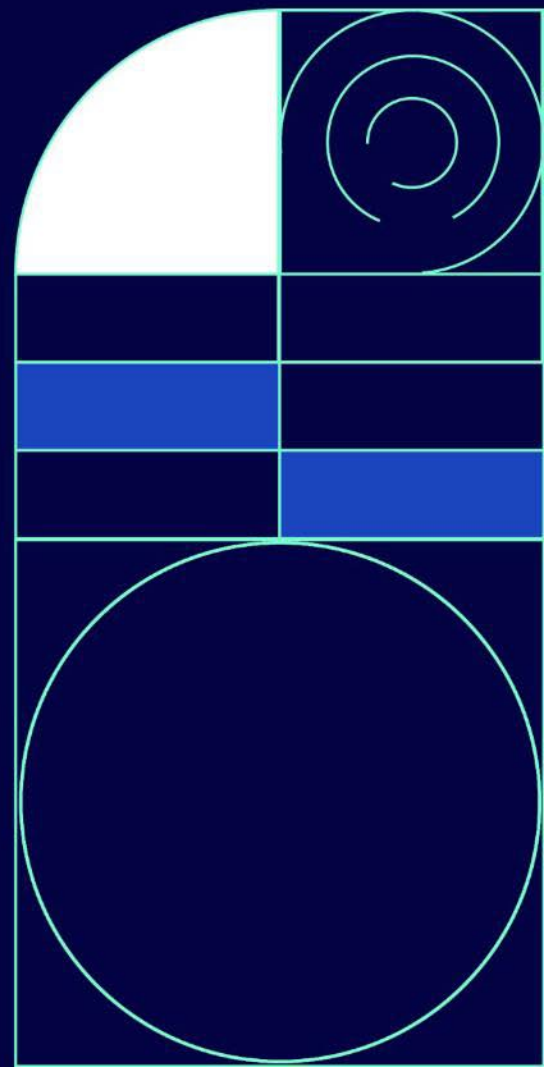




Business Barometer

An analysis of the UK
skills landscape

June 2024



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Foreword

Despite tiny green shoots of improvement, the skills gap in the UK remains stubbornly high across sectors, regions and all four nations. This year's Business Barometer exposes the impact of this enduring challenge on organisations of all types, including overwork, diminished productivity, and compromised wellbeing.

Our findings sound a stark warning that confidence in AI and green technology are critically low when skills in these areas are essential to addressing the pivotal challenges of our future.

Yet, too few businesses have strategic plans or initiatives to engage vital underrepresented groups such as young people, older workers, those with disabilities, and neurodiverse individuals.

The Open University and the British Chambers of Commerce are leading the charge to help employers close this gap. By fostering innovative strategies and inclusive initiatives, we can bridge the skills gap and build a more resilient workforce.

As two of the best jobs in the world, I am privileged to be part of this endeavour to help transform the skills shortage into an opportunity for growth and inclusivity.

Martha Lane Fox CBE, Chancellor of The Open University and President of the British Chambers of Commerce

Executive summary

The Business Barometer outlines the major skills challenges and opportunities facing UK employers and organisations for 2024 and beyond. As we will see, the UK continues to face significant economic challenges, but organisations across all sectors are showing remarkable resilience in tackling skills shortages and adapting to new technologies. While skills shortages remain a prevalent issue, there has been a modest improvement compared to the previous year.

However, longstanding skills shortages continue to place immense pressure on existing staff and organisations' ability to increase growth or deliver services.

Additionally, while AI (Artificial Intelligence) and green technology adoption may be increasing, many organisations tell us they are not yet confident in deploying them, which could further impede progress in innovation and efficiency.

The need for a strategic approach

Despite the pressing need for effective workforce planning, a substantial number of organisations have not yet implemented written skills plans for the upcoming year. This lack of formal planning is hindering the ability to address skills gaps strategically and prepare for future demands.

Training and development are critical areas of focus for many organisations as they seek to mitigate skills shortages and help employees meet their potential.

A significant portion of businesses intend to use mentoring, coaching, and short courses for staff training over the next twelve months. This approach not only

helps in skill development but also fosters a supportive learning environment that can enhance employee attraction, engagement and retention.

