



# Business Barometer 2022.

Navigating the  
skills landscape.

June 2022



British  
Chambers of  
Commerce



The Open  
University

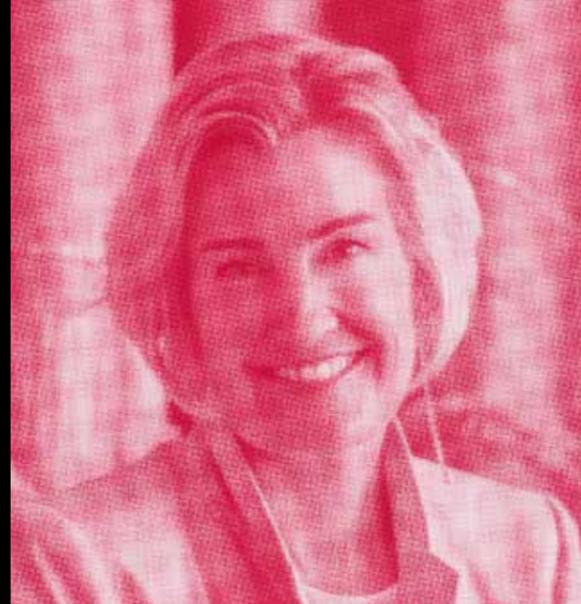
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This report highlights the need for employers to take a **long-term strategic approach** to addressing skills gaps.

→ **Viren Patel**  
The Open University



**We are extremely pleased to have partnered with The Open University to produce this important report that highlights the extent of skills shortages, the impact on business and the economy and how employers, governments and the skills system must work together to resolve the problem.**

**Shevaun Haviland**

Director General, British Chambers of Commerce

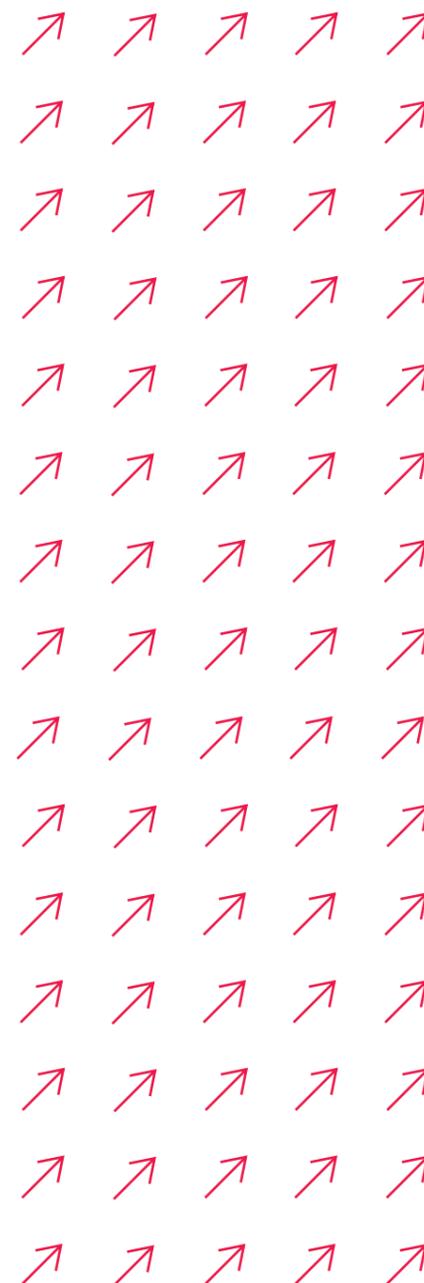
## FOREWORDS

Skills shortages have driven the news agenda this past year, reflecting deep-seated business concerns across our regions and sectors. From HGV drivers to healthcare workers and specialist technical roles, skills shortages are now acute and pervasive. This report lifts the lid on these issues with the most comprehensive research available into what businesses on the ground are experiencing and how they can be better supported.

Long-standing skills shortages have been exacerbated by the pandemic and the impact of Brexit on the movement of people. Businesses are now crying out for more people, at all skill levels, to join their workforce. Job-specific skills – especially higher levels of technical skills – are in great demand. Competition for skilled people is fierce – and not unique to the UK – so we can no longer look to recruitment to solve all our shortages. It's critical that employers have the flexible funding, support and quality training provision to tackle the problem head on.

With more than seven-in-ten firms of all sizes telling us they are experiencing skills shortages, there can be no doubt that this problem is worsening. The impact is being felt in reduced business activity or output – as well as on the morale and wellbeing of team members. The country can ill-afford this drag on the economy as we begin to recover from the pandemic and grapple with the impact of geo-political events.

Employers are investing increasing resources into growing their own talent. They know that they need to do more to solve their own skills problems and it's heartening to see that nearly half of the firms surveyed plan to increase investment in staff training over the next year.



## FOREWORDS

Now more than ever, we have a shared responsibility - governments, business, the skills system and individuals - to prepare the workforce for the challenges ahead. It's vital that young people are 'work ready' and have the flexibility, critical thinking and problem-solving skills that will help them succeed in a changing workplace.

And, with much of our future workforce already in jobs, we need a greater focus on ensuring adults are supported throughout their working lives to access rapid upskilling and reskilling opportunities. Ensuring training has flexible funding and delivery - and is available in smaller, accredited modules - will help people gain new skills and seize new opportunities, while balancing work and other commitments.

Helping people to progress into new opportunities in their sector, or to pivot to more sustainable employment, will drive productivity and growth across the economy. For individuals, greater access to flexible funding, loans and high-quality careers support, would enable them to take charge of their own skills development.

Planning for skills has never been more important and it's time for employers, training providers and policy makers to work together to ensure the skills system delivers for individuals, businesses and the economy. Accredited Chambers of Commerce, rooted in local business communities, look forward to playing our part.

**Shevaun Haviland**

**Director General,  
British Chambers of Commerce**

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**Now more than ever, we have a shared responsibility - governments, business, the skills system and individuals - to prepare the workforce for the challenges ahead.**





**In recent years, The Open University's Business Barometer has provided a temperature check on the UK's skills landscape. This year, we are delighted to be partnering with the British Chambers of Commerce (BCC) for this important report – bringing on board BCC's vital insights and research expertise.**

**Viren Patel**

Director, Business Development Unit, The Open University

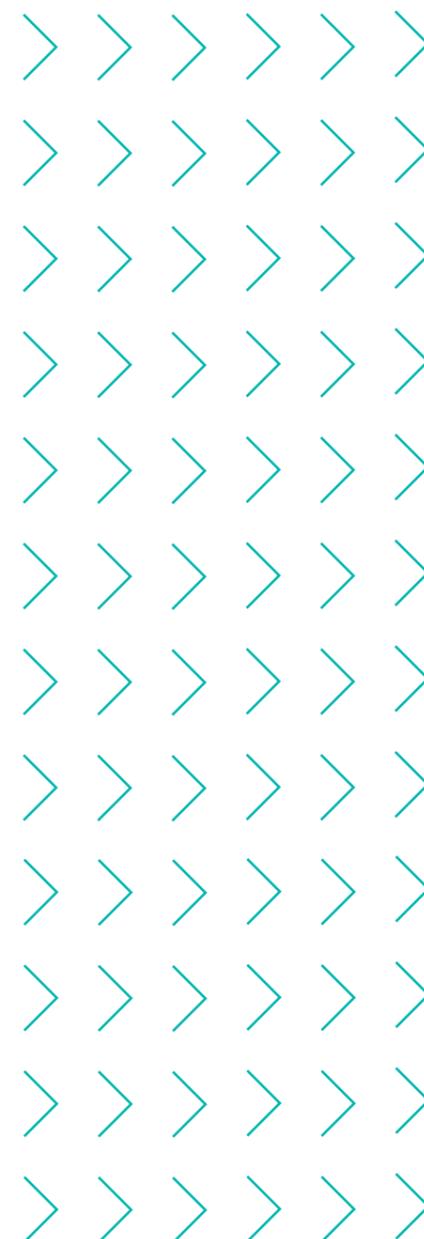
## FOREWORDS

Over the past few years, this annual report has helped employers develop skills strategies to face business challenges and we are pleased to share the 2022 findings.

The 2022 report shows that the longstanding skills gaps faced by organisations remain a top priority for business leaders. Our 2021 report showed how the pandemic and the impacts of Brexit affected skills availability. The picture in 2022 is even more complex with issues such as inflation, rising costs and workers leaving the labour market all adding to a multifaceted landscape.

The report highlights some of the consequences that the skills shortage and recruitment difficulties are now having on organisations. Lack of skills leads to issues around productivity, profitability and we mustn't lose sight of the wellbeing challenges on overburdened employees that remain. These are extremely important challenges for both individual workers, employers and governments and we need to collaborate to find solutions.

This report highlights the need for employers to take a long-term strategic approach to addressing skills gaps. It is important to take a proactive view on skills. The report shows that recruitment is tougher than ever and that places a focus on growing talent from within and opening up opportunities for hidden talent both inside and outside the organisation. Through The Open University's work with employers, we've seen how education can make a huge difference to workforce impact and diversity.



## FOREWORDS

Education is a huge enabler and has a vital role in easing and solving the skills shortage. If we can harness the ambitions of our people who deliver products and services, then it's a win-win for all.

We also need to focus on collaboration. Whether we are employers, educational providers or policymakers, working together can reap rewards. Through the pandemic we worked with governments and agencies to provide training for furloughed and unemployed workers through a range of programmes and saw first-hand how collaboration can help upskill and reskill the workforce of the future.

This is where organisations such as BCC are vital in bringing different perspectives together so we can find solutions. We are looking forward to working with BCC on sharing this report across its network of local chambers and starting a conversation locally, regionally and across the four nations about sustainable strategies for skills development.

We hope this report helps your thinking and provokes useful discussions about how we can solve one of the most critical business challenges of 2022.

### Viren Patel

Director, Business Development Unit,  
The Open University



Whether we are employers, educational providers or policymakers, working together can reap rewards.



# Executive summary.

The last two years have been the most economically turbulent that organisations have seen in generations. Despite the post-Covid recovery in domestic demand, the UK economy continues to struggle in the face of historic challenges.

Since 2021, there has been a perfect storm, combining rapid inflationary pressures with widespread skills shortages and the ongoing disruption to normal working practices caused by the pandemic, global supply chain crises, and the UK's exit from the EU. Nowhere were these shifts more prevalent than in the labour market. The unique circumstances present significant challenges to organisations in every part of the UK.

However, new opportunities to adapt and adjust have also emerged. This new report, The Open University Business Barometer 2022, in partnership with the British Chambers of Commerce, seeks to uncover the causes of these ongoing workforce challenges, as well as understanding how some organisations have been able to adapt to the exceptional economic circumstances they face.

The Business Barometer draws on exclusive survey data from the British Chambers of Commerce (BCC). The survey – which received more than 1,300 responses from organisations of all sectors and sizes across the UK in April 2022 – provides extensive qualitative and quantitative insights on a range of topics related to skills and employment.

