

UK

arras

**Project
Management**

**Market
Snapshot**

Issued October 2018



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Introduction

Welcome to the October 2018 Project Management Market Snapshot from Arras People.

As late summer turned into autumn, a period which is traditionally seen as a point where many project management practitioners consider their position as part of the post-holiday blues, we thought it would be a great time to take a snapshot of the state of the UK project management market.

With many reports available about the wider UK market, painting what at times seemed to us a contradictory picture; we wanted to test these against the situation on the ground as experienced by actual UK based Project Management practitioners.

Some of the indicators available for the general market included;

- UK unemployment at lowest since 1975
- Vacancies being classified as “Hard to fill”, with half of the CIPD employers reporting that they have increased starting salaries to attract talent; with a growing number increasing pay to retain staff.
- Overall pressure on pay is modest, with forecast’s suggesting that they expect to see an average 2.2% increase over next 12 months
- Workers who switch jobs are capitalising on a “disloyalty bonus” as their colleagues who stay put see little growth; with workers moving in to new roles in the past year have achieved an average increase of 11%, compared to the average of 2.5%.

To try and build a clearer picture of what has been happening in the UK project management domain we launched an open survey with a short set of questions to determine what has been happening within the community. We collected 500 responses, which have been collated into the following report.

As ever, we would like to express our gratitude to those practitioners who took the time to take part in the survey as we could not present reports such as this without their support.

If you have any questions or feedback about the report or the analysis contained within, please do come back to us at pibr@arraspeople.co.uk

John Thorpe

Arras People – October 2018

Who Got Involved?

Practitioner Groups:

All respondents were asked how they align with Programme and Project Management practitioner groups. As expected the largest alignments were:

- 34% - Project Manager
- 17% - PMO Management
- 16% - Programme Management
- 11% - PPM Consultants

Practitioner Groups



Employment Status:

The number of respondents identifying their current status as unemployed remained in line with the figures captured for the 2018 PMBR at 7%. A figure which is still above the ONS (Office for National Statistics) rate for the general population.

- 56% - Employees
- 37% - Freelance / Contractors

Employment Status

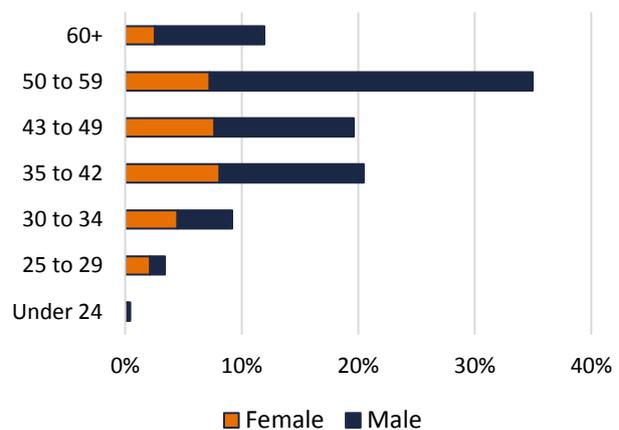


Age and Gender:

In terms of gender, we again saw a typical split with 67% Male, 32% Female and 2% not disclosed. As for age this also aligned with the 2018 PMBR at:

- 46% - 50 or above
- 40% - 35 to 49
- 13% - Less than 35

Pract'nr Pool - Age Distribution



2018 PMBR is the Arras People Project Management Benchmark report- available at www.arraspeople.co.uk

Practitioner Pool - Home Location

Home Location:

In terms of home location, London and the South East accounted for 52% of the practitioner pool who responded to our survey.

The Midlands and the South West accounted for 25% of the practitioner pool.

London had the highest gender balance with 43% female and 57% male.

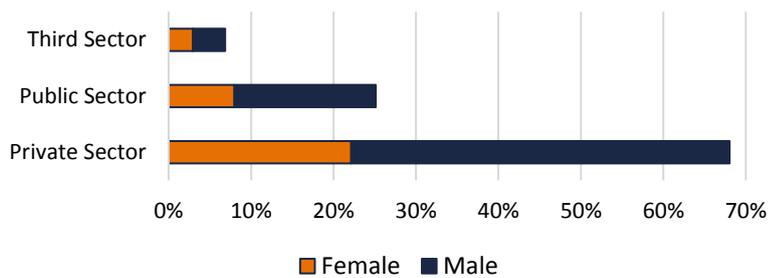


Current Sector:

Sector splits for our working respondents gave us 68% working in the Private sector, 25% in the Public Sector and 7% in the Third Sector.

