

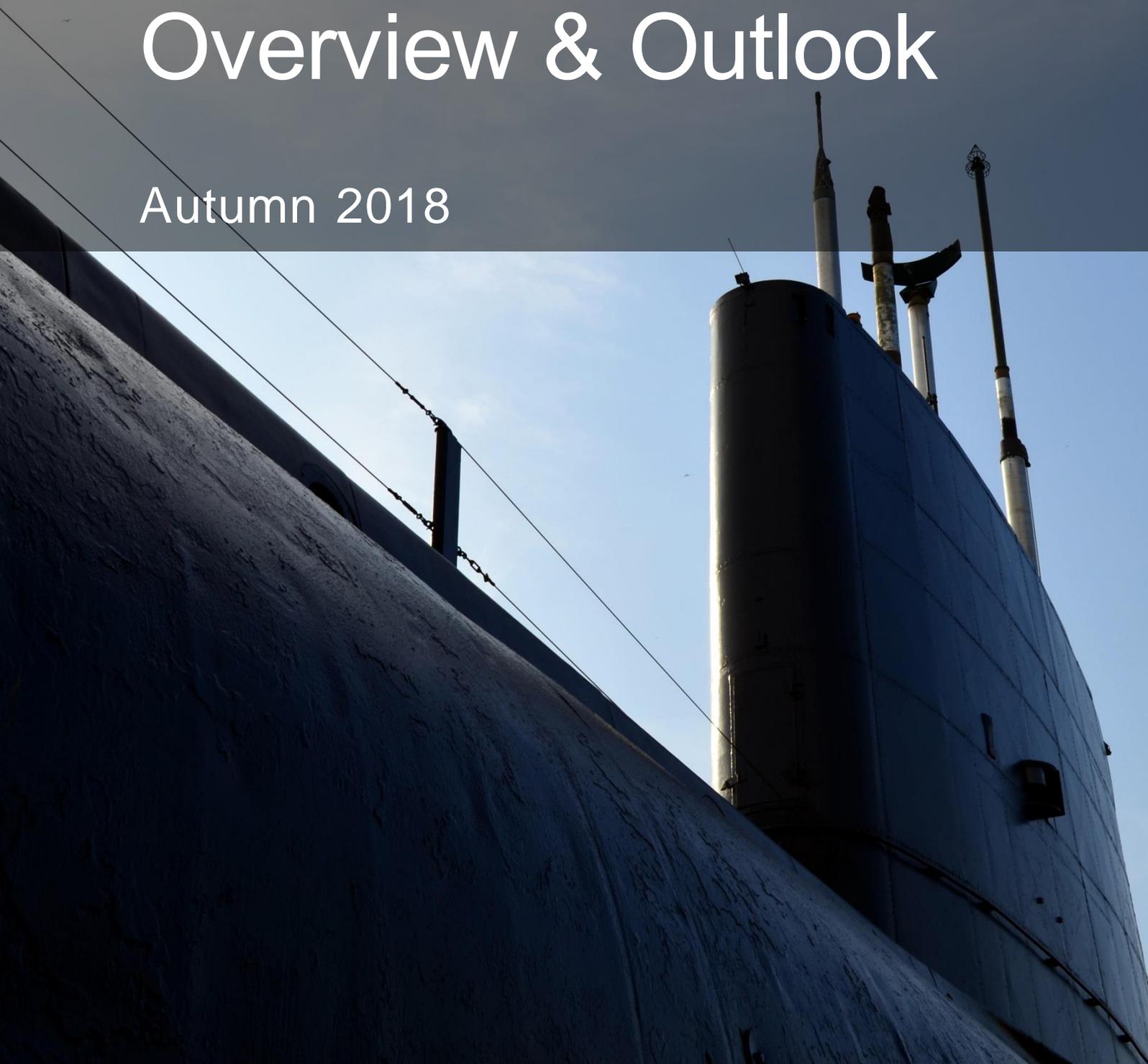


Carbon60

Proud to be part of the Impellam Group

Defence Overview & Outlook

Autumn 2018



Foreword

Welcome to our autumn 2018 review of UK defence.

