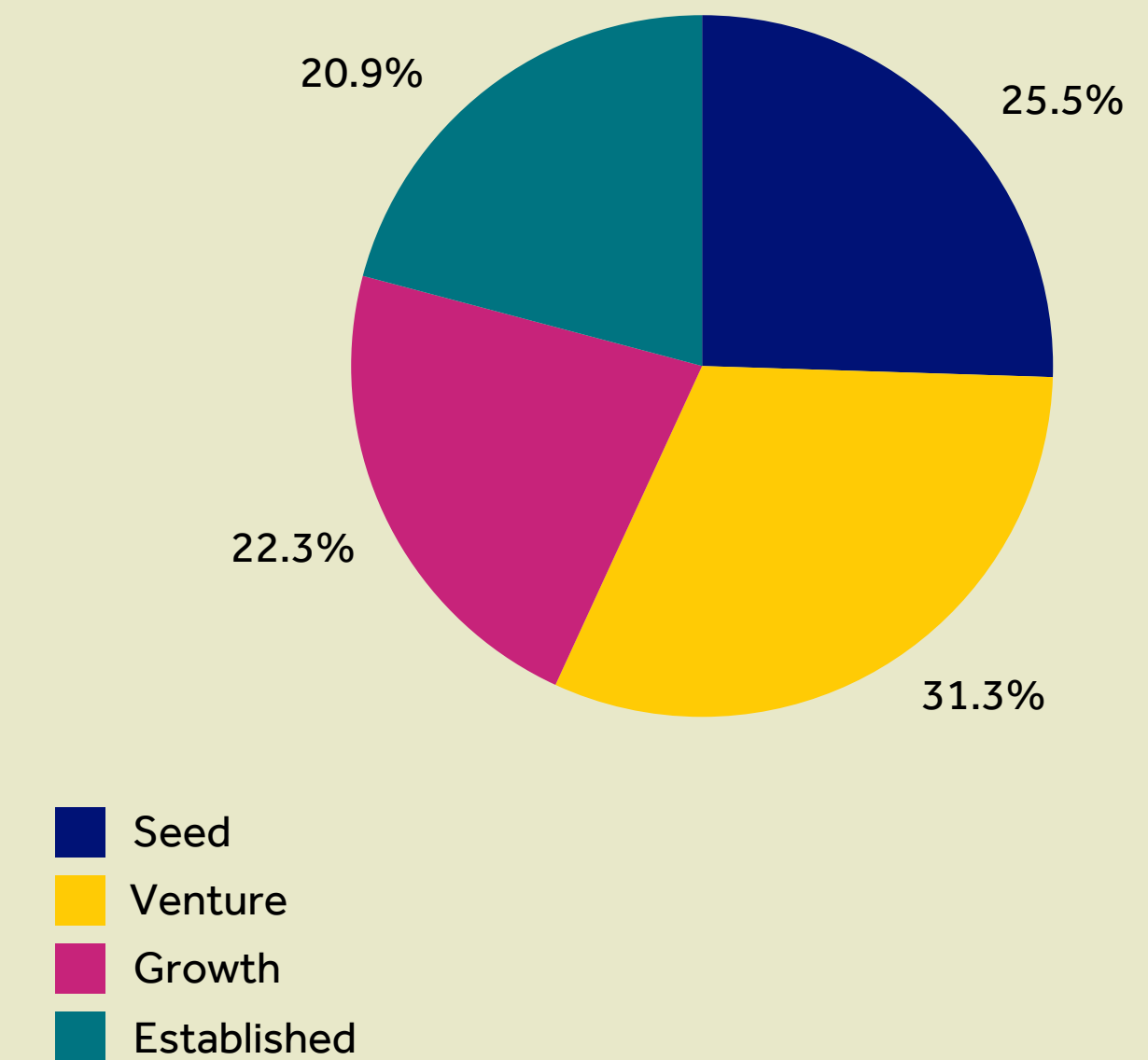
Closely following are companies in the growth stage, representing 25.5% of actively hiring activity. Typically, these are businesses that have been established for over five years, and often have multiple branches. Furthermore, they are also

characterised by substantial revenues, some profit, and others by highly valuable technology. This stage is marked by rapid customer acquisition and considerable market expansion, necessitating the increased recruitment of employees to support and sustain this growth.

Seed-stage companies account for a substantial 22.3% of actively hiring companies. This figure stands out as unexpectedly high for early-stage businesses as they usually have limited resources, making significant investments in hiring difficult. The observation might stem from improved access to early-stage funding or could be a result of a preference for a more aggressive growth strategy aimed at swift development and market penetration.

On the lower end, established companies make up 20.9% of actively hiring companies. This may reflect a stable workforce situation where fewer new hires are needed, and a business is operating efficiently without the need for workforce expansion.

Stage of evolution of actively hiring technology companies (as of January 2024)



Attracting talent

Universities and industry networks play an important role in entrepreneurship and innovation. Many institutions are offering courses and programmes on specialised technologies such as AI and cybersecurity to equip graduates with competencies in emerging technologies.

Many sectors, including the tech sector, have not witnessed as many vacancies as observed in 2019. Trends in quarterly data revealed the number of 2023 vacancies has contracted significantly.



University and industry networks

Industry networks are collaborations between businesses, professionals, and organisations within a specific sector. These networks facilitate knowledge exchange and innovation. Universities often partner with industry networks, providing research, academic expertise, and as well as talent pool of graduates.

Universities have adapted to the evolving tech industry by offering specialised courses and programmes in areas such as AI and cybersecurity while continuously updating traditional curricula in computer science and information technology (IT). By doing this, universities are attempting to equip graduates with proficiency in emerging technologies. Beyond their academic role, universities also act as networking hubs, linking students with industry professionals through diverse platforms. These include career fairs, guest lectures, and mentorship

programmes, which provide valuable opportunities for students to engage with and learn from experienced industry figures.

An example of the relationship between academia and industry is the University of Warwick Science Park (UWSP). Located on the university's Coventry campus, UWSP stands out as one of Europe's leading science parks, supporting growth for companies in technology, science, and the creative sectors. Technology businesses like Bosch, FTI Communication Systems, and LG Electronics operate at UWSP and have access to a pool of talented individuals from the university. These companies often provide students with practical experience through internships and, in many cases, also offer employment opportunities after graduation.

University-industry networks also play a crucial role in entrepreneurship and innovation within the tech sector. Many universities have established incubators and accelerators that support students and alumni in turning their ideas into viable businesses. These initiatives often provide resources such as mentorship, funding, and networking opportunities. Individuals from industry networks frequent these events and can offer additional funding or support to participating businesses.

Industry networks equip students with real-world skills and enhance employability. For universities, these collaborations help keep their courses relevant and future-oriented. They also play a key role in attracting prospective students who are keen on gaining practical experiences alongside their academic pursuits. Furthermore, these partnerships can lead to research collaborations, providing faculty members and students with opportunities to work on cutting-edge projects.

Alumni who have transitioned into the tech industry often remain connected with their associated university, providing mentorship, participating in speaking engagements, and facilitating the recruitment of graduates. These long-term relationships not only benefit the students but also help in building a strong, mutually beneficial ecosystem between the university and the industry.