In terms of gender balance, the Public and Private sector were very similar with around 33:67 in terms of female:male split.

Practitioner Pool - Current Sector



Line of Business:

Rather than use a generic list of business sectors (industries), we prefer to look at the line of business through which the practitioners report. This allows us to get a feel for the business function that they are serving in their project management roles.

Unsurprisingly the Information Technology line of business comes out the highest with 29% of the respondent pool. At 24%, The Executive is encouraging as this shows the practitioners are in influencing positions.

Practitioner Pool - Line of Business



Employees

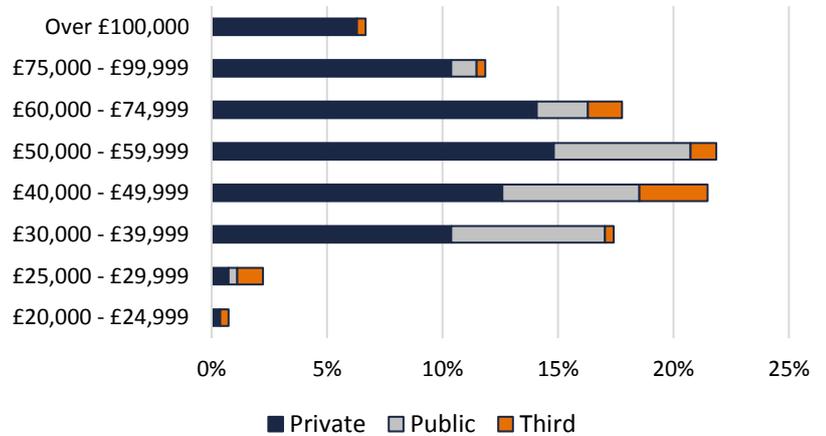
Base Salary:

Employed practitioners continue to show a broad spectrum of basic salary with 43% earning between £40 to £60K.

In this band the gender split is roughly equal, though more males are in the £50 to £60K band and more females are in the £40 to £50K band.

Above £60K we see 28% male compared to 8% female.

Employee Current Salary



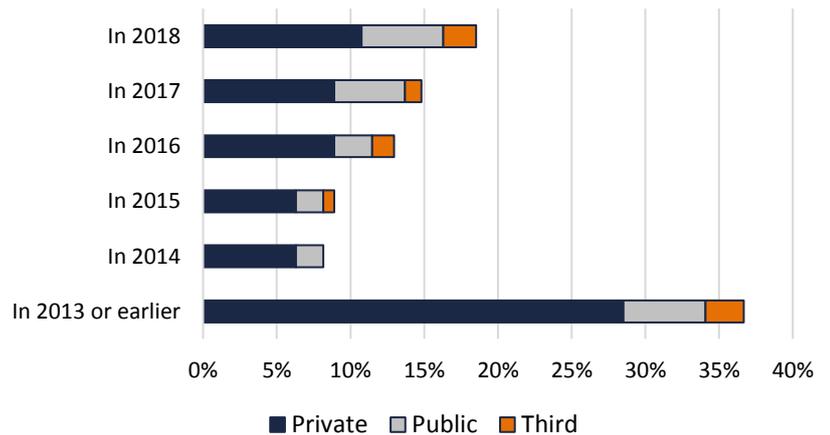
Increasing Churn:

Moving on from the days of deep recession we can see that churn (employees moving jobs) is steadily increasing over the past 5 years.

In terms of gender we are seeing an increase in the female movers which has increased for 40% in 2016 to 45% in 2018.

It is unclear if this increase in churn is down to increased confidence, reduction in fear or driven by necessity as real wages have failed to keep up with the cost of living.

Employment Start Year

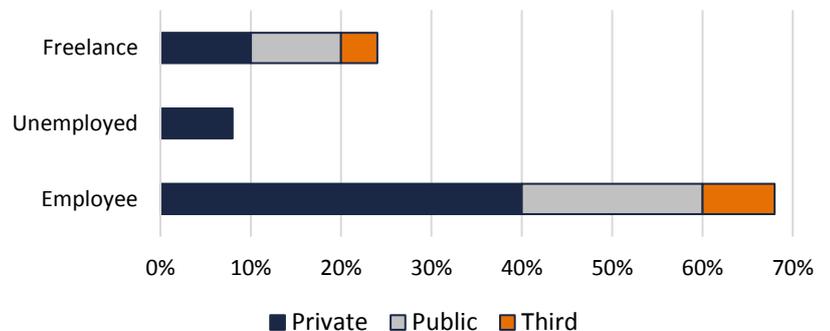


Safety of Employment:

Once again, we can see the move from freelance to employee gaining traction as more opportunities become available to practitioners.