## SUMMARY OF KEY FINDINGS

Among the vast amount of intelligence revealed by the survey, five broad themes can be identified:

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**68%**

**More than two-thirds** of SMEs are currently facing skills shortages, rising to **86%** of large organisations

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**72%**

**Almost three-quarters** of organisations say the impact of these shortages has increased workload on other staff, while **78%** are seeing reduced output, profitability, or growth

---

**90%**

**Of large organisations** have implemented some form of written plan around recruitment, training, addressing skills shortages, ESG, or D&I, compared to only **43%** of micro-organisations

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**53%**

**More than half** of large organisations will increase investment in staff training over the next year, compared to **47%** of SMEs

---

**42%**

**On balance**, the trend towards remote working is enabling **42%** of large organisations to attract new staff, compared to only **12%** of SMEs

## Scotland

### KEY FINDINGS

**70%**

**More than two-thirds** of respondents in Scotland agree that their organisation is currently facing skills shortages

**84%**

**More than four-fifths** of respondents in Scotland say that the impact of these shortages has increased the workload on other staff, while **77%** are seeing reduced output, profitability, or growth

**62%**

**Around 62%** of organisations in Scotland have implemented some form of written plan around recruitment, training, addressing skills shortages, ESG, or D&I

**53%**

**Over half of organisations in Scotland** expect to increase their investment in staff training over the next year

**16%**

**Less than a fifth** of organisations in Scotland say that on balance, the trend towards remote working has helped them to attract new staff, while **6%** say that it has caused them to lose staff

## Wales

### KEY FINDINGS

**69%**

**More than two-thirds** of respondents in Wales agree that their organisation is currently facing skills shortages

**70%**

**More than two-thirds** of respondents in Wales say that the impact of these shortages has increased the workload on other staff, while **77%** are seeing reduced output, profitability, or growth

**52%**

**Around 52%** of organisations in Wales have implemented some form of written plan around recruitment, training, addressing skills shortages, ESG, or D&I

**41%**

**Around two-fifths** of organisations in Wales expect to increase their investment in staff training over the next year

**15%**

**Less than a fifth** of organisations in Wales say that on balance, the trend towards remote working has helped them to attract new staff, while **7%** say that it has caused them to lose staff

# Northern Ireland

## KEY FINDINGS

83%

**More than four-fifths** of respondents in Northern Ireland agree that their organisation is currently facing skills shortages, with 48% agreeing strongly

75%

**Three-quarters** of respondents in Northern Ireland say that the impact of these shortages has increased the workload on other staff, while 82% are seeing reduced output, profitability, or growth

73%

**Around 73%** of organisations in Northern Ireland have implemented some form of written plan around recruitment, training, addressing skills shortages, ESG, or D&I.

60%

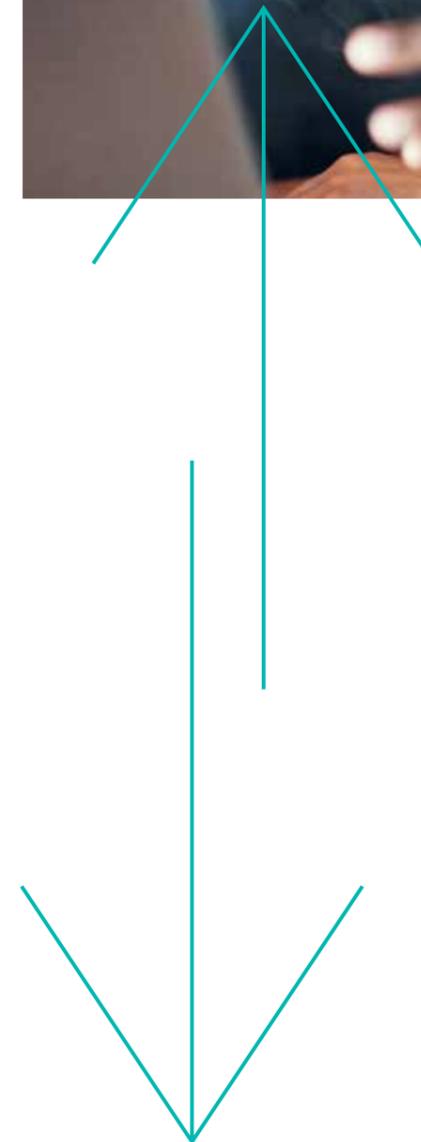
**Three-fifths** of organisations in Northern Ireland expect to increase their investment in staff training over the next year.

18%

**Less than a fifth** of organisations in Northern Ireland say that on balance, the trend towards remote working has helped them to attract new staff, while 9% say that it has caused them to lose staff.



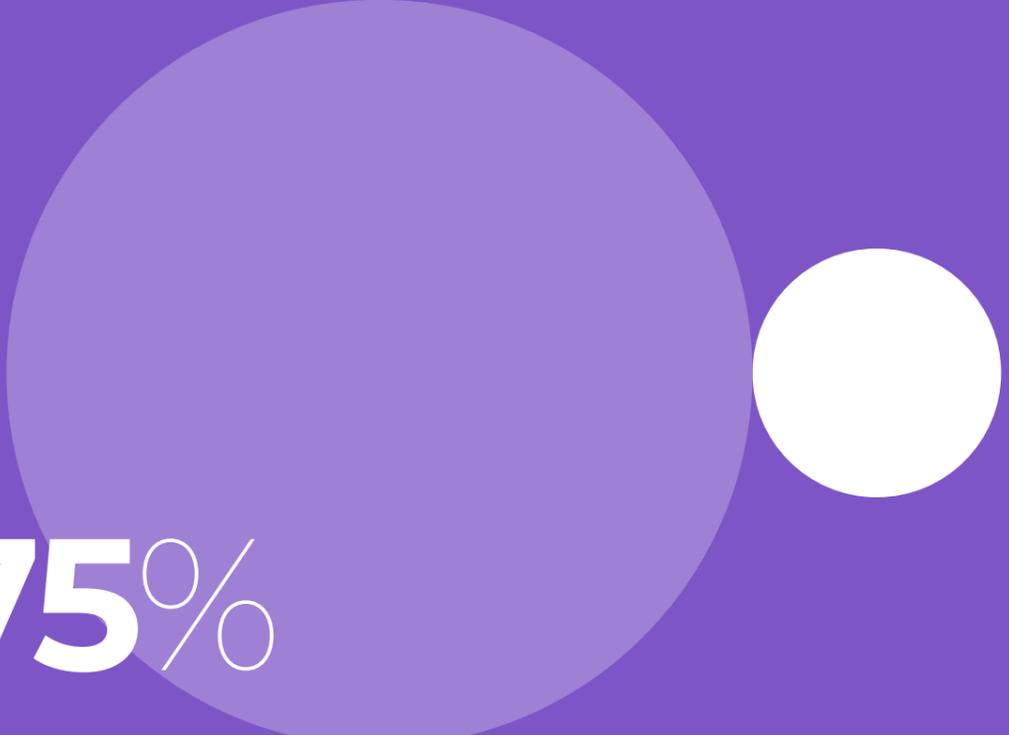
The report has revealed the clear differences between the ability of organisations in different sectors and sizes to deal with challenging economic conditions.



These divergences have been long-standing but have been rapidly accelerated due to the Covid-19 crisis, which led to economic shutdowns and global supply chain problems. The transition to a new trading relationship with Europe has also added further structural changes, particularly for organisations in Northern Ireland and those trading internationally from across the UK.

Previous research by BCC has consistently found disproportionate impacts on smaller organisations and consumer-facing firms flowing from Covid-19. These themes have surfaced again in this most recent survey, illustrating clearly that smaller organisations are far less likely than their larger counterparts to be implementing workplace plans, or that consumer-facing sector organisations view flexible working very differently to professional-service sector organisations.

# A skills shortage analysis.



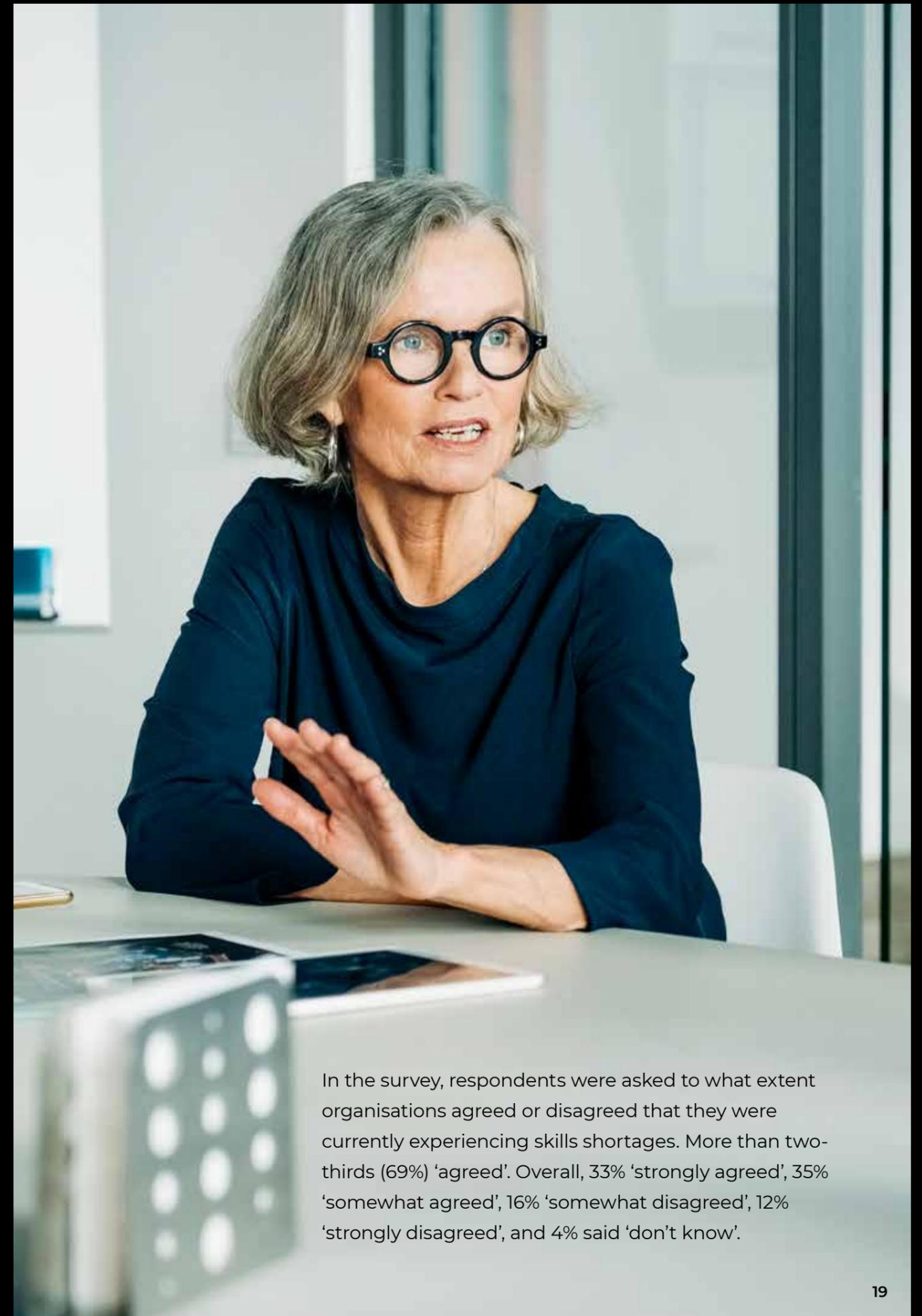
**75%**

∨∨

**Almost 75% of respondents 'agree' they are experiencing skills shortages.**

Access to skills remains a top priority for employers. Exacerbated by the Covid-19 pandemic, which resulted in many older and experienced workers withdrawing from the labour market, skills shortages are impacting on organisations across all sizes, sectors and regions.

Recruitment is becoming more difficult as employers compete to attract skilled and experienced workers, particularly those with technical and higher-level skills. As the workplace becomes progressively more automated, digitised and low-carbon, the mismatch between the skills people have now, and those that employers need, is likely to increase.



In the survey, respondents were asked to what extent organisations agreed or disagreed that they were currently experiencing skills shortages. More than two-thirds (69%) 'agreed'. Overall, 33% 'strongly agreed', 35% 'somewhat agreed', 16% 'somewhat disagreed', 12% 'strongly disagreed', and 4% said 'don't know'.



