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The Talent Balance

Workforce shortages, digital skills gaps, and the rise of automation

We look at the talent and skills landscape in the UK and the main challenges faced by **7 major industries**.

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- Current workforce shortages - and the causes
- The rise and continuation of remote working
- The rise of automation and digital skills gaps
- From ‘nice to have’ to ‘need to have’ skills

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The hiring balance has well and truly shifted and good candidates hold more cards than ever before; from consideration of flexible working, to career development, internal progression and recognition.
The competition for attracting talent is tough.

The ongoing effects from the pandemic and Brexit has left HR across numerous sectors with some significant immediate recruitment challenges and presents problems for many about how to address immediate shortages and longer-term skills gaps. Companies that haven’t got a strong and defined employee value proposition will find it hardest to hire and retain talent.

Not to mention that the workplace has changed irreversibly – the ability to work remotely, better work/life balance and priority on health and wellbeing are now in many cases, expected from employees rather than an added benefit. As such, these will now be key factors in attracting and hiring the best candidates. It’s a job-seekers market.

Alongside the workplace, the nature of work and jobs, and the skills required to do them, is changing rapidly. Significant advancements in technology from automation to artificial intelligence and the digitisation of traditional manual processes is quickly changing the nature of people’s existing job roles.

The pandemic has further sped up this process, though there is still a gap between the low supply and increasing demand of these emerging skills; The Digital Economy and Society Index (DESI) report found that 1 in 3 employees in Europe lacks digital skills.

In this paper, we explore the issues facing hiring managers and those responsible for recruitment, learning, talent, development and recognition and the main skills and talents challenges faced by seven key industries.

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Current workforce shortages – and the causes

For the first time on record, the number of official vacancies in the UK across June-August 2021, as recorded by the Office for National Statistics (ONS), topped 1 million. Moreover, numbers were a third (32%) higher than pre-pandemic levels in Q1 2020 – and they were up in all industries.

In terms of how this demand translated into job advertising activity, volumes were 122% higher across the period (June-August 2021) than in February 2020 and, by the end of September 2021, had reached 127%.

Figure 1. increase in official job vacancy numbers, Jun-Aug 2021 versus Jan-Mar 2020

Official Vacancy Numbers (OOOs)

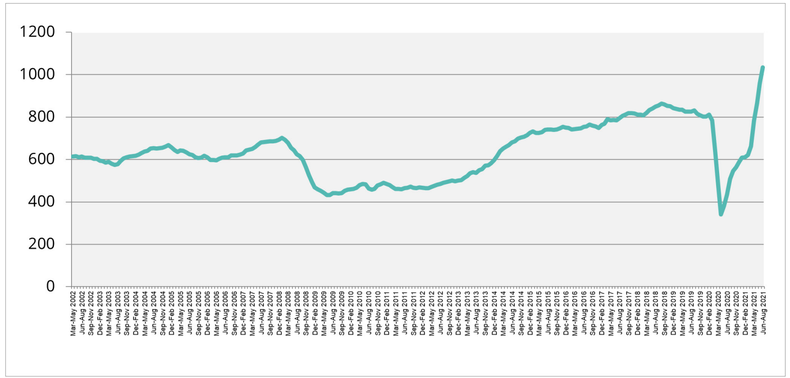
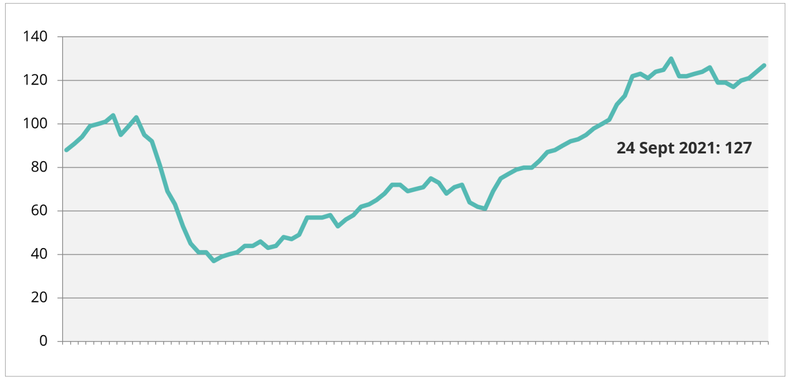


Figure 2. All-industry job advertising index

Adzuna de-duplicated weekly job advertising index (versus Feb 2020 = 100)



Source for both: Access People analysis of ONS data

1,000,000

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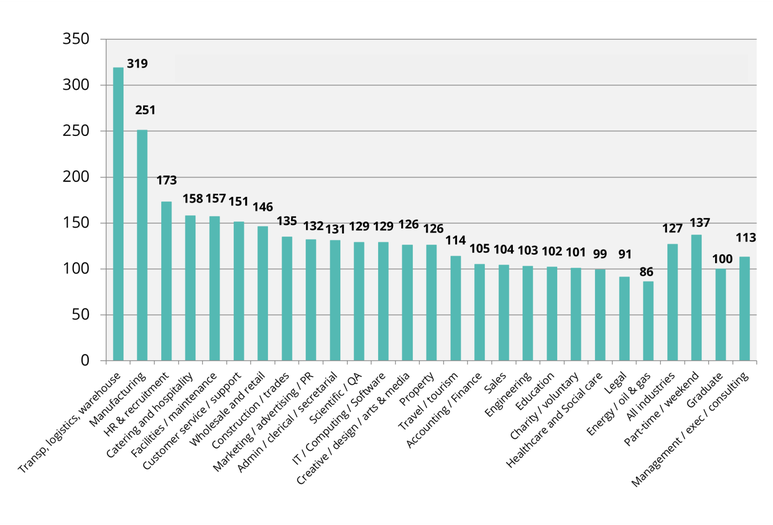
Dropping down into the sectoral profile of advertising activity, several industries – notably Transport & Storage and Manufacturing - are facing extreme challenges in filling vacancies, with job advertising volumes clearly being driven by more than just a rising number of open vacancy numbers.

