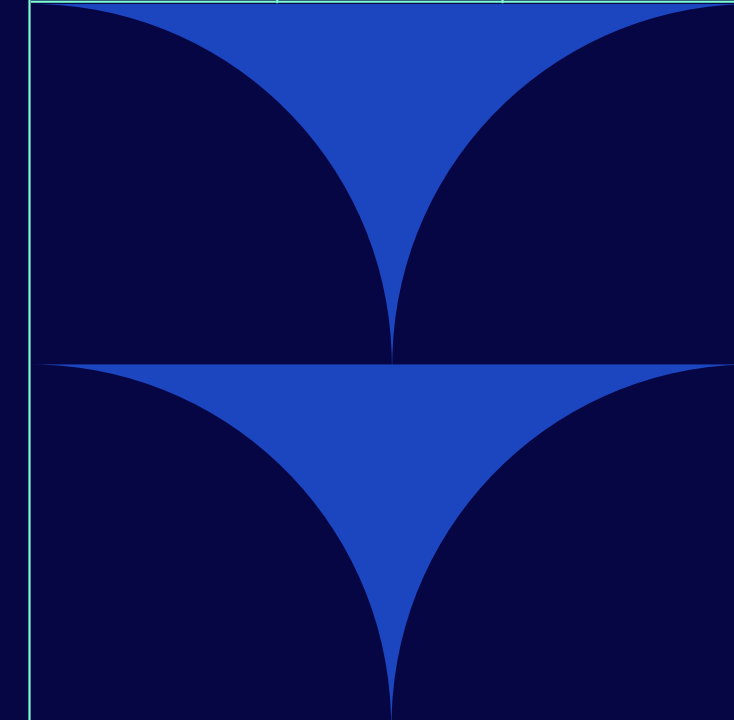
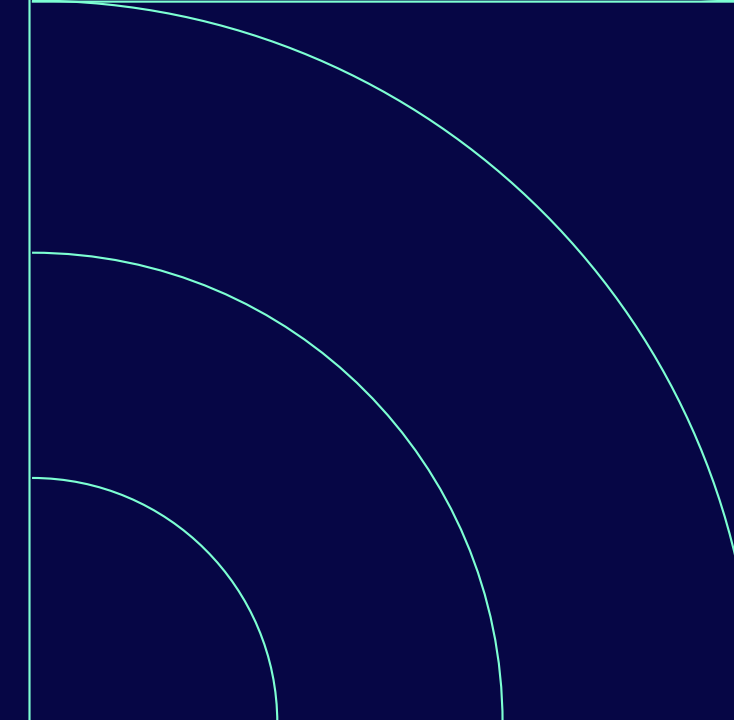
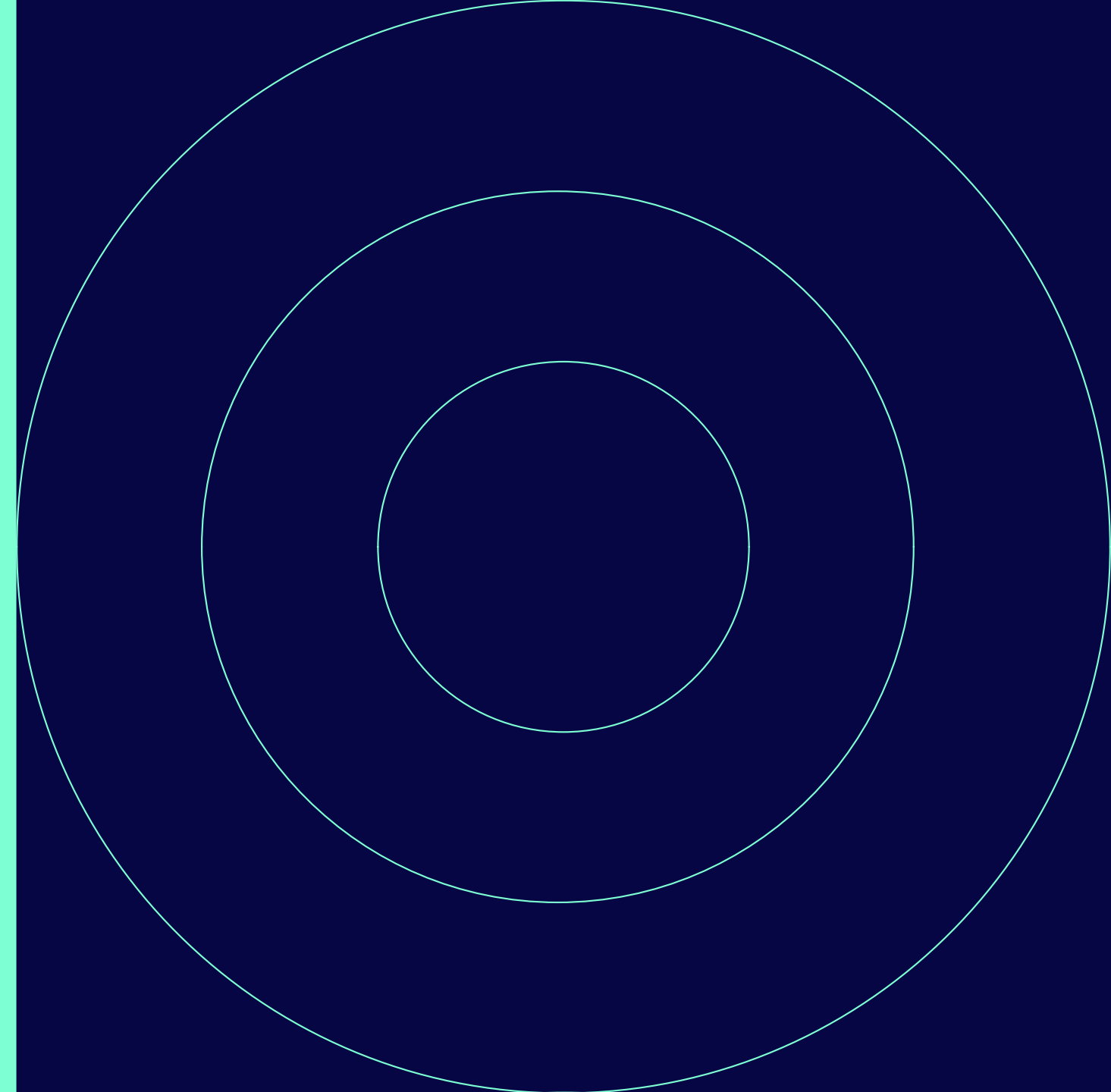
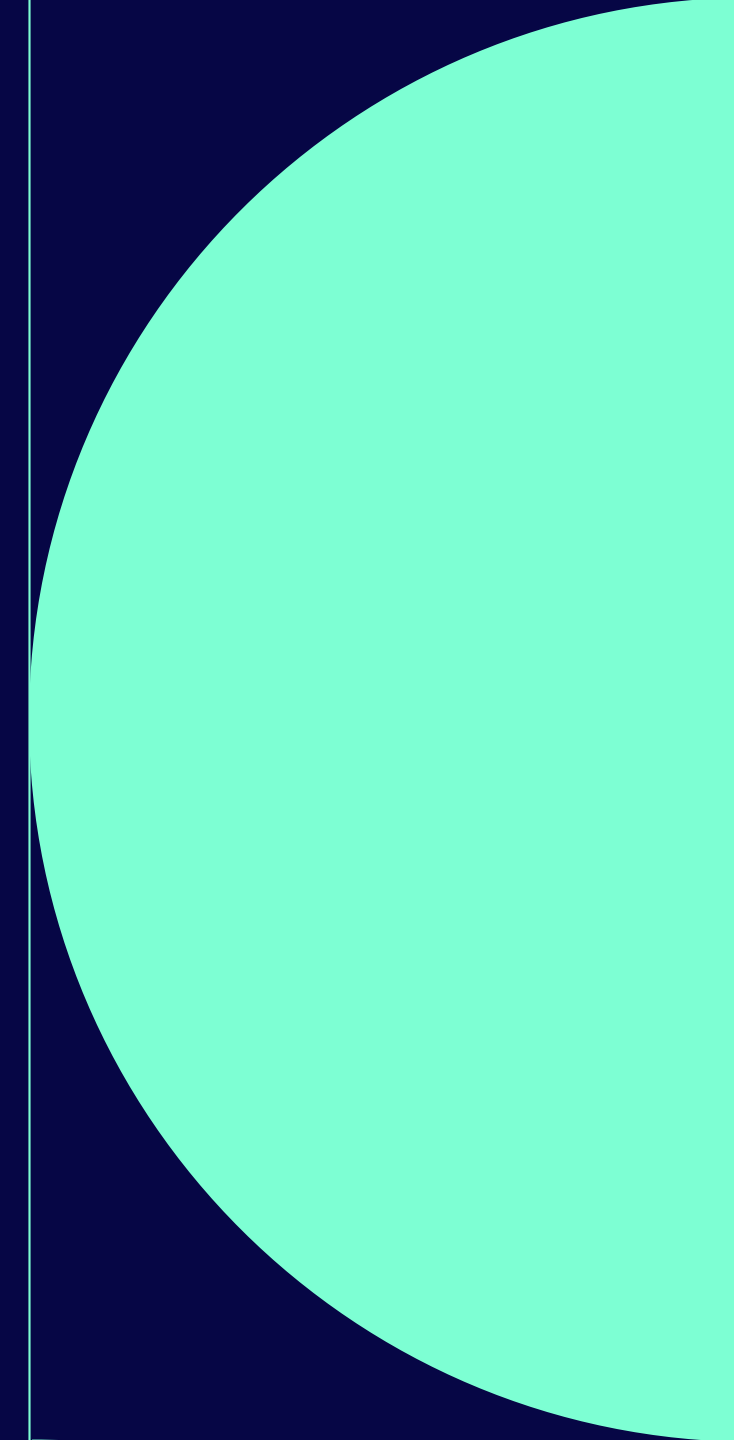


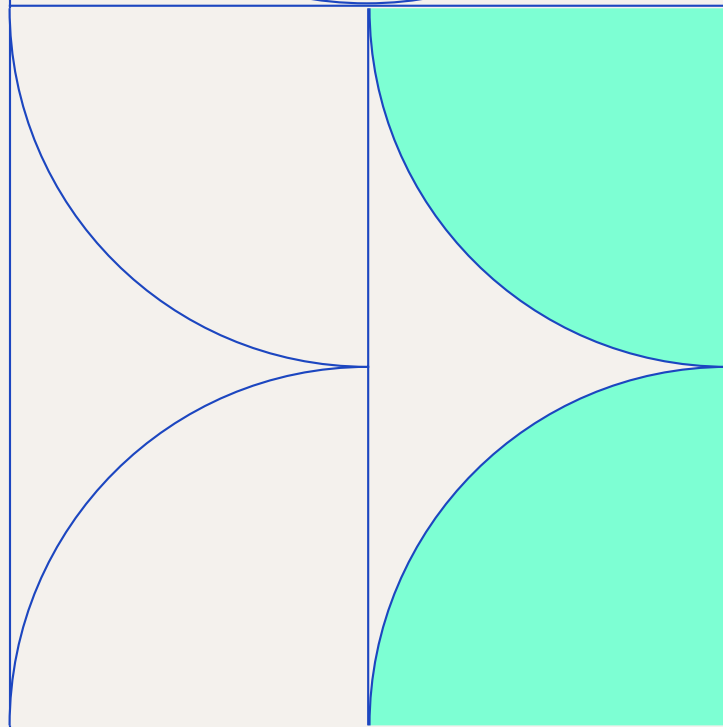
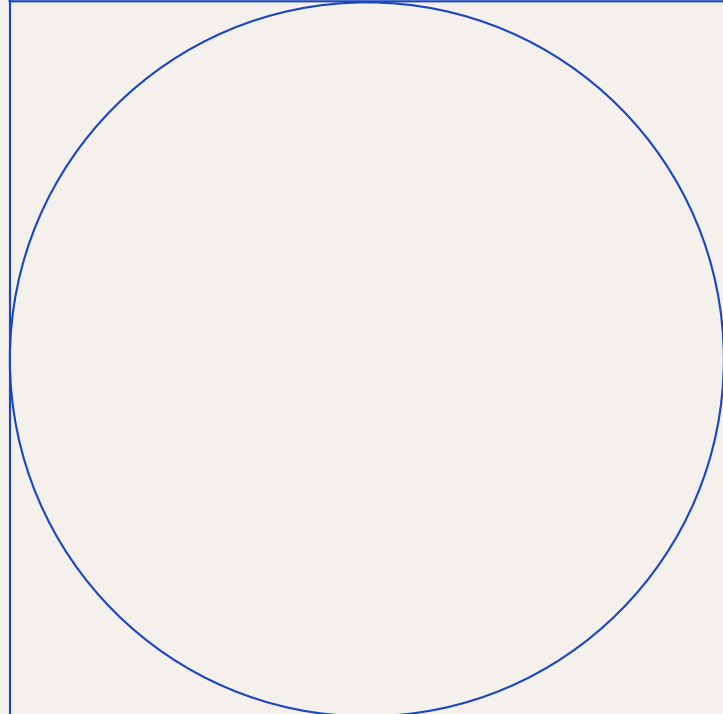
Business Barometer

June 2023

An analysis of the UK skills landscape.