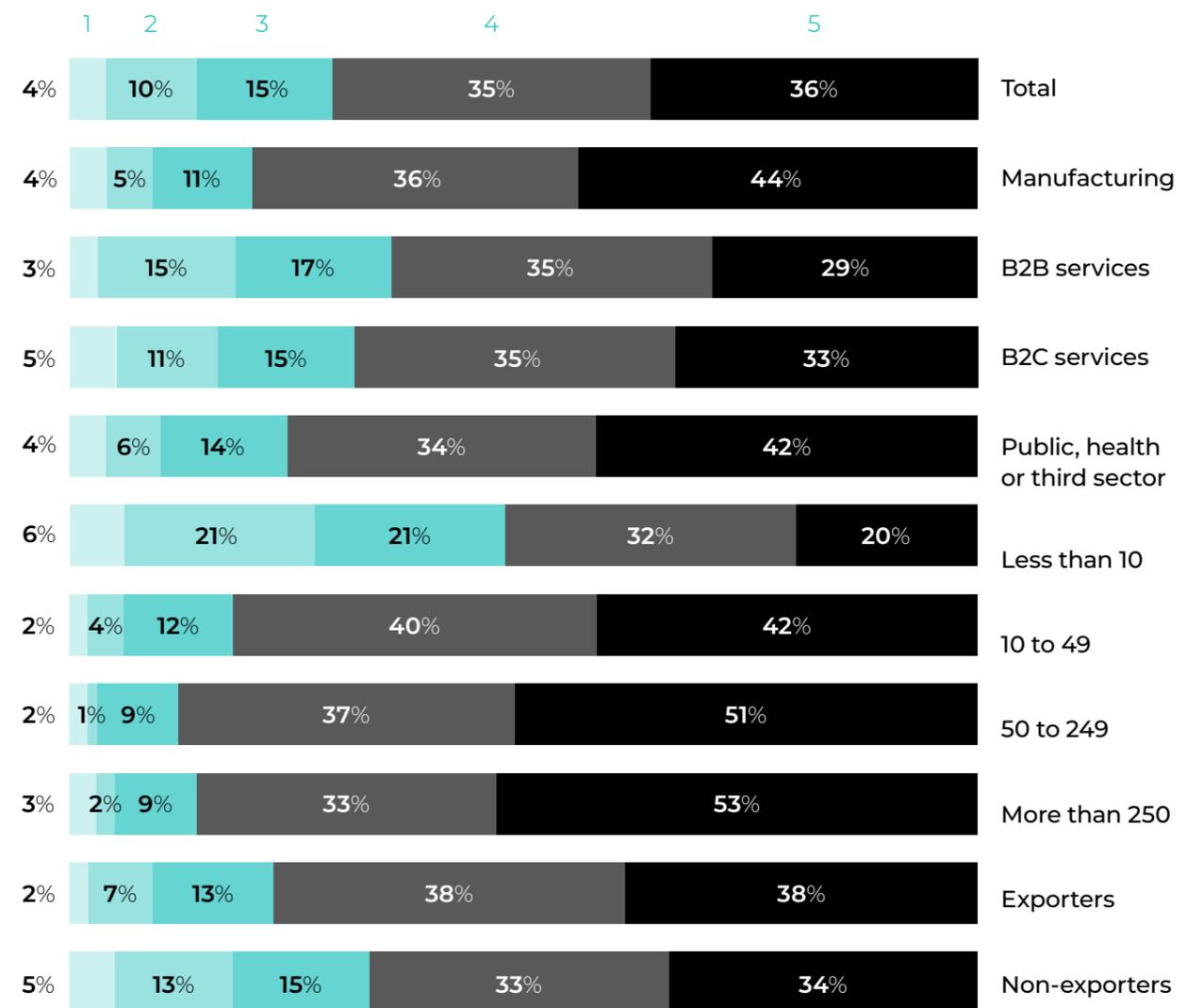
However, the data reveals some sectoral and business size differences. Manufacturing firms were most likely to report skills shortages (80%), while B2B service firms were the least likely at 64%. Medium-sized SMEs with 50 to 249 employees were also more likely to report skills shortages (88%) than other business size categories. The below chart shows the breakdown of

responses to this question by sector, size, and export status. Organisations in Northern Ireland were the most likely to report skills shortages (83%) of all regions and nations while organisations in the North of England were least likely at 63%. In Scotland and Wales, the figure stood at 70% and 69%, respectively.

To what extent do you agree or disagree that your organisation is currently experiencing skill shortage(s)?

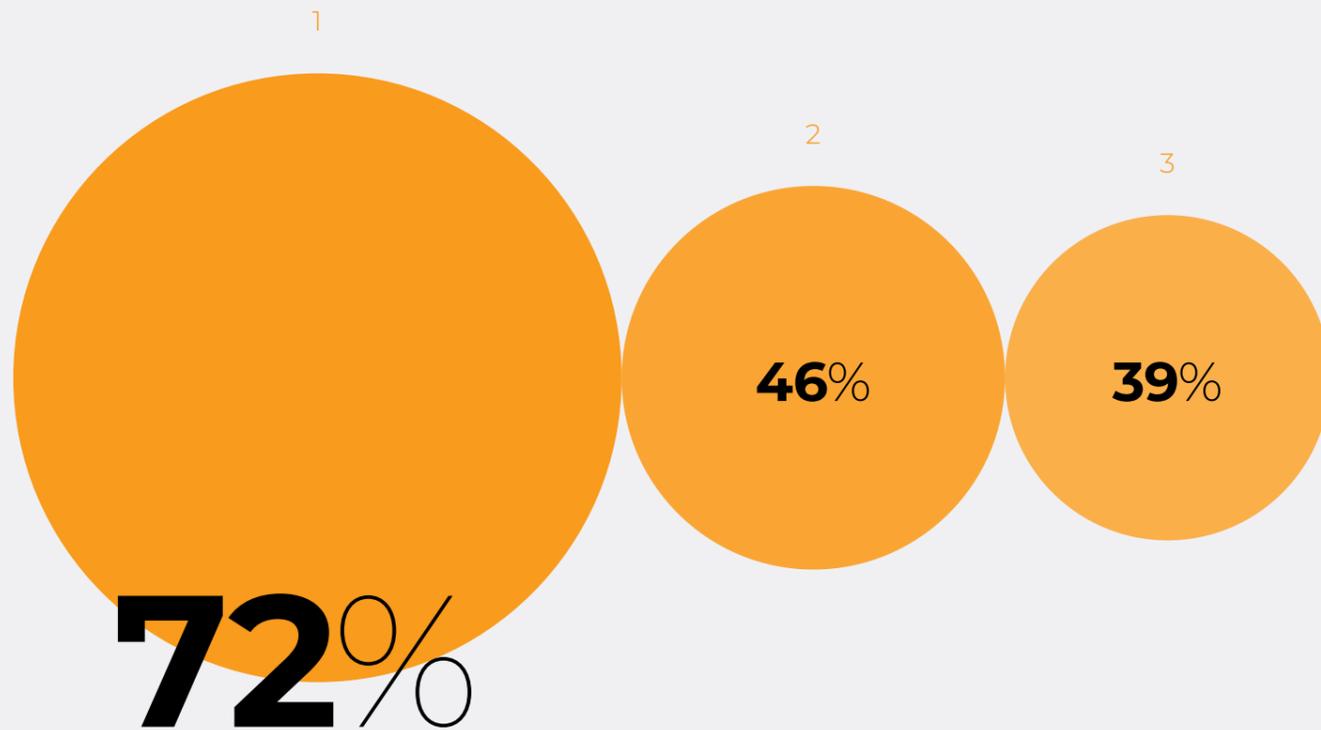
Results

- 1 Don't know
- 2 Strongly disagree
- 3 Somewhat disagree
- 4 Somewhat agree
- 5 Strongly agree



# The impacts of skills shortages.

Results		
1	Increased workload on other staff	72%
2	Reduced activity or output	46%
3	Reduced service delivery or operating times	39%

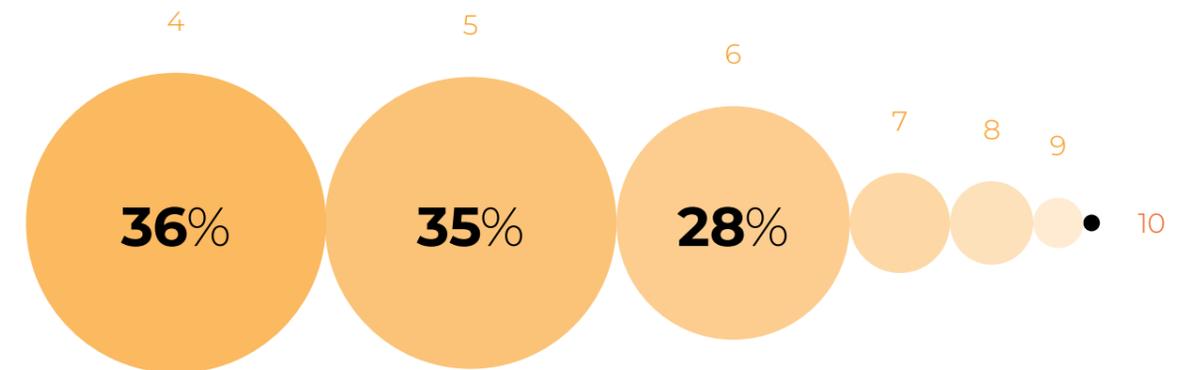


Increased workload on other staff



**Organisations that 'agreed' that they currently faced skills shortages were then asked what the impact of these shortages was.**

Results		
4	Reduced long-term growth plans	36%
5	Reduced profitability	35%
6	Turned down or not bid for work	28%
7	Unable to achieve diversity, equality and inclusion goals	12%
8	Unable to achieve environmental, social, and governance goals	10%
9	Other impact	6%
10	No impact	2%



Overall, around three-quarters (72%) said shortages were causing an increased workload on other staff, while 78% reported that it was causing either a reduction in activity, service delivery, profitability, or long-term growth plans. Organisations in Scotland were more likely to say skills shortages had increased workload on other staff (84%) compared to organisations in Northern Ireland (75%) and Wales (70%).



What respondents told us about **skills shortages**.



Looking beyond the quantitative data, around one hundred respondents to the survey provided detailed qualitative insights into the impacts of skills shortages.

These include respondents outlining how the shortages meant that their firms were unable to carry out key business processes, or how they had experienced a decline in the quality of their outputs:

IN THEIR WORDS

“

**[Our] product gets debased by inexperienced staff.**



Small construction firm  
**in Cumbria**

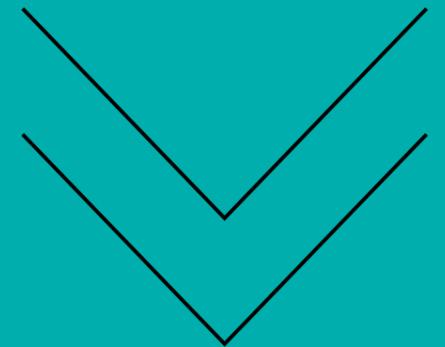
“

**[Staff shortages are causing] a strain on service levels and supply chain.**



Large manufacturer  
**in Northern Ireland**

Others highlighted in more detail the impact that shortages were having on their existing workforce. **This included adaptations that staff are forced to make, and the impact on morale and retention:**



“

**Senior staff are doing lower grade activities.**



Small health/social care organisation  
**in Wales**

“

**Other [members of staff] are leaving due to prolonged staff shortages.**



Small hospitality firm  
**in Staffordshire**

Respondents listed some of the specific skills that they are currently facing shortages in. **This offers a snapshot of the types of roles that organisations are struggling to fill, as well as demonstrating the broad range of sectors and regions where shortages are occurring:**



## IN THEIR WORDS

“

Skills coming out of [the education system] do not prepare new staff for the workplace. A simple understanding of timekeeping and team working are missing in many candidates.



Small marketing/  
communications firm  
in Staffordshire

“

There are skills shortages within the freelance market as many have moved from performing arts to the film industry or other employment.



Small arts organisation  
in Glasgow

“

The biggest challenge to our industry is the lack of qualified agricultural engineers available to employ. If our business fails, it will be due to lack of good staff. More needs to be done to encourage young people in schools to look into all sectors of agriculture as a career.