In this edition, we highlight economic and employment trends for the period of June to September 2018. In addition to industry current affairs, we have a particular focus on mental health in this edition. It's a subject that is important to our candidate care charter, as well as the defence organisations we work for, in terms of productivity, health, safety and quality. We are proud to support Mind as our corporate charity.

Whilst the economy in general is relatively flat, hiring demand in the defence market is buoyant, no doubt due to well-documented skills shortages.

This means we must work ever harder to source, attract and connect skilled workers and top talent to UK defence organisations.



Nick Parker
Operations Director

UK Economy & Employment

UK Economy

The Office of National Statistics (ONS) estimate that UK Gross Domestic Product (GDP) has increased by 0.4% between the 1st quarter of 2018 and the 2nd quarter.¹

This growth follows a weak first quarter in 2018 and is 1.3% higher than the same period last year.

Parallels have been drawn between economic performance and two of the UK's favourite topics of discussion – football and the weather. Prolonged heavy snow in March brought many businesses to a halt, having a negative effect on the economy.

Conversely, 2018 has just been declared our joint hottest summer on record² and, along with England's FIFA World Cup journey, has helped give the economy a much needed boost.

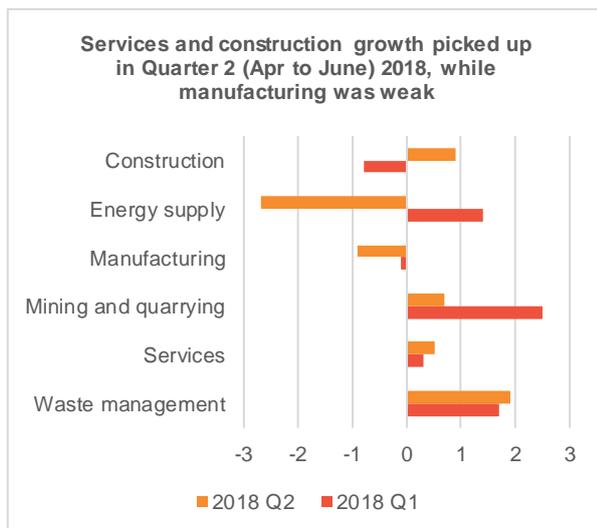


Figure 1. Source: ONS

¹ [ONS - GDP first quarterly estimate, UK: April to June 2018](#)

² [MET Office - end of summer stats 2018](#)

Employment

The number of people in work has increased by 42,000 since the 1st quarter of the year. The rate of employment is 75.6%, which equates to 32.39 million people in work.³

Across the UK, the number of UK nationals in work has increased by 332,000 to 28.76 million.

The number of EU nationals in work has fallen by 86,000 during the quarter to a total of 2.28 million. This is the largest drop in EU workers since records began in 1997.⁴ Specifically, 117,000 workers from the 'A8' countries - Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia - have ceased working in the UK over the last year.

Although ONS haven't attributed the drop of EU workers to the impending Brexit, there are obvious links that can be drawn as the workers start to grow increasingly concerned about their future rights in the UK.

The number of unemployed people has reduced by 65,000, and is now at the lowest rate since December 1974.

This, coupled with the reduction of EU nationals working in the UK, may explain why employers are relying on talent from further afield to plug the gaps; the number of Non-EU nationals working in the UK has increased by 74,000 to 1.27 million.

³ [ONS - UK labour market: August 2018](#)

⁴ [UK and non-UK people in the labour market: August 2018](#)

Defence overview

Employment & skills

Defence organisations have experienced skill shortages in different areas for years for a multitude of reasons. These reasons can be attributed to the ageing workforce. Quite simply, many experienced engineers are hitting retirement age and leaving the industry; their many years of experience just disappearing with them.

This, compounded by the fact that not enough engineers are coming through the education system, is currently costing the STEM sector £1.5 billion per annum. In addition, there is the fact that we are seeing the lowest rate in unemployment in over 40 years. These reasons are enough to explain the severe talent drought many are facing, and that's before we take into consideration the Brexit effect on engineering and the departure of qualified EU nationals.