Contents



Forewords

The economic shocks that have buffeted UK business over the past couple of years have led to tougher trading conditions and intense competition for skills. Faced with these challenges, businesses have demonstrated outstanding resilience but their recovery, productivity and growth are being held back by a critical shortage of workforce skills.

Businesses know they have a key role to play in resolving skills shortages and I have been heartened by the tens of thousands of employers who are coming forward to identify the problems and solutions for their local economies. Chamber-led Local Skills Improvement Plans in England are bringing together business communities and training providers to ensure people can train for the jobs we have now and the new opportunities employers are creating as the workplace evolves.

Once again, the Barometer shows why it is critical for business, governments and the skills sector to work together to resolve skills shortages. A lack of talent is already

impacting severely on profitability and staff morale –with many firms turning away new business opportunities. A failure to act now could jeopardise jobs, livelihoods and the UK’s competitiveness.

Governments must create the conditions for business to invest in training and development, with incentives through the tax system and by putting employers at the heart of the skills system.

We need a laser-like focus on preparing and supporting young people and the unemployed to succeed in the workplace.

It’s time for a long-term, stable and coherent strategy for skills – without constant tinkering and change – to give everyone the confidence to engage and play their part.

There must be parity of funding and prestige for technical, vocational and academic routes to employment, ensuring that providers are properly resourced to meet the needs of businesses and learners.

It’s vital to create an agile and flexible skills system that can respond quickly to the needs of an evolving workplace, where increased digitalisation, automation, AI and Net Zero priorities are creating the need for different knowledge and skills, and new ways of working.

And, when urgent job vacancies cannot be filled from the local and national labour market, the immigration system must support employers who have no choice but recruit from outside the UK.

The Barometer highlights the urgency of action and, with the backing of governments, I am confident that employers will rise to the challenge.



Shevaun Haviland,
Director General,
British Chambers of Commerce

Forewords

Each year, the Business Barometer report has shown that we have a long-term, structural skills shortage across the UK. The skills gap spans across multiple sectors and threatens business performance and the delivery of quality public services and is something that governments, employers and educational providers need to address together.

This year's report marks the second year in which we have partnered with the British Chambers of Commerce (BCC). Following the publication of the 2022 report, we ran a series of roundtables in Milton Keynes, Leeds, Belfast, Dundee and Cardiff to discuss issues identified within the report. Local employers and education providers highlighted some of the deep-rooted causes of the skills shortage, and why it has been so difficult to address historically.

These fascinating discussions have informed this year's report and survey.

Utilising the experience and expertise of the BCC's research team, this report outlines the size, nature, causes and impacts of the skills shortage. We highlight some of the strategic challenges skills gaps pose for organisations – from a lack of productivity, to the detrimental effect on staff wellbeing.

Of course, learning and development is a vital part of solving the skills shortage. However, we have to ensure that opportunities are available on an equitable basis to deliver real change. The survey shows that relatively few plans and initiatives are in place within organisations to access hidden talent within the workforce – and that's something we need to address as a society.

The Open University delivers workplace education to more than 2,800 organisations. Many of our learners are from diverse backgrounds due to our inherently flexible delivery model and track record of delivering

courses to busy people with busy lives. Whether it's developing new nurses for the NHS, or giving the business leaders the skills they need to deliver success, it's a responsibility we take very seriously.

But this report shows there is much more to do. I hope the Business Barometer 2023 helps you with your thinking around skills and training as we work together to address this crucial challenge.



Viren Patel,
Director of Employers & Partnerships,
The Open University

A series of roundtables, including this one in Belfast, helped inform the employer survey.



Executive summary

Economic conditions in the UK remain among the hardest in years, with record inflation, new global trade barriers, and crucially, widespread skills shortages. But organisations across all sectors in the UK are showing significant resilience to fight and grow.

The Business Barometer draws on exclusive survey data from the British Chambers of Commerce (BCC). The survey – which received 1,289 responses from organisations of all sectors and sizes across the UK in April and May 2023 – provides extensive qualitative and quantitative insights on a range of topics related to skills, employment and training. The survey’s research objectives were developed based on feedback from a national programme of roundtables arranged across the UK by The Open University and the BCC.

As this report shows, the vast majority of organisations continue to report skills shortages, and these shortages are having significant impacts on both existing staff and the ability of the organisations to operate and grow. Skills shortages are driven by a wide range of factors, including a lack of applicants to roles, but also retirement, illness, and staff salary expectations, exacerbated by a cost-of-living crisis.

One of the main challenges to overcoming skills shortages is the ability of organisations, particularly small and medium-sized enterprises (SMEs), to plan around their workforce. Resource, time, and knowledge constraints disproportionately affect SMEs, leaving them at a competitive disadvantage.

However, it is clear from the survey evidence that organisations recognise the importance of interventions to attract and retain staff.

Most respondents to the survey intend to train staff over the next twelve months and there is a clear need for flexibility and agility from providers in the delivery of training. At the same time, greater flexibility by employers, for example in how, when and where people work, is making the workplace more accessible to people from a broader range of talent pools. With targeted training and, where necessary, individual support and adjustments, many more people can contribute to the workplace, helping to create more diverse teams and helping organisations resolve skills shortages.



Summary of UK key findings:

73%

of organisations are currently facing skills shortages. This rises to 86% of large organisations.

42%

of organisations say they have been prevented from filling roles due to lack of applicants.

72%

of organisations say skills shortages have increased workload on existing staff.

78%

of large organisations have implemented a plan relating to recruitment, their workforce or their wider impact. This compares to only 45% of micro firms with fewer than 10 employees.

54%

of organisations say they don't have initiatives, skills programmes, or adjustments for specific talent pools, including underrepresented groups. This rises to 65% of micro organisations.

31%

of organisations have seen a net change in the number of employees over the age of 50 in the last three years.

Executive summary for Nations*

Summary of Northern Ireland key findings:



68%

of organisations in Northern Ireland are currently facing skills shortages.



24%

of organisations in Northern Ireland say they have been prevented from filling roles due to lack of applicants.



70%

of organisations in Northern Ireland say skills shortages have increased workload on existing staff.



56%

of organisations in Northern Ireland have implemented a plan relating to, recruitment, their workforce or their wider impact.



36%

of organisations in Northern Ireland say they don't have initiatives, skills programmes, or adjustments for specific talent pools, including under-represented groups.

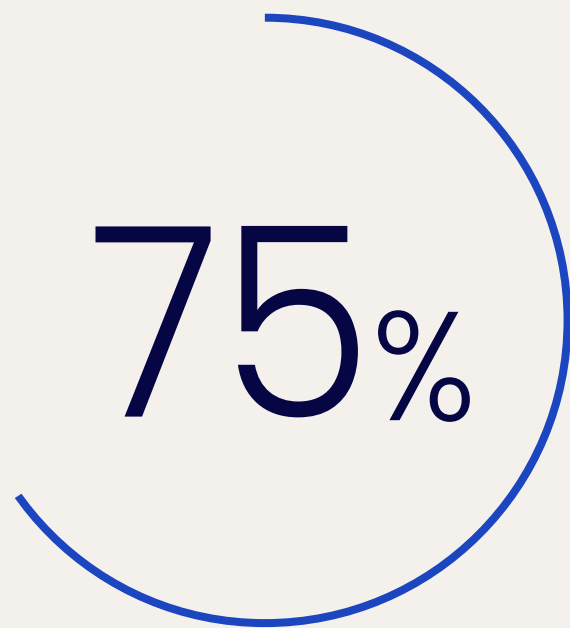


21%

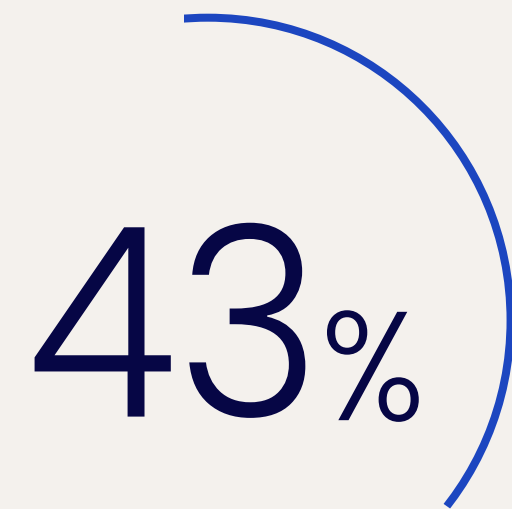
of organisations in Northern Ireland have seen a net change in the number of employees over the age of 50 in the last three years.

* As this report shows, the biggest drivers of different outcomes within the data are organisation size and organisation sector. For instance, large organisations and public/health/third sectors organisations are significantly more likely to have implemented workforce plans than micro organisations or those from other sectors. Therefore, differences between nations data can be generally accounted for by the size and sector profile in each sample.

Summary of Wales key findings:



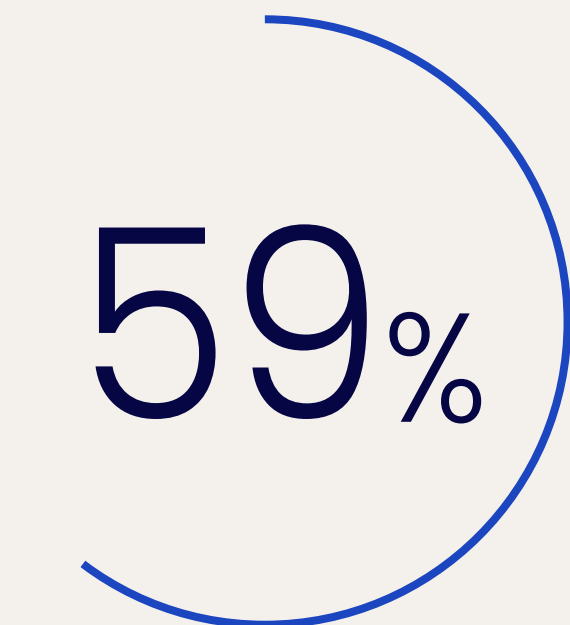
of organisations in Wales are currently facing skills shortages.