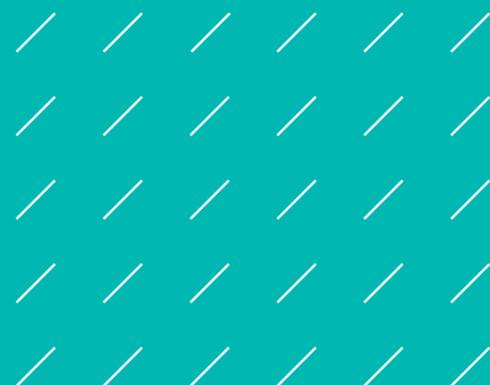
Small agriculture firm  
in Shropshire

“

Shortage of fabricators in the industry is stunting growth in that sector of our business. There is a significant skills shortage in Northern Ireland in this area.



Small manufacturer  
in Northern Ireland



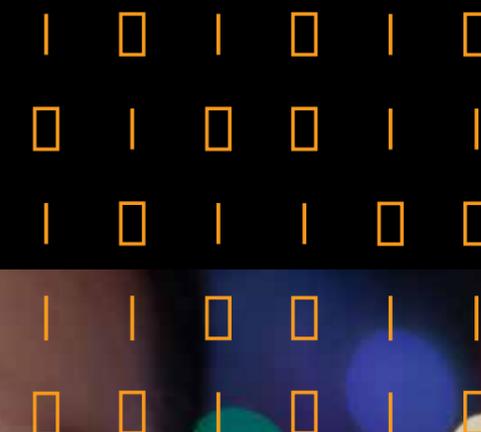


“

As a Cyber Training specialist, the extreme skill shortage in Information and Cyber Security both increases demand from customers while making it much harder to expand to fill the market needs. The skills shortage in this market has meant an increase of over 20% in our delivery costs in the last 18 months.



Small IT firm  
in Northern Ireland



“

There are manufacturing and technical skills shortages following Brexit departures.



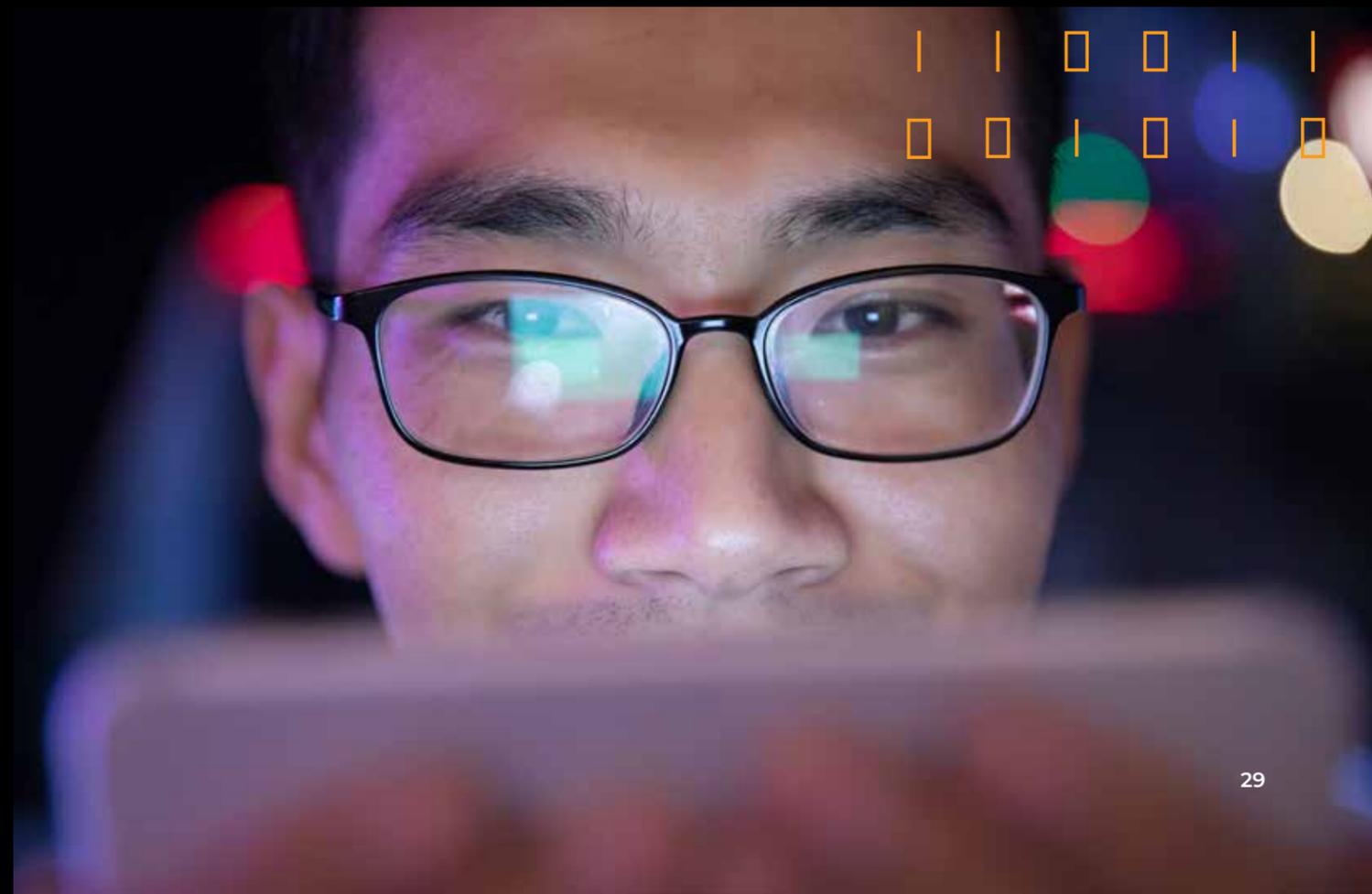
Small manufacturer  
in Coventry and  
Warwickshire

“

[It is a challenge] finding the right graduates with behavioural science and data science skills and then attracting them to come here.

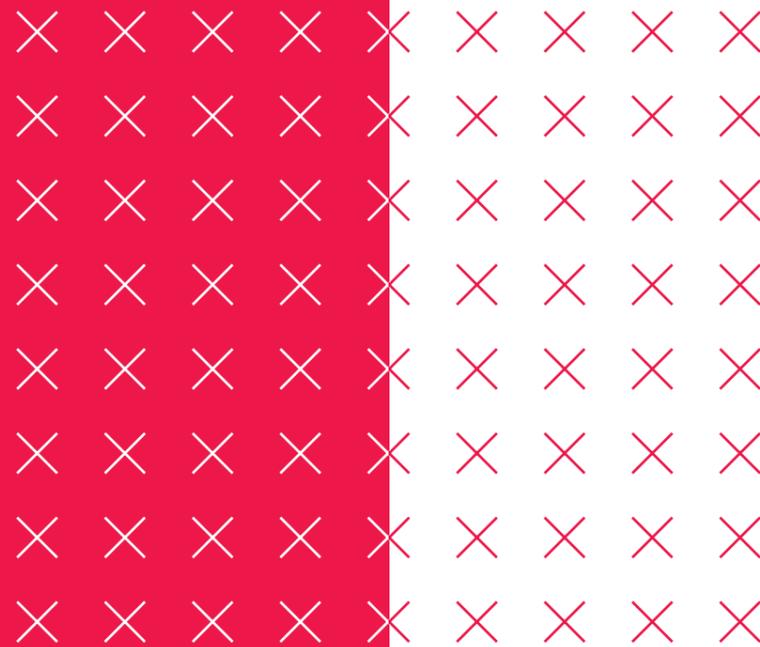


Small admin/consulting firm  
in Staffordshire



# Recruitment challenges.

As organisations emerge from the Covid-19 pandemic, demand for labour has never been higher.



Data from the Office for National Statistics showed that the number of job vacancies in the UK between February to April 2022 rose to a record high of 1,295,000<sup>1</sup>. The vast majority of respondents to the Business Barometer survey – more than three-quarters – say they have attempted to recruit in the last twelve months.

Employers use a range of recruitment options to attract candidates, from local word of mouth recommendations through to the engagement of specialist recruitment agencies. While organisations usually prefer to recruit from their local community, when there are urgent, specialist skills required that cannot be sourced in the UK, employers will seek to attract candidates from overseas. However, since Brexit, the increased costs, administration and skill level restrictions for employing migrant workers has made this a more expensive and difficult option.

While introductory pay bonuses and wage increases can be attractive to UK workers in the short term, firms are now looking at their wider employment policies and benefits package to attract and retain skilled people more sustainably.

<sup>1</sup><https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/may2022>

Organisations recognise that promoting staff training and development, flexible working, and policies to promote a diverse and inclusive workforce, not only makes good business sense but can also help make them an employer of choice for jobseekers.

Increasingly, employers are seeking to develop a pipeline of future talent, through engagement with schools and careers activity in their local community.

The engagement helps to raise awareness of career opportunities and dispel outdated perceptions about industry sectors.

Respondents were asked what approach they had taken to recruiting employees in the last twelve months. Overall, almost half (44%) said they had used recruitment agencies or websites based in the UK, while 40% said they had recruited via word of mouth, 29% had advertised on their own website, and 22% had used apprenticeships. Public, health, or third sector organisations were far more likely to have attempted to recruit than organisations from other sectors – only 14% had not recruited. Likewise, only 7% of large organisations had not attempted to recruit. Organisations in Northern Ireland and Wales were more likely to use word of mouth (47% and 46%, respectively) compared to other regions or nations.

## Go deeper

Watch on demand

[»» MORE INFORMATION](#)

**The Open University and TrainingZone event:** 'Tapping into ambition: Rethinking how we attract, retain, and invest with workforce talent'

What respondents told us about recruitment.



**When we asked respondents for unprompted feedback on the challenges they are currently facing,** recruitment difficulties were cited as one of the most significant pressures, alongside global supply chain disruption, soaring inflation and ongoing cost pressures.

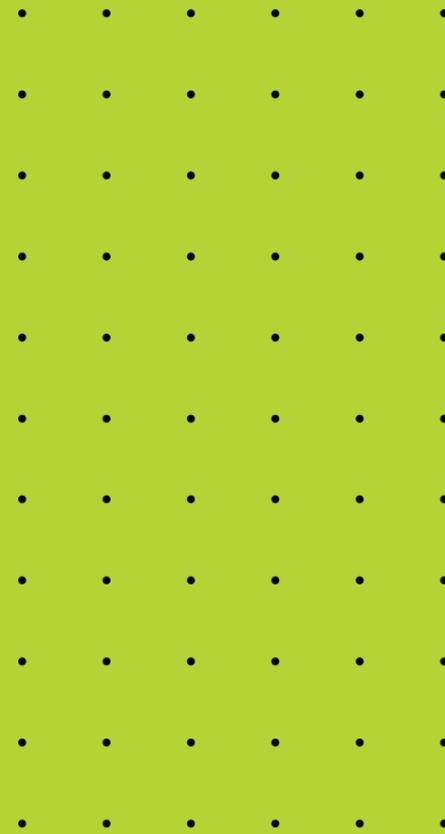
IN THEIR WORDS



Staff recruitment of the right calibre, including school leaver-level, is very difficult. Many building contractors are working on very small margins of 2% and inflation is resulting in several going bust. There will probably be more to follow.



Small construction firm in Liverpool



In addition to the main routes for recruiting employees, a small minority (7%) of respondents highlighted other means of recruiting.

Among these, social media and more traditional forms of advertising emerged as the most common options. Traditional advertising includes local newspapers, local radio, leaflets, buses, in shop windows and on the side of vans.

Those that used recruitment agencies or websites based in the UK were then asked their approximate spend on agencies in the last 12 months. The average respondent said they spent around £27,000 on recruitment agencies or websites based in the UK.