With a 1.8 million shortfall of engineers predicted by 2025, there needs to be a shift in the mentality of students, teachers and parents to help support and encourage new engineering talent.

UK defence

The UK is the second largest exporter for defence worldwide on average over the last decade, and it's estimated that the UK's share of the world's export market is 12%. The main markets for defence exports were the Middle East, North America and Europe.

Defence exports from the UK were worth £9 billion in 2017, which is an increase of 53% from 2016.

142,000 people (including 4,300 apprentices) were employed in the defence industry in 2016. According to the Defence Industry Survey, in 2017, 30,000 defence jobs were in research, design and engineering. Of the companies surveyed, 42% planned to invest in design and engineering; however a third of respondents are concerned about finding R&D or design and engineering skills.

According to the ONS Vacancy Survey, the year-on-year increase in vacancies for defence was up 30% in March 2018 compared to March 2017.¹

The largest defence export from the UK is Cyber Security, which is valued at £1.8 billion. It's forecast to grow 12% annually until at least 2022.²

BAE Systems has been chosen by the US Defense Advanced Research Projects Agency (DARPA) to develop tools to detect and defeat cyber threats. This solution is using advanced machine learning and cyber-attack modelling and the programme is valued at approximately £4 million.³

¹ [UK labour market: August 2018](#)

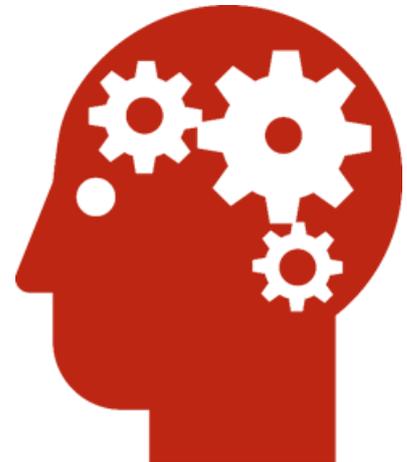
² [Defence and Security Exports for 2017](#)

³ [BAE Systems to develop automated cyber defense tools for DARPA](#)

In focus: Mental health

Mental ill health is one of the main causes of sick leave in the UK and every year, one in four of us will experience a mental health problem. In defence, these problems can be exacerbated by the pressure of the role, perhaps due to the high importance of precision, tight deadlines, long hours, adapting to technical innovations or a combination of factors.

These pressures can begin while still a student and take on a different form once working in defence and throughout a career. In an industry with such a focus on health & safety it is important to accept that we all have mental health that can fluctuate just like physical health and any impairment can have an impact on self, others and the organisations we work for.



Obviously, not all mental health issues stem from the workplace, they can start at any time, at any age and to people from all walks of life. People with mental health issues may not make it clear that they're suffering and so may go on without seeking help. Due to this, it's important that your workplace has a culture that encourages those affected to have the confidence to speak out and be willing to talk about their problems. A recent survey of more than 44,000 employees found that almost half (48%) of respondents had experienced poor mental health at work.¹ Findings also showed that half of those suffering had not told their employers, which effectively equates to a quarter of the workforce suffering in silence. This is particularly relevant in sectors such as engineering that can still at times suffer from traditional 'male' driven cultures of suffering in silence and prioritising thought over feelings. However, the sector is progressive and Paul Farmer CBE, CEO of Mind believes engineering can lead the way in tackling mental health at work.²

