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 and skills market in the UK.

Labour Market

- **Employment rate** - Aged 16 to 64 seasonally adjusted (Oct - Dec 2022) 75.6% (ONS). Up 0.2% on previous year

- **Unemployment rate** - Aged 16+ seasonally adjusted (Oct - Dec 2022) 3.7% down -0.3pp on previous year (ONS)

- In November 2022 to January 2023, the estimated number of vacancies fell by 76,000 on the quarter to 1,134,000, the seventh consecutive quarterly fall since May to July 2022 (ONS).

- Growth in average **total pay** (including bonuses) was 5.9% and growth in regular pay (excluding bonuses) was 6.7% among employees in October to December 2022 (ONS).

- There were 843,000 working days lost because of **labour disputes** in December 2022, which is the highest since November 2011.

- For the three months ending December 2022, the **highest employment rate** estimate in the UK was in the South West (80.3%) and the lowest was in the North East (71.0%); Scotland (76.6%) saw a record-high employment rate.

- The number of vacancies in November 2022 to January 2023 was 1,134,000, which is a decrease of 76,000 from August to October 2022.

- Quarterly growth fell for the seventh consecutive period to negative 6.3% in November 2022 to January 2023, with vacancies falling in 16 out of 18 industry sectors.

- Accommodation & food service activities vacancies Oct 22-Jan 23 – 146,000 (-15% on this time last year) Source: ONS Vacancy Survey
- There are currently approx. 570,000 open vacancies in hospitality in the UK. Meanwhile, it is also understood that over 1 million people left the UK in 2020 alone, with approx. 200,000 international workers leaving the hospitality sector since 2019 (ONS).

- **Caterer.com** report reveals Chefs are the most difficult roles to hire for (37%), followed by housekeeping (34%), kitchen staff (31%) and waiters (29%). 62% believe hospitality businesses are actively hiring more inclusively due to the labour shortage, which is having a positive effect, with 51% claiming that having a more inclusive workforce policy has improved their company ethos, and 48% claim that it has improved their productivity.

- **Caterer.com** report reveals 25% believe workers over 50 will be important in solving the hospitality sector’s labour shortage. However 54% have not actively sought to hire workers over the age of 50 in the last year. The greatest characteristics brought by over 50s are considered to be experience (71%), better punctuality (62%), a strong work ethic (59%) and loyalty (52%).

**Key finding from: The 2022 Hospitality Workforce Report**

- 3% of the workforce left the sector between August and September 2022, which is the highest percentage of leavers since March 2020

- Overall staff headcount across hospitality has grown 8.8% in the 12 months to September 2022

- Numbers between August and September, however, fell by 2%, though it is too soon to tell if this is a significant trend

- Pub staffing numbers have reduced by 4.4% compared to last year, while restaurant headcount is up 7.2% from a year ago

- The percentage of EU workers has fallen from more than a third of the workforce (9%) in July 2021 to under a quarter (24.3%) in September 2022

- More than a quarter (7%) of people starting jobs in hospitality are from a non-EU background
Skills Market

- Young people will soon be able to search and apply for apprenticeships alongside degrees on UCAS, education chiefs have announced (FE week)

- Apprenticeship starts for the whole of the 2021/22 grew 9 per cent on the previous academic year – and it was young people who saw the biggest increase.
  - A total of 349,200 starts were reported for 2021/22 compared to 321,400 in 2020/21. Last year’s figures are still 11 per cent lower than the 393,400 recorded for 2018/19 – the year before the Covid-19 pandemic.
  - Of the 349,200 starts, higher apprenticeship (level 4+) reached their highest volume and now represent almost a third of all starts. They accounted for just 4 per cent of starts in 2014/15.
  - Encouragingly, the share of starts for under 19s increased to 22.2 per cent in 2021/22 from 20.3 per cent in 2020/21. Starts for 19 to 24s and those aged 25 and older saw their proportion of starts drop overall and now account for 30 per cent and 47 per cent respectively.
  - Source - FE week

- Participation in adult education increased by 80,000 learners in 2021/22 compared to the previous year, the first increase in nearly ten years. Source - FE week

- T Levels - The Department for Education as announce that a £12 million fund will be available to help employers offering placements in the 2023/24 financial year, which can be used to cover the costs such as set-up expenses, equipment or staff training. Source – FE Week

- A consultation has been launched on important plans to improve how qualifications tie-in with apprenticeships Source - IfATE

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