# Flexible working – help or hindrance?

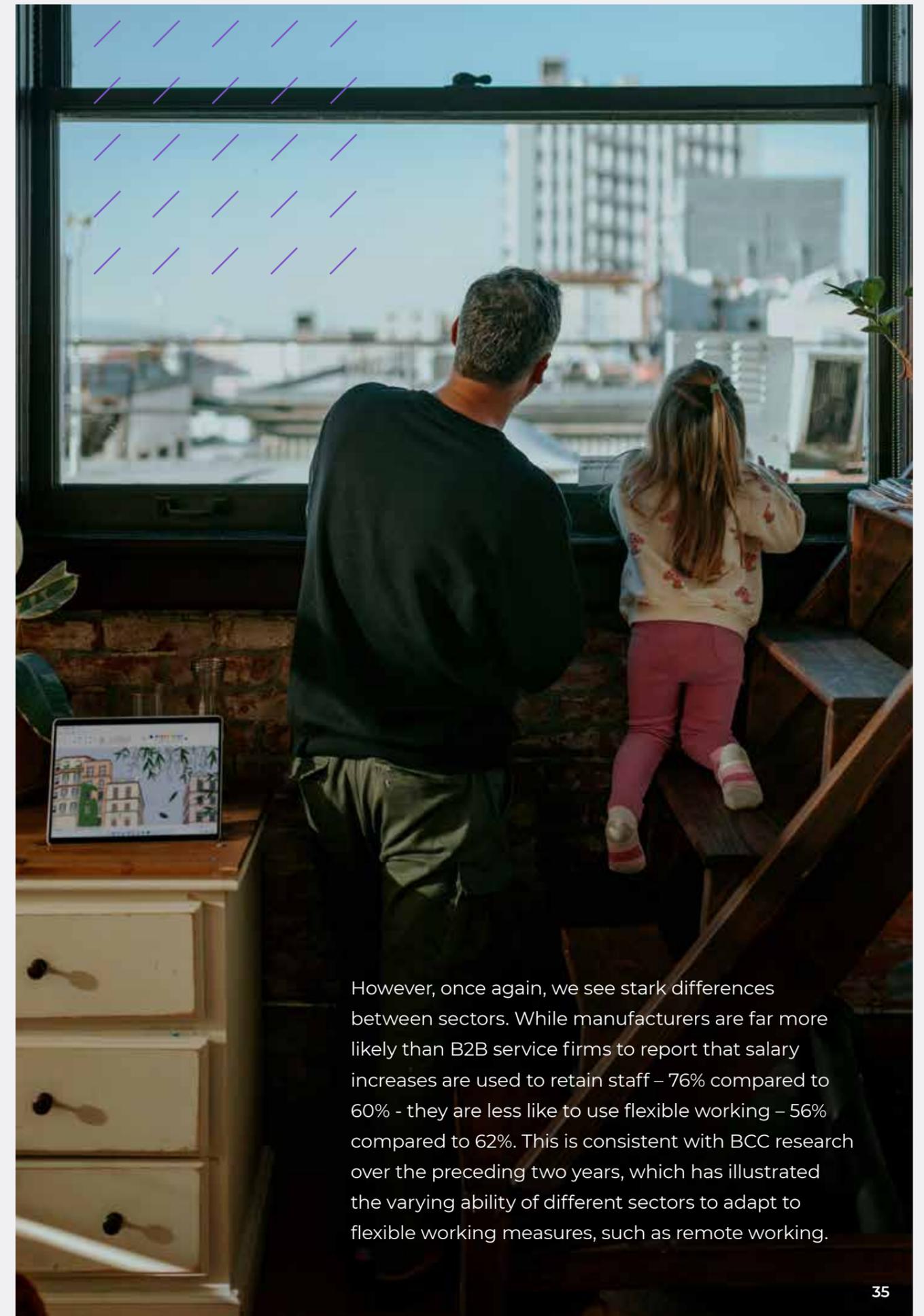


**Most organisations have built in flexible working to their routine, but sectoral challenges remain.**

To maintain a critical level of business continuity during the pandemic, employers were forced to adopt workplace policies and technologies that enabled remote working. There were undoubtedly challenges for managers and individuals in adapting to a different way of working and it became clear that remote working may not always be the right option for all individuals or all types of jobs.

However, working from home and hybrid working now looks set to become a standard working practice. It has opened up new employment opportunities for jobseekers and broadened the talent pool for recruiting employees. In order to attract and retain a skilled workforce in a competitive recruitment environment, employers may need to adopt wider flexible working policies that help people undertaking in-person job roles to balance work with other commitments.

The survey data indicates that most organisations have built flexible working into their day-to-day operations, and also see it as a way of retaining employees. When asked what approaches they had taken in the past 12 months to retain employees, the top two answers were 'salary or remuneration increases' at 66%, and 'flexible working arrangements' at 59%.



However, once again, we see stark differences between sectors. While manufacturers are far more likely than B2B service firms to report that salary increases are used to retain staff – 76% compared to 60% - they are less likely to use flexible working – 56% compared to 62%. This is consistent with BCC research over the preceding two years, which has illustrated the varying ability of different sectors to adapt to flexible working measures, such as remote working.

# The view of remote working, **on balance.**



## Organisations were asked, on balance, whether the trend towards remote working is causing them to attract staff or lose staff.

Overall, 2% said it was causing them to 'attract a lot of staff', 10% said 'attract some new staff', 50% said 'no impact on staffing levels', 6% said 'lose some staff', and 1% said 'lose a lot of staff', while 28% said remote working was not applicable to their organisation.

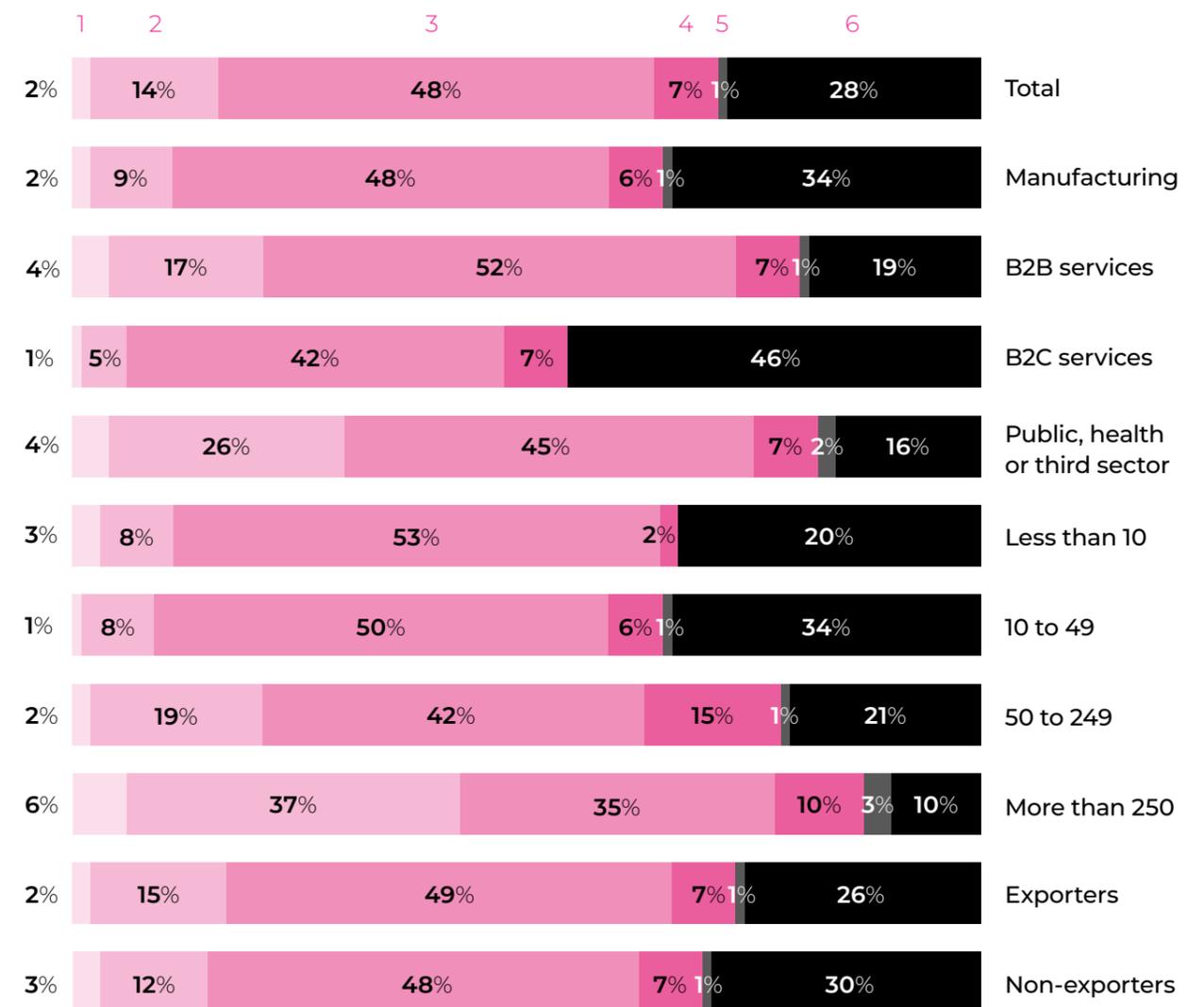
Organisations with more than 250 employees were most likely to view remote working as a net benefit, with 43% reporting it was causing them to attract staff, while for micro firms, the impact was least felt, either positively or negatively. Likewise, for B2C service firms – those historically least able to implement flexible working measures – only 5% saw remote working as a means to attract staff.

Organisations in the South of England were more likely to view remote working positively (20%) compared to organisations in the Midlands and the North (13%, respectively). In Northern Ireland, 19% of respondents said remote working is a net positive, while 16% said so in Scotland, and 15% in Wales.

## On balance, is the trend towards **remote working** causing your organisation to:

### Results

- 1 Attract a lot of new staff
- 2 Attract some new staff
- 3 No impact on staffing
- 4 Lose some staff
- 5 Lose a lot of staff
- 6 Not remote working\*



\*or not applicable to my business

What respondents told us about retention and staff wellbeing.



**When asked for unprompted feedback on the workforce challenges they are facing, respondents spoke in detail about their retention challenges.**

Some of the feedback highlighted issues caused by growing wage demands. Those in certain sectors or locations highlighted how difficult it was becoming to match their salaries with other geographical areas or sectors which are able to offer higher wages.

Cost of living, staff shortages and changes made during Covid-19 were also raised as reasons why organisations are becoming increasingly concerned about the welfare of their staff, but struggle to see affordable solutions.