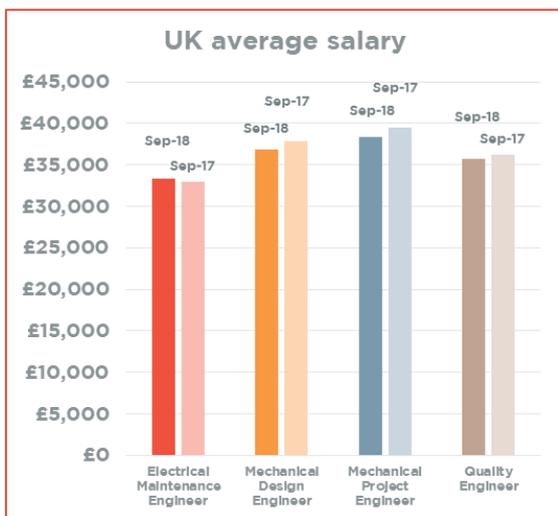
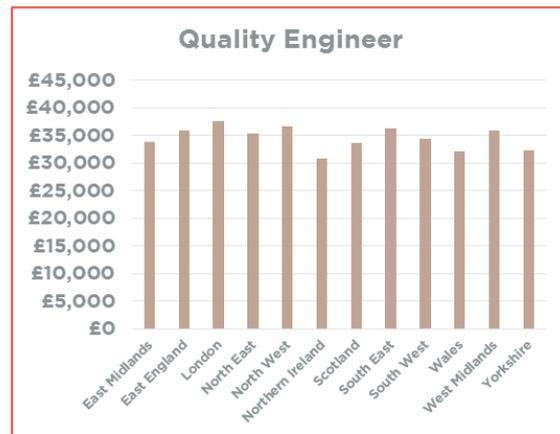
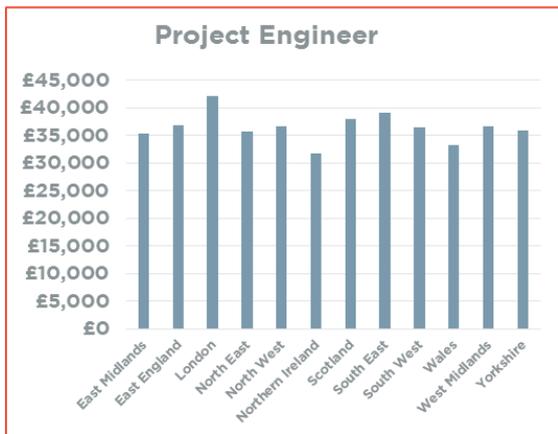
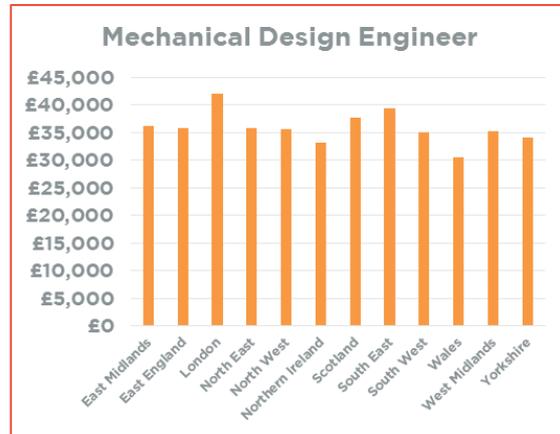
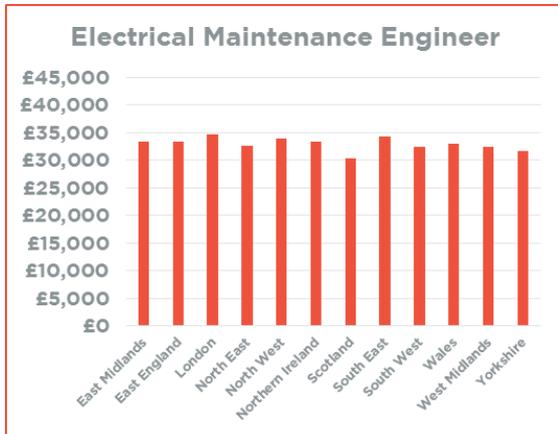
Our chosen charity is Mind, who provide support and advice to people experiencing mental health issues.



¹ <https://www.mind.org.uk/news-campaigns/news/half-of-workers-have-experienced-poor-mental-health-in-current-job/#.W5i776pKjlU>

² [Tackling mental health in the workplace](#)

Salary & hiring trends



The above information has been sourced through Innovantage - a search platform, compiling data from over 280 job boards and 200,000 company websites.

Carbon60 is a specialist in providing flexible and cost-effective engineering and technical recruitment solutions on an international scale. We work in partnership through a combination of recruitment, managed services and outsourced projects to help connect the best industry professionals and teams to dynamic businesses across aviation, construction, defence, engineering and technology.

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