Apprenticeships also play a vital role in workforce development. Organisations that currently employ apprentices are generally optimistic about maintaining or even increasing their apprenticeship numbers in the coming year. This positive outlook highlights the value placed on apprenticeships as a means of cultivating new talent and addressing specific skill needs.

Widening talent pools

However, there is a noticeable gap in targeted recruitment, retention, and training initiatives aimed at specific groups. Most organisations do not have specialised programmes in place, which could be limiting their ability to attract and retain a diverse workforce. As we have consistently seen in previous years, larger firms and the public sector are far more likely to have such initiatives, leveraging their resources to attract a wider pool of candidates.

This disparity means smaller businesses may need additional support and resources to develop and implement recruitment and retention initiatives effectively. SMEs in general, and certain sectors such as hospitality and retail in particular, have borne the brunt of the multiple waves of crises since 2020 and their resource capabilities have often been depleted in a way that larger organisations can overcome.

This report shows that while UK organisations are facing considerable challenges due to skills shortages and economic pressures, there is a clear recognition of the importance of training and development. By focusing on mentoring, apprenticeships, flexible skills delivery and inclusive recruitment strategies, organisations can better navigate the current landscape and position themselves for sustainable growth. Some of these ideas are laid out in the 'recommendations' section of the report.

Methodology

Data from the Business Barometer was collected by the British Chambers of Commerce in an online survey of 1,350 organisations across the UK, conducted between April and May 2024. Respondents were drawn from all sectors and geographies of the UK and 90% were small and medium-sized (fewer than 250 employees).

Summary of UK key findings:

62% of organisations are currently facing skills shortages. This is down from 73% in 2023.

68% of organisations say skills shortages have increased the workload on existing staff.

64% say they are not confident about applying either AI or green technologies.

19% say they have implemented a written skills plan for 2024, while 71% have not. 10% are unsure.

39% of organisations intend to use mentoring or coaching to train staff over the next twelve months.

86% of organisations using apprenticeships are expecting an increase or are committing the same number of learners in their organisation over the next twelve months.

63% of organisations do not have specific recruitment, retention, or training initiatives for targeted groups. Larger firms are far more likely to have initiatives in place.

Executive summary for Nations*

Summary of Northern Ireland key findings:

44% of organisations are currently facing skills shortages.

55% of organisations say skills shortages have increased the workload on existing staff.

67% say they are not confident about applying new AI technologies.

49% say they are not confident about applying green technology.

16% say they have implemented a written skills plan for 2024, while 63% have not.

67% say they are not confident about applying new AI technologies.

35% of organisations intend to use short courses with certification, the most popular type of training.

63% of organisations do not have specific recruitment, retention, or training initiatives for targeted groups.

Summary of Wales key findings:

47% of organisations are currently facing skills shortages.

60% of organisations say skills shortages have increased the workload on existing staff.

56% say they are not confident about applying new AI technologies.

45% say they are not confident about applying green technology.

6% say they have implemented a written skills plan for 2024, while 79% have not.

37% of organisations intend to use short courses with certification, the most popular type of training.

69% of organisations do not have specific recruitment, retention, or training initiatives for targeted groups.

Summary of Scotland key findings:

56% of organisations are currently facing skills shortages.

77% of organisations say skills shortages have increased the workload on existing staff.

56% say they are not confident about applying new AI technologies.

47% say they are not confident about applying green technology.

23% say they have implemented a written skills plan for 2024, while 62% have not.

38% of organisations intend to use short courses without certification or mentoring or coaching to train staff over the next twelve months, the most popular types of training.

52% of organisations do not have specific recruitment, retention, or training initiatives for targeted groups.

** As this report shows, the most important variables driving different outcomes within the business community are organisation size and organisation sector. For instance, large organisations and public/health/third sector organisations are significantly more likely to have implemented workforce plans than micro-organisations or those from other sectors. Therefore, differences between nations data can be generally accounted for by the size and sector profile in each sample.*

(PART 1) Skills landscape analysis

The scale of the skills shortages problem in 2024

Skills challenges ease off but remain high

Since 2020, employers across the UK have grappled with a prolonged period of acute skills shortages. Factors such as the lingering effects of the Covid-19 pandemic, the UK's exit from the European Union, the cost of living crisis and persistent inflation have maintained high job vacancy rates and ongoing recruitment challenges. While some of the acute labour shortages seen between 2020 and 2023 may be starting to ease, there are many new challenges and opportunities on the horizon, ranging from the AI revolution to changing employee attitudes.