## IN THEIR WORDS

“

**40% of our workers are approaching their late 60s and we could see loss of staff. Recruiting and retaining staff is challenging. Ways of working need reviewing to future-proof the business.**

→

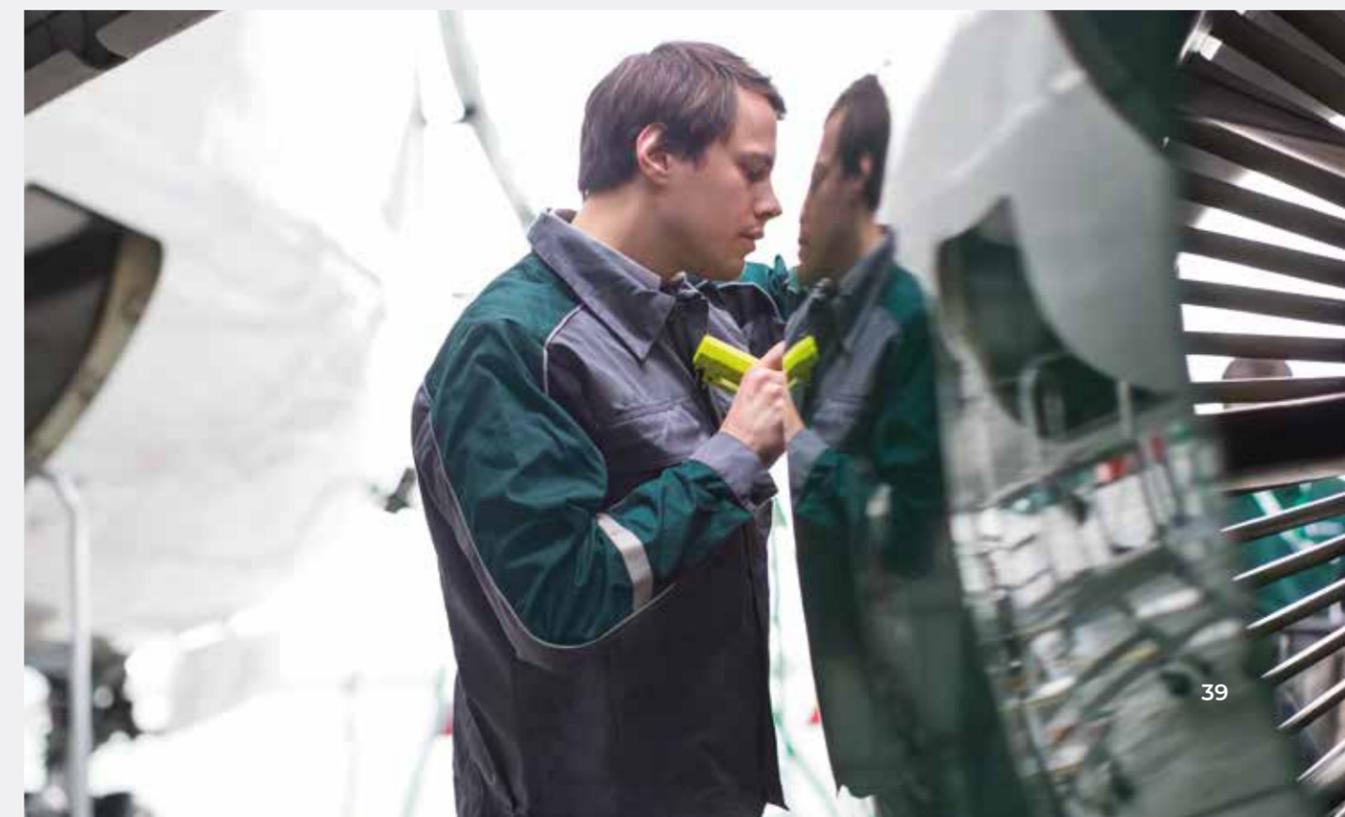
Medium-sized manufacturer  
in **Glasgow**

“

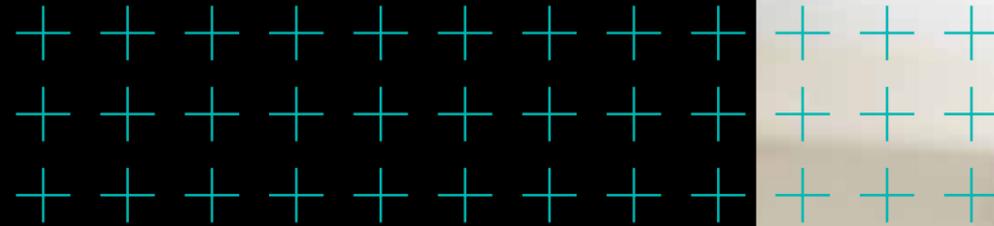
**At the moment one of the biggest challenges is staff retention. There are local businesses who are able to offer a more attractive package than ourselves.**

→

Medium-sized manufacturer  
in **Wirral**



IN THEIR WORDS

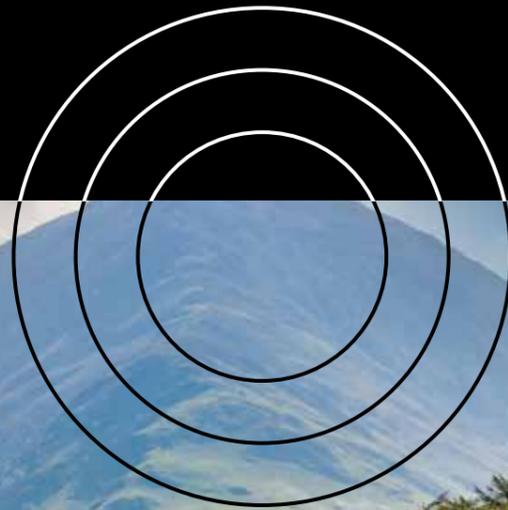


“

The Lake District National Park is undergoing a perfect storm; lack of housing for residents, local University reducing accommodation for students so students [are] leaving [their] course, Brexit caused seasonal and international employees to leave the country, wage inflation has caused lots of staff to move around between jobs for better rates.



Small retailer  
in Cumbria



“

As a charity, we are struggling to match salary expectations in the wider market and to invest in employee benefits at a time when costs are increasing. We will probably lose more staff as a result of this, but cannot see a way out.



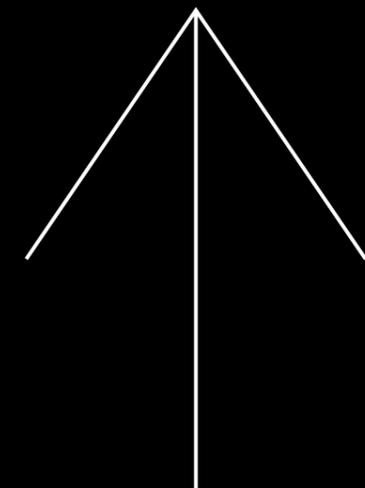
Small health/social care organisation  
in Coventry and Warwickshire

“

Recruitment and retention [are challenging] as a candidate driven-market is forcing salary levels higher.



Medium-sized manufacturer  
in Wales



## IN THEIR WORDS

“

We are experiencing staff burnout.



Medium-sized health/social care organisation  
in **Renfrewshire**

“

The cost-of-living crisis will have a huge impact on staff morale. [Staff are] unable to support their families due to inflation, fuel, gas and electric costs.



Large health/social care organisation  
in **Dundee**

“

With remote working becoming the norm, there has been an about-turn on who is in control. The employee is now in a position of increased power over the employer as far as salaries and working terms are concerned. While some of this has been positive for the organisation, there has also been a dramatic increase in staff mental health issues, particularly anxiety around leaving home.



Small IT/data services firm  
in **Hampshire**

“

Increase of taxes means fewer opportunities to increase wages to our staff and lower profitability means more unhappy people. If we want to increase wages, we must increase prices which means we might lose some clients and then we might be forced to reduce number of staff currently employed. Feel very powerless (...) about the future.

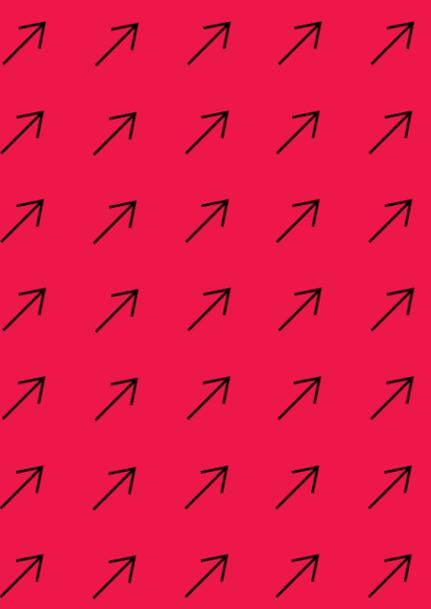


Small finance/accounting firm  
in **Kent**





# Learning and development.



**Many organisations are expecting to increase the amount they invest in staff training.**

Over the past decade, growth in business investment in training declined year-on-year as employers turned to recruitment to source the skills they needed. However, faced with a tightening labour market, staff retention difficulties and the need to drive up productivity, more employers will need to invest in the learning and development of existing staff to address critical and longer-term skills shortages.



**In a competitive labour market, organisations have also recognised that **staff development** can be a key motivator for people to remain with the business, as well as being an attractive **benefit for many jobseekers.****

With staff shortages placing greater pressure on team members, employers will have to prioritise time for training to ensure staff are able to undertake it. In many cases, employers will be seeking rapid, cost-effective training that can be delivered flexibly to enable staff to learn and apply the new skills as quickly as possible. Splitting the high-quality content of longer qualifications into accredited modules can make learning more accessible to adults in the workplace.

Many employers invest in full, formal qualifications to demonstrate occupational competence, and high-quality apprenticeships remain a valued route. Utilised both for younger people and adult workers seeking to progress in their careers, there is evidence that employers intend to invest more in apprenticeships to address skills shortages. However, while employer financial incentives have been successful in attracting more SMEs to this route, smaller employers are often stymied by a lack of apprenticeship candidates for their vacancies. This suggests that there needs to be more emphasis on the promotion of technical and vocational routes to employment, including Higher Technical Qualifications (HTQs) in England, coupled with appropriate careers information, advice and guidance for people of all ages.

# What respondents told us about training.

The issues identified in this report, such as recruitment and retention difficulties, have also had a knock-on effect for staff training.

In unprompted feedback from respondents, respondents illustrated how pressures on existing staff made it difficult to find time for training. Others viewed increased spending on training as a possible route out of skills shortages.

## IN THEIR WORDS



**Our client base is struggling to either recruit or retain staff, or has high absence levels which means that they are struggling to release staff for training which is affecting our sales levels and profitability**

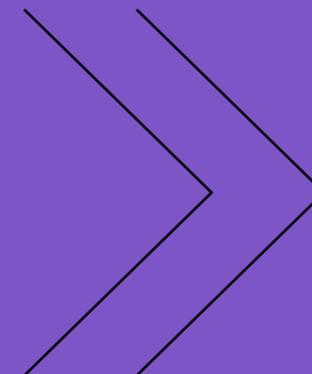


Small admin, support, or consulting firm **in Wales**



# Apprenticeships.

The survey also illustrates a generally high appetite among organisations to increase their use of apprenticeships.