The demand within the tech sector

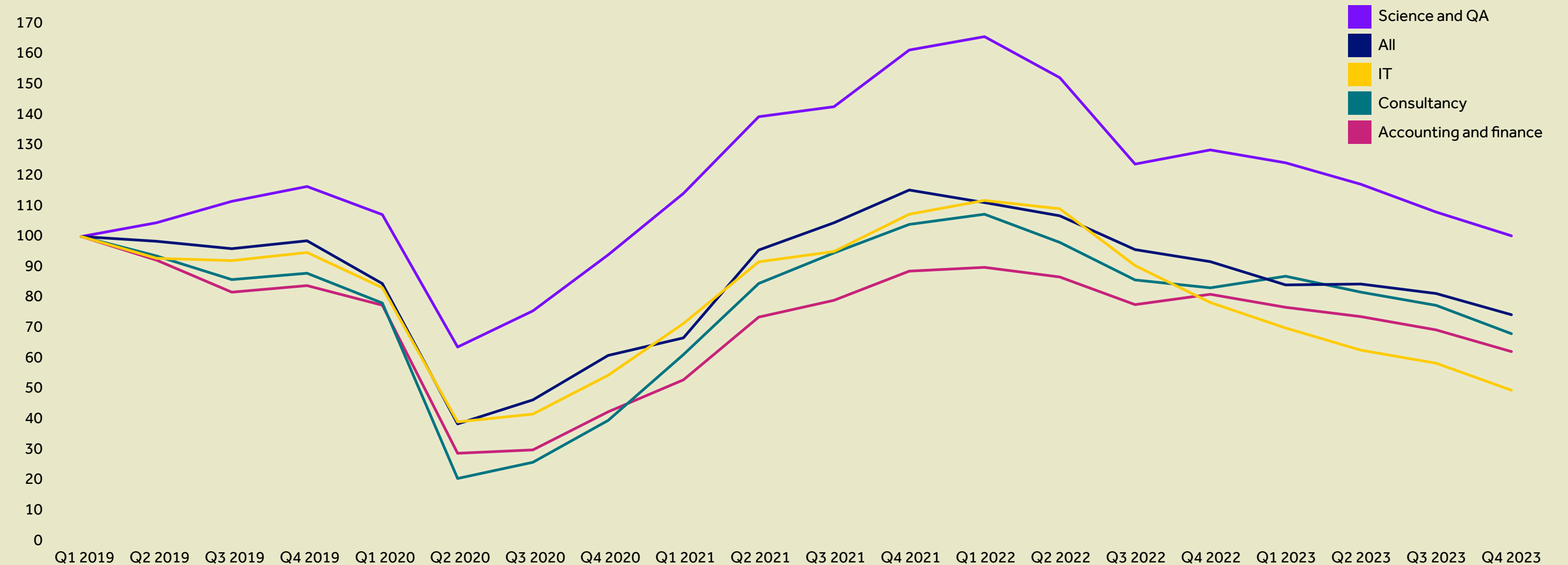
During the peak of the COVID-19 pandemic in Q2 2020, all sectors saw a steep decline in job ads as companies either slowed or stopped hiring plans. Demand in the tech sector dropped by 55.3% from the previous quarter, while consultancy and accounting and finance sectors saw declines of 62.9% and 54.7%, respectively. The widespread economic uncertainty, hiring freezes, and layoffs were direct results of the global lockdowns and market disruptions caused by the pandemic.

However, the tech sector saw a remarkable turnaround, rebounding to an all-time high by Q1 2022, with a 15.2% increase from Q1 2019. This recovery was driven by companies' quick adoption of digital platforms to support remote work by various companies and a push towards automating cloud systems to enhance digital customer interactions and operational efficiency. This shift to advanced digital infrastructures created a significant demand for tech

professionals to manage these transitions. By Q4 2023, the boost in tech jobs seen earlier had diminished, with demand shrinking to just 50.1% of its Q1 2019 levels. This decrease was partly due to the completion of urgent IT projects started during the pandemic. Additionally, a saturation in the market resulting from the initial wave of extensive hiring to meet the digital demands of that period. This extensive hiring, while initially necessary, led to an eventual workforce surplus as tech companies adjusted to the post-pandemic economic environment.

Furthermore, heightened investor expectations for profitability and operational efficiency have prompted tech firms to reassess and streamline their workforce. As such, the tech sector, despite still having higher overall headcounts than pre-pandemic figures, is currently experiencing a trend of workforce reductions, reflecting a broader market correction and a shift towards enhancing per-employee productivity metrics.

Change in job demand by sector (2019-2023)