UK labour market statistics

The latest ONS labour market figures indicate a gradual loosening of the labour market. From February to April 2024, the number of job vacancies in the UK declined by 26,000 to 898,000 but are still above pre-pandemic levels. In England, Scotland and Wales, employment levels have fallen by around 204,000 over the last year, and the employment rate has fallen. The UK unemployment rate for people aged 16 and over was 4.3% from January to March 2024. The

economic inactivity rate remains largely unchanged at around 22.1%. During the same period, average wages saw a real-term annual increase of 2.1% including bonuses and 2.4% excluding bonuses.¹

Organisations facing skills shortages

Since 2022, Business Barometer survey respondents have been asked the extent they agreed or disagreed that they are currently experiencing skills shortages. In 2022 and 2023, 71% and 73% of overall organisations agreed, respectively.

However, the 2024 survey marks a shift, as 62% agreed they faced skills shortages. While this is still high, it represents a clear fall in previous years, in line with the wider data on the labour market easing.

This decline can be attributed to a number of factors. Firstly, a growing unemployment rate in the majority of the nations has increased the number of jobseekers and giving employers a wide pool from which to recruit. Secondly, as we will see in this report, appetite for training remains high as many organisations look to upskill and reskill existing employees. Thirdly, also highlighted in this report, a small but growing number of organisations are adopting AI technology which could be increasing efficiency and productivity. Finally, in some cases, organisations may have even given up on recruitment

1

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2024>

due to the lack of resources to prolong the recruitment search.

Data variations

Consistent with previous years, significant differences persist between various types of organisations. Manufacturers remain the most likely to agree they experienced skills shortages (74%), compared to 57% of business-to-business (B2B) service sector firms. Looking at the business size, mid-sized organisations with 50 to 249 staff are the most likely to report shortages (77%), while micro-organisations with fewer than 10 employees are the least (51%).

Across UK regions and nations, the Midlands continues to report the highest levels of skills shortages (68%), followed by the North of England (65%), South of England (65%), Scotland (56%), Wales (47%), and Northern Ireland (44%).

“I fear that basic engineering skills are now missing from the British workforce as a large section retires. This particularly applies to all engineering trades and will hamper our self-sufficiency if it is not redressed quickly, as there will be nobody to consult for advice.”

Micro manufacturing firm in Wales

“Skills shortages, attitude to work, and commitment to career growth with one company are major issues. We often spend two years training new recruits only for them to leave.”

Small construction firm in Hampshire

“The lack of skilled people is the single biggest barrier to our growth and sustainability.”

Small construction firm in the West Midlands

“An ageing workforce is difficult to replace with younger workers. Investment in automation is the only option, but is very expensive to finance.”

Medium-sized manufacturer in Inverness

Go deeper: A recent Open University survey found a particular mismatch between young people’s

skills and employer expectations

[Read more](#)

Q: To what extent do you agree or disagree that your organisation is currently experiencing skills shortage(s)? (n=1,346)

| | Don't know | Strongly disagree | Somewhat disagree | Somewhat agree | Strongly agree |
|-------------|-------------------|--------------------------|--------------------------|-----------------------|-----------------------|
| 2022 | 4% | 10% | 15% | 35% | 36% |
| 2023 | 4% | 10% | 13% | 39% | 34% |
| 2024 | 6% | 12% | 19% | 35% | 27% |

A recent Open University survey found a particular mismatch between young people's skills and employer expectations.

[Read more](#)

Nature of shortage: What type of skills are organisations missing?

In the survey, participants who mentioned experiencing skills shortages were asked to specify the particular roles or skillsets they lacked. They provided their responses in their own words, allowing us to pinpoint the exact roles or skillsets in question. We received 669 responses. As anticipated, the types of skills needed by an organisation vary widely across different sectors.

In the manufacturing sector, respondents most frequently reported needing engineering, construction, or skilled technical roles. In the consumer-facing sector, hospitality roles like chefs and catering staff were commonly mentioned, along with online sales and marketing, and administrative positions. In the B2B sector, there was a high demand for roles in administration, IT, sales, and account management. Respondents in the public, health, or third sectors highlighted a diverse array of roles, including sector-specific positions like nurses and social workers, as well as administrative and support roles.