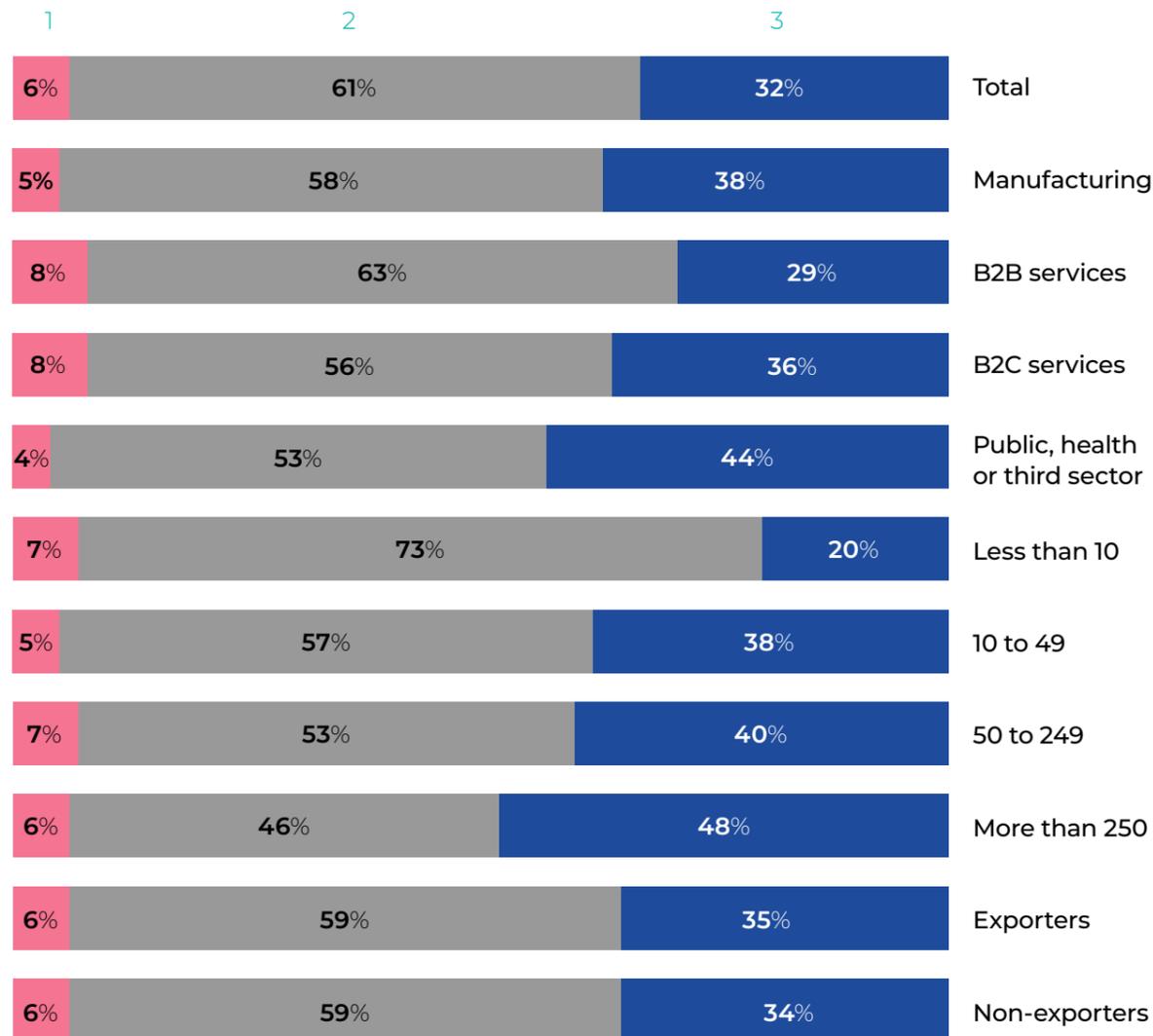


For organisations that already use apprentices, 32% overall expect to increase the number hired in the next twelve months, while 58% expect the number to remain the same, and only 5% expect a decrease.

As we would expect, larger organisations are far more likely to expect an increase (48%), compared to micro-organisations (20%), as are manufacturers (38%) compared to B2B service firms (29%).

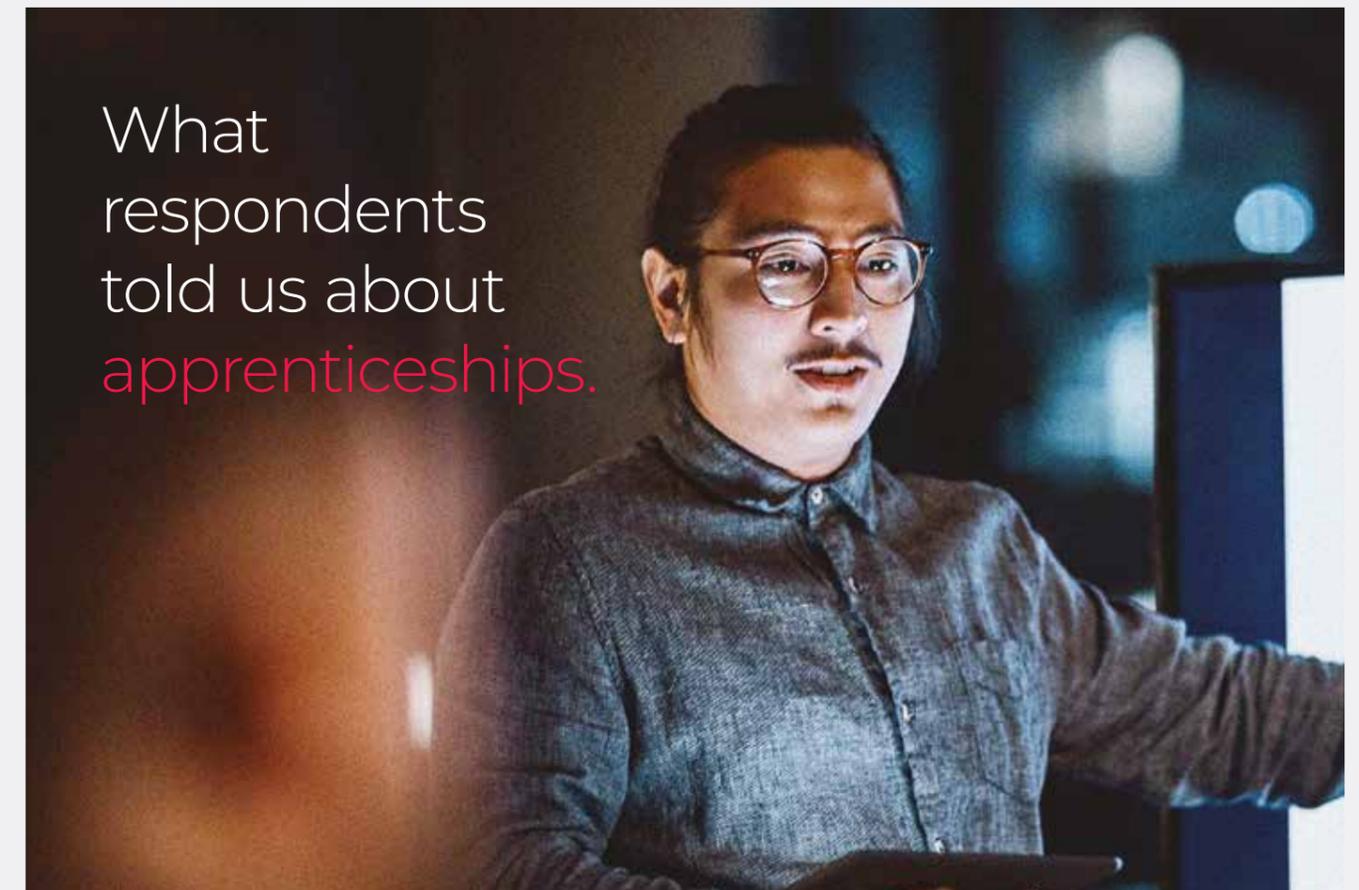
Over the next twelve months, do you expect to see a change in the **number of apprentices** hired by your organisation?

Results	
1	Decrease
2	No change
3	Increase



Challenges, however, do remain in the expansion of apprenticeships. When asked what barriers, if any, organisations faced in taking on apprenticeships, 21% said they 'don't have the capacity to deliver' them,

while 16% overall said there was a 'lack of apprentices applying' – rising to 20% for manufacturers – and a further 16% overall said 'apprenticeship standards were not suitable' for their business.



What respondents told us about apprenticeships.

Organisations highlighted the barriers they faced to taking on apprentices. For some, the location of their business proved to be a barrier, alongside the additional challenges of remote working.



The workforce needs a car to get to our sites or offices. Apprentices don't generally have cars.



Medium-sized construction firm in Essex



[Providing] support for apprentices when so many working remotely.



Large health/social care organisation in Bristol

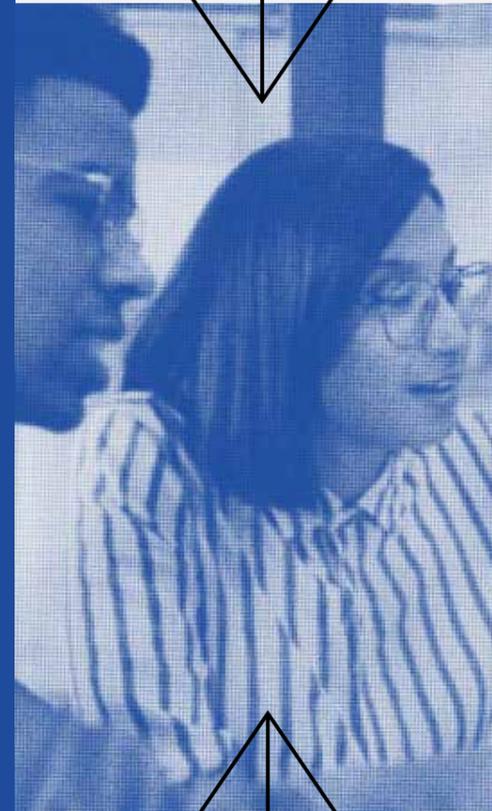
# Consulting and forward planning.

## Small organisations are generally not assessing their skills needs.

A range of internal and external factors are driving change in the workplace, the emergence of new jobs and demand for new skills. From increased automation and digitalisation, to the innovation needed to achieve net zero, there will be challenges and opportunities for all organisations. It will require employers to place greater emphasis on skills planning, training and development, and ensuring that everyone in the workplace is included in the transformation.

However, currently very few organisations are planning proactively for skills beyond their short-term requirements. With many SMEs having no access to internal HR support, not only do they find it difficult to assess skills needs linked to business needs, but there is also a risk that firms may not be fully utilising the investment they have made in the skills of their existing teams.

To meet skills needs, employers and training providers need structured and ongoing engagement to ensure people have access to the right training, upskilling and retraining opportunities for current and emerging jobs in their locality.



Local Skills Improvement Plans (LSIPs) in England provide an opportunity for employers to voice their needs and ensure training provision meets their requirements. In addition, there is a need for business support to help organisations identify, assess, and articulate their training needs.

In the survey, organisations were asked two questions to identify whether they were **1)** undertaking written plans on a range of workforce-related issues, and **2)** what their approach is to assessing their skills requirements. The survey highlighted the huge divergence in the ability of small organisations to implement formal plans compared to large firms.

When asked whether their organisation had implemented various written annual plans, 42% of respondents overall said they had a 'staff training plan' in place, while 27% had an 'environmental sustainability plan', and 24% had a 'diversity, equality, and inclusion plan'. Only 21% said they had a plan to 'address skills requirements'. More than one-third (37%) of respondents said they had 'none of the above' plans in place.

However, when looking at the split between business size and sector, we see significant differences in responses. For instance, while 2% of large businesses had no plans in place, this rises to 54% for micro businesses. Public, health, and third sector organisations were also more likely to have plans in place (only 21% said they had none), compared to B2C service firms (where 40% said they had no plans). In Northern Ireland, 73% of respondents said they had some form of plan in place, falling to 62% for Scottish respondents and 52% for Welsh respondents.



How, if at all, does your organisation currently assess skills or people requirements?

**58%**

Consulting with staff.

**28%**

Benchmarking against peers or external data.

**26%**

Consulting with HR or recruitment agencies.

**18%**

Structure audit or analysis.

**18%**

Consulting with educational institutions (e.g. Universities).

**10%**

Consulting with supply chain or other firms.

**8%**

Consulting with Chambers of Commerce or trade bodies.

**8%**

Consulting with government, local authorities or LEPs.

**6%**

Other method, please specify.

**16%**

My organisation does not currently assess skills requirements.

**3%**

Don't know.



Similarly, when we look at how organisations are assessing their skills requirements, there is a significant divide between large and small. Nine-in-ten (90%) large organisations say they currently assess their skills or people requirements, primarily through consulting with staff, benchmarking against peers and external data, or consulting with HR and recruitment

agencies. By contrast, just over two-thirds (68%) of micro-organisations are assessing skills needs, and the most favoured approach is to consult with staff. Fewer than one-in-ten micro-organisations are implementing structured audits or consulting with HR and recruitment agencies, educational institutions, or organisations within their supply chain.

# Conclusion.

## Skills shortages are affecting businesses of all sizes - and in all sectors, regions and nations of the UK.

The impact is being felt in lost capacity, quality and revenues for business and on the morale and well-being of team members struggling to deal with increased workloads.

Fierce competition for people is ramping up recruitment and wage costs. Employers, therefore, are seeking a more sustainable solution to resolving skills shortages, including more flexible workplace policies and investing in home-grown talent. There are signs that the year-on-year decline in private sector investment in training is starting to reverse, with more firms planning to increase apprenticeships and other development opportunities over the next 12 months.

