



...but does your business  
have the skills to succeed in  
a new and changing market?

# What is affecting the UK Labour Market at the moment?

Britain is open for business. The UK's economic growth has seen improvements since the Brexit vote and is forecast to grow this year. Good news for your business. But how do you make the most of this growth and have you got the right skills in place to move your business forward?

What is The Big Short? Well, put simply it's the shortage of skills readily available in the UK which have an impact on your workforce and the success of your business. The UK is seeing its highest talent shortage since 2007, with hard to fill vacancies doubling since 2011\*. Businesses are finding it more and more difficult to fill roles with appropriately skilled talent.

*This shortage in skills is set to become an ongoing issue for the UK Labour Market in the future as well as impacting businesses today.*

There are a few key factors in the market which could be impacting the skills shortage trend we are seeing in the UK. The economy has picked itself up and continued to grow, seeing unemployment fall to the lowest level in 11 years. Whilst excellent for your business' continued growth and performance, it does mean that the existing skills shortage is set to grow. A lack of candidates with skills that are in high demand creates a lot of competition to employing them, and presents a problem with any business like yours that is looking to maximise growth and innovation.

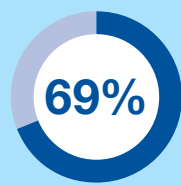
This lack of skilled candidates is further emphasised by last year's Brexit vote. The EU talent pool once available to the UK is now at risk of being more

difficult to tap into. With Brexit on the horizon, the UK potentially won't be attracting top talent as it is today; and with talks around introducing an "immigration skills levy" (a yearly fee brought in by the government to bring in every EU skilled worker), finding skilled staff outside the UK could become costly.

As business technology evolves, requirements change and so does the demand for new types of roles within your organisation. Looking back 10 years, job roles like Data Scientist or SEO Specialist were niche. Nowadays, these have become highly coveted and highly skilled roles found in businesses across the UK. In the next ten years? New types of roles are set to surface, which will become essential for your business too, but this demand may also reveal a shortage in candidates with the relevant skills to fill the jobs.

Apart from being an issue for the future Labour Market, a shortage in skills is something which businesses are struggling with now.

**How can you ensure your business doesn't suffer from The Big Short? We've created this whitepaper to help you plan, assess and take specific actions.**



of employers are concerned about not being able to find enough highly-skilled staff, compared with **55%** last year

**23%**

of all jobs advertised are skills shortage vacancies

The number of vacancies with a skills shortage has increased by

**43%**

**2/3**

of CEOs are **concerned** or **very concerned** about the availability of key skills in their business

By 2024 there will be a growth of nearly

**2,000,000**

jobs for higher skilled occupations

\*Fieldaware and UKCES  
Infographics sources; UKCES, PWC

# How does a lack of skills impact your business?

The changes to the skills market will impact your business, and the effect can be immediate. Some of the common challenges businesses are likely to face include;

## Reduced ability to serve clients

If your business is lacking skills in one particular department, you might think that any damage will be limited to that area – but this isn't the case. In a survey by the National Institute of Standards and Technology (NIST), a whopping 69% of employers cited a lack of overall efficiency as an effect of a skills gap. You'll know that even losing 1% efficiency has a high price on overall profit, so it's not something that you can afford to write off.

## Decrease in productivity

77% of businesses surveyed by NIST ranked a decrease in productivity as the number one impact of a skills gap. Decreasing productivity is something to be avoided at all costs, impacting everything from the working environment that you offer staff to Gross Profit. No one wants to see this happen to their business, so getting on top of your skills gap now will save you dividends in the future.

## Increase in employee turnover

Here's one of the most interesting effects of having a skills gap in your business: you will find it harder to hold onto your current staff if you cannot fill the positions you are missing. Your current staff will be overstretched, carrying out extra duties and filling in for positions that they are not trained to carry out. This coupled with low team performance due to a low headcount can lead to staff feeling burnt out and tired, ultimately leading to them looking for new employment.

**It's not all bad news though. There is a clear correlation between business growth and empowering employees to up-skill within an organisation. For example, by 2024 as jobs within the manufacturing sector become more skilled, productivity is predicted to grow by 2.8% (the average being 1.7%). The private sector is also expected to see strong growth in labour demand, and much of this is likely to be with high-skilled and low-skilled roles; continuing the trend of occupational polarisation.**

## Occupations on the increase in the next 5 years\*:

**+492**

Business & Financial Operations

**+416**

Management

**+405**

Computer & Mathematical

**+339**

Architecture & Engineering

**+303**

Sales & Related

**+66**

Education & Training

*\*World Economic Forum*

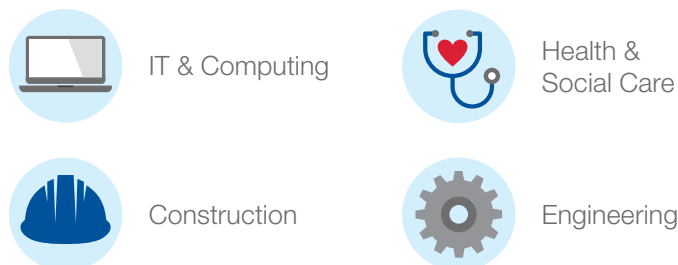
## Employee skills most in demand:

The skills in demand refer to skills that appeared in the most job adverts, collected by Burning Glass from over 40,000 websites daily. The skills are a mix of experience in particular industries, specialised knowledge or a description of an area of work.