The below list outlines the top role shortages cited by organisations in the survey. The most frequently cited job or skill is also listed.

Most frequently cited skills and roles where shortages exist (*all responses*)

1. Engineers (mechanical, electrical, software, project)
2. Sales (general, technical, digital, customer service, business development)
3. Managers (general, supervisors, site, contracts)
4. Marketing (general, creative, digital, social media, PR)
5. Design (system design, electronics hardware designers, design engineers)
6. Electricians
7. Administration (general, admin support, office staff)
8. Mechanical (engineers, technicians)
9. Care (health care assistants, childcare, care workers/carers)
10. IT Developers (computer programming, AI specialists, software developers)

By nation

| Scotland | England | Wales | Northern Ireland |
|-----------------|----------------|----------------|-------------------------|
| 1. Marketing | 1. Engineering | 1. Engineering | 1. IT |

| | | | |
|----------------|------------------------|---------------------|---------------------|
| 2. Education | 2. Sales and Marketing | 2. Customer Service | 2. Administration |
| 3. Engineering | 3. Administration | 3. Technical skills | 3. Customer Service |
| 4. Chefs | 4. IT and Technology | 4. Healthcare | 4. Healthcare |
| 5. Lecturers | 5. Healthcare | 5. Marketing | 5. Engineering |

What are the impacts of skills shortages?

The size and nature of the skills shortage varies, but the effects are widespread with a range of short-term and long-term impacts reported by organisations. In the short term, respondents are overwhelmingly reporting that the main impacts of skills shortages are on increased pressure on existing employees and their ability to service work. Overall, 68% of respondents said shortages had increased workload on other staff. A further 49% reported reduced activity or output, 38% reported profitability, and 34% reported decreased staff morale or wellbeing. Mid-sized firms (80%) and public, health, or third sector organisations (78%) were the most likely to report that skills shortages had increased the workload on other staff. Virtually every respondent reported some form of impact, with only 2% overall reporting no impact of skills shortages.

Q: What, if anything, is the impact of these skills shortage(s)? (n=782)

Two thirds say shortages are increasing workloads on other staff.

This is largely unchanged from previous years.

| | |
|---|-----|
| Increased workload on other staff | 68% |
| Reduced activity or output | 49% |
| Reduced profitability | 38% |
| Decreased staff morale or wellbeing | 34% |
| Reduced long-term growth or investment plans | 33% |
| Unable to achieve strategic goals (e.g. on digitalisation, sustainability) | 29% |
| Turned down or not bid for work | 24% |
| Other impact, please specify | 6% |
| No impact | 2% |

Skills in an AI and a greener future

Artificial Intelligence (AI) and green technology are two areas that are set to be transformational for the global economy. AI is revolutionising industries with enhanced efficiency and innovation, while green technology is driving sustainable practices and renewable energy adoption. In the past 12 months alone, we have seen enormous step-changes in the capabilities of generative

AI. Recent reports² from the BCC have highlighted the opportunities for policymakers and businesses alike.

One of the key drivers towards AI in particular has in fact been persistent skills shortages and the need to look at fundamental shifts in managing workloads. However, AI adoption is proving to be imbalanced within the wider business community and in the BCC's 2023 AI survey³, only around 30% of respondents said they had adopted some form of AI technology. Chat bots (e.g. ChatGPT and Copilot) are the most widely used forms of AI and reasons cited included coding or data analysis, content generation, and use as a personal assistant or sounding board.

In the Business Barometer survey, organisations were asked about the extent to which they felt confident in adopting new AI technologies, as well as new green technologies, and other non-AI digital technologies such as (CRM or accountancy) software. Overall, non-AI technology (such as CRMs and accountancy software) came out on top, with 72% of respondents either completely or fairly confident about adoption, while 28% were either not very confident or not confident at all.