This reversal of the migration to freelance, which we saw during the days of the great recession, may also be combined with the changes to IR35 and the Off-Payroll Workers legislation which hit many practitioners in the Public sector.

2018 Employee Moved from



Movers Get Ahead:

Whilst the movers are generally getting ahead of the practitioners who are not moving during 2018, it is not all milk and honey.

42% of practitioners who have changed employers during 2018 have done so for a base salary that reduced, was equal or gave them an increase of 4% or less.

On the upside the remaining 58% busted the inflation rate to give themselves a real increase in base salary. Out of this group 18% achieved an increase of 20% or more.

In terms of gender 24% of this group were female and 34% male.

Remainers Under Water:

Meanwhile the practitioners who have remained with their employer during 2018 have achieved significantly less in terms of salary increases.

85% have achieved an increase of 4% or less with 46% receiving an increase between 1 to 2%.

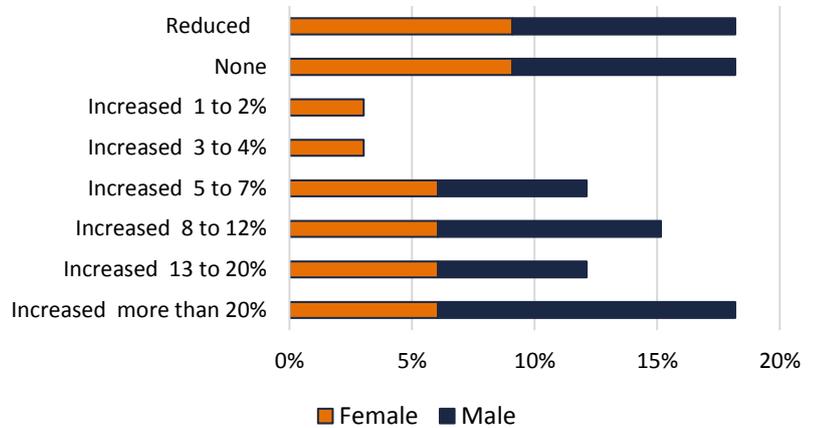
Just 15% have achieved a real increase over inflation where gender split is roughly 50:50.

Outlook:

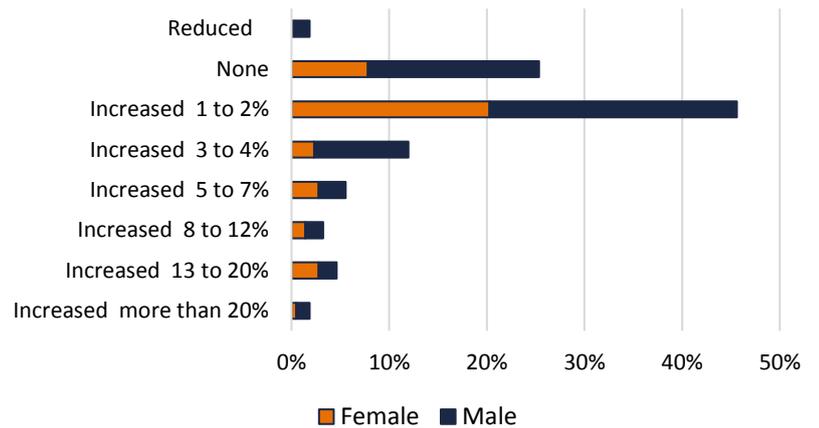
The outlook for the remainder of 2018 is not overly promising with 82% of respondents anticipating no further change in their base salary.

10% are anticipating an increase of 4% or less, with 6% anticipating a rise of greater than 4%.