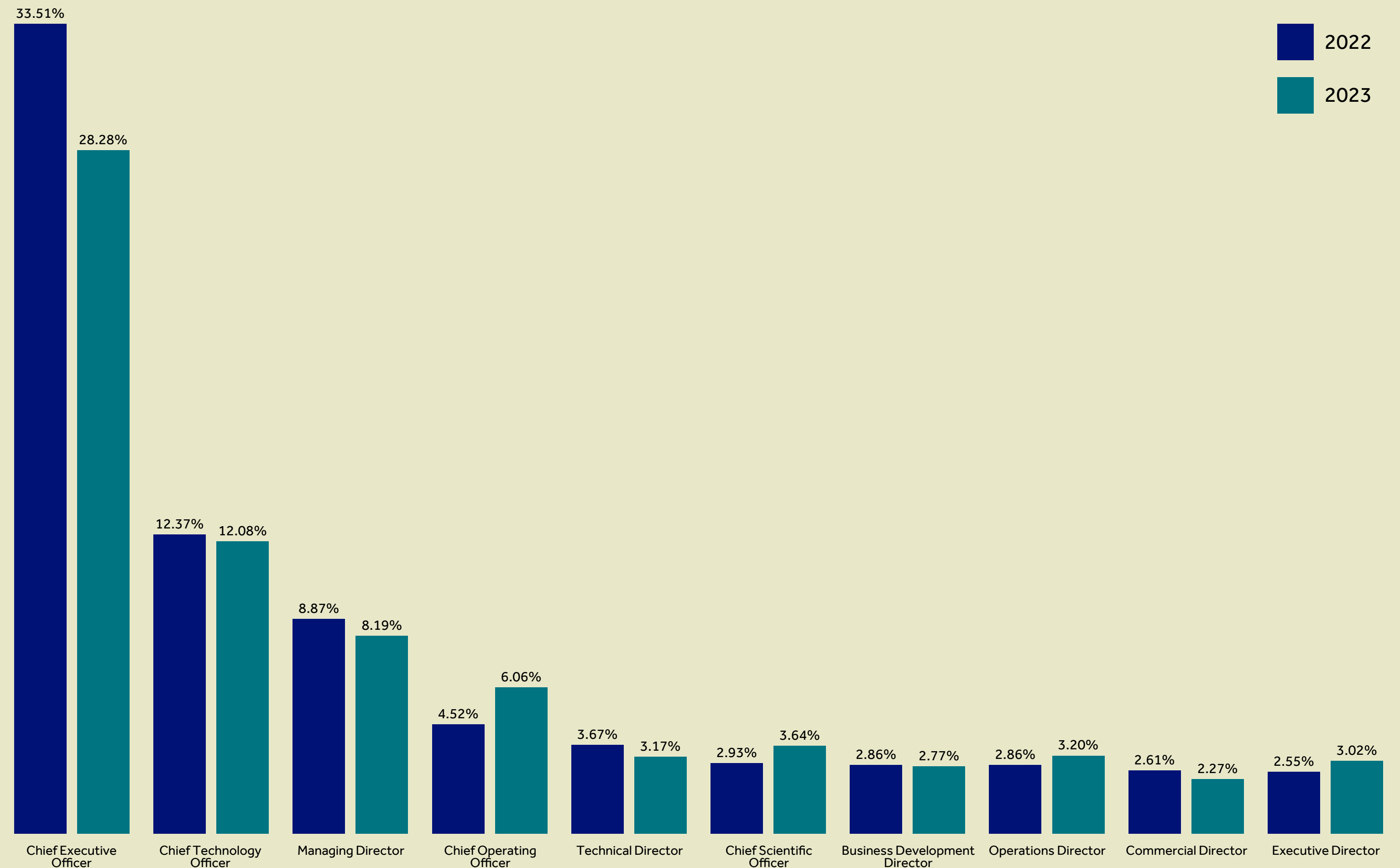


*Beauhurst analysis of Adzuna data

Most sought-after executive positions

In 2023, the most common executive position within the tech industry was Chief Executive Officer, with CEOs accounting for 28.3% of all executive positions. This proportion has decreased from 2022, when CEOs accounted for 33.5% of all executive positions. Chief Technology Officer (CTO) was the next most common position, accounting for 12.1% of positions at tech companies in 2023. The presence of a large number of CEOs in the tech industry is unsurprising, given that almost all companies will have one. The same can be said for CTOs. Given that this analysis looks into tech companies, it is important that these businesses have an executive dedicated to managing technical operations. The proportion of Chief Operating Officers, Chief Scientific Officers, Operations Directors, and Executive Directors operating in tech companies has increased between 2022 and 2023.

Top technology sector executive positions by proportion of total (2022-2023)



Compensation and benefits

In the technology sector, compensation and benefits are highly competitive factors when aiming to attract and retain exceptional talent. Compared to other industries, salaries in tech are significantly higher than the national average.¹¹ The median wage for technology professionals in England is estimated at £42,758, which is 55.0% higher than the national average. This variance in pay is influenced by factors such as role, experience, and geographical location. Particularly in major technology hubs like London, higher salaries are common.

Benefits in the tech sector extend beyond financial compensation, with many companies offering health insurance, mental health support and generous holiday allowances. Recognising the critical role of mental and physical well-being in a productive workforce, approximately 80% of job seekers prioritise mental health benefits.¹² Consequently, numerous tech companies incorporate initiatives

like therapy and counselling services alongside gym membership discounts. Professional development opportunities are becoming increasingly integral to compensation packages. With 65.0% of UK employees considering the absence of personal development as a motive for job change, the significance of these opportunities is evident.¹³ Tech companies frequently invest in their workforce by offering training programmes, access to educational courses, and tuition reimbursement for further qualifications.

Equity or stock options are commonly provided in both startups and large technology companies, serving as a significant component of employee compensation packages. These options offer employees an opportunity to own a portion of the company, thereby not only presenting a financial incentive but also cultivating a sense of belonging and personal investment in the company's future and growth trajectory. One specific form of equity compensation is the enterprise management incentive (EMI) scheme, which is particularly prevalent in the UK. EMI schemes are designed to help smaller, high-growth companies attract and retain talented staff by offering tax-efficient stock options. Under an EMI, employees can purchase company shares at a fixed price, usually set at the time the option is granted, which can be significantly lower than the market value at the time of purchase. This

setup can be lucrative for employees if the company's value increases over time.

Flexible work arrangements have become increasingly common, with an increasing number of companies offering remote work opportunities and flexible scheduling options. This shift in working approach reflects a growing emphasis on prioritising work-life balance and accommodating a variety of working styles and personal needs. The adoption of these flexible practices acknowledges that productivity and job satisfaction can be enhanced when employees have greater control over their working environment and hours. Such arrangements cater to a more diverse workforce, including working parents or those living in distant locations. By offering the ability to work from anywhere—and at times that suit individual schedules—tech companies are not only expanding their talent pool but are also promoting a culture of trust and autonomy. Furthermore, it allows companies to reduce overhead costs associated with maintaining large office spaces while simultaneously contributing to environmental sustainability, by reducing commuting.

¹¹ State of the Tech Workforce UK 2023." CompTIA, 2023

^{12,13} Employer News. "The Top Five Employee Benefits for 2023/2024"

Company spotlight: Fertifa

“Fertifa is Europe’s most comprehensive reproductive health benefits provider, and we take pride in the quality of our human-led clinical care. All of our pathways and offerings have been developed in response to demand from UK and European businesses, and we look to continue adding to our provision,” explains Eileen Burbidge, Director of healthtech company Fertifa. “Our scope encompasses a wide array of reproductive healthcare and wellbeing, including services catering to neurodiversity and offering financial assistance for costly treatments and care.”

Established in 2019, London-based Fertifa provides businesses and individuals with reproductive and

sexual health wellbeing services. By offering such services, Fertifa is dedicated to mitigating the reproductive health challenges that employees face, which are often overlooked. “We work with clients and help them recognise how many of their employees are likely to go through reproductive health journeys, whether that be family forming, parenting, hormonal health changes, or otherwise. Then we demonstrate how much Fertifa’s wellbeing support will improve absences, productivity, and overall wellbeing,” says Burbidge. Notable Fertifa customers include Monzo, Lululemon, and Meta. Fertifa has received £6.78m in equity investment via two fundraising rounds.

In the UK, fertility and reproductive health assistance are increasingly valued as essential components of employee compensation packages. This trend is driven by declining fertility rates and the upward shift in the age of first-time parents, prompting many job seekers to prioritise companies that are offering reproductive health benefits. “Workplace-funded wellbeing support not only demonstrates an employer’s dedication to diversity, equity, and inclusion but also signifies a commitment to nurturing employee wellbeing during times of challenge,” says Burbidge.

Fertility and hormonal health services are often expensive, can involve absences, and can be

challenging to navigate. “Employees greatly benefit from access to specialist clinical and medical professionals, whether through direct consultations or via our informative webinars and educational resources,” explains Burbidge. When compared to competitors, Fertifa has a wider range of support offerings and, according to Burbidge, is also committed to addressing the nuanced and financial needs of individuals during critical phases of their reproductive health journeys.



“Workplace-funded wellbeing support not only demonstrates an employer’s dedication to diversity, equity, and inclusion but also signifies a commitment to nurturing employee wellbeing during times of challenge.”

Eileen Burbidge
Director of Fertifa

Developing and retaining talent

Demand for soft and hard skills has risen across the tech sector, with communication being the most sought-after skill. Through analysis of job vacancy data, it is estimated that a large skill gap exists for hard skills, specifically programming languages and software-specific skills, such as Python and AWS (Amazon Web Services).

Evaluation of turnover rates indicates that Heads of Marketing roles have the highest churn rate of all executive positions at tech companies, whilst CEOs tend to remain at the company for a longer term. The vast majority of jobs that were posted by tech companies were looking for someone with a senior level of experience.