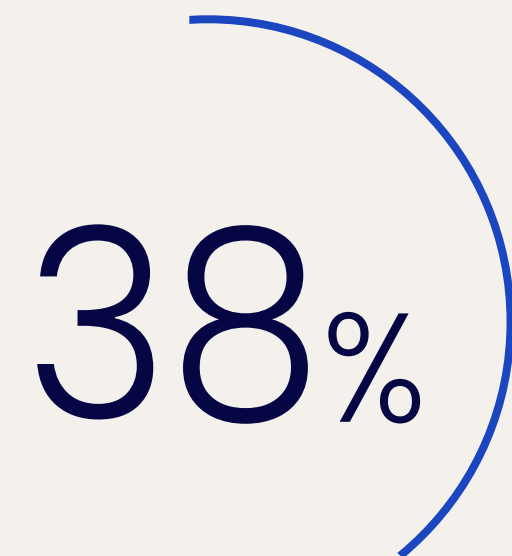
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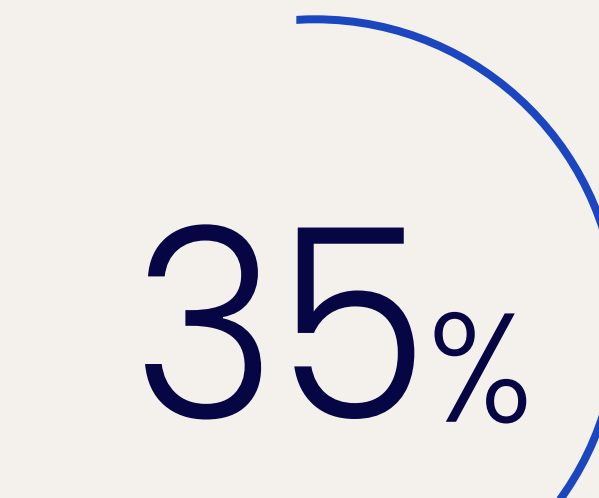
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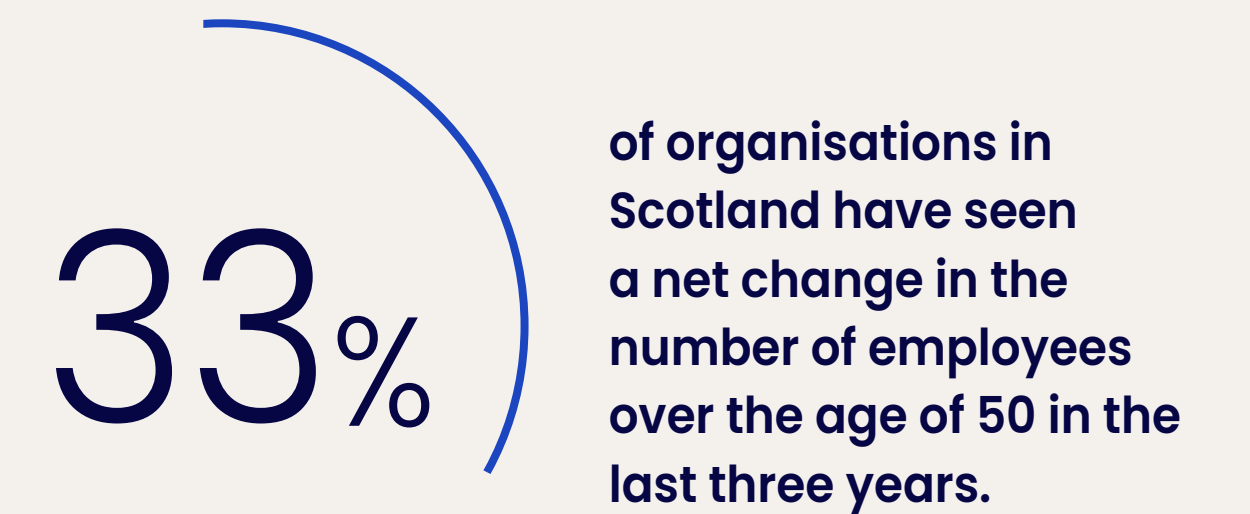
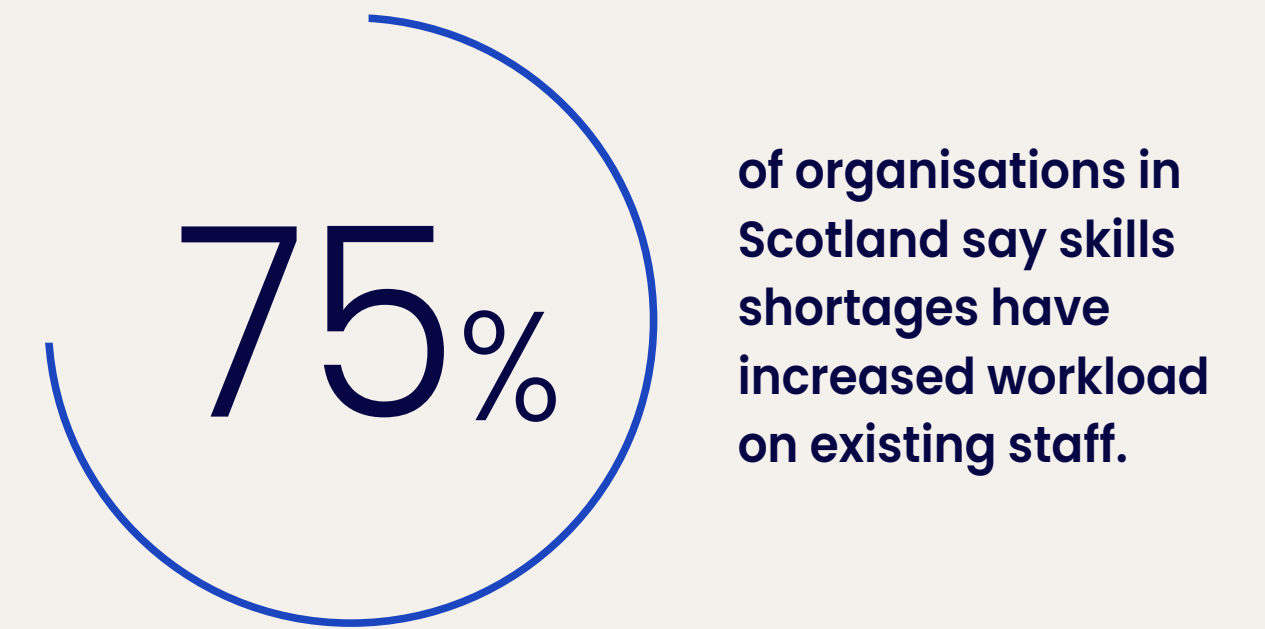
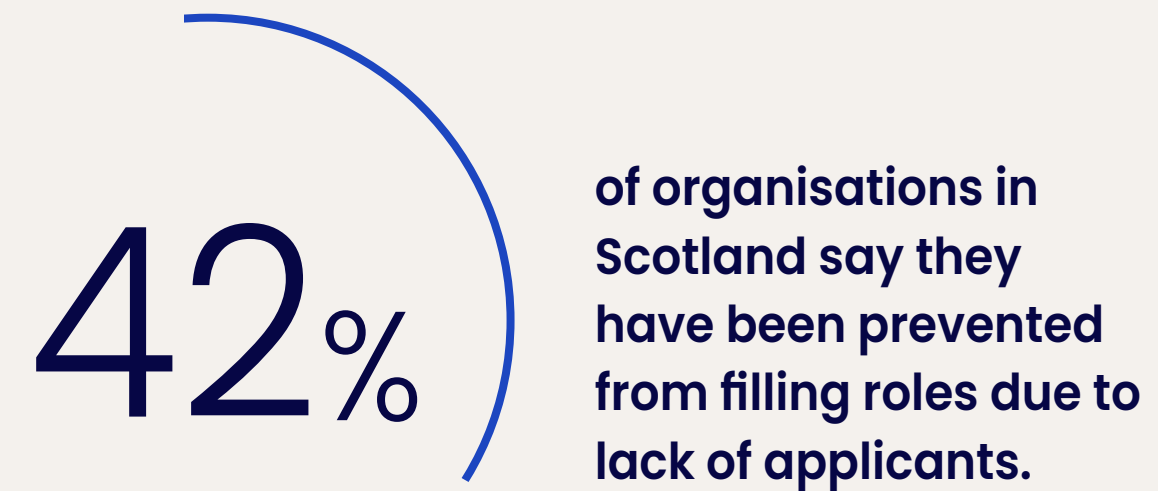
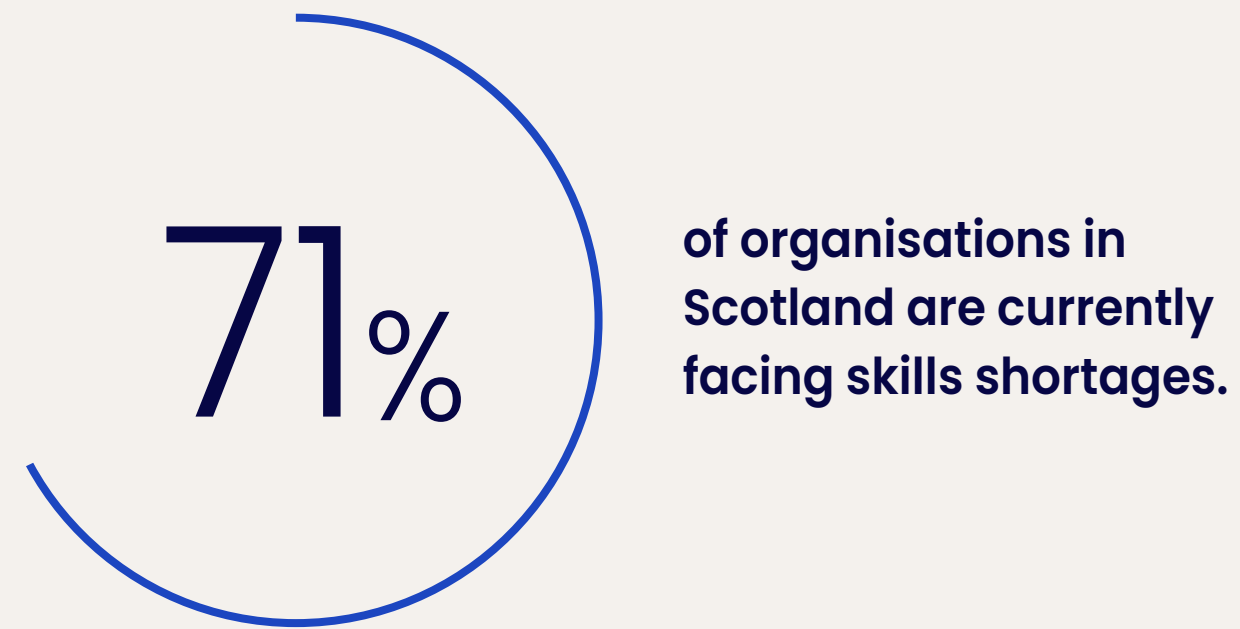


of organisations in Wales say they don't have initiatives, skills programmes, or adjustments for specific talent pools, including under-represented groups.



of organisations in Wales have seen a net change in the number of employees over the age of 50 in the last three years.

Summary of Scotland key findings:



The scale of the skills shortages problem

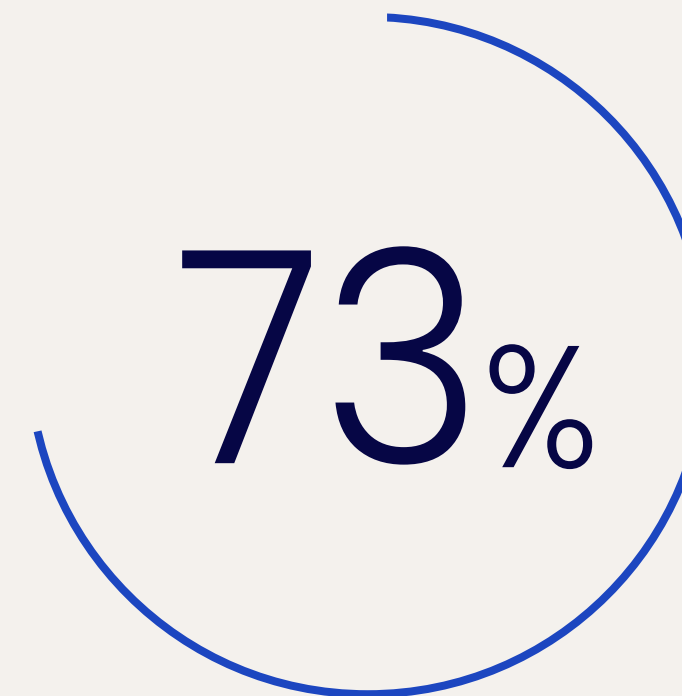
Employers are facing a prolonged period of skills shortages. The Covid-19 pandemic, the UK's withdrawal from the European Union, and spiralling inflation, stemming from supply chain, energy, and wage costs, have contributed to a record number of job vacancies, alongside unprecedented recruitment difficulties. The Business Barometer explores the extent to which organisations in the UK are facing skills shortages, but crucially what impact these shortages are having on their ability to function and grow.

Despite multiple economic shocks in recent years, UK vacancy rates have been at among the highest levels on record, and the unemployment rate remains stable at **3.8%** in April 2023. Many of the survey results are almost completely unchanged from the 2022 Business Barometer, indicating that the UK faces a systemic skills gap.

In the survey, respondents were asked to what extent they agreed or disagreed they were currently experiencing skills shortages. Overall, almost three-quarters (**73%**) of respondents 'agreed' – **34%**

'strongly agreed', **39%** 'somewhat agreed', **13%** 'somewhat disagreed', **10%** 'strongly disagreed', and **4%** said 'don't know'.

Significant differences appear within the different types of organisations surveyed. Manufacturers were the most likely to agree that they are facing skills shortages (**86%**), compared to B2B service sector firms (**66%**). Larger firms with more than 250 employees were also far more likely to agree (**86%**) compared to micro firms with fewer than 10 employees (**59%**).



Almost three-quarters of respondents agreed they were experiencing skills shortages.

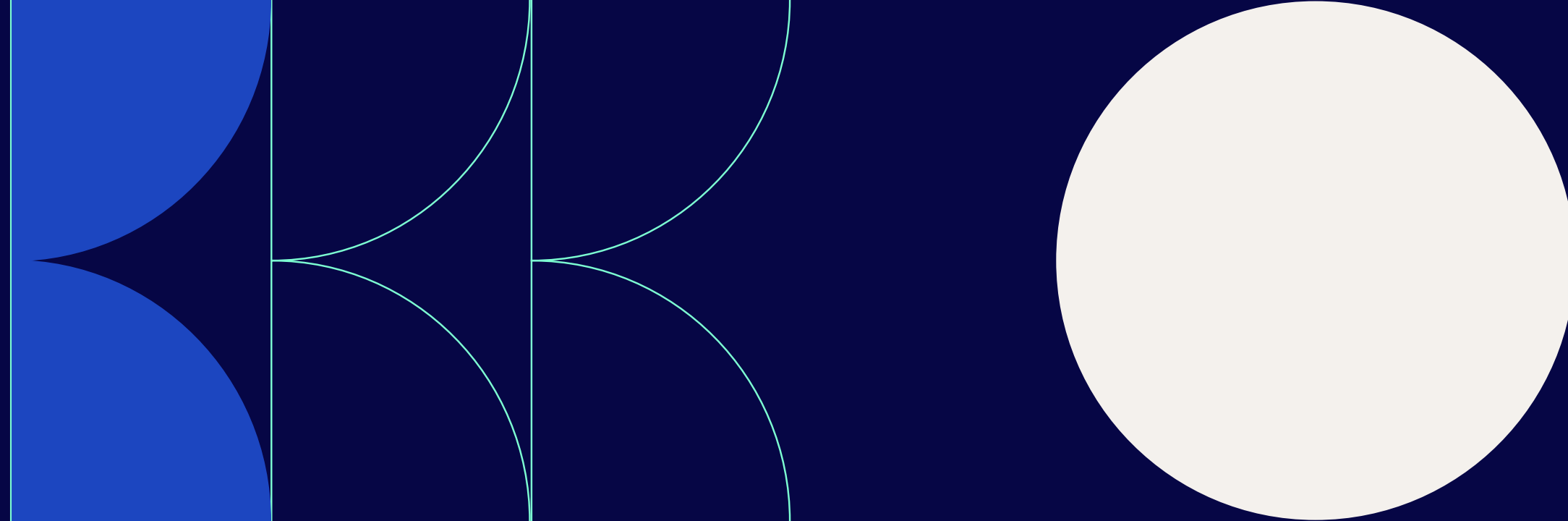
The chart on the following page shows the breakdown of responses to this question by sector, size, and export status.