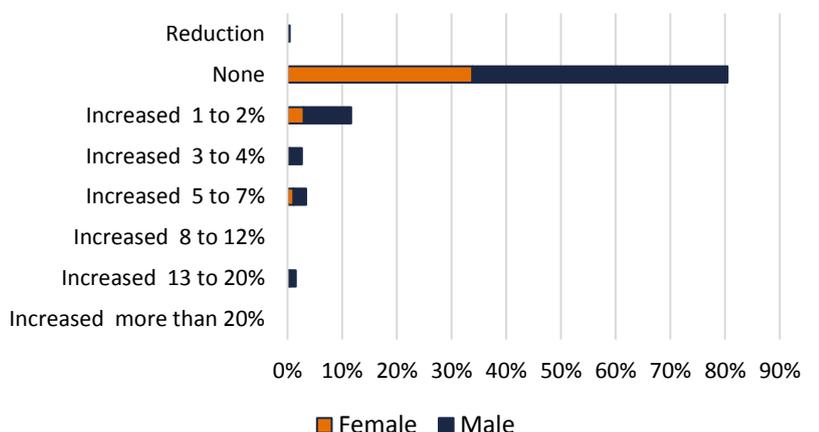
Employee - Moved 2018 Increase



Employee - No Move 2018 Increase



Employee - Anticipated 2018 Increase



Freelancers / Contractors

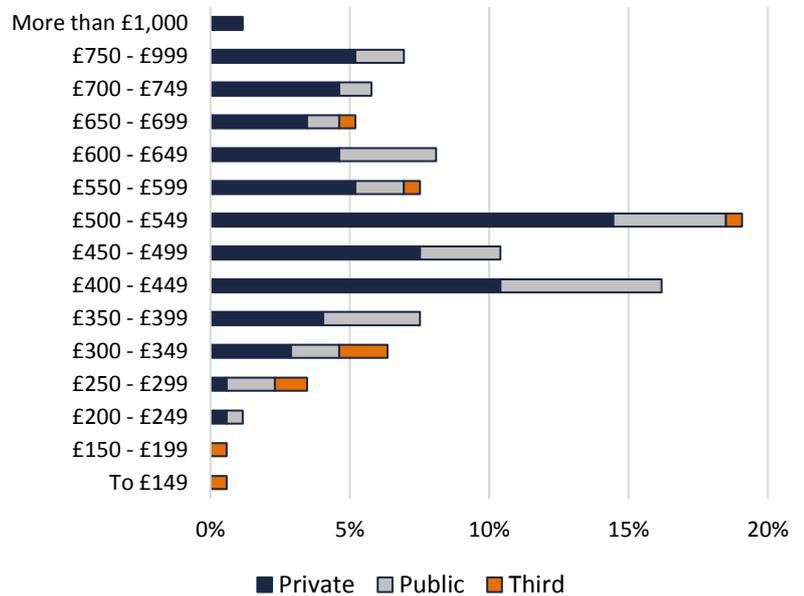
Rates:

Freelancers made up 37% of the respondent pool and as can be seen the day rates offered the typical spread around the £500-£549 /day rate.

Within the group 65% are working in the private sector, 29% in the public sector and the remaining 6% in the third sector.

With 19% in the £500-£549 /day rate range, 46% of the group are operating at rates below this level and 35% at rates above. In the higher rates the private sector freelancers account for 24%.

Freelance Day Rates - By Sector

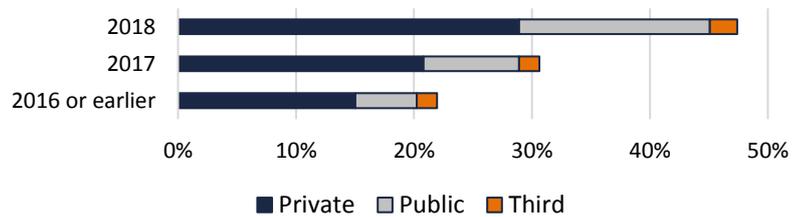


Freelancer Churn:

Churn amongst the freelancer community is expected due to the nature of their engagements.

47% of the group reported that they have started their current engagement during 2018, 31% started in 2017 and 22% in 2016 or earlier.

Contract Start Year



Age and Gender:

The data continued to show an age profile that is experiential biased with 61% of the freelancers aged 50+. By way of contrast the under 35's accounted for just 6%.

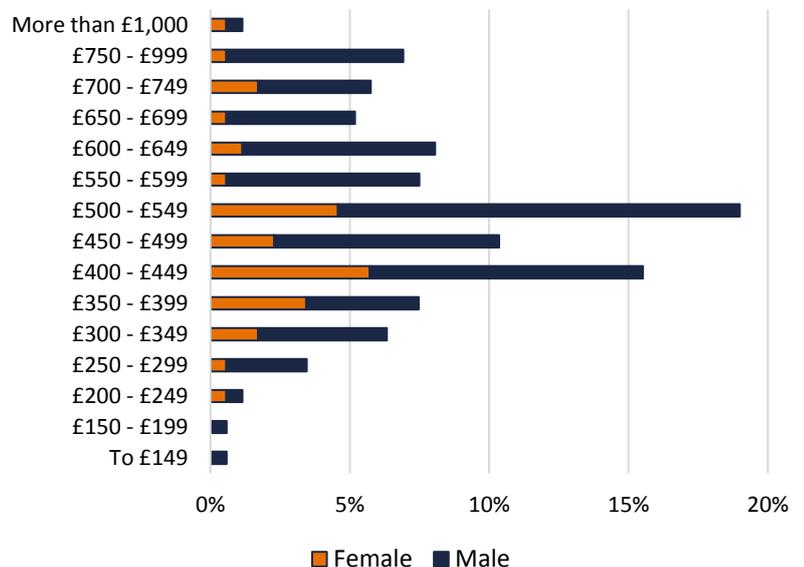
In terms of gender there is also a larger contingent of males at 75% of the group.