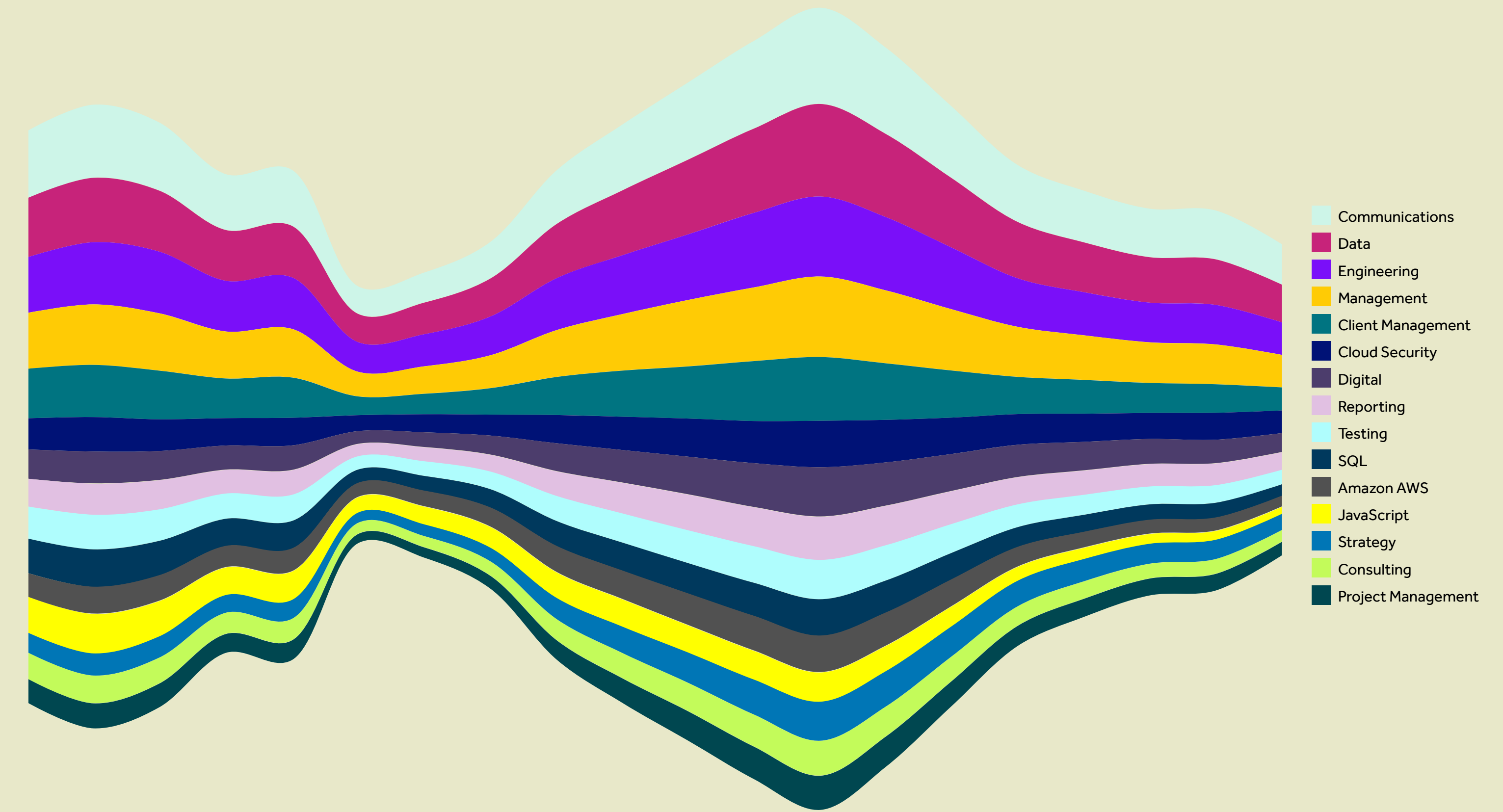


Understanding desirable skills in the tech ecosystem

Across the tech sector, there has been significant growth in the demand for both soft and hard skills. Between 2019 and 2023, the most requested skill by advertising businesses was communication. The most sought-after competency within the tech sector in 2023 was communication, as cited in 48% of job postings. In the same year, data-related skills closely followed, appearing in 45.0% of listings. The high demand for communication skills is likely due to the increasing prevalence of remote and hybrid work models, necessitating effective communication and teamwork in dispersed teams.

Most in-demand skills in the technology sector (2019-2023)

The streamgraph displays data trends over time with each skill being represented by a stream. The width of each layer indicates its value at any given time. The peaks and troughs illustrate increases and decreases respectively.



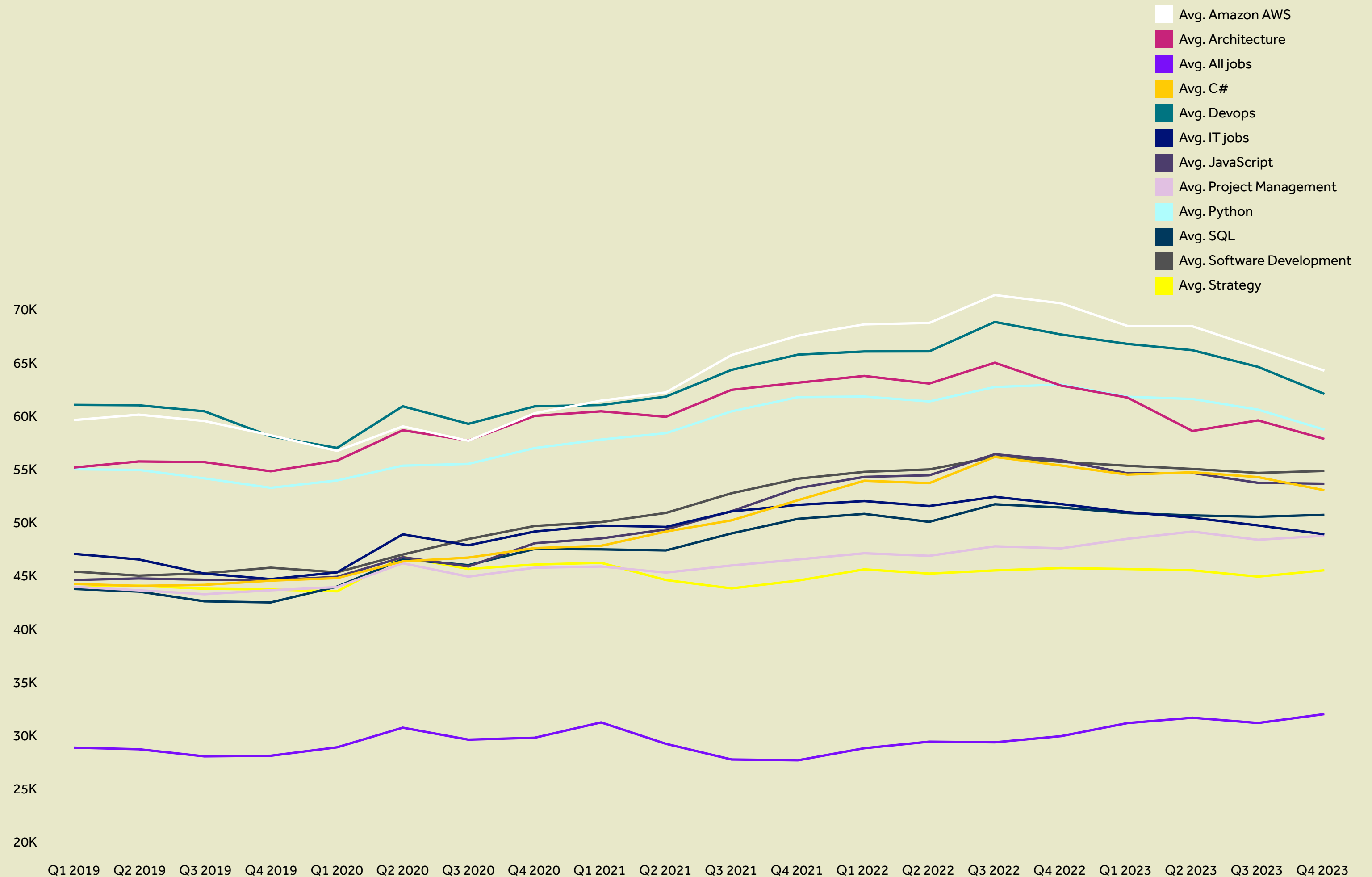
2019 April July October 2020 April July October 2021 April July October 2022 April July October 2023 April July October

*Beauhurst analysis of Adzuna data

Skills gap within the UK tech ecosystem

The skill gap refers to the differences between the skills companies are demanding and what candidates can bring to the role. Median salary acts as a good proxy for this. If a skill is in short supply, then the salary businesses are willing to pay should be high. The skills seen in the chart are the highest-paying skills within the tech sector which, therefore, suggests that they have the greatest skill gap. It appears that within the tech industry, skills such as AWS (£67.1k), DevOps (£64.5k) and Python (£60.5k) have seen a greater influx of labour equipped with those skills, as the median salary has fallen between 2022 and 2023. This can be broadly seen across most of the top-paying skills, with the median salary having decreased or stagnated over the past year. The decrease or stagnation in median salary may be resultant of more jobs being offered with lower salaries. Since the median salary includes roles of all levels of seniority, an increase in entry-level or lower-paying positions would lower the overall median salary.