² <https://www.britishchambers.org.uk/news/2024/01/bcc-publishes-blueprint-to-drive-net-zero-transition/>

³ <https://www.britishchambers.org.uk/news/2023/09/half-of-businesses-have-no-plans-to-use-ai/>

After non-AI technology, green technology adoption sees a drop off in confidence. Just over half of respondents (55%) feeling confident, while 46% report a lack of confidence. AI technology sees the lowest levels of confidence of the three areas tested – 46% of respondents express confidence (completely or fairly confident) while a slightly larger proportion, 53%, are either not really confident or not at all confident. The data clearly highlight the need to build awareness and confidence among a broader range of organisations so they can take advantage of opportunities and guard against threats and competitors.

| | Not confident at all | Not really confident | Fairly confident | Completely confident |
|--|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| AI technology | 22% | 31% | 36% | 10% |
| Green technology | 16% | 30% | 40% | 15% |
| Non-AI digital tech (e.g. CRM, accountancy) | 11% | 17% | 45% | 27% |

“AI is a big opportunity, but staffing remains a challenge in a business of one. I would love to see more support for small business to enable initial hiring. If I had the resources to hire just one member of staff, my business would expand rapidly. AI helps, but I still need to hire extra hands.”

Marketing sole trader in Edinburgh

“While the AI will improve productivity in our industry, it is unclear what will be the final impact on the demand. Depending on its further advancement, it may lead to a decline in business opportunities.”

Small IT firm in London

“There does seem to be greater appetite from the general public to tackle climate and environmental issues and hopefully we will see growth in technology and marketing to support this.”

Marketing sole trader in Bedfordshire

“We are investigating a number of technologies for decarbonising the business. This includes improved U values and power demand controllers for our site offices, PV panels and BESS for powering facilities and PV panels for generating our own electricity.”

Small construction firm in Lancashire

“Our VR systems can cut down on travel because we can train remotely, which is a unique selling point to some of our customers.”

Small training organisation in Doncaster

“Whilst I support the minimum wage, the danger I can foresee is that lower skilled jobs could be automated or replaced with AI if the balance of minimum wage isn't carefully considered.”

Small IT firm in Hampshire

Taking action: Scottish Union Learning

Highly topical 'green webinars' examining green jobs, green spaces and the climate crisis have been held for trade unions by Scottish Union Learning and The Open University in Scotland.

Both parties share a common mission to support the upskilling, reskilling and lifelong learning of people throughout Scotland.

[Find out more about Scottish Union Learning and The Open University in Scotland's collaboration](#)

(PART 2) Rising to the challenge

While skills shortages have slightly declined compared to previous years, they remain a major concern for organisations of all types. Businesses are trying to overcome this challenge in various ways. Some are focusing on productivity gains through technology adoption, while many are looking to upskill and train their existing staff. Additionally, most organisations are enhancing employee benefits, such as flexible working, to recruit and retain staff.

However, as we will see, most organisations are not approaching this issue in a structured way. The majority report not having a formal plan to address skills shortages and lack specific initiatives to recruit or train underrepresented groups. This unstructured approach hampers their ability to tackle the problem effectively.

Unfortunately, some organisations are trapped and unable to allocate resources to fix the issue, causing them to fall behind. The likelihood of an organisation having a formal plan largely depends on its size, with smaller firms significantly less likely to have a plan compared to larger organisations.

Taking action: Risedale Estates

Risedale Estates is tackling a regional shortage of registered nurses with The Open University.

The degree apprenticeship programme has widened participation by offering local opportunities to those who felt they'd missed their opportunity to study nursing.

[Read Alice and Ashleigh's story](#)

Lack of skills planning

The Business Barometer survey highlights that a clear majority of organisations have not yet formalised their approach to identifying and addressing skills shortages. Overall, only 19% of businesses reported having a skills plan in place, while 71% have not implemented one, and 10% are unsure. This underscores a significant gap in proactive skills management within the business community, which could impact their ability to address future workforce challenges effectively.

The size of the organisation is the key dividing line. Larger companies are more likely to have a skills plan, with 28% of organisations with 50 to 249 employees and 24% of those with over 250 employees reporting one. In contrast, only 14% of small businesses with fewer than 10 employees have a skills plan. Looking at sectors, manufacturers (22%) and the public, health, or third sector organisations (20%) are somewhat ahead, while B2C services lag behind, with only 16% having implemented a skills plan. Interestingly, a significant 36% of public, health, or third sector respondents are unsure, indicating potential uncertainty or lack of communication regarding skills planning within these organisations.