Across the UK regions and nations, respondents in the Midlands were the most likely to report skills shortages (**80%**), followed by the South of England (**79%**), Wales (**75%**), North of England (**74%**), Scotland (**71%**), and Northern Ireland (**68%**).

**To what extent do you agree or disagree that your organisation is currently experiencing skills shortage(s)?
(n=1,289)**

BASE: (Total (weighted): N = 1289; Manufacturing: N = 390; B2B services: N = 432; B2C services: N = 210; Public, health or third sector: N = 257; Less than 10: N = 461; 10 to 49: N = 362; 50 to 249: N = 229; More than 250: N = 237; Exporters: N = 481; Non-exporters: N = 777)
Weighting: Total (weighted) (size)

- Don't know
- Strongly disagree
- Somewhat disagree
- Somewhat agree
- Strongly agree



What type of skills are organisations missing?

In the survey, respondents who reported skills shortages were asked to state which specific role or skillset they were facing shortages for. Respondents were asked to give answers in their own words so that we could identify the specific roles or skillsets and **719 responses** were received. As we would expect, the types of skills required by an organisation varies significantly by sector.

In the manufacturing sector, respondents are most likely to require engineering, construction, or skilled technical roles. Among the consumer-facing sector, hospitality roles such as chefs and catering staff were most likely to be cited, alongside online sales and marketing, and administrative roles. In the B2B sector, the roles most in demand were heavily weighted towards administration, IT, sales and account management. Respondents in the public, health or third sectors reported a wide range of roles, both sector-specific, such as education and healthcare roles, as well as administrative and support roles.

The below tables highlight the top types of roles cited by organisations, split by region or nation of the UK.

By nation:

Most frequent job titles (all responses)		Scotland	England	Wales	Northern Ireland
1	Engineers	1. Engineers (inc. aerospace engineers, electronic engineers, engineers (general), electrical engineers, OT engineers, operators, CAD architects & technicians)	1. Engineers (inc. software engineers, design engineers, installation engineers)	1. Marketing (inc. online marketing / selling, marketing, sales)	1. Accountants (inc. accounting, accountants, trainee chartered accountants)
2	Sales				
3	Admin/Administration				
4	Chefs				
5	Marketing				
6	IT/Information Technology	2. IT (inc. computer support, IT skills, website programming, PHP developers, IT (general), Salesforce developers, digital skills, software developers)	2. Sales (inc. salespeople, sales engineers, sales and lettings negotiators)	2. Engineering (inc. engineering, assembly, scientists)	2. Medical (inc. medical, pharmacists, nurses, doctors, optometrist, optical and ear professionals)
7	Care/Care Staff				
8	Skilled/Trades	3. Social care (inc. health and social care, home carers, social workers, care staff, occupational health nursing qualification, health care assistants, social services and care, care co-ordinators, support workers)	3. Administration (inc. administrators, admin and support staff, office admin/account manager)	3. Skilled (inc. skilled workers, chefs)	3. Skilled (inc. skilled technicians, skilled labourers, joinery, builder, panel fitters, electricians, welders, fitters, technicians)
9	Construction				
10	Teachers/Teaching				
11	Drivers	4. Trades (inc. trades, tradespeople, joiners, plumbers, skilled tradesmen, manual assemblers, project managers)	4. Construction and trades (inc. carpentry, engineering, construction workers, joinery workers)	4. Support workers	4. Customer Service (inc. customer service, receptionist)
12	Nurses				
13	Customer Service				
14	Warehouse/Warehouse Operative				
15	Accountants/Accounting	5. Administration (inc. admin, admin (general), entry-level administration & clerical)	5. IT (inc. IT, web design, IT skills, computer programming)	5. Admin	5. Administration (inc. admin and clerical, procurement, bank administrators)
16	Receptionist				
17	Electrical/Electricians				
18	Mechanics				
19	Construction				
20	Welders/Welding				

By sector:

Manufacturing	B2B	B2C	Public, health or third sector
<p>1. Engineering: Engineers (various disciplines); Design Engineers for products; Installation engineers; Mechanical/Electrical Engineers/Engineering technicians; Structural engineers; Geotechnical engineers; Field Engineer; Systems engineering; Electronics assembly; Controls/Software Engineers/Mechanical Engineers</p> <p>2. Construction and Skilled Trades: Boat builders; Carpentry and engineering; Window Fitters; Bricklayers; Joinery construction workers; Construction supervisors; Construction managers; Concrete repair operatives/Plasterers; Arboricultural consultants; Construction skilled workers; Fencers and labourers; Furniture assemblers; Welders; Plumbers; Electricians; Steel erectors; Site engineers; Access engineers; Apprentices</p> <p>3. Manufacturing and Production: Press Minders; Production; Spring Makers; Toolmaking; Factory Operatives; Glazing Installers; CNC Machinist; Production management; Production operators; Machinists; Production build; Manual workers; Production operatives and administration; Manufacturing operatives; Electronics assemblers; Machinists, Welders, Fabricators, Pipe Fitters; Machinists; Welders; Fabricators; Polishers</p>	<p>1. Administration and Support: Administrators; Admin and support staff; Office manager; Back office staff; Clerical admin; Centre managers; Customs clearance; Donor session assistant</p> <p>2. IT and Software Development: Software Engineers; Web developer; Software coding; Computer support; Programming; IT at all levels; Computer programming; IT systems management; Website; programming; Salesforce developers; PHP developers; IT consultancy; AI (Artificial Intelligence); Programmers; Cybersecurity architects; Website design; IT support; Software support; IT, data, call centre, technical building skills; Electronic service & design engineers; Software developers; Graphic design and content creation; Software; developers</p> <p>3. Sales and Account Management: Sales; Account management; Sales and export manager; Sales partners; Sales engineers; Internal account handlers; Sales and lettings negotiators; Salesforce developers; Sales and account management</p>	<p>1. Hospitality and Catering: Chef; Second chef; Starter chef; Frying skills; Front of house staff; Restaurant floor manager; Service staff; F&B assistants; Catering staff; Food and beverage assistants; Housekeepers; Head housekeeper; Banqueting managers; Food & beverage managers & supervisors; Cooks; Pastry chef</p> <p>2. IT, Web, and Marketing: IT; Web design; Website management; Online product listing; Digital content distribution technology; IT programming; E-commerce; Internet team; Buying team; Online marketing & sales; Marketing; Social media; Customer service advisors; Marketing technology; Product photography; Web design/Marketing</p> <p>3. Administration and Support: Admin; Office admin; Receptionists; Administrators; Call center staff; Part-time admin; Literacy / numeracy / attitude; Box office and catering; Warehouse operatives; Logistics; Office administration; Warehouse operators; Production staff; Travel bookers; Admin and account managers; Night workers</p>	<p>1. Education and Teaching: Lecturers in Engineering; Construction Trades Teaching; Teaching staff; Specialist teachers; Supply teachers; Teaching assistants; Maths teachers; Newly qualified teachers; Classroom staff</p> <p>2. Healthcare and Medical: Nurses; Doctors; Pharmacists; Medical professionals; Mental health nursing; Occupational Health Nursing; Biomedical scientists; Physiotherapists; Home care workers; Carers; Social workers; Care assistants; Care coordinators; Health care assistants; Opticians and ear professionals; Critical thinking in healthcare; Registered health care professionals</p> <p>3. Administration and Clerical: Admin; Finance; Marketing; Fundraiser; Communications and PR roles; Administrators; Debt advisors; Inspection services; Admin and clerical staff; Probation officers; Analysts; Receptionists; Clerical and admin staff</p>

By sector (continued):

4. Sales and Marketing:

Sales; Sales/Marketing drivers; Experienced Sales; Sales staff; Sales partners; Sales Engineers; BDM (Business Development Manager); Marketing communications; CAD and sales executives; Sales and export manager

5. Technical and IT:

CNC operators; CNC setters; Automation engineers; Research scientists; CAD and CNC staff; IT staff; IT development; IT, engineering, management; Controls/Software Engineers/Admin; CAD architects & technicians; Technical, installation, IT development; CNC machine operator with design experience

4. Financial and Accounting:

Qualified accountants; Senior accountant; Accounting; VAT advisory roles; Financial crime prevention; Auditing; Accountants, planning officers; Accountants and auditors; Accountancy; Accountancy and insolvency experience; Financial advice; Tax advisers and accountants; Qualified accountants and auditors

5. Engineering and Technical:

Engineers; Technical, engineering, and tram and bus driving; Technical managers; Compliance engineer; Commissioning engineers, projects engineers, and sales engineers with BMS skills; Aviation instructors; Air traffic controllers; Insolvency administrator; Cyber and digital skills; Technical consultants; Workshop engineers/fitters; Engineering know-how; Engineering and teaching; Pharmacists; Technicians

4. Retail:

Retail; Retail staff; Retail assistant; Sales assistants; Counter sales; Experienced sales

5. Technical and Engineering

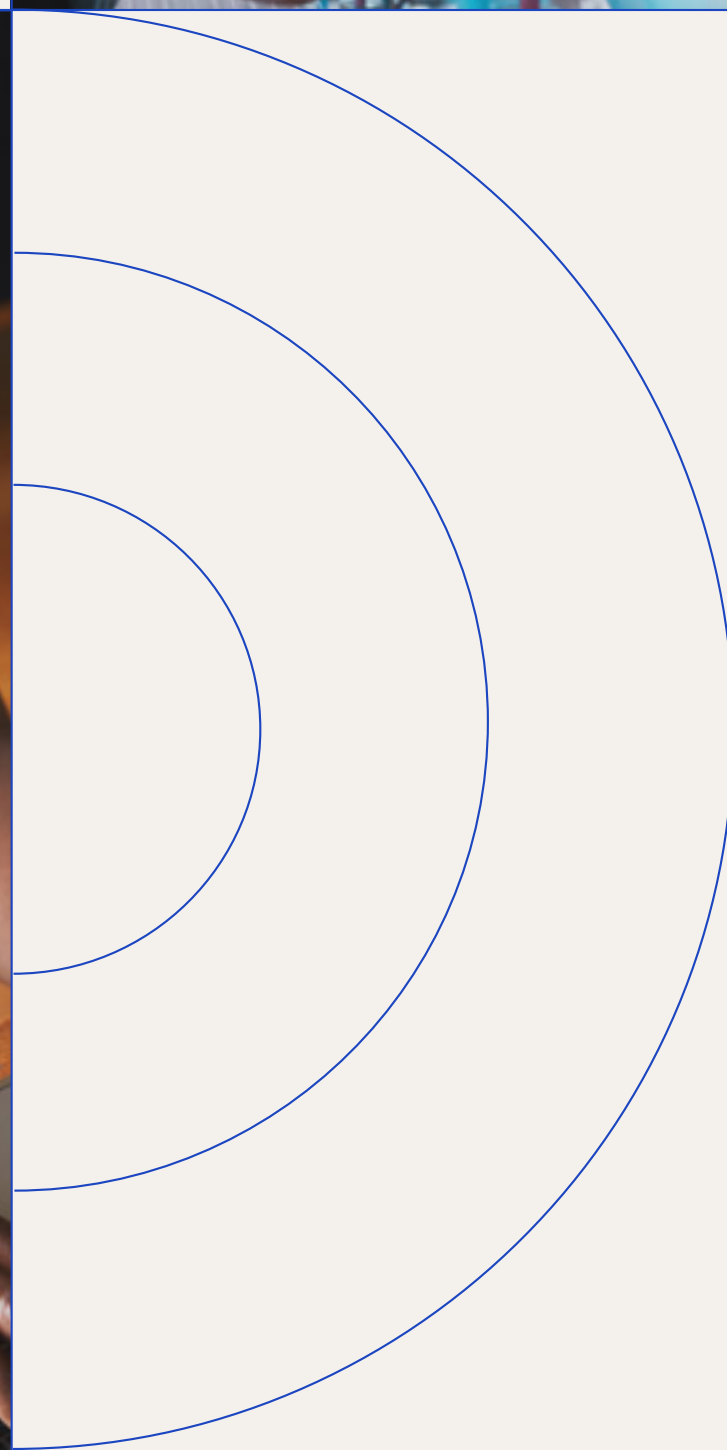
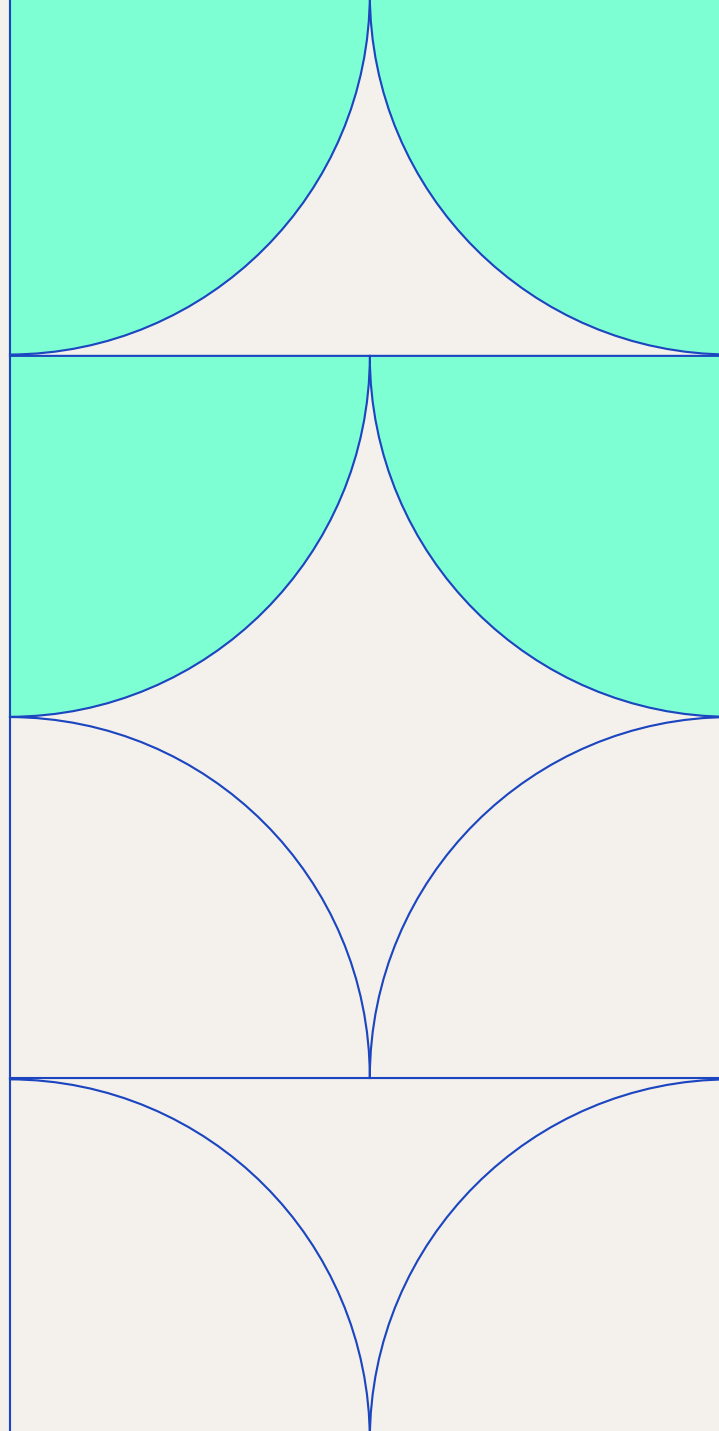
Acoustic installation engineers; Technical production; Developers and coders; Range of arts technical management; Appliance engineering; Appliance installers; Audiovisual engineers; Technical & engineering; AGRIC technician