Median salary of in-demand skills in the technology sector (2019-2023)

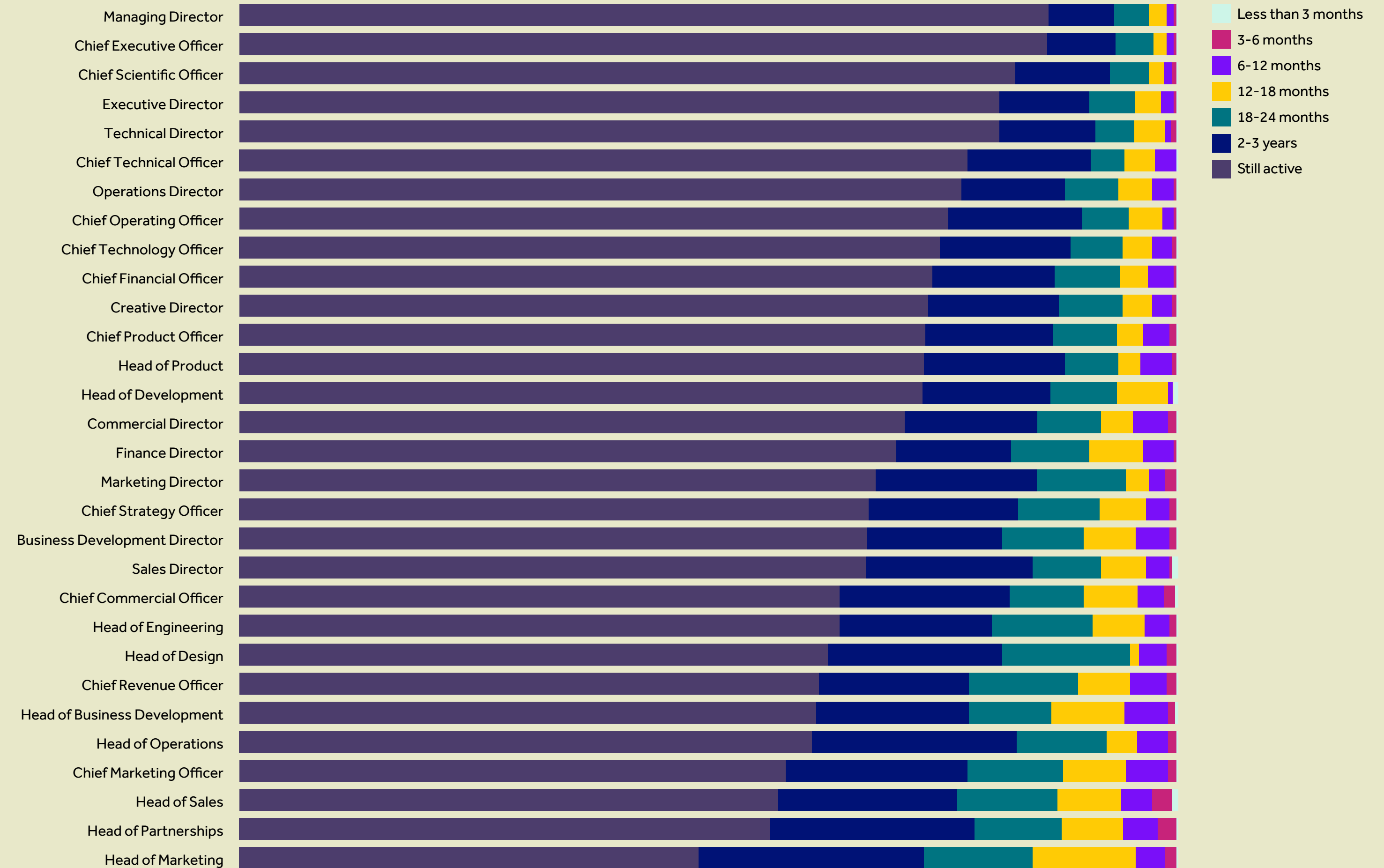


*Beauhurst analysis of Adzuna data

Highest and lowest churn positions

In tech companies, the position with the highest turnover is Head of Marketing as mentioned, with just under half (49.1%) having been at their company for more than three years. This is in contrast to Managing Directors and Chief Executive Officers where, respectively, 86.4% and 86.2% of these positions are still active. Based on how this analysis was conducted, positions that are still active are filled by individuals who have been at a company for more than three years. In general, roles operating in the commercial side of a business have a higher churn rate, based on the proportion of positions currently active. This includes Head of Sales (57.6%) and Head of Business Development (61.6%). Those in more technical positions, such as Chief Scientific Officers (82.9%), Technical Directors (81.0%), and Chief Technical Officers (77.7%), tend to have a lower churn rate.

Tenure of executive positions at technology companies (2020-2023)