Around a quarter (23%) of organisations in Scotland reported having a written skills plan for 2024, compared with 16% in Northern Ireland and only 6% in Wales. Respondents in Wales are more likely to say that they didn't see the benefit of a plan.

| | Not sure | No | Yes |
|--------------------|-----------------|-----------|------------|
| Total | 10% | 71% | 19% |
| 10 or less | 6% | 80% | 14% |
| 10 to 49 | 9% | 69% | 21% |
| 50 to 249 | 20% | 51% | 28% |
| 250 or more | 46% | 29% | 24% |

Why skills plans aren't in place

The survey data highlights several reasons why organisations do not have a written skills plan. Overall, the most common reason cited is that organisations do not see the benefits of having a plan, with 52% of respondents indicating this. Additionally, 26% of organisations report a lack of resources or skills to write or implement the plan, and 12% state that their skills needs are changing too rapidly. Only 6% cite the cost of writing or implementing the plan as a barrier, while 13% are unsure why they do not have a plan.

Examining the data by sector and company size reveals some variations. The public, health, and third sectors are less likely to see the benefits of a plan (37%)

compared to other sectors, where this view ranges from 51% to 58%. Smaller organisations with fewer than 10 employees are the most sceptical, with 58% not seeing the benefits, while larger organisations with more than 250 employees are more uncertain, with 25% unsure about why they do not have a plan. The issue of rapidly changing skills needs is more pronounced in the public sector (19%) and in organisations with 50 to 249 employees (16%). Additionally, a lack of resources or skills is a significant barrier for mid-sized organisations (32%) and those with 10 to 49 employees (30%).

Workplace learning and development

Workplace learning and development is a critical tool that organisations can use in fixing skills shortages both in the short and long term. It can provide unforeseen gains in productivity as individuals are exposed to a much wider array of knowledge. Many organisations tell us they need practical and concise courses that give high returns over short periods, particularly given the short-term pressures facing many SMEs. However, longer-term structured training is also proving essential and the survey shows that those organisations investing in apprenticeships were committed to maintaining or growing numbers of apprentices.

In the survey, organisations were asked what types of training they are looking to undertake in the next 12 months. The vast majority intend to use some form of training for their staff, with many showing a preference for shorter courses. Overall, 39% of respondents intend to use coaching or mentoring, 37% intend to use short courses with certification, and 31% intend to use short courses without

a certification. A smaller but still significant proportion intend to use more structured or longer-term training courses such as apprenticeships at levels 2 or 3 (20%), industry accredited courses⁴ (17%), vocational qualifications⁵ (16%), or apprenticeships at levels 4 upwards (13%).

Q: Over the next twelve months, does your organisation intend to use any of the following types of training for its staff or yourself? (n=1,218)

| | |
|--|-----|
| Mentoring or coaching | 39% |
| Short courses with certification | 37% |
| Short courses without certification | 31% |
| Apprenticeships at Level 2 or 3 | 20% |
| Industry accredited courses (e.g. Prince2, ILM) | 17% |
| Vocational qualifications (e.g. NVQs, SVQ, PDAs) | 16% |
| Apprenticeships at Levels 4 upwards | 13% |
| University degree | 7% |
| T-Levels | 2% |

⁴ Industry accredited courses include Prince 2, ILM, ACCA, CIMA, CIPD

⁵ Vocational qualifications include NVQs, SVQ, PDAs

Do not intend to use training 18%

Don't know 8%

A commitment to apprenticeships

Looking ahead to the next 12 months, 47% of organisations intending to use apprenticeships expect to increase the number of apprentices they will hire or train. Meanwhile, 39% anticipate that the number will remain the same, and only 4% foresee a decrease. The expectation of increased apprenticeship numbers suggests that many organisations see this as a successful and structured approach to address skills shortages and enhance their talent pipelines.

Taking action: IBM

IBM offers apprenticeships from Level 3 to 7 and allows employees to climb a “ladder of opportunity” to move through multiple apprenticeships to aid their progression.

[Read Chris's story](#)

Who should fund training?

In the Business Barometer survey, respondents were asked who should be primarily responsible for funding work-related training of employees, and were forced to pick one answer. The majority (52%) selected ‘the employer they work for’. This is followed by 30% who think local or national government should bear this responsibility. Notably, only 3% believe that employees themselves should

fund their training, while 9% selected an 'other, please specify' option whereby most stated it should be a combination of entities, and 5% were unsure.

