
Edge response to the BEIS Select Committee inquiry



Edge Policy team

The state of play in the UK labour market post-Brexit and the impact of the covid-19 pandemic on recruitment, skills shortages and the growth of the labour market

Do we have enough workers with the right skills in the right places?

There are multiple sectors in the UK which do not have enough workers with the right skills. As summarised in the Edge Foundation's most recent [skills shortages bulletin](#), the lack of digitally skilled workers is a particular issue. In 2018, there were over 130,000 software developer vacancies. This was still true in 2020, with the most advertised digital tech role in the UK being Software Developer. In 2020, UK tech employment had grown by 20% over the last two years, accounting for 9% of the national workforce with 2.93m jobs created. As industries continue to place greater reliance on technology, the demand for digital skills in the UK will grow.

Moreover, there is a growing demand for the construction sector, yet a lack of applicants with necessary skills, as well as insufficient industry training. Currently, the sector heavily relies on workers born in the European Economic Area. This is likely to exacerbate issues post-Brexit. Specifically, bricklayers represent [the most severe shortage](#) within the industry, as well as steel fixers, concreters and scaffolders. The sector must also crucially develop the skills workers need to support a net-zero green economy. This will require the development of specific technical skills, for example to work with emerging technologies, but also includes broader employability skills and a sustainability-oriented mindset, to reach the overarching goals of sustainable practice. This is explored more in Edge and Oxford University's research, [Greening Construction](#). There has been a historic lack of training within the industry, and trade associations and construction organisations need to work together, and with the Government, to develop a strategy for tackling skills shortages, alongside increasing quality, standards and green practices.

Skills shortages in the UK are not limited to these areas. [The Edge Foundation](#) also evidences shortages in logistics, health and social care hospitality, engineering and creative industries.

Which sectors are experiencing the most acute shortages of workers since the pandemic? Have there been structural changes in the labour market post-Covid?

Shortages of workers has been a persistent issue for many sectors even prior to the Covid-19 pandemic. The Department for Education's (DfE) own [Employer Skills Survey](#) 2019 provides a pre-Covid-19 baseline for skills shortages in the UK. This research shows the long-running skills challenges employers have been facing in a period of economic uncertainty, transformation and disruption. It highlights that nearly a quarter of all vacancies were skills shortages within the Construction and raw materials sector with Utilities being the most affected by skill-shortage vacancies pre-2020.

Notably, the hospitality sector has been disproportionately impacted by the pandemic. Pre-2020 the UK hospitality sector saw a significant growth in employment. The sector was the third largest private sector employer in the UK, employing 2.9 million people and generating £130bn of economic activity. During the pandemic, [2.13 million jobs](#) in the sector were furloughed, 18% of all furloughed jobs. As the economy began to reopen in 2021, the hospitality industry began facing staff shortages, also as a result of Brexit. For the first three months to February 2022, there were 166,000 job vacancies in the sector, 7.8% of all employee jobs.

Even before the pandemic, the Health and Social Care workforce struggled to cope with shortages; in 2018, NHS hospitals, mental health and community providers has a shortage of more than [100,000 FTE staff](#). In late 2021, the sector had a vacancy rate of [8.2%](#), more than twice the UK average. Post-pandemic, the demand for the Health and Social Care workforce is not going away. The UK's aging population means that we will need [627,000](#) extra staff by 2030/31. This will require a considerable transformation in the way we recruit, train and retain workers.

Further research can be found in the Edge Foundation's [Skills Shortages Bulletin](#).

What more can the Government do to ensure that employers are able to recruit people with the right skills for the job, including the effective use of apprentices?

The 2022 Business Barometer report found that 86% of large organisations are currently facing skills shortages, with 72% of organisations stating that the impacts of these shortages have increased the workload on other staff.

Apprenticeships are highly valued by businesses, but the Apprenticeship Levy remains a barrier to increasing investment in training. Two in three businesses responding (67%) offer apprenticeship programmes in 2021, down from 85% in 2019. Looking ahead, 43% of firms expect to expand their apprenticeship provision in the next 12 months relative to the last year, while just 1% plan to reduce them.

To address these concerns, government needs to ensure they are working collaboratively with employers and industry experts, to address needs, design more flexible training and provide meaningful work experience opportunities. Edge have also called for specific reform of the apprenticeships programme to include:

- Refocus the current apprenticeship programme and levy away from adults already in employment towards young people aged 16-24. The programme (and the levy) should be focused on young people and on high quality routes into apprenticeships (e.g. traineeships, paid internships). Plentiful flexible adult learning and retraining is essential as our economy adapts to the fourth industrial revolution – this should be properly funded and supported by government outside the apprenticeship programme.

