

3,400 IT contractors and workers to be axed from government contracts

Over the next two years 3,378 IT contractor and employee posts will be cut from UK government projects. This move follows last month's takeover of IT services firm [EDS](#) by Hewlett Packard (HP), which is shedding 24,000 jobs worldwide.

This massive reduction in IT roles is bound to impact heavily on contractors working in the public sector, as many government departments rely heavily on contractors to ensure projects are completed on time and to specification.

EDS also services major private sector businesses, including [British Airways](#), [BP](#), [Vodafone](#), Rolls Royce, [Lloyds TSB](#), the [Royal Bank of Scotland](#), [Thorntons](#) and [Scottish and Newcastle](#), although it is not clear whether these contracts will be affected by the worker cuts.

Major contracts to be hit

EDS has major contracts for the supply of IT services with many key government departments, including the [Department for Work and Pensions](#), the [Ministry of Defence](#) and the [Ministry of Justice](#).

Mark Serwotka, General Secretary of the [Public and Commercial Services Union](#), which represents over 2,000 EDS workers, says: "Our concerns about government IT contracts in the MoD and DWP will not be alleviated by this announcement. It's not just jobs that are at risk, but the delivery of public services that rely on IT services provided by the former EDS."

HP 'clarification'

HP issued the following statement in response to ContractorCalculator's questions about the impact on IT contractors: "HP expects the Workforce Management exercise in EMEA [Europe, the Middle East and Africa] to affect approximately 9,300 employees over a two-year period, with roughly half of these positions replaced to create a global workforce that has the right blend of services and delivery capabilities to address the diversity of its EMEA markets and customers.

"Based on local legal requirements and consultations with the HP and EDS works councils and employee representatives, HP expects that the number of positions impacted for UK is up to 3,378."

Contractors out first, or last?

According to HP's statement, workers will be redeployed where possible and a voluntary redundancy programme is already underway. But no information has yet been forthcoming on the situation for its IT contractors.

Such contractors occupy a unique niche within the workforce, due to their status as service providers and not employees. As a result, companies take different approaches to their use at times of staff cut-backs.

In some cases contractors may be the first to go, as their contracts can be terminated much faster and more easily than those of permanent employees with contracts of service, who have to go through the statutory redundancy process.

However, contractors are often used to plug gaps at short notice, so may be retained, or even hired, as permanent IT staff take voluntary redundancy, leaving vital positions with government clients unfilled.

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