## Top sectors experiencing a shortage of appropriate candidates\*:

(permanent roles)



\*Report on Jobs January 2017

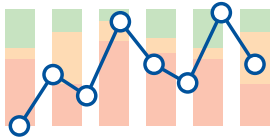
## Jobs of the future:

- Data Architect
- Cloud Service Specialist
- Mechatronical Engineer
- Home Companion

# Assessing skill shortages in your business

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Recognising the problem is the first step to finding a solution. In order to create a plan to combat any skill shortage, you will need to identify precisely where your problems lie right now and anticipate where they could arise in the future.



## Company performance

Looking at financial performance metrics and productivity figures will give you a good idea if something is amiss, or if a department doesn't have all the skills and support it needs to succeed. Decreasing Gross Profit will of course be a cause for concern, but it's often a symptom of an undiagnosed skills shortage.



## New ideas and innovation

Is your business innovating? Are you trying anything new or experimental in order to gain new business and keep ahead of the curve? If you find that you have been stuck in a rut and that you are sticking to the same old routines and strategies, this could be an indicator that you have not got the right skills in place. A real effect of having a skills shortage is not having the manpower and ability to work flexibly and bring new and exciting ideas into your strategy for growth.



## Training progression plans

Are you doing all you can to retain the talent you already have? If you find staff are persistently leaving it may be time to review if you have the right training and progression plans in place for your staff. A lack of continuous training means your current staff are not being up-skilled. It can also mean that those looking to up-skill are also looking for progression elsewhere if they are not satisfied at work.

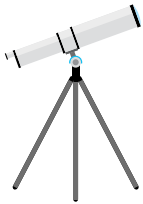


## Struggling to recruit

If you have struggled to attract new, skilled staff in the last 12 months, then this could be a sign that skills are already missing in your organisation. It could be that your business isn't attracting the right skilled people, losing out to competitors, or perhaps it is down to your offering. Have you got a clear company policy in place? Are your employer benefits up to scratch and visible when you are recruiting?

# Creating an action plan to combat skill shortages

Tackle any shortage in skills head-on and see what difference it can make to your business. Here is our recommended 5 point action plan:



## Create a 5 year plan

Where do you see your business in five years time? What plans do you have to achieve those visions? The skills landscape is ever changing, so you will need to know where you want to be in 5 years time, and work to recruit the talent you will need then – now. Plan for future success and you will find that you are keeping your best talent in line with market trends.



## Attracting new staff

Consider what could attract new candidates into your business. New skills more often than not mean incorporating new ways of working and new attitudes into your business. You will have to adapt accordingly and think about the working environment and package that you will supply. Review your recruitment process to ensure you are not losing great candidates. At the interview stage, highlight to interviewees how your organisation is a great place to work. Brook Street can help you benchmark salaries and benefits. Speak to your local branch about our latest 2017 Salary Guide. Your Brook Street representative can also help explain what top talent candidates are looking for when seeking new roles.



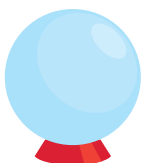
## Consider training your staff

Training is a great way to keep staff engaged, so offering them a training course which you can incorporate into your business is a solid way to start. PwC's Global CEO Survey reported that 72% of CEOs worry about the availability of key skills, but just 30% are focused on upgrading the skills and adaptability of their people. Consider putting a training plan together for your employees. There are many ways to do this whether it's on the job, external courses or online learning. Online courses have risen in popularity due to their cost effectiveness and the flexibility they offer employees, fitting training around work.



## Retain for life!

If you are already up to full productivity and growth, you will need to hold on to the talent you have recruited. As well as training, keeping employees engaged with regular reviews and career planning will make sure that you hold onto the talent you have successfully attracted into your business. Motivation also goes a long way. Holding team events, introducing employee benefit schemes, or even a reward and recognition programme will help employees feel more valued and inclined to stay with your business.



## Future proof your recruitment needs

With changes to the Labour Market constantly impacting businesses, you will want to make sure that you are continually assessing your business and the external environment to ensure you can review any skill gaps and find solutions quickly and easily. Build an ongoing review of skills in any future planning and make sure it gains appropriate air time at board level to ensure it remains a priority in your business.

# Action plan

## Create a 5 year plan

- Vision
- Strategy
- External trends
- Resources

## Attracting new staff

- Salary review
- Review of company benefits package
- Recruitment process audit

## Training your staff

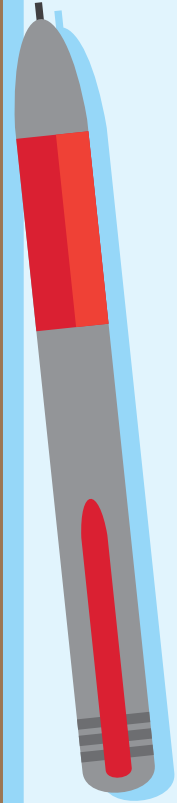
- Staff training assessment
- Review training options

## Retain for life

- Regular reviews
- Career planning
- Implement rewards programme

## Future proof your recruitment needs

- Skills assessment
- Quarterly board review



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UK Leading Talent is a nationwide programme that has been developed by Brook Street with the aim of supporting, partnering and encouraging businesses to recruit and retain talent.



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