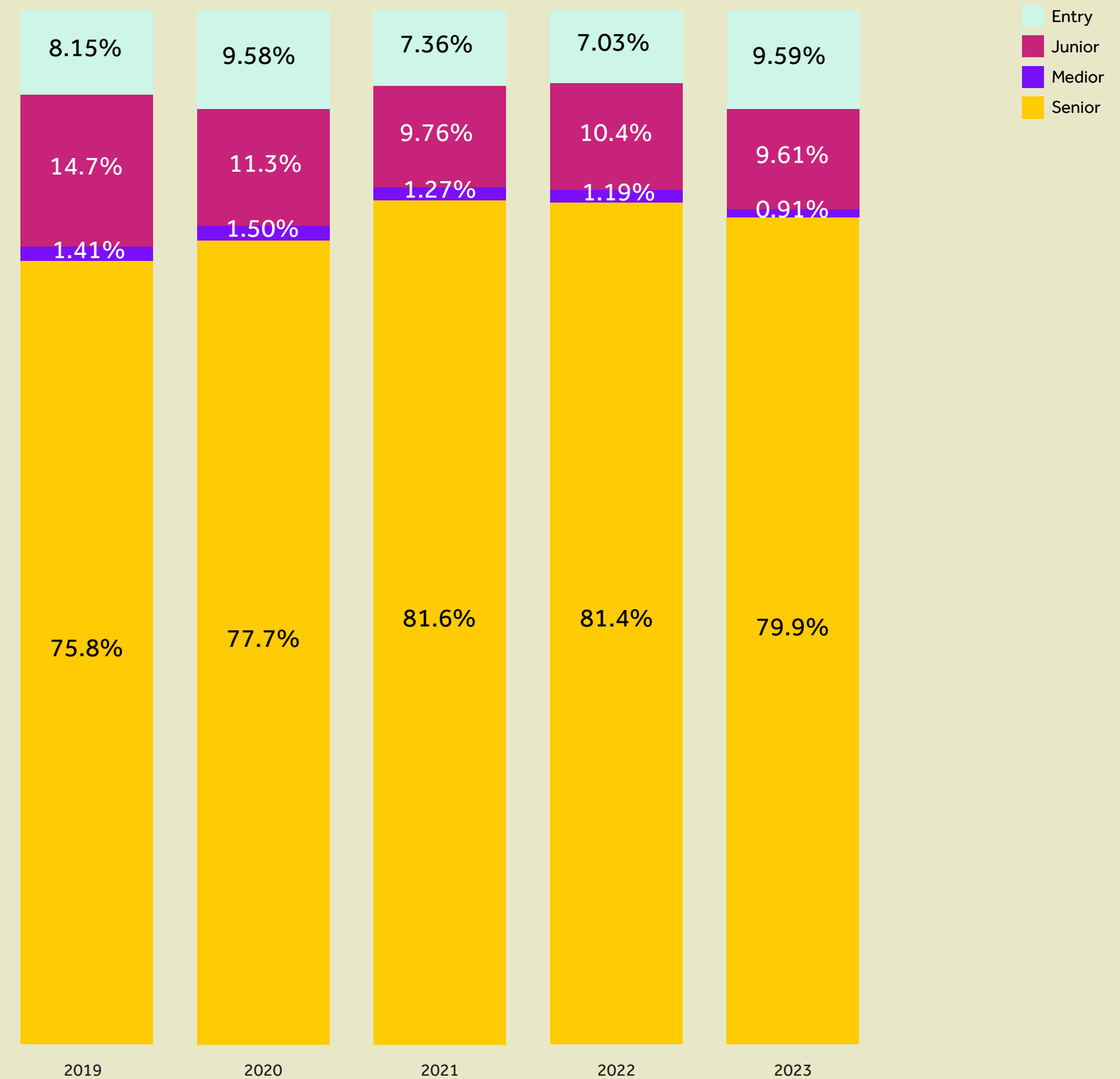


*Beauhurst analysis of Adzuna data

Seniority of advertised positions

When looking at job advertisements between 2019 and 2023, where data on seniority was available, at least 75% of job postings in each year were for senior-level positions. There appears to be a strong preference among companies for senior positions, particularly in 2021, where 81.6% of job postings were looking specifically for candidates with senior-level experience. Postings seeking junior-level positions were the second most common throughout the period, with these positions requiring at least some level of experience however, as opposed to entry-level which considers candidates with no prior work experience. In 2023, junior and entry-level positions saw the same level of demand, the first time this has occurred in the period, whilst demand for medior-level positions (experience between junior and senior level) fell to its lowest level since 2019.

Proportion of job advertisements in the technology sector by role seniority (2019-2023)



The Digital Skills communications campaign

Launching in February 2024 by the Department for Science, Innovation and Technology (DSIT), the Digital Skills communications campaign collaborates with the digital industry to increase participation in digital Skill Bootcamps. These Skill Bootcamps will equip young people with specialised digital skills for careers within the tech sector. The initiative aims to encourage individuals at the start of their career journey to consider fields like software development, web development, cybersecurity, data and analytics, and cloud computing.

Barclays Eagle Labs have launched their new [Eagle Labs Academy](#), funded by the UK Government, designed to support startups and scaleups. The Academy helps to give anyone access to entrepreneurship and investment-readiness

training, wherever they are in the UK. This applies to both founders right at the start of their journey all the way up to those trying to scale.

Tech-enabled founders can expect to gain the skills, knowledge and expertise needed to support them as they launch and grow their business proposition. Long-form insights and bite-size lessons are designed to offer practical, actionable insights – in a flexible framework so that founders can learn what they need at a pace that suits them.

In 2022 and 2023, the median salary associated with roles requesting skills in cloud computing stood at £70.1k, followed by software development at £55.1k, data and analytics at £54.6k, cybersecurity at £48k, and web development at £41.1k. These figures surpass the overall tech role median of £42.2k, highlighting the premium on these specific skills.

As more professionals have upskilled and entered the field, the increased supply of qualified candidates may have contributed to the normalisation of the salaries.



Diversity and inclusion

Within the UK tech sector, diversity has been a major challenge, with various groups being significantly underrepresented. This lack of diversity extends across gender, ethnicity, and socioeconomic backgrounds, creating an environment that can stifle innovation and limit the sector's ability to effectively address a diverse customer base.¹⁴

As of 2023, women represented only 24.0% of the tech workforce in the UK, a figure that has seen little growth over the past few years.¹⁵ This gender gap is more pronounced in technical roles and senior leadership positions. For instance, in 2016, only 5.00% of leadership positions in the tech sector were held by women, highlighting a significant gender disparity at the top levels of the industry.¹⁶

There are signs of positive change, with many companies in the UK tech sector actively working to address these diversity challenges. Initiatives like

coding boot camps, mentorship programmes, and partnerships with schools and universities aim to widen access to the tech sector and create pathways for underrepresented groups. One notable example is the rise of women-centric tech communities and networks, such as Women in Technology, which provides support, resources, and networking opportunities for women in the sector. Such initiatives have shown promise in increasing the number of women entering the tech field and later progressing on to senior roles.

Similarly, initiatives targeting racial diversity are also gaining momentum. Specific recruitment strategies aimed at ethnic minorities are key examples of these efforts. They include partnerships with organisations focused on ethnic minority representation, creating internship opportunities for ethnic minority students, and inclusive job advertisements.

Disability is a critical aspect of diversity in the tech sector, yet it remains an area with significant room for improvement. Despite the tech industry being at the forefront of embracing diversity and innovation, disabled individuals are still underrepresented. The proportion of disabled people who are in employment varies considerably depending on the type of disability or health condition they have.

In a recently published white paper, titled "Transforming Support," the government proposed a comprehensive reform aimed at improving services for individuals with disabilities. It also evaluates methods to help these individuals stay on and succeed in employment. Many companies are actively working to improve the proportion of disabled employees they employ and promote. For instance, KPMG UK has set a target of 15% disability representation at senior levels by 2030 and has implemented various initiatives to attract more diverse talent, including outreach activities and events for those with disabilities.¹⁷ These efforts highlight the ongoing need to address disability inclusion within the tech sector, not just for the sake of diversity but also to tap into the vast potential of this talent pool.

¹⁴ [Prospects: Diversity in the tech industry](#)

¹⁵ [TechUK. "As the Technology Industry Continues to Grow, So Does the Number of Women Working in IT, 2023"](#)

¹⁶ [Women in tech: Time to close the gender gap - PwC UK](#)

¹⁷ [How to Improve Disability Inclusion & Representation at Work - Fair Play Talks](#)

Training and development

The UK government is providing significant training and development to help build a more tech-enabled workforce. One of which is, the government-supported Local Digital Skills Partnerships (DSPs) that concentrate on enhancing the tech skills of the existing workforce, from basic digital literacy to advanced technical proficiencies. For example, the Digital Momentum programme empowers women and disadvantaged groups by providing them with targeted training in cybersecurity, software development, and digital business management. This initiative significantly enriches the tech workforce with diverse talents and fosters a more inclusive entrepreneurial ecosystem. Separately, the Lancashire Digital Futures 50+ programme is actively distributing smart devices and online learning resources to people over 50, thus expanding the pool of tech-enabled individuals.

Another government initiative is the Digital Skills Bootcamps. As part of the UK's National Skills Fund, they offer free, intensive tech-focused training for any adults over 19 years of age. These 12-16 week courses in software development, digital marketing, and data analytics are designed to quickly upskill participants. Open to all individuals, these Skill Bootcamps often conclude with a job interview opportunity. By targeting both current and future workforce needs, these programs indirectly support tech companies by preparing a more skilled and diverse pool of candidates.