While skills shortages have been a long-standing issue, the impact of external factors, such as Brexit and the pandemic, has exacerbated the problem and focused employers and governments on finding solutions.

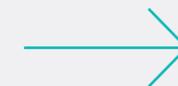
Governments must create the conditions for employers to invest in workforce skills by using the tax system to help firms achieve a fast return on investment and ensuring that the skills system has the agility to respond quickly to the evolving needs of industry sectors. Funding for modular, accredited short courses – alongside formal, longer qualifications from level 2 to level 7 - will support a high-performance learning culture, where more people are learning and able to continuously refresh and renew their skills. It will help boost the level of technical skills in the workforce and resolve many of the skills shortages that are holding back the economy.

Employers need to ensure managers are supported to identify, articulate and plan to meet workforce skills needs. And managers need to be part of the solution, working with providers to ensure course curricula and provision meet the skills needs of their business and wider sector.

Crucially, young people will need greater guidance and support from employers to be better prepared for the world of work, through early business engagement with schools and having access to high-quality industry placements that help to apply and contextualise the learning.

And as the workplace continues to evolve, business investment in the rapid upskilling and reskilling of adults at all skill levels is key to boosting productivity and resolving hard-to-fill job vacancies. Employers must embrace a culture of lifelong learning in an era of multiple careers, and facilitate that through learning and developing.

### As an employer, you can take the following steps to help tackle skills shortages:



#### Plan

Support and train your managers to identify the training needs of people in their teams, linked to the business's development and growth plans. Identify how you will develop the skills your business needs now and in the years ahead. Address issues such as succession planning and the development of new and existing staff. Work with a provider who is able to help you audit your skills and implement a plan to address gaps. Look at different programmes and delivery models to ensure skills can be developed in a flexible and sustainable manner.

#### Consult

Seek impartial support to understand the options available to help you train your workforce and recruit new talent into your business. Learn from best practice and benchmark your levels of training and investment. Engage with local skills improvement partnerships to ensure training providers understand your current and future needs and that the right provision is available for people who want to train for the opportunities in your business and sector.

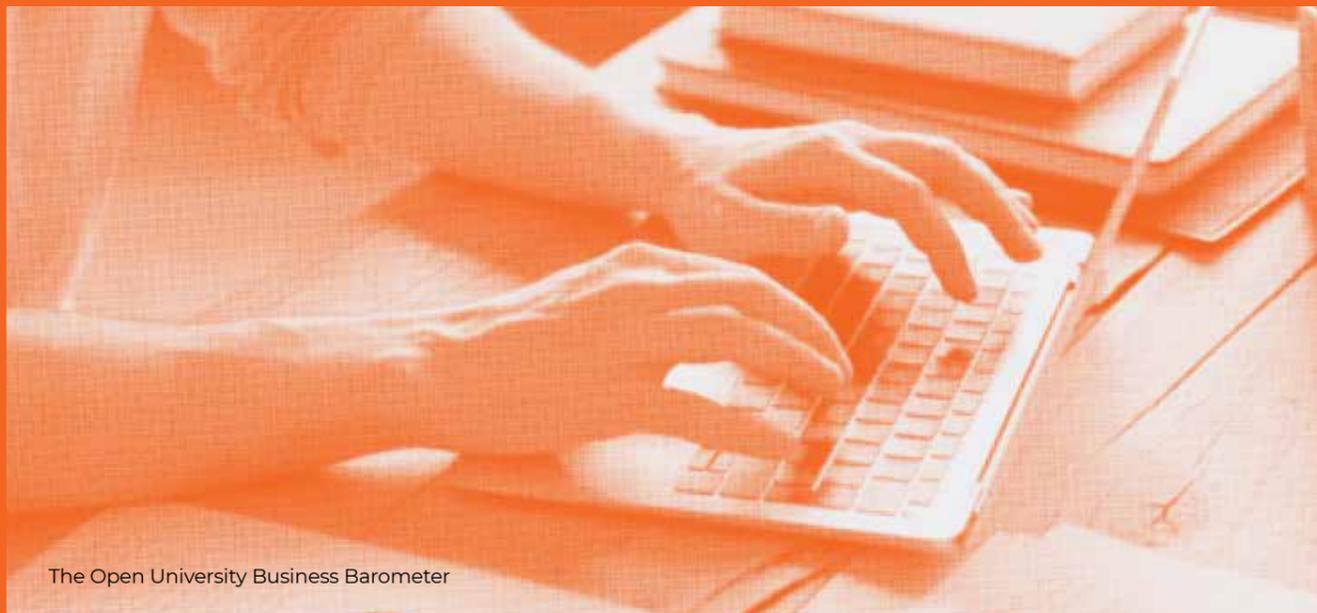
At the local level, Accredited Chambers of Commerce can help employers navigate the skills system. They provide practical information and connect businesses to a broad range of local and national training providers that can provide solutions to your skills needs.

# Methodology notes.

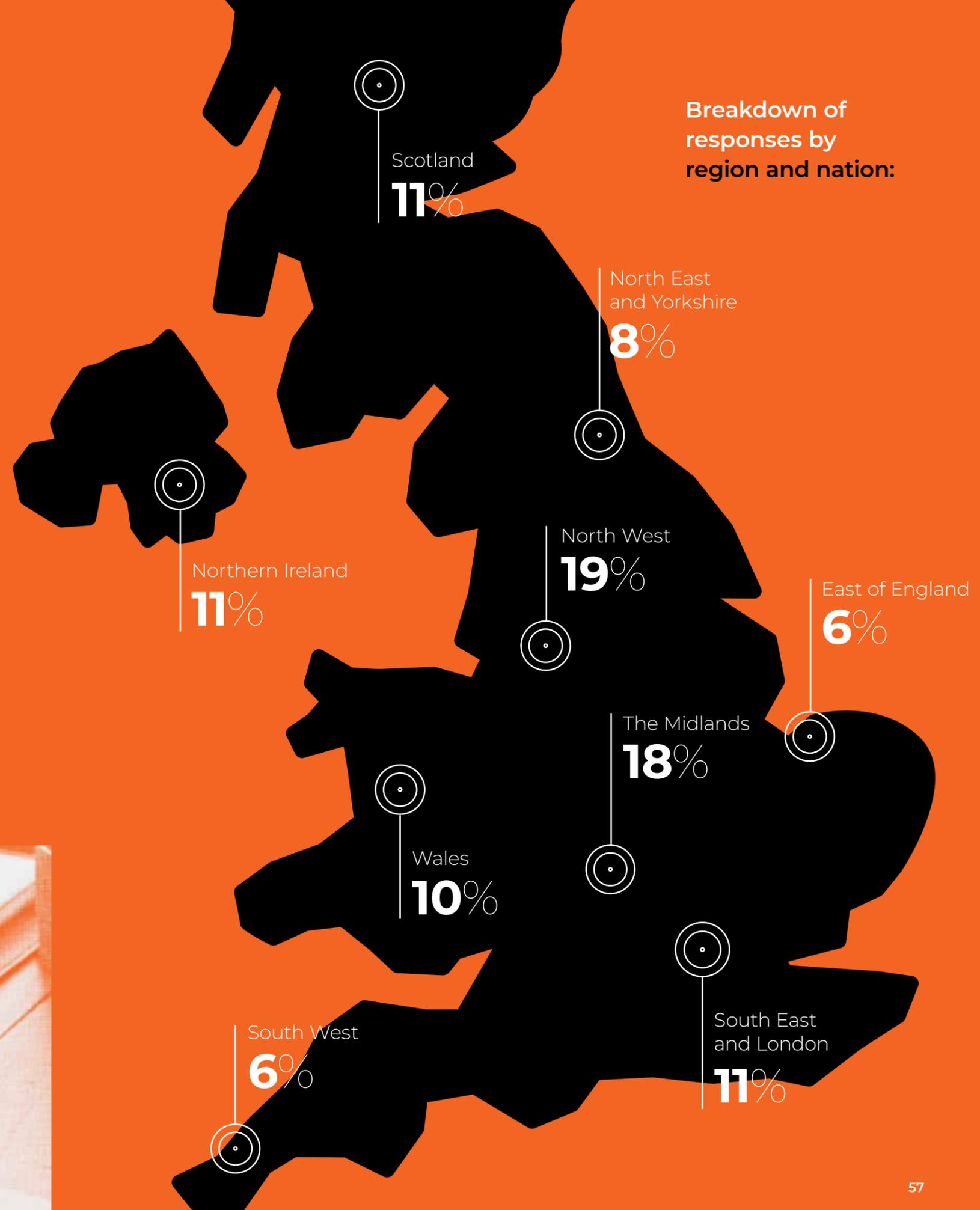
The survey was conducted online by the British Chambers of Commerce between 11 and 29 April.

1,310 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 organisations in the general UK business population, with the former making up 99% of the weighted sample.

The survey identified very large divergences between sectors and sizes across a number of key findings. This report has sought to draw out these divergences to better understand the impact of current state of the labour market on different types of organisations, and avoid, where possible, an aggregate figure which may mask this.



Breakdown of responses by region and nation:



## Breakdown of responses by industry sector

31% of respondents said they were in the manufacturing sector. Within the 'manufacturing' category are four underlying sub-sectors: Construction; engineering, or trades; Agriculture, forestry, fishing, or mining; Utilities, waste, or energy supply; and Manufacturing

42% of respondents said they were in the business-to-business (B2B) service sector. Within the 'B2B services' category there are nine underlying sub-sectors: Transport, logistics, or storage; IT, data analysis, web or data services; Finance, accounting, or insurance; Real estate, property, or development; Legal services; Marketing, advertising, or communications; Pharmaceutical or scientific services; Admin, support, or consulting (e.g. recruitment, cleaning, leasing, training, call centres); and Other services

15% of respondents said they were in the business-to-consumer (B2C) service sector. Within the 'B2C services' category there are three underlying sub-sectors: Arts, entertainment, or recreation; Retail or wholesale; and Hospitality, catering, or tourism

11% of respondents said they were in the public, health or third sector. Within the 'public, health or third sector' category are three underlying sub-sectors: Public administration or defence; Education; and Health, social work, or third sector.

## Breakdown of size

41% of respondents were micro-organisations, with fewer than 10 employees; 29% were small organisations, with between 10 and 49 employees; 17% were medium-sized organisations, with between 50 and 249 employees; and 14% were large organisations, with more than 250 employees.

“

**1,310 organisations from all business sectors, sizes, and UK regions and nations completed the survey online through the BCC's in-house survey platform.**



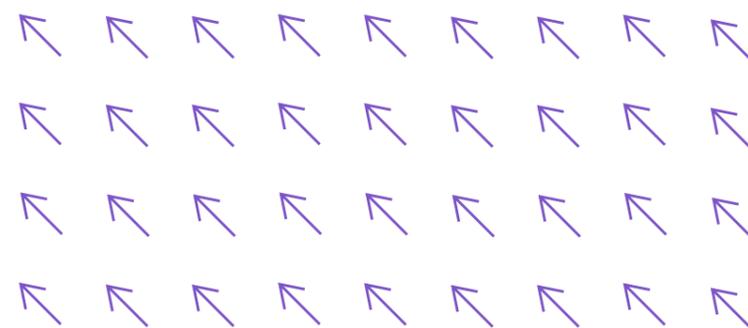
# About **The Open University.**

**The Open University (OU) is the largest academic institution in the UK and a world leader in flexible distance learning, underpinned by high quality research and academic expertise.**

Since it began in 1969, the OU has taught more than two million students worldwide and has over 205,000 current students, including more than 8,000 overseas.

Over 70% of students are in full-time or part-time employment, and three out of four FTSE 100 companies have sponsored staff to take OU courses.

The OU works with over 2,800 organisations across a range of sectors to provide learning and development through degree programmes, apprenticeships, microcredentials, short courses, vocational qualifications and free learning. It also partners with other academic institutions worldwide to enhance their own learner offering.



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# 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 over 70 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.

Visit our [website](#) for more information.



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 150 years.



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