4. IT and Digital Skills:

IT skills; Computer programming/coding; Digital coders; IT technicians; Digital literacy; User-centered design; Product management; Tech architecture; Data scientists; IT staff; Operational digital skills

5. Social Care and Support Work:

Social care; Support workers; Care staff; Community-based support; Mental health support; Care coordinators; Carers; Home care workers; Care assistants; Care workers



Go deeper:

A survey conducted by BCC found that fewer than one in 20 firms (4%) have carried out a written assessment of the green jobs or skills they will need in-house over the next 10 years.

britishchambers.org.uk/news/2023/02/action-on-net-zero-held-back-by-lack-of-understanding

What is causing skills shortages?

Although skills shortages are not new to employers, multiple shocks to the economy since 2020 have exacerbated the problem. Changes in migration patterns, increases in long-term sickness, and more people leaving the workforce through early retirement have left employers with hard to fill job vacancies at all skill levels. In addition, an increase in digitalisation, automation and the Net Zero imperative are creating demands for new and additional skills in the workplace that are in short supply. Internal migration within the UK is another major factor, as many young people move to areas for perceived job or education opportunities, often unaware of potential career prospects in their local area.

To address the mismatch between the skills demanded by employers and the skills of the available workforce, employers, training providers and funders need to work together in local economies to find solutions. While employers need to invest more in workplace training and development - and in creating more accessible and flexible workplaces, and policies that align with the values of younger employees. Governments and training providers must ensure the curriculum gives young people the skills they need to succeed in the workplace and that more support is available to get people back into work.

In the survey, organisations were asked 1) whether they had been prevented from hiring staff for any reason, and 2) whether existing staff had left for any reason.

Barriers to hiring staff

The top answer as to why organisations were prevented from hiring new staff in the last twelve months was that there were few or no applicants to roles, cited by **42%** of respondents. The next four answers cited were all related to the candidates applying for the job – **38%** of respondents cited candidates' quality or suitability, **31%** cited candidates' salary expectations, **21%** cited candidates receiving counter offers, and **16%** cited candidates' flexible working expectations.

Only **22%** of respondents said they had not attempted to hire staff in the last twelve months, and even fewer (**11%**) said they had not faced barriers. Manufacturers were the most likely to report that they had been prevented from hiring staff – only **7%** said they had not faced barriers.

In the last twelve months, has your organisation been prevented from hiring new staff for any of the following reasons? (n=1,196)



In the last twelve months, have existing staff left your organisation for any of the following reasons? (n=1,071)

Causes of departure of existing staff

When it comes to existing staff leaving in the last twelve months, the top two answers related to employers competing for skills in the labour market – **37%** respondents said staff had received offers from other employers, and **26%** cited staff salary expectations. However, the next top answers relate to wider changes in the structure of the labour market – **19%** of respondents cited retirement as a cause for staff leaving, **15%** cited dismissal, **13%** said staff had moved away to other regions or countries, and **11%** cited flexible working expectations. A smaller – but still significant – proportion of respondents cited mental health issues (**11%**) and physical health issues (**9%**) as a cause of departure.

BASE: (Total: N = 1071) Weighting: Total (size)

“
As a shopping centre owner, the pain is felt by our retailers mostly. Flexible working offers in other sectors have made retail careers less appealing. Fewer EU citizens post-**Brexit is impacting**, especially on hospitality brands. Most stores are constantly recruiting and the length of service in each store is low, meaning little experience or expertise, impacting on the ability to provide better service.

– Shopping centre in Cambridgeshire ”

“
There is a huge skills gap. Colleges seem to be focused on maths and science way beyond the age or ability levels of young people who want to be trades apprentices. This is forcing **manually hard-working non-academic peoples** out of the schemes.

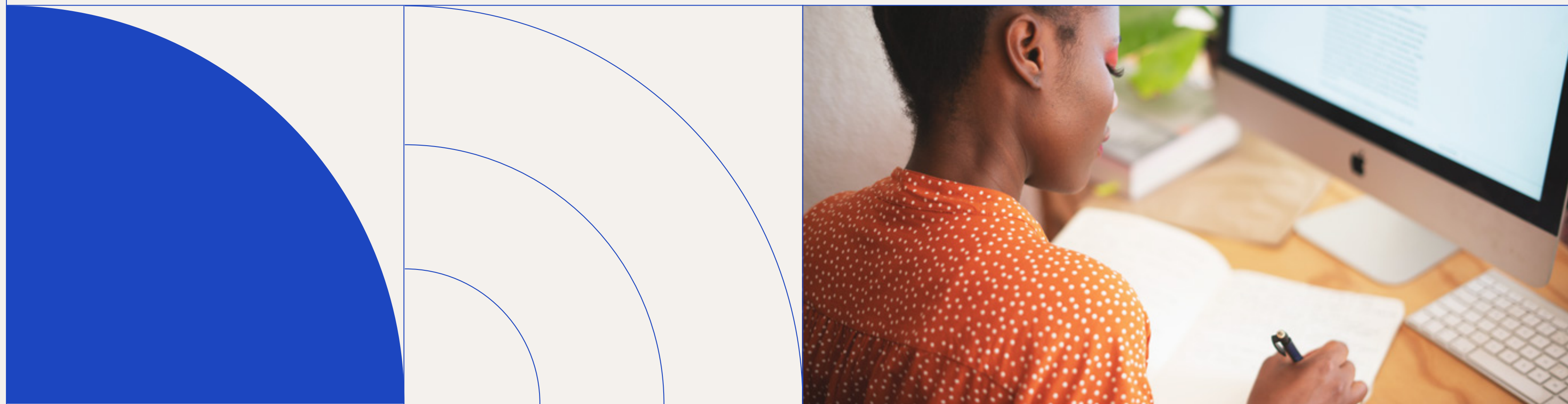
– Medium-sized construction business in Staffordshire ”

“
Cost of recruitment and high levels of turnover in hospitality are our biggest challenge. Turnover continues to be impacted due to a lack of affordable housing, with little accommodation options outside of our staff accommodation. This makes it difficult for team members to make this area their permanent home.

– Medium-sized hospitality firm in Ayrshire ”

“
The poor state of the local infrastructure, (schools, NHS, housing, transport links) compounds the problem of skill shortages as families are not prepared to relocate here and young local people do not want to stay.

– Medium-sized manufacturer in Wales ”



Go deeper:

The Open University in Wales has developed a free, hybrid working course you can find our more here: open.edu/openlearn/money-business/supporting-hybrid-working

Usage of the visa system

The survey also looked at whether organisations had attempted to use the visa system to recruit workers from outside the UK in the last three years. Overwhelmingly, most respondents (87%) said they had not. However, 5% had recruited using the Skilled Worker Visa, 2% using the Graduate Visa, and 2% using another visa. Of those that had used the visa system, 38% said they were satisfied with the process, while 44% were dissatisfied. Visa usage was skewed towards larger organisations and those in the public, health, or third sectors, showing that the vast majority of SMEs are not interacting with the system. Around one third (35%) of large organisations had used the visa system in the last three years, falling to just 5% of micros.



We have had lots of great well-qualified and experienced individuals applying for jobs from overseas but the barriers to employ them legally in the UK are too complex. If there was more information or an easier and more streamlined process to employ skilled workers from overseas that would be a huge advantage to making the skills gap smaller.

– Micro admin, support, or consulting firm in Shropshire



There are too few staff in the UK with appropriate skills and it's much more difficult to recruit from EU now.

– Micro public administration or defence organisation in Edinburgh



Recruiting from overseas has been a big opportunity for us but the rules for Skilled Visas are prohibitive and it is too expensive for businesses to see this as a viable solution to staffing crisis in the UK.

– Medium-sized hospitality firm in Ayrshire





What, if anything, is the impact of these skills shortage(s)?

What are the impacts of skills shortages?

Overwhelmingly, respondents reported that the main impacts of recruitment difficulties and skills shortages were on existing staff. Overall, **72%** of respondents said shortages had increased workload on other staff. A further **46%** reported reduced activity or output, **40%** reported reduced long-term growth plans, and **39%** reported decreased staff morale or wellbeing. Skills shortages are presenting both immediate challenges for staff wellbeing and productivity, but are also affecting the longer-term prospects for many organisations. Public, health, or third sector organisations were the most likely (**85%**) to report that skills shortages had increased workload on other staff.

Organisations in the North of England were more likely to say skills shortages were causing increased workload on other staff (78%), a reduction in activity or output (52%), and a reduction in long-term growth plans (46%). However, all regions and nations of the UK reported impacts in high numbers – only 2% of organisations overall said skills shortages were causing no impact.



Our biggest problem is trying to get staff. Meanwhile we are turning away business every single day. Some days, especially weekends, we will turn away in excess of 200 people on a night. We have the space. We are a large restaurant on two floors but not enough staff to operate both floors.

– Restaurant in Cumbria

We are not able to recruit enough skilled staff due to a reduction of students on college courses, not only available for an apprenticeship, but available in the future as skilled workers. Work experience from schools to attract students into the trade is almost impossible due to HSE restrictions placed upon them. We've been in business for almost 22 years and the last two have been the hardest by far. We have a fantastic opportunity that it looks like we may not be able to fulfil due to staffing and premises restraints.

– Medium-sized transport, logistics, or storage firm in North East England



Rising to the challenge

As we have seen so far in this report, skills shortages are widespread, driven by a number of different factors, and causing significant impact on both organisations and the people within them.

However, organisations in the UK have demonstrated a high degree of resilience to weather the external shock of Covid-19 lockdowns, global supply chain crises, and new trade barriers with the EU. As we will see, this survey shows that many employers, in particular SMEs, do not have plans in place to target specific talent groups, but those that do have implemented a range of innovative solutions which will be highlighted in the case studies in this section.

Significant challenges still remain in the ability of organisations to properly plan ahead. This is the area where the size of an organisation plays the biggest role, with smaller organisations lacking the resources, finance, and headcount to articulate, plan for and address their workforce needs.

“
**We are desperate to recruit to gaps.
We cannot retain or cope with the
retirement and wider exodus or
part-time working increase.**

– Large health, social work, or third sector organisation in Wales

Learning and development

Workplace training and development plays a crucial role in overcoming skills shortages by enhancing the skills, engagement and productivity of employees, by enabling in-work progression to higher skilled roles and supporting staff retention. It is crucial that the skills system has the agility and flexibility to meet these training needs as the workplace evolves.

44%

intend to use short courses with certification

35%

intend to use short courses without certification

41%

intend to use coaching or mentoring

In the survey, organisations were asked what types of training they are looking to undertake over the next 12 months, how this may be funded, whether organisations measure the impact of training, and whether they have a preference for online or in-person delivery.

Most organisations intend to use some form of training for their staff over the next twelve months, with many showing a preference for shorter courses. Overall, **44%** said they intend to use short courses with certification, **41%** intend to use coaching or mentoring, and **35%** intend to use short courses without certification. A smaller, but still significant proportion intend to use more structured or longer-term training courses such as apprenticeships (**25%**), industry accredited courses¹ (**23%**), vocational qualifications² (**18%**), or higher level or degree apprenticeships (**9%**).

¹Industry accredited courses include Prince 2, ILM, ACCA, CIMA, CIPD

²Vocational qualifications include NVQs, SVQ, PDAs

Larger organisations are far more likely to plan to use training over the next twelve months than smaller organisations. Only one percent of organisations with more than 250 employees say they 'do not' intend to use training, compared to **26%** of organisations with fewer than 10 employees.

Across the UK, respondents in the Midlands were the most likely to intend to use training (**86%**). This was followed by the North of England (**84%**), South of England (**81%**), Wales (**79%**), Scotland (**77%**), and Northern Ireland (**76%**).