Furthermore, the government collaborates closely with businesses to ensure their curricula align with industry standards. They also offer financial incentives for industry engagement through apprenticeships and work experience placements. This partnership facilitates the seamless integration of skilled graduates into the workforce, supporting tech companies and helping to address the skills gap effectively.

The development of a tech-enabled workforce is crucial for the UK's economic growth and global competitiveness. A workforce skilled in technology not only drives innovation and productivity within businesses but also addresses the critical skills gap in rapidly evolving sectors like AI, cybersecurity, and cloud computing. This investment in human capital fosters a

dynamic environment where businesses can thrive and adapt to new technologies and market demands.

Another DSP initiative is CompTIA, which trains teachers to deliver the Digital T-Levels programmes, including Digital Business Services, Digital Production, Design and Development, as well as Digital Support Services. These programmes equip students with essential tech skills such as web development, coding, and network administration.

Moreover, a tech-savvy workforce is essential for the UK to maintain its position as a leader in the digital economy. Maintaining this focus on workforce development also plays a significant role in future-proofing the economy, ensuring that the workforce remains adaptable and resilient in the face of technological advancements and changes in the global market. By empowering individuals with tech skills, the UK is also promoting social mobility and economic diversity, contributing to a more equitable and inclusive society.

Company spotlight: Patchwork Hub

“There are far too many disabled people who are kept out of work because of barriers in conventional practices that just simply don’t need to be there,” explains Beth Kume-Holland, CEO of Patchwork Hub, an accessible employment platform.¹⁸ “Imagine the potential for society if we lower the barriers that disabled people face once in work and truly allow them to pursue their full potential”.¹⁹

Established in 2019, London-based Patchwork Hub is a disabled-led, certified social enterprise dedicated to addressing the employment barriers faced by

individuals with disabilities in the UK. Patchwork Hub facilitates connections between skilled, disabled job seekers and inclusive employers. The enterprise also offers comprehensive training aimed at enhancing employers' understanding and implementation of disability inclusion practices. This support assists organisations in improving their equality, diversity, & inclusion (EDI) and corporate social responsibility (CSR) policies. Through this, companies can become recognised as Disability Confident employers. Disability Confident is a UK government initiative designed to encourage employers to recruit and retain disabled people and those with health conditions. Patchwork Hub seeks to contribute to a more inclusive employment landscape through these efforts and has helped organisations ranging from national charities through to FTSE100 companies on their accessibility journeys.

The COVID-19 pandemic inadvertently created opportunities for disabled workers and underscored the value of diversity within the workforce. Kume-Holland offers a perspective on this unforeseen benefit, stating, “The pandemic did validate that remote working works, flexible working works.”²⁰ Kume-Holland, through the development of Patchwork Hub, aims not only to promote short-term adjustments but also to advocate for a lasting shift towards a more

inclusive work environment. The normalisation and advocacy for remote work as a sustainable option has expanded employment possibilities for disabled individuals. This shift has demonstrated the practicality and effectiveness of flexible work arrangements, potentially leading to a broader acceptance and implementation of such practices across various industries.

^{18, 19, 20} Sage. “Sound Advice: From Investors £300k to £30k, Beth Kume-Holland.” August 2023



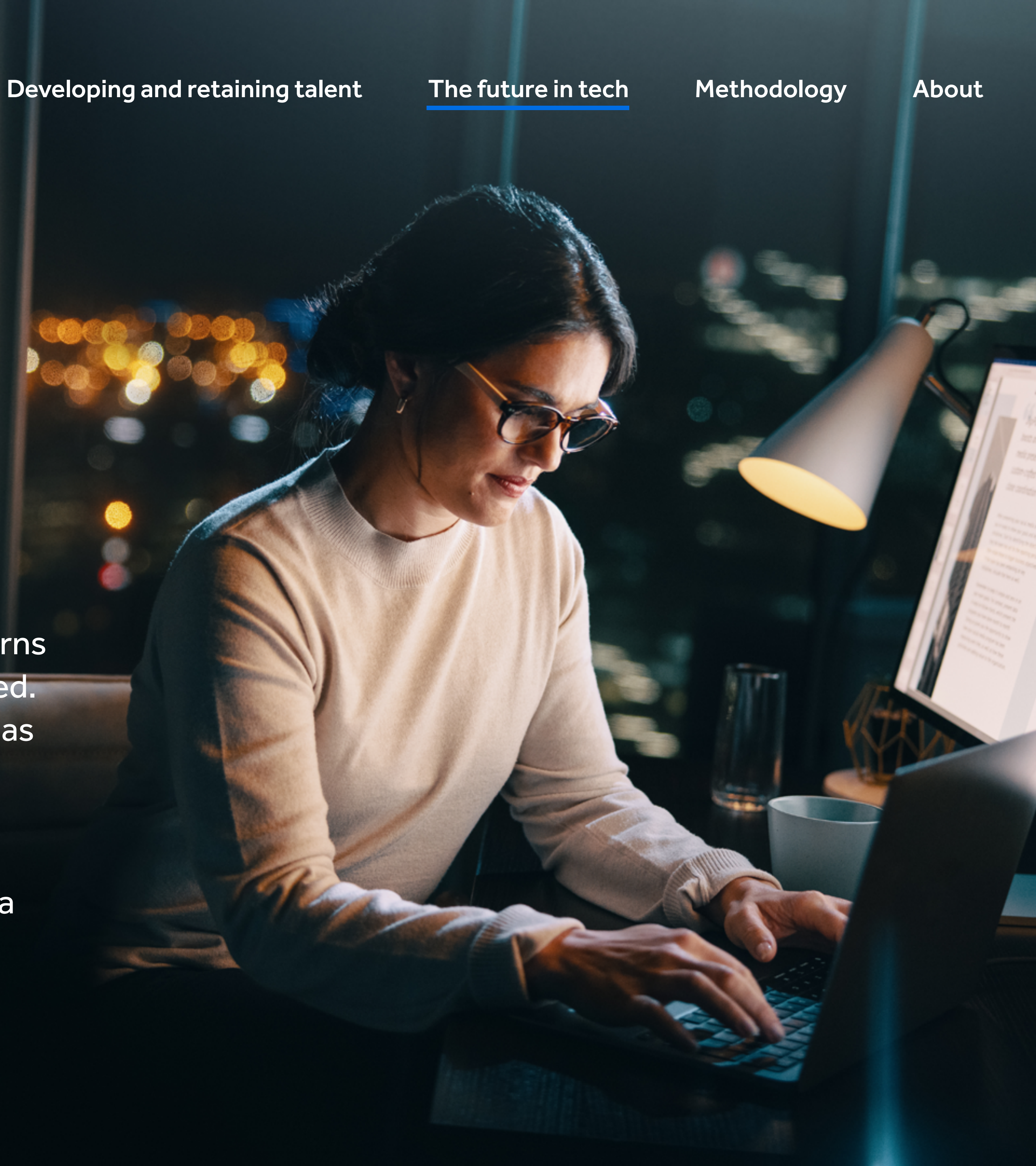
“Imagine the potential for society if we lower the barriers that disabled people face once in work and truly allow them to pursue their full potential.”

Beth Kume-Holland
CEO of Patchwork Hub

The future of skills and hiring in tech

The future of hiring will undoubtedly be heavily influenced by the development of AI. The implementation of AI can streamline processes and assist in decision-making, but there are also concerns about AI's potential to reaffirm human biases if not properly trained. Recruiters will also need to be able to adapt their hiring practices, as all candidates can now have access to the assistance of AI.