Using the £500-£549 /day rate range we see parity in terms of the genders with both having 19% of their populations in this range.

Looking at rates below we see 60% of the females and 42% of males.

Looking at rates above we see 21% of the females and 39% of males.

Freelance Day Rates - By Gender

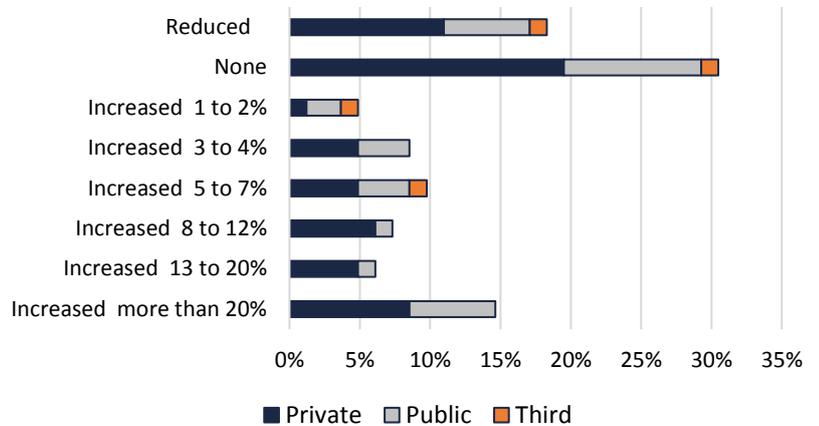


Tight Market:

Looking at the freelancers who have moved during 2018 we can see that there are still many challenges around securing an above inflation rate rise, with:

- 18% seeing their rate fall
- 30% failing to secure an increase
- 14% achieving a 1 to 4% increase
- 38% achieving a 5%+ increase

Freelancer - Moved 2018 Increase



Not Moved:

The results for freelancers who have not moved during 2018 offer very few surprises as most will have agreed a fixed rate when they started their assignments.

IR35 Impact on rates:

Looking at the freelancers working in the public sector who have achieved an increase greater than 12% may be telling us a story.

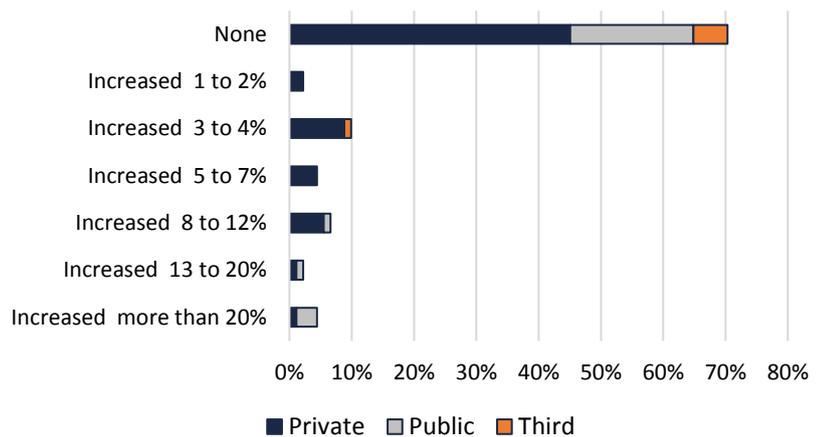
In both the remainers and movers we can see increases that are higher than we have seen for many years due to the ongoing austerity measures.

One answer would be that the public sector hirers have had to increase rates for key roles caught by the IR35 changes in order to both retain and attract the practitioners that they need.