The great resignation has had a massive effect on professional service businesses. Work ethic is often lacking and those that come in do not seem fully trained but expect very high remuneration – we have to invest in training to our standards.

– Medium-sized legal services firm in Liverpool 



We increase wages for employees with all training completed.

– Small retail firm in Northern Ireland 

Over the next twelve months, does your organisation intend to use any of the following types of training for its staff or yourself? (n=1,092)



A move towards flexibility

Preference for types of training is also dependent on the sector of the organisation. Public, health, or third sector organisations are the most likely to use training over the next twelve months (only **4%** do not plan to do so), and showed an even greater preference for shorter courses. Manufacturers are more likely than other sectors to show preference for more structured courses – **40%** intend to use apprenticeships, and **24%** intend to use vocational qualifications.

The trend towards flexibility has also shaped the preferred format for the delivery of training. When asked what their preferred mode of delivery courses is, respondents overwhelmingly wanted a blend of both online and in-person. Only **12%** of organisations preferred completely in person classrooms and only **5%** preferred completely online classrooms. Around two-thirds (**62%**) preferred a mix of both. Manufacturers, perhaps owing to the nature of work involved, were the most likely to prefer completely in-person training at **18%**.

Go deeper:

The role of learning and development in employee wellbeing. A report by TrainingZone, The Open University and The 5% Club:

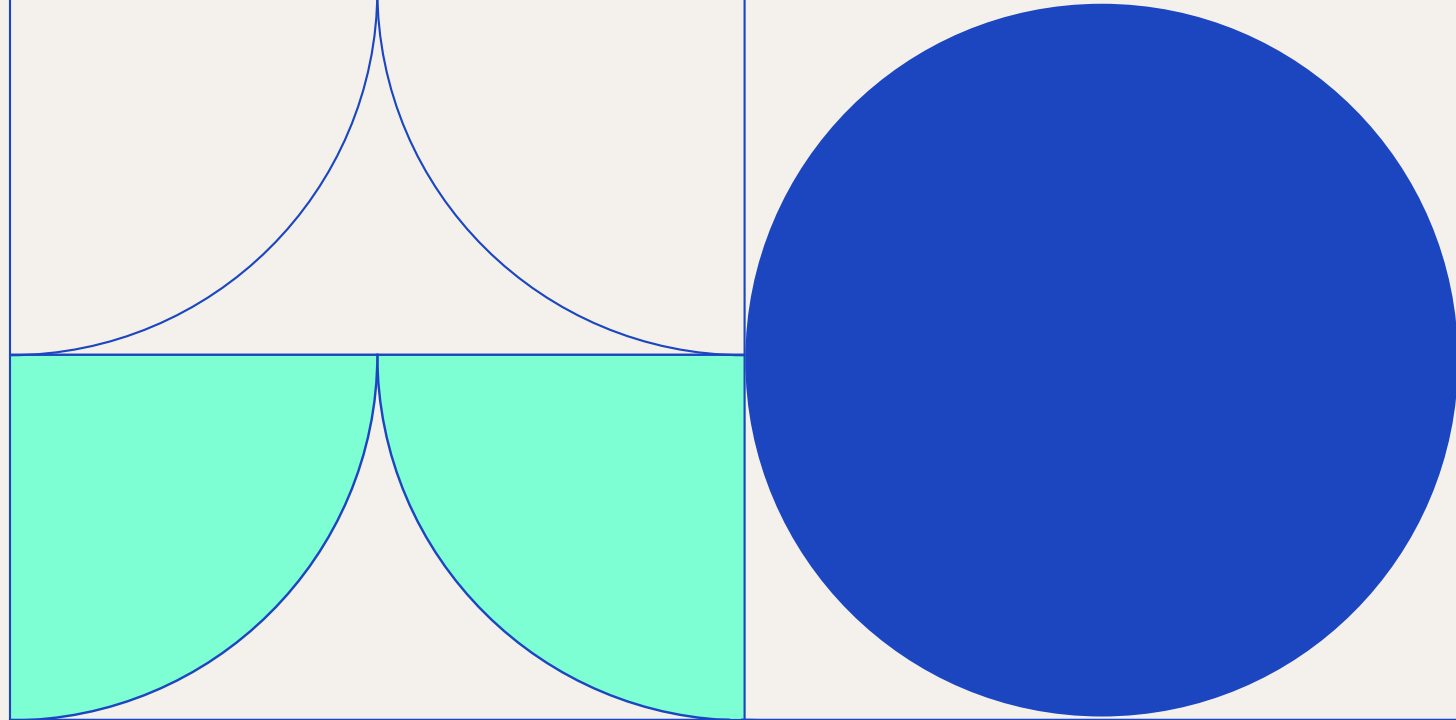
open.ac.uk/business/wellbeing

Workforce planning

Multiple crises over the last three years have significantly reduced the ability of many organisations, particularly at the smaller end, to plan for the longer term. Covid-19 lockdowns prevented economic activity which had an enormous impact on cash flow and reserves. The subsequent inflation crisis then forced many businesses to absorb soaring prices into their margins. This has added up to a hard constraint on the amount of resources and time organisations have available to forward plan.

In the survey, respondents were asked what sort of written annual plans they had in place. Overall, **41%** said they had a staff training plan, **26%** an environmental sustainability plan, and **24%** a diversity, equality, and inclusion plan. Just over one-third (**35%**) told us they had no plan in place.

Has your organisation implemented any of the following written annual plans? (n=1,140)



However, consistent with other areas of the survey, a significant divide emerges between smaller and larger organisations. While only **8%** of large organisations with more than 250 employees said they had none of the above plans in place, this figure rises to **51%** for micro-organisations with less than 10 employees. Large organisations were by far away the most likely of any segment to have a diversity, equality, and inclusion plan (**59%**), while micro-organisations were the least (**15%**). Medium-sized organisations with 50 to 249 employees were the most likely to say they had a staff training plan in place (**63%**), while again micros were the least (**26%**).

54%

of organisations say they don't have initiatives, skills programmes, or adjustments for specific talent pools, including underrepresented groups

Finding hidden talent

The survey also sought to understand the extent to which organisations were targeting specific groups of employees through the implementation of initiatives, skills programmes, or workplace adjustments. Overall, **21%** of organisations said they had specific initiatives for workers with childcare responsibilities, **18%** for workers under 25, **15%** for workers over 50, and **13%** for disabled people.

However, **54%** of respondents overall said they did not have any specific initiatives in place, rising to **65%** of micro organisations. This suggests there is scope for organisations to help fill skills gaps by engaging and supporting the needs of groups that traditionally may have been overlooked in the labour market.

Does your organisation have specific initiatives, skills programmes, or workplace adjustments for any of the following groups? (n=1,009)

Organisations in the public, health, or third sectors, and those with more than 250 employees were the most likely to offer one or more initiatives relating to these groups of employees, with only **27%** and **15%**, respectively, stating they did not offer anything specific.

27%

of public, health or third sector organisations are likely to offer one of more initiatives

15%

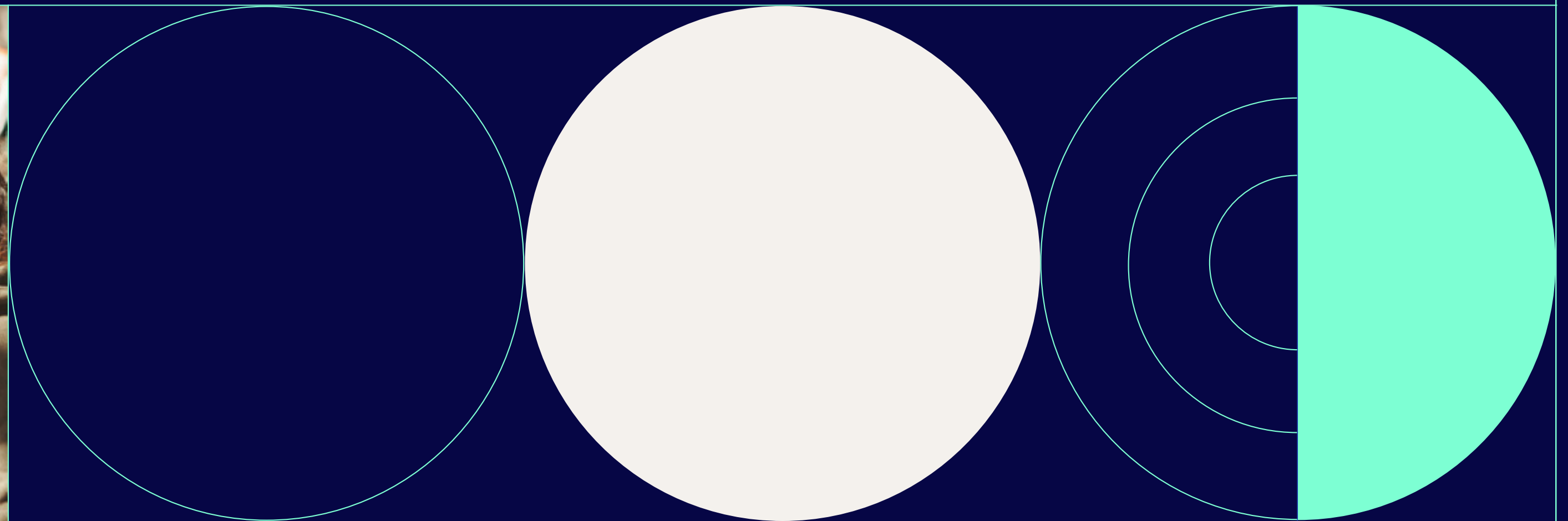
of those with more than 250 employees are likely to offer one of more initiatives

We are providing the best employee Ts & Cs we can. The Real Living Wage as minimum, private health care, four-day week for most staff as part of flexible working.

– Micro admin, support, or consulting firm in Shropshire

We offer people from abroad additional help, like accommodation or transport.

– Micro admin, support, or consulting firm in Shropshire



Case study – accessing talent pools

Army Families Federation

The Army Families Federation (AFF) is the independent voice of Army personnel and their families and has a specific employment platform to help spouses and partners of UK military personnel.

Forces Families Jobs (FFJ) is an online employment and training platform which connects military spouses and partners with Armed Forces-friendly employers and training providers, following feedback that they had experienced difficulties in accessing employers who understood the nature of service life. The employers who advertise their roles on FFJ have all signed the **Armed Forces Covenant**, and all training providers are either signatories or have demonstrated their support to the Armed Forces community.

FFJ is delivered by Tri-Service Families Federations. This has enabled them to discuss spousal employment challenges with employers who sign up to FFJ to ensure that they understand the challenges spouses and partners face and how they can better support them, including potential changes to HR policies and processes.

The Open University's (OU) free to use **OpenLearn** platform is featured on the FFJ website under free training courses, which can give learners experience of the OU's online education.

Case study – accessing talent pools

Grant Palmer

Like many businesses in the transport sector, Bedfordshire-based bus operator Grant Palmer faces a shortage of drivers. An ageing workforce is a key factor with younger drivers not seeing the driving as a career. This means retention is an issue with small increases in wages enough to see drivers move between operators.

In the coming months Grant Palmer is launching an 'attraction and retention' strategy with the OU, using education as one of the key driver benefits. Eligible drivers will be able to study for a course at the OU which the company will pay for – and this could be for as long as a full degree. They will also be able to pass this benefit to a family member if they do not wish to use it themselves.

Case study – accessing talent pools

John Lewis Partnership

The Open University and The John Lewis Partnership have launched a new programme offering young people who have experienced care the opportunity to study an undergraduate qualification for free.

The Care Experienced Scholarship offers four full undergraduate scholarships to young people aged 25 and under, who have spent time in care and have faced significant barriers to entering and succeeding in higher education. The scheme is closely linked to the John Lewis Partnership's existing 'Building Happier Futures' programme, which looks to support, harness the talent, and improve the lives of young people who have grown up in care.

Those who successfully apply for the scholarship can study flexibly, including spreading their learning over more than three years if they wish, to fit in with family or existing work commitments.



The ageing workforce

Many employers are concerned that they have an ageing workforce that could retire without the firm having the skills available to replace them. Despite only **15%** of organisations stating they have a specific initiative in place for workers over 50, a sizeable proportion overall (**31%**) report they have seen a net change in the number of employees over the age of 50 in the last three years. Manufacturers are the most likely to report a net increase in workers over 50 at **40%**.

15%

state they have a specific initiative in place for workers over 50

31%

of organisations have seen a net change in the number of employees over the age of 50 in the last three years

40%

of manufacturer employees are more likely to report a net change in the number of employees over the age of 50

In the survey, respondents were asked about the approximate average age of their workforce. Overall, the median average age came to 41, with manufacturers the most likely to report a higher median average at 44, alongside micro firms at 45. Without a clear pipeline of talent, organisations can be left exposed to retirement of key workers.



Conclusion

The findings of the survey highlight **widespread skills shortages in the UK**, the severe impact this is having on individuals and organisations, and the significant challenges faced by employers in planning for their workforce development.

Employers recognise the importance of workforce planning but many **lack the necessary expertise and resources** to address the skills gaps effectively. As a result, many firms are trapped in a cycle of continual recruitment and retention challenges.

There is a pressing need for proactive measures. It is crucial for governments, educational institutions, and employers to collaborate at a local level to find solutions. In England, through Local Skills Improvement Plans – and similar local skills partnerships across the nations – employers and training providers are now coming together to identify needs, opportunities and actions that will provide local economies with the skills they need to grow and prosper. It's vital that government continues to invest in these business-led initiatives for the longer term.

Workplace flexibility and an agile skills system are key to giving more individuals access to the training they need for sustainable jobs, and helping

employers tackle skills shortages. Governments need to create the environment that enables businesses to increase their investment in training and access targeted training programmes, apprenticeships, and upskilling initiatives that support people to succeed and progress in work.