Branding has become a key way for companies to differentiate themselves, and candidate experience has a greater influence on a company's future ability to hire.



Future trends in hiring

The future of hiring is an intricate blend of technology, human insight, and strategic branding, evolving rapidly to meet the demands of a dynamic job market. AI's rapid advancement is reshaping recruitment, expanding its role from streamlining application processes to playing a pivotal role in decision-making. Yet, this technological leap is not without its challenges. As mentioned, a primary concern when integrating AI into recruitment is its potential to perpetuate human biases. Without meticulous design and monitoring, AI systems risk reinforcing existing prejudices, thereby hindering efforts towards streamlining diversity and inclusion in hiring. It is essential to develop AI tools with diverse datasets and conduct regular bias audits to mitigate this risk. Additionally, a balanced approach is crucial, wherein AI simply enhances rather than replaces human judgement. The unique human elements of empathy, intuition, and ethical judgement are irreplaceable for understanding

a candidate's potential and cultural fit within an organisation. Therefore, AI should be seen as a valuable tool that complements human decision-making in the complex domain of talent acquisition rather than as a standalone solution.

Employer branding has emerged as a key differentiator in attracting top talent, transcending beyond traditional salary competition. Companies are increasingly competing for attention, based on their reputation and the experiences they offer, signalling a shift in the recruitment paradigm. This evolution is particularly evident in how companies are leveraging non-traditional media, especially social media, to craft and disseminate their employer brand. Utilising these platforms enables companies to not only enhance their visibility but, more importantly, to resonate with the values and aspirations of potential candidates.

One integral part of the success of these branding efforts is the candidate's experience. Positive interactions with a company often facilitated and amplified through social networks, can transform candidates into brand ambassadors, extending the reach and impact of employer branding. Conversely, negative experiences, particularly those shared on these widely accessible platforms, can reverberate quickly, negatively affecting the company's reputation

and financial standing. Therefore, maintaining respectful, clear, and engaging communication throughout the hiring process, facilitated by social media channels, has become a critical component of modern recruitment strategies.

There is an increasing recognition of the value of soft skills within the workplace. As we look towards the future, it is evident that roles requiring soft skills such as adaptability, communication, and teamwork are becoming more dominant. This trend highlights the increasing importance of a more holistic evaluation of candidates, where personal attributes and potential are weighed alongside working history and expertise.

Emerging technologies

The skills required in the workplace are constantly evolving. These skills need to keep pace with technological innovations in order for businesses to harness the benefits of these developments. One recent innovation that has been highlighted throughout this report is the further development and adoption of AI. For those looking to utilise AI, it is important to understand the abilities and limitations of the AI models currently being used, as well as the ability to interpret data and other outputs from AI software. Problem-solving skills will help people to use AI efficiently and to adapt its use, depending on the issue being resolved.

For those working within the AI industry, a different set of skills is required. The focus for those using AI is around the understanding of what the programmes can do whilst working in the AI industry requires more technical skills. A key skill is a knowledge of programming, which includes

languages such as Python, used in developing AI software. Machine learning skills are also used to give computers the ability to learn from experiences. Other skills include mathematics, data science and software engineering. It is important to also understand the ethical and legal issues around AI, to ensure the honest and consistent development of the technology.

Technology continues to exert a significant influence on hiring practices, reshaping them in various ways. The digital revolution that was sped up by the COVID-19 pandemic has already had an enormous impact on the way businesses hire - moving more of the hiring process online helps companies save time and money. They can conduct interviews and meetings over the Internet instead of having candidates come into the office. This can also apply to candidates taking tests or completing set tasks to assess their suitability for a role. Application tracking systems (ATS) have become integral during the recruitment process, helping to find candidates, store information and support the overall process management. With large volumes of candidates currently applying for roles, ATS helps recruiters to identify the best applicants. When combined with digital practices, AI can improve the cost and time efficiency of the recruitment process. It can be used to assess video submissions from candidates, which acts as an additional screening

stage. The use of AI in this stage can, as long as designed and trained appropriately, also help recruiters overcome the unconscious bias that they may unintentionally apply to candidates. The automation of more routine tasks, such as responding to emails or setting up interviews, allows recruiters more time to focus on the human-intensive side of the process.

As mentioned however, recruiters may find the need to adapt the traditional recruitment processes, given the fact that AI is capable of writing CVs and covering letters for candidates, as well as completing take-home tasks. This has led to an increase in online tasks which are completed in meetings or alternatively the use of screen sharing, in order to get a better sense of a candidate's ability.

Methodology

Defining startup and high-growth companies

Beauhurst identifies high-growth startup companies using eight triggers (outlined on this page) that it believes suggests a company has high-growth potential. More detail on Beauhurst's tracking triggers is available via its website.

Active companies

'Active' companies refers to companies that are at the seed, venture, growth or established stages of evolution by Beauhurst analysis. The term excludes companies that are zombie or dead, or have exited via an IPO or acquisition.

Actively hiring companies

'Actively hiring' companies refers to companies that have met the following criteria:

- The company itself must have open job roles – listings of open job roles at external companies are not sufficient (e.g. recruitment companies hiring into client companies but not into themselves would not be actively hiring)
- A job listing must have a job title and/or job description

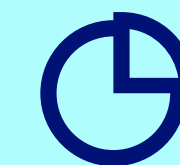
Companies that only have a job page that contains a generic message such as "we're always looking for new talent – get in touch" are not considered to be actively hiring.

Adzuna data

This report uses data from Adzuna, a job advertisement search engine to calculate the median salary across job vacancies and skills. The seniority and skills requirements of advertised roles were determined using data from Adzuna.

The data included in this report is true as of January 2024.

High growth triggers



Equity investment



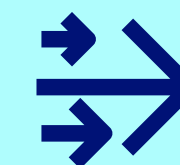
Academic spinouts



Scaleups



High-growth lists



Accelerator attendances



Major grant recipients



Management Buy-outs/
Buy-ins



Venture debt

Barclays Eagle Labs

Barclays Eagle Labs is a growing national network that provides business incubation, dedicated growth programmes, mentoring as well as co-working, and office space for ambitious high-growth businesses.

By cultivating a community of like-minded entrepreneurs and providing a collaborative work environment, access to peers, and opportunities to maximise growth through digital connections and growth programmes, curated events, and funding opportunities, Eagle Labs is able to help startups to grow at pace.

Eagle Labs also specialises in positively disrupting key industries by bringing together key corporate players, industry bodies, leading universities, and startups to enable rapid innovation and investment, by asking them to collaborate and currently have dedicated lawtech, healthtech, energytech and agritech industry-aligned programmes.

With various Eagle Labs dotted all across the UK and many more in the pipeline, our focus is to help to connect, educate, inspire, and accelerate ambitious UK businesses and entrepreneurs.

Find out more at labs.uk.barclays

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Beauhurst

Beauhurst is a searchable database of the UK's high-growth companies.

Their platform is trusted by thousands of business professionals to help them find, research and monitor the most ambitious businesses in Britain. They collect data on every company that meets our unique criteria of high-growth; from equity-backed startups to accelerator attendees, academic spinouts and fast-growing scaleups.

Beauhurst's data is also used by journalists and researchers who seek to understand the high-growth economy, and powering studies by major organisations – including the British Business Bank, HM Treasury and Innovate UK – to help them develop effective policy.

For more information and a free demonstration, visit beauhurst.com

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