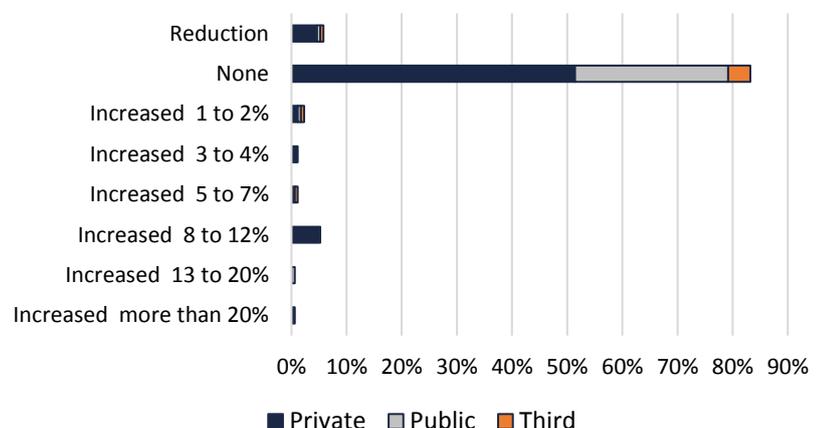
Outlook:

Looking at the outlook for the remainder of 2018 for freelancers we can see that potential movers will be looking to push up their rates above inflation.

Freelancer - No Move 2018 Increase



Freelancer - Anticipated 2018 Increase



Respondent Comments

Below are a selection of comments from respondents on how they view the current PM market as practitioners looking for work, in work and looking to hire:

“had to take a cut in day rate to get working again”

“difficult to transition into sector from another”

“becoming harder to recruit - but it's not just about the money”

“WORST MARKET FOR 15 YEARS”

“Hard to find good quality experienced practitioners”

“Market has been very slow this year”

“Ask me again when I have a job!”

“Market depressed due to Brexit uncertainty”

“Very buoyant, especially for those of us who have extensive experience”

“Too many candidates with qualifications but insufficient experience”

“there is a shortage of highly skilled talent in the PM space”

“Very variable market depending on location”

“public sector is now 'anti' contractor and want our experience and skill set but resent paying for it”

“Lots of downward pressure on day rates”

“Rates are getting lower. Advertised rates are never what the client really wants to pay”

“Very domain driven employment”

“Trying to recruit decent Senior PM's in London has been challenging. Lots of 'box ticking, Prince2 regimented types' but few with the extra business expertise we have been looking for.”

“the market feels the most buoyant since 2007”

“Horrible”

“many roles have exacting/specialist specific requirements making it more difficult to break into new sectors”

“It's very volatile.”

“It appears to be a buyers market”

“the market for contractor resource is still difficult.”

“Very slow with pressure on rates”

“Finding decent PMs is a real challenge”

“Ridiculously easy if you've a solid PMO background in Scotland. We're in demand and can name our price.”

Conclusions

As can be seen from the comments left by our respondents and as we have been saying for many years; there is no such thing as “the market” in the field of project management. Whilst we all operate under the shared banner of “Project Management” the sector or functional aspects of the role remain as strong, if not more important than they have ever been for many organisations. This situation is exaggerated in a hirers market where the need to hit the ground running is so important as organisations look for a perfect fit when making an appointment. In turn, this leads to a restriction of mobility for practitioners without the desired sector/domain expertise and impacts the availability for those organisations seeking to hire them.

With this in mind and considering the outputs from the data we collected, we are drawn to the following conclusions:

- The project management market is still a mix of winners and losers in the remuneration stakes and in 2018 a high proportion of the movers are certainly winning compared to their peers who have remained.
- The market for freelancers is still challenging and may become more so if IR35 changes are rolled out into the private sector.
- IR35 changes in the public sector look to be impacting the cost of hiring and retaining some project management practitioners as day rates increase to cover the losses associated with higher levels of tax. The remainder are left to suffer the loss of income.
- The pool of available project managers is not yet depleted; there are some pools who appear to lack the desired experience and/or knowledge to match the opportunities that are open in the market.
- Many organisations are still in a buy rather than build mode in terms of building their project management capability. The desire is to have instant fit and those that can, are willing to pay a premium to get it.
- Paying a premium for new talent, whilst not rewarding the existing talent may create additional problems for organisations as the market moves forward. Practitioners who feel they have to move to be appreciated (in remuneration terms) may soon have somewhere to go, as the competition are also looking to fill their open roles.
- The big unknown remains the outcome of BREXIT and until we have some clarity and direction it is hard to see the market changing significantly from where it is today.

arras PEOPLE

Arras People are the UK's Specialists in Portfolio, Programme and Project Management Recruitment



UK Project Management Market Snapshot

2018



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