By prioritising skills development, providing accessible resources, and fostering partnerships, we can empower organisations to proactively tackle workforce challenges, ensure long-term sustainability, and drive economic growth. Fostering a culture of continuous learning and adaptability will help individuals and organisations navigate the evolving job market.



Recommendations for organisations:

Here are some ways in which organisations can proactively address their skills shortages, attract and retain talent, and build a resilient workforce capable of meeting current and future challenges.

01

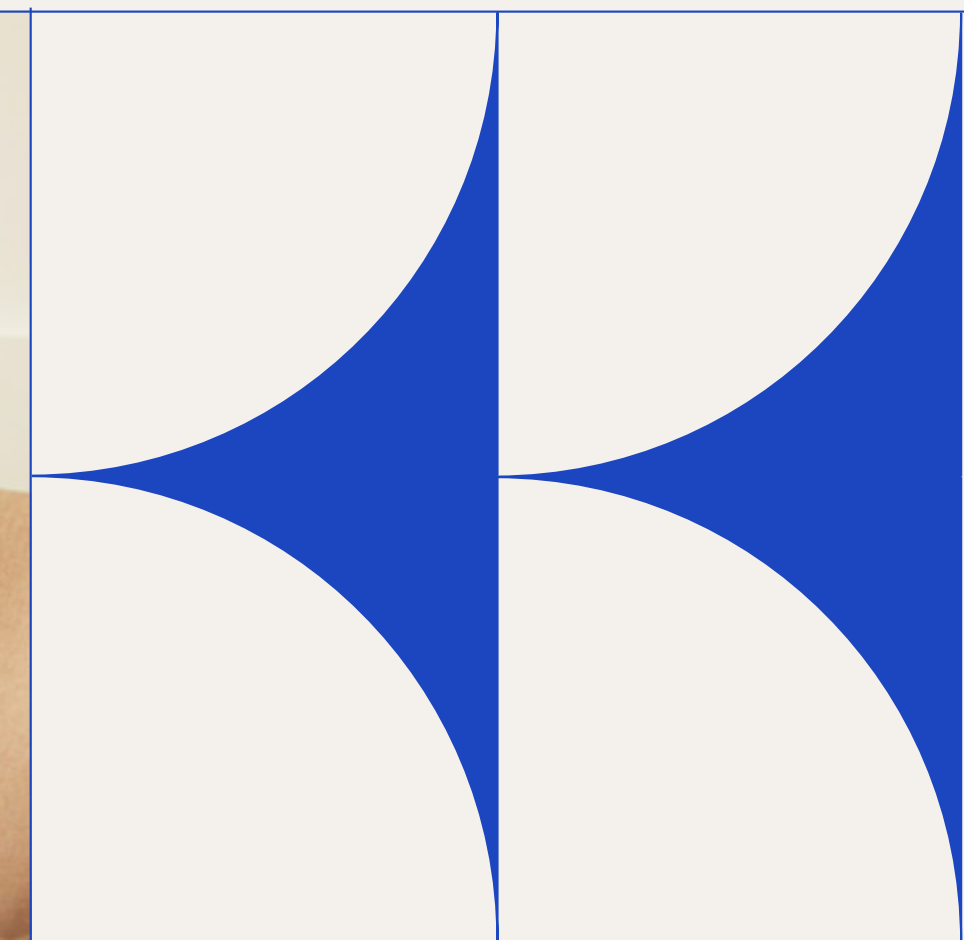
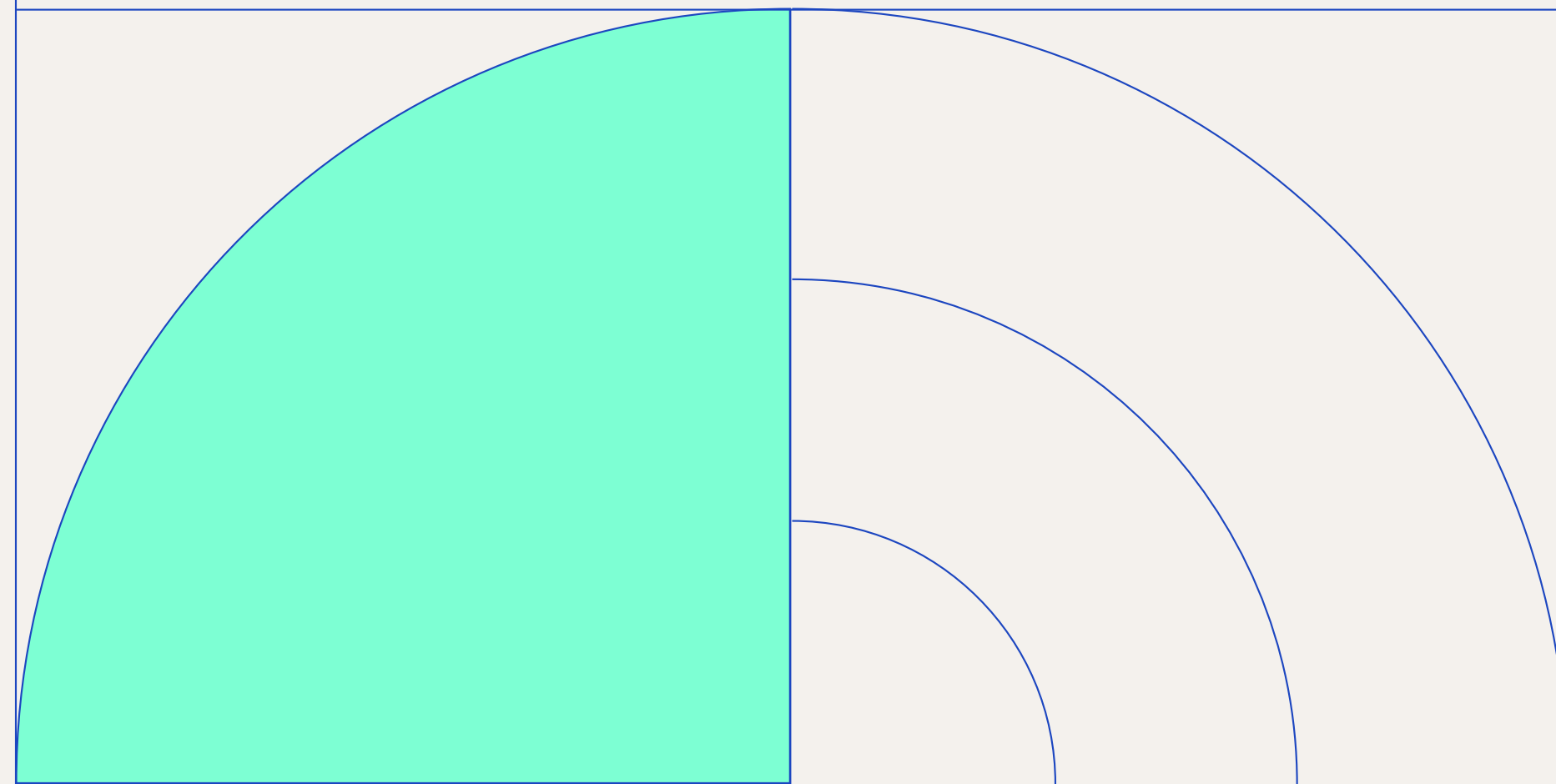
Write a skills plan for your workforce: Where necessary, seek impartial support to help you identify, articulate and plan for your workforce development needs linked to your business growth objectives. Make sure your skills plan assesses current and future workforce requirements, identifies key skills gaps, and outlines strategies for inclusive recruitment, training and development. Use this process to explore how you can attract the skills of people from a diverse range of backgrounds. Regularly review and update your plan to ensure its relevance and alignment with business needs.

02

Get in contact with schools, colleges and universities to help inform young people and inspire the future workforce about the career opportunities in your business and broader sector. Find out about initiatives delivered by third sector or educational providers to help you recruit from talent pools that may be more difficult to access.

03

Develop a lifelong learning culture and employee offering that drives loyalty and a positive culture. Invest in training and development for leaders and teams across the organisation to fill skills gaps, boost productivity and engage your workforce, improving retention in the process. Explore how apprenticeships and higher technical qualifications can support your goals together with shorter upskilling courses, such as microcredentials, and modular and flexible learning.



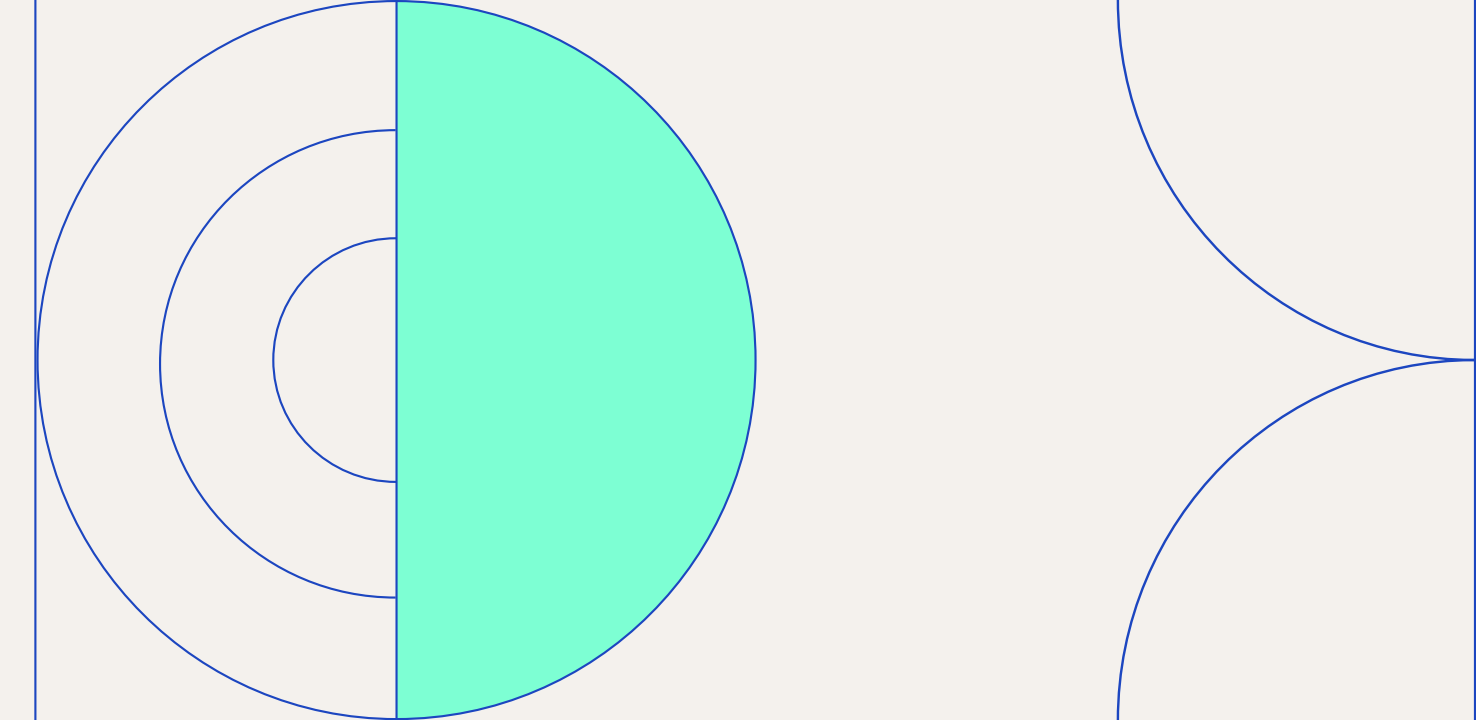
Continued...

04

Take advantage of **funding opportunities and tax allowances**, for instance the Apprenticeship Levy, which could reduce the cost of apprenticeship training for SMEs by **95%**.

06

Get in contact with your **Chamber of Commerce, training providers, and local skills partnerships**, for example Local Skills Improvement Plans in England. They need your input to understand the skills you need to provide the right training. Collaborate with other employers to share best practice and shape industry standards for training.



The Open University can help your organisation with some of these challenges by:

- ▶ Reviewing your employee proposition and making learning a core part of your people strategy.
- ▶ Expanding your educational offering – such as **microcredentials** and degree **apprenticeships**.
- ▶ Engaging and developing hidden talent in the organisation through flexible learning delivery.

Learn more at: open.ac.uk/business



About The Open University



The UK has a longstanding skills shortage and The Open University (OU) has a rich heritage of working with organisations in a collaborative manner to address this challenge.

The OU offers organisations its vast expertise in research and innovation, flexible, high-quality, supported distance learning, and offers access to diverse and experienced student and alumni talent. The OU builds long-term relationships with partners, based on a deep understanding of their business objectives and that's why **more than 2,800 organisations** work with us. An impressive **76 of the FTSE100** have used our programmes to upskill and reskill staff and NHS trusts and local authorities across the nations of the UK work with us to develop staff.

Seventy-one per cent of the **208,000 students** currently studying with the OU are working full or part-time during their studies and are spread across every nation and region of the UK, and internationally. The flexible way we deliver our courses, utilising the latest online technology, means that our

learning can fit around business priorities and personal responsibilities. Our education is both inclusive and accessible with more than **37,000 OU students** declaring a disability and **25%** of OU UK undergraduates live in the **25%** most deprived areas.

The OU offers more than 200 qualifications – and works with organisations to find the right solutions for their employees. This can include:

- ▶ **Continuing Professional Development (CPD) courses** and **microcredentials**
- ▶ **National Vocation Qualifications (NVQs)** and **Higher Technical Qualifications (HTQs)**
- ▶ Full **undergraduate and postgraduate** degrees

- ▶ Higher and degree-level **apprenticeships**
- ▶ **Free learning** on OpenLearn

This creates a diverse community of skilled, experienced student and graduate talent located across the UK, and internationally, that organisations can access.