Breaking down the results by sector and company size highlights some notable variations. In the manufacturing sector, 33% of respondents favour government funding, higher than in other sectors. B2B services see the highest support for employer responsibility at 55%. Smaller companies (10 to 49 employees) are less likely (49%) to place the responsibility on employers compared to medium-sized firms (50 to 249 employees) where 61% believe employers should fund training.

Employee benefits

Increasingly, employers are looking to enhance employee benefits to recruit and retain staff. This has particularly been the case since the Covid-19 pandemic, where workplace behaviours fundamentally shifted for many organisations, and the inflation crisis, where many smaller organisations have been hit with price shocks that have impacted their ability to increase salaries. The Business Barometer survey shows a majority of organisations are offering various perks. The most common benefits include flexible and/or hybrid working (55%), occupational health and wellbeing services (38%), and additional pension benefits (34%). Just under one third (31%) of organisations are offering structured learning opportunities as a benefit to employees, and is increasingly seen as effective way of retaining staff longer term.

However, the data also reveals notable variations across sectors and company sizes. For instance, flexible working is particularly prevalent in B2B services (66%)

and public/health sectors (62%), whereas it's less common in B2C services (44%). Larger organisations (more than 250 employees) tend to offer more benefits across the board, with 79% providing flexible working and 74% offering health and wellbeing services. Smaller organisations (less than 10 employees) are less likely to offer structured learning opportunities (27%) and additional pension benefits (24%) compared to their larger counterparts. Furthermore, larger firms are more likely to provide retail or food discounts/subsidies (39%) and advisory services (68%). By contrast, a significant portion of smaller firms (27%) and medium-sized firms (21%) reported offering none of the listed benefits.

“Recruiting into remote areas like Lincolnshire requires creativity and often incentives that charities can't make financially. Skills development and training seem to be the most creative way for us to offer something other employers can't.”

Small charity in Lincolnshire

“The biggest challenge for us is the generational shift amongst the under 30s coming into our workforce. This is a generation that seems to want a very different set of benefits.”

Small admin, support, or consulting firm in Lincolnshire

Accessing underrepresented labour pools

Initiatives that help specific groups of people that may be economically inactive could be an advantageous way for organisations to help attract and retain

employees. However, the survey data reveals that a significant portion of organisations (63%) do not have specific recruitment, retention, or training initiatives for the targeted groups listed, with a further 10% unsure about whether any are offered. Among those with targeted programmes, workers under 25 years old (13%), over 50 years old (12%), and disabled people (9%) are the most frequently supported groups. Other notable focuses include workers with childcare responsibilities (11%) and neurodiverse individuals (8%). However, initiatives for care leavers (3%), ex-offenders (3%), and refugees (2%) are notably sparse.

| | |
|---|-----|
| Workers under 25 years old | 13% |
| Workers over 50 years old | 12% |
| Workers with childcare responsibilities | 11% |
| Disabled people | 9% |
| Diverse ethnicities | 8% |
| Neurodiverse people | 8% |
| Workers experiencing menopause | 7% |
| Ex-armed forces or reservists | 7% |
| Career changers | 7% |
| Diverse gender identities | 6% |
| Financially disadvantaged | 4% |

| | |
|---|-----|
| Care leavers | 3% |
| Ex-offenders | 3% |
| Refugees | 2% |
| Nothing specific relating to the above groups | 63% |
| Don't know | 10% |

Breaking down the data further, public, health, and third sector organisations are among the most likely to offer initiatives, with high percentages supporting disabled people (23%), diverse ethnicities (21%), and diverse gender identities (17%). Larger companies, particularly those with over 250 employees, likewise are more likely to offer initiatives across most categories, especially for workers experiencing menopause (26%) and career changers (22%). Conversely, smaller firms with less than 10 employees have fewer initiatives.

Taking action: Cisco

As cybersecurity threats increase worldwide, there is a greater need than ever for a skilled, diverse cyber workforce. The Open University and Cisco have joined forces to provide free, remote training for young people in the UK who identify as female or non-binary.

[Read more about the Cybercamps](#)

[Read about Cisco Networking Academy](#)

Recommendations for organisations:

As we have seen throughout this report, organisations are faced with both acute and structural shifts in the labour market. This report has uncovered the scale of the skills shortages problem in 2024, and although it has fallen compared to previous years, the impacts remain substantial. Organisations of all types are taking proactive steps to address this, such as high utilisation rates for training, but there are major gaps that, if filled, could accelerate the solution. For instance, the majority of organisations tell us they do not have a skills plan, are not looking at specific initiatives for targeted groups of employees, nor are confident about taking on new AI and green technologies. Innovation and strategic thinking is essential to stay ahead of the curve and avoid falling into traps. Below is a series of recommendations for organisations to consider based on the evidence presented in the Business Barometer.