- Reinststate and develop a [Young Apprenticeships](#) programme to offer meaningful and engaging vocational opportunities at age 14-16 so that young people can find their passion.
- Create a range of high quality pre-Apprenticeship routes including building on and expanding the existing Traineeships programme
- Broaden apprenticeship training so that apprentices get a wider range of skills within their chosen sector not just a single narrow occupation.
- Degree apprenticeships should be expanded as they play an important role in boosting social mobility, meeting the requirements of employers and supplying the economy with the skills it needs

What are the skills and training needs of different sectors over the coming months and years? Are there particular case studies that underpin priority policy objectives from the Government (for example, in the energy industry)?

Engineering:

- Degree apprenticeships should be expanded as they play an important role in boosting social mobility, meeting the requirements of employers and supplying the economy with the skills it needs

Digital:

- Over the past 3 years, demand for roles containing AI, cyber and cloud skills have all increased. Research outlines a significant increase from 2018-2019, particularly in the demand for AI skills. The AI and cyber sector grew by 44% and 22% respectively year on year.
- Data centres provide the core digital infrastructure that underpins our modern economy by transmitting, receiving, storing, processing, and managing digital data securely and efficiently. Data Centres require complex skills needs, from network design to air conditioning, from energy management to generator maintenance. In the UK, this sector cannot currently meet its skills needs with [domestic talent](#).

Creative:

- Between 2010 and 2018, there was a fall of 154,000 (57%) in entries to Design and Technology GCSE and a reduction of 77,000 (20%) in entries into creative subjects. To regain skills in this area, we must expose young people to creative and technical subjects earlier on in their school experience. We also recommend urgent reforms to [accountability measures](#) such as the EBacc and Progress 8, which have contributed to the decline in creative and technical education in schools.

Health and Social Care:

- Figures from the 2021 "[State of adult social care sector and workforce in England](#)" report reveal that 6.8% of roles in Adult Social Care were vacant in 2020/21, an equivalent to 105,000 vacancies being advertised on an average day. This builds on trends from previous years where the vacancy rate has been persistently high.
- In social care, the lack of skilled workforce is contributing to the creation of 'care deserts' with [1.4 million older people already not getting the care they need](#).
- Low pay in the sector contributes to the high number of care workers leaving the profession each year; many care workers are working at minimum wage for a job that is both physically and emotionally demanding.
- Work needs to be done to improve the dropout rate during care training, as well as changes in the system of financial support to provide cost of living grants and cover tuition fees.

Construction:

- There has been a historic lack of training within the industry, and trade associations and construction organisations need to work together, and with the Government, to develop a strategy for tackling skills shortages, alongside increasing quality and standards. There are additional needs for updating training with regards to energy efficiency measures. There must also be a co-ordinated effort to remove the barriers to SMEs training more apprentices.
- The Edge Foundation has conducted research into [green jobs in construction](#) and how the skills system needs to respond in order to accommodate increasing demand.

Logistics:

- The sector faces major recruitment issues; 54% of logistics companies are expecting skills shortages to increase over the next five years and 21% are uncertain as to their future recruitment ability ([CILT](#), 2019).
- Office staff, vehicle drivers and warehouse workers are in the highest demand. Meanwhile, the hardest to fill roles are in software engineering, as well as project managers and executives.
- Demand for warehouse space in the light of growth in online retailing has led to a growing demand for jobs in storage roles – there were 16,000 new jobs in the first half of 2018 alone.

Green:

- The [Institute for Public Policy Research](#) suggests that as many as 200,000 jobs could be created in energy efficiency by 2030 – off-shore wind being a major portion of this.
- A comprehensive climate change education across the curriculum needs to be a priority. [SOS-UK](#) found that 71% of school pupils are interested in learning more about the environment and over 60% of university students want to learn more about sustainability. However although teachers are reporting that they think more should be taught in schools about this issue, high numbers feel unable to and have not received adequate training to do so. [WorldSkills UK and Learning & Work Institute's latest report](#) (2022) shows that although 79% of young people said it is important to work for an organisation committed to tackling climate change, they are unsure how to turn that passion into a career; with 87% of young people saying they did not know what green skills were.