The OU's impact is extended by partnerships with other educational institutions. The University has provided validation services to **more than 40 partner institutions worldwide** and our spirit of openness means we make our extensive expertise accessible through opportunities for research, knowledge exchange, academic partnership and innovation. If you would like to discuss how the OU can help your organisation, **get in touch today.**



About The British Chambers of Commerce



The British Chambers of Commerce sits at the heart of a unique network of businesses across the UK and around the world.

The **53 Accredited Chambers** which make up our UK Network are trusted champions of businesses, places, and global trade. Together, we represent tens of thousands of businesses of all shapes and sizes, which employ almost **six million people** across the UK.

We also have a powerful international Network with almost **80 British Chambers of Commerce and business groups** located in every continent of the world and directly linked to UK-based Chambers of Commerce.

Working together, we help firms of all sizes to achieve more. We believe it's our relationships with others that lead us to achieve goals beyond those we could ever achieve alone.

We're the only organisation that helps British businesses to build relationships on every level, in every region and nation of the UK.

Our network exists to support and connect companies, bringing together firms to build new relationships, share best practice, foster new opportunities and provide practical support to help member businesses trade locally, nationally and globally. Because we sit at the heart of local business communities in every part of the UK, we are uniquely placed to help businesses of every size and sector to thrive. This includes the active role Chambers and their members undertake to improve the local business environment and communities in which they work.

Accredited Chambers of Commerce also provide a respected voice to the business communities they represent, ensuring their priorities and concerns are heard in the corridors of power. Our opinions are regularly sought by policymakers and parliamentarians and we've been helping to shape the UK's business agenda for **more than 160 years**.

53

Accredited Chambers in the UK network



Appendix: The full data tables (in order of appearance).

[q1] To what extent do you agree or disagree that your organisation is currently experiencing skills shortage(s)? (n=1,289)

	Total (weighted) (A)	Broad sector				Number of employees				Exporter vs non-exporter	
		Manufacturing (B)	B2B services (C)	B2C services (D)	Public, health or third sector (E)	Less than 10 (F)	10 to 49 (G)	50 to 249 (H)	More than 250 (I)	Exporters (J)	Non-exporters (K)
Total	N=1289	N=390	N=432	N=210	N=257	N=461	N=362	N=229	N=23	N=481	N=777
Total (Unweighted)	N=1289	N=390	N=432	N=210	N=257	N=461	N=362	N=229	N=23	N=481	N=777
Strongly agree	34%	45%	28%	26%	44%	24%	41%	44%	43%	36%	36%
Somewhat agree	39%	41%	38%	42%	37%	35%	41%	42%	43%	43%	38%
Somewhat disagree	13%	9%	15%	15%	9%	16%	10%	10%	8%	12%	12%
Strongly disagree	10%	3%	15%	12%	5%	19%	5%	3%	3%	8%	10%
Don't know	4%	2%	4%	5%	4%	6%	3%	1%	3%	2%	3%

Appendix (continued):

[q4] In the last twelve months, has your organisation been prevented from hiring new staff for any of the following reasons?

	Total (weighted) (A)
Total	N=1196
Total (Unweighted)	N=1188
Few or no applicants to roles	42%
Candidates' receiving counter offers	21%
Candidates' quality or suitability	38%
Candidates' salary expectations	31%
Candidates' other responsibilities (e.g. caring)	5%
Candidates' flexible working expectations (e.g. remote working, flexed hours, job sharing etc.)	16%
Candidates' health issues	4%
Recruitment process cost or delays	11%
UK immigration rules	10%
Candidates' moving away to other region or country	7%
Other reason not listed above	5%
Have not faced barriers	11%
Have not attempted to hire staff	22%

[q3] What, if anything, is the impact of these skills shortage(s)?

	Total (weighted) (A)
Total	N=849
Total (Unweighted)	N=876
Increased workload on other staff	72%
Decreased staff morale or wellbeing	39%
Reduced activity or output	46%
Turned down or not bid for work	28%
Reduced service delivery or operating times	37%
Reduced profitability	34%
Reduced long-term growth plans	40%
Unable to achieve digitalisation goals	9%
Unable to achieve diversity, equality and inclusion goals	8%
Unable to achieve environmental, social, and governance goals	9%
Other impact, please specify	7%
No impact	2%

Appendix (continued):

[q5] In the last twelve months, have existing staff left your organisation for any of the following reasons? (n=1,071)

	Total (weighted) (A)
Total	N=1071
Total (Unweighted)	N=1088
Receiving offers from other employers	37%
Going into self-employment	8%
Retirement	19%
Mental health issues	11%
Physical health issues	9%
Flexible working expectations (e.g. remote working, flexed hours, job sharing, etc.)	11%
Redundancy	5%
Dismissal	15%
Childcare or other caring responsibilities	9%
Moved away to other region or country	13%
Salary expectations	26%
Other reason not listed above	10%
No staff have left in last twelve months	26%

[q11] Over the next twelve months, does your organisation intend to use any of the following types of training for its staff or yourself?

	Total (weighted) (A)
Total	N=1092
Total (Unweighted)	N=1088
University degree programme	6%
Industry accredited courses (e.g. Prince 2, ILM, ACCA, CIMA, CIPD)	23%
Vocational qualifications (e.g. NVQs, SVQ, PDAs)	18%
Mentoring or coaching	41%
Short courses without certification	35%
Short courses with certification	44%
Apprenticeships (Level 2-3)	25%
Higher level and degree apprenticeships	9%
Higher technical qualifications (HTQs)	5%
Other type, please specify	8%
Do not intend to use training	15%
Don't know	6%

Appendix (continued):

[q6] **Has your organisation implemented any of the following written annual plans?**

	Total (weighted) (A)	Broad sector				Number of employees				Exporter vs non-exporter	
		Manufacturing (B)	B2B services (C)	B2C services (D)	Public, health or third sector (E)	Less than 10 (F)	10 to 49 (G)	50 to 249 (H)	More than 250 (I)	Exporters (J)	Non-exporters (K)
Total	N=1140	N=359	N=384	N=182	N=218	N=410	N=322	N=198	N=213	N=435	N=692
Total (Unweighted)	N=1143	N=359	N=384	N=182	N=218	N=410	N=322	N=198	N=213	N=435	N=692
Skills audit (to address skills requirements)	23%	29%	21%	20%	27%	16%	26%	35%	30%	28%	22%
Staff training plan	41%	45%	39%	35%	51%	26%	46%	63%	49%	41%	44%
Succession plan (to prepare for people exiting the business)	23%	31%	24%	17%	20%	14%	26%	35%	32%	30%	22%
Recruitment plan	21%	24%	23%	21%	32%	12%	19%	41%	43%	25%	25%
Diversity, equality, and inclusion plan	24%	27%	30%	21%	44%	15%	25%	39%	59%	29%	31%
Environmental sustainability plan	26%	40%	26%	25%	28%	19%	25%	41%	49%	36%	27%
Social value plan	10%	13%	13%	10%	10%	7%	10%	19%	18%	13%	11%
None of the above	35%	24%	35%	41%	22%	51%	28%	14%	8%	29%	31%
Don't know	4%	4%	6%	5%	10%	5%	3%	5%	14%	5%	6%

Appendix (continued):

[q7]

Does your organisation have specific initiatives, skills programmes, or workplace adjustments for any of the following groups?

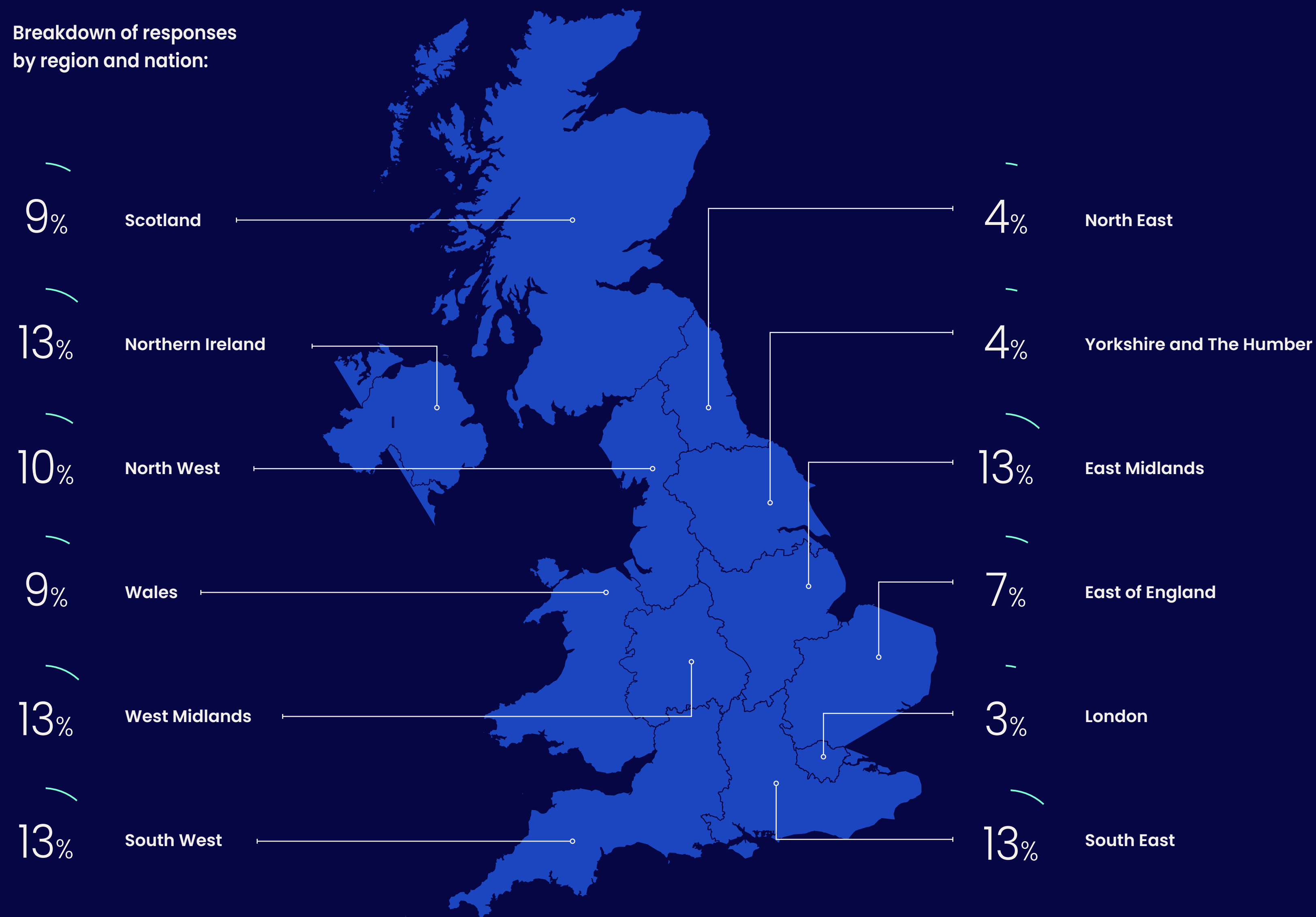
	Total (weighted) (A)	Broad sector				Number of employees				Exporter vs non-exporter	
		Manufacturing (B)	B2B services (C)	B2C services (D)	Public, health or third sector (E)	Less than 10 (F)	10 to 49 (G)	50 to 249 (H)	More than 250 (I)	Exporters (J)	Non-exporters (K)
Total	N=1009	N=336	N=337	N=161	N=202	N=318	N=313	N=193	N=212	N=406	N=614
Total (Unweighted)	N=1036	N=363	N=337	N=161	N=202	N=318	N=313	N=193	N=212	N=406	N=614
Workers over 50 years old	15%	13%	15%	17%	22%	14%	12%	19%	21%	16%	16%
Workers under 25 years old	18%	18%	17%	23%	23%	12%	19%	24%	26%	21%	19%
Workers with childcare responsibilities	21%	18%	21%	24%	41%	15%	23%	26%	40%	21%	27%
Care leavers	3%	3%	4%	3%	20%	1%	3%	6%	21%	5%	7%
Ex-offenders	3%	4%	2%	2%	6%	2%	1%	5%	7%	3%	4%
Ex-armed forces or reservists	8%	10%	10%	10%	15%	4%	8%	13%	24%	11%	11%
Workers experiencing menopause	11%	9%	14%	14%	33%	8%	10%	17%	36%	12%	19%
Disabled people	13%	11%	21%	13%	36%	9%	12%	21%	46%	16%	22%
Refugees	3%	3%	2%	9%	10%	3%	2%	5%	12%	5%	5%
Diverse ethnicities	9%	10%	14%	9%	29%	8%	6%	16%	38%	14%	16%
Diverse gender identities	7%	7%	11%	9%	26%	5%	5%	11%	35%	10%	13%
Nothing specific relating to the above groups	44%	53%	52%	47%	27%	65%	54%	39%	15%	48%	46%
Don't know	6%	6%	6%	9%	12%	4%	7%	7%	15%	7%	7%

ANNEX 2: Methodology notes

The survey was conducted online by the British Chambers of Commerce **between 11 April and 11 May 2023**. **1,289 organisations** from all business sectors, sizes, and UK regions and nations completed the survey online through the BCC's in-house survey platform. Headline summary data (excluding all individual breakdowns by size or sector) have been weighted to better reflect the split between SMEs and large firms in the general UK business population, with the former making up **99%** of the weighted sample.

Full methodology available at: open.ac.uk/business/barometer-2023-methodology

Breakdown of responses by region and nation:



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