1. Written plan with a focus on growing your own talent

Creating a written talent development plan is crucial for long-term success, outlining career paths, mentorship programmes, and performance reviews to identify potential leaders and skilled staff early. Investing in ongoing education and professional development through courses such as apprenticeships, bite-sized learning, workshops, and certifications helps employees acquire new skills and stay current with industry trends. It could also help when acute shortages emerge, as we have seen since 2020.

2. Identify areas of the business impacted by AI and green technology and build capability

Organisations of all types should assess which parts of their operations can benefit from AI and green technologies, such as workflow automation, customer service, supply chain optimisation, and production methods. Building capability involves upskilling existing employees through targeted training programmes and speaking with specialists and other organisations which have made similar innovations.

3. Explore hidden talent in your sector or local community

Engaging with educational institutions (local as well as national), community organisations, and Chambers of Commerce can help tap into diverse and undiscovered talent pools. Inclusive recruitment practices, such as reviewing job descriptions to eliminate unnecessary requirements and ensuring diverse, unbiased hiring panels, are essential for building a dynamic workforce.

Work-based learning opportunities can upskill and reskill staff who may have missed out on educational opportunities in the past, or reside in educational cold spots. Flexible delivery around other responsibilities is key to engage the widest possible cohorts.

4. Incorporate learning into your employee benefits

Incorporating learning and development opportunities into the employee benefits package can significantly attract and retain talent. Providing access to online learning platforms, sponsoring degrees or short courses, and offering

paid time off for study can make professional growth a core component of the workplace experience.

This approach enhances employees' skills and demonstrates a commitment to their long-term career development.

The OU can help your organisation with some of these challenges by:

- reviewing your employee proposition and making learning a core part of your people strategy
- expanding your educational offering – such as microcredentials and degree apprenticeships
- Identifying and developing hidden talent in the organisation through flexible learning.
- Working in partnership with third sector, local authorities, trade unions and B&I partners to enables upskilling and reskilling.

Learn more at open.ac.uk/business

About The Open University

The UK has a longstanding skills shortage and The Open University (OU) has a rich heritage of working with organisations collaboratively to address this challenge.

The OU offers organisations its vast expertise in research and innovation, flexible, high-quality, supported distance learning, and offers access to diverse and experienced student and alumni talent. The OU builds long-term relationships with partners, based on a deep understanding of their business objectives and that's why more than 2,900 organisations work with us. An impressive 73 of the FTSE100 have used our programmes to upskill and reskill staff. The OU works with more than 150 local authorities and 165 NHS Trusts and nations health boards.

The OU has more than 2,800 apprentices on higher and degree programmes, and in addition, more than 2,000 apprentices have completed their programmes. These apprentices work across 950 employers.

More than seven in ten of the 199,000 students currently studying with the OU are working full or part-time during their studies and are spread across every nation and region and locality of the UK, and internationally. The flexible way we deliver our courses, utilising the latest online technology, means that our learning can fit around business priorities and personal responsibilities. Our educational is both inclusive and accessible with more than 37,000 OU students declaring a disability and 28% of OU UK undergraduates live in the 25% most deprived areas. Our open access policy means that most OU programmes don't require prior qualifications.

The OU offers more than 200 qualifications and work with organisations to find the right solutions for their employees. This can include:

- Short courses and microcredentials
- NVQs and HTQs,
- Full undergraduate and postgraduate degrees
- Higher and degree-level apprenticeships
- Free learning on OpenLearn

This creates a diverse community of skilled, experienced student and graduate talent located across the UK, and internationally, that organisations can access.

The OU's impact is extended by partnerships with other educational institutions.

The University has provided validation services to more than 40 partner institutions worldwide and our spirit of openness means we make our extensive expertise accessible through opportunities for research, knowledge exchange, academic partnership and innovation. If you would like to discuss how the OU can help your organisation, get in touch today.

About 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 almost 80 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 are the only organisation that helps British businesses to build relationships on every level, in every region and nation of the UK.

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 160 years.

