Labour and skills market in the UK economy

Introduction

This Institute of Hospitality market intelligence brief presents a range of research and data sources to provide our members with an overview of the developing picture of the labour market and skills shortage in the UK.

Labour Market

- The estimated number of employees in the UK increased by 369,700 (1.2%) between 2018 and 2019, from 30.5 million to 30.9 million; the increase was mainly driven by private sector employees, which increased by 334,700 (1.3%), while public sector employees increased by 35,000 (0.7%). (ONS).

- The UK employment rate was estimated at 75.7%, 0.1 percentage points higher than the previous three-month period. (ONS)

- There are more job vacancies than unemployed people in the UK for the first time since records began. The unemployment rate fell to 3.7% between January and March, its lowest for almost 50 years, as job openings rose to a new high of 1.3 million

- The number of job vacancies in March to May 2022 rose to a new record of 1,300,000; an increase of 20,000 from the previous quarter.

Skills Market

The Open University (OU) has partnered with the British Chambers of Commerce (BCC) to publish a new report looking into the size, nature and impact of the UK skills shortage.

The annual OU report, in collaboration for the first time with BCC, is based on a survey of more than 1,300 organisations of all sizes across the four nations from the public, private and third sectors.
The survey found that:

- **Almost three-quarters (72%)** of organisations say the impact of skills shortages is causing increased workload on other staff, while 78% are seeing reduced output, profitability, or growth
- **More than two-thirds (68%)** of SMEs are currently facing skills shortages, rising to 86% in large organisations
- **28% of businesses** say they have had to turn down work or are not able to bid for work due to their staff shortage
- To address the problem, **more than half (52%)** of large organisations will increase investment in staff training over the next year, compared to 47% of SMEs
- SMEs struggle to implement plans to address the skills shortage while **9 in 10 of large organisations** have implemented some form of written plan
- 78% have transitioned at least some workers to remote working during the pandemic. Nearly a third (31%) have transitioned all employees. Some 86% of these say they will continue to work remotely and this provides opportunities to recruit people who don’t live nearby to fill skills shortages and organisations from outside London and the South East to fill more gaps (The Open University Business Barometer Oct 21)
- 58% of young people started secondary saying they had learned about careers other than those of their family and carers. For students at the point of choosing GCSE subjects, 63% had heard different people (other than family) talk about their jobs, which rose to 73% in Key Stage 4 (KS4) and 84% in Key Stage (KS5). Careers and Enterprise Company
- 61% of students reported that they knew what skills employers need early on in secondary school, which rose steadily at each transition point to 84% in KS5. Careers and Enterprise Company
- Similarly, knowing about earnings in different types of jobs increased from 48% at the start of secondary to 71% in KS5, and students were more likely to have thought about how jobs and careers may change in the future by KS5 (72%) compared to when they started secondary school (66%). Careers and Enterprise Company

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