Figure 3. Job advertising index, by sector

De-duplicated Adzuna job vacancy index: 24 Sept 2021 v Feb 2000 (=100)



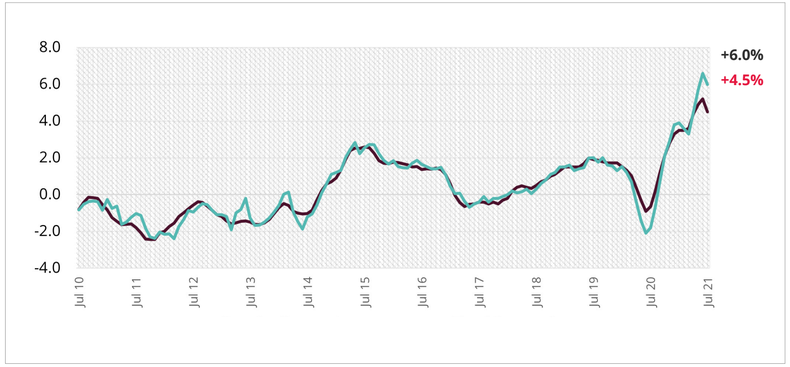
Source: Access People analysis of Adzuna data

Headline wage growth figures also reflect the increased competition, but ONS warns that they are overinflated. Yet, whilst the ‘base effect’ (the distortion to last year’s comparison period: lower earnings due to furloughing & reduced hours) and the ‘compositional effect’ (fewer lower paid workers in the workforce, increasing average earnings) have inflated wage growth figures, they have still undoubtedly spiked.

Figure 4. Real-terms year-on-year wage growth to the three months to July 2021

Total Pay: real-terms

Regular Pay: real-terms



Source: Access People analysis of ONS data

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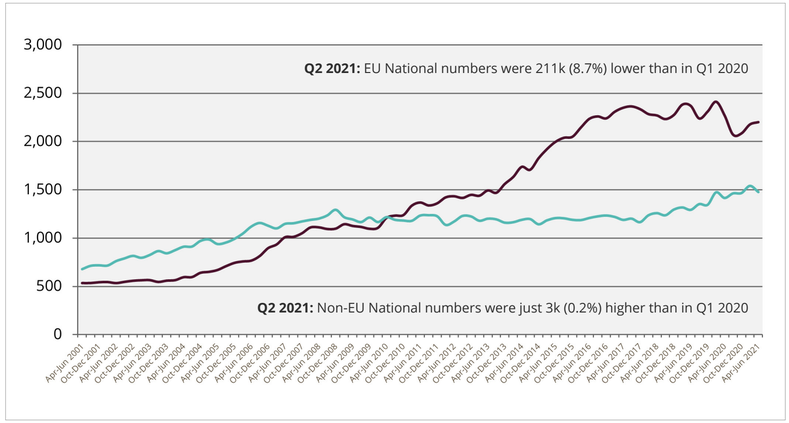
So, as the UK emerges from the stalling impacts of the pandemic, the key question is what has changed in the last eighteen months that is causing such significant worker shortages.

In terms of the total number of people in work, by Q2 2021, the UK workforce was still 2.2% (736k) smaller than it was in the quarter prior to the pandemic. This shrinkage included the loss of a large number of workers of non-UK nationality. By the second quarter of 2021, there were 208k (5.4%) fewer non-UK nationals in the UK workforce – including 8.7% fewer EU nationals - than in Q1 2020.

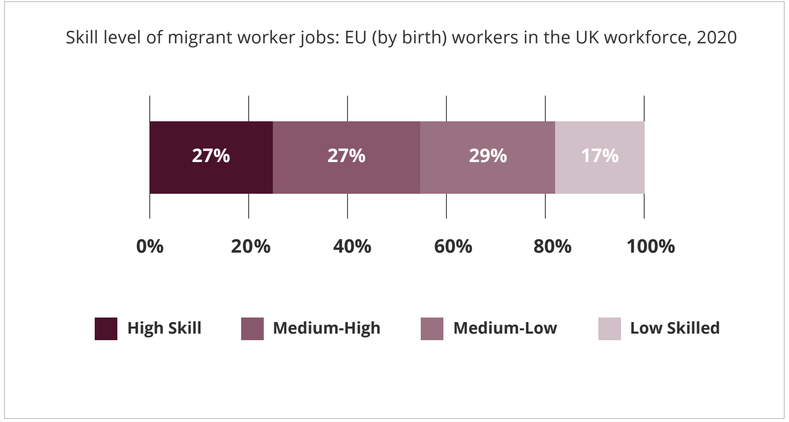
Figure 5. The number of EU nationals & non-EU nationals in the UK workforce, Q2 2001-21



Source: Access People analysis of ONS data

Far from just working in those industries where shortages are making the headlines, however, EU nationals work across the breadth and depth of occupations across all sectors and – with the loss of almost one in ten compared to Q1 2021 – their absence, due to a combination of the ending of the EU transition period and the pandemic, is being felt by many an employer.

Figure 6. Skills levels of EU national workers in post, 2020



Sources: Access People analysis of ONS data and The Observer (2 October 2021)

> **More of our members report shortages among managers, professionals and skilled workers than reported shortages in the sectors that are traditionally lower paid.**
>
> Kitty Usher, Chief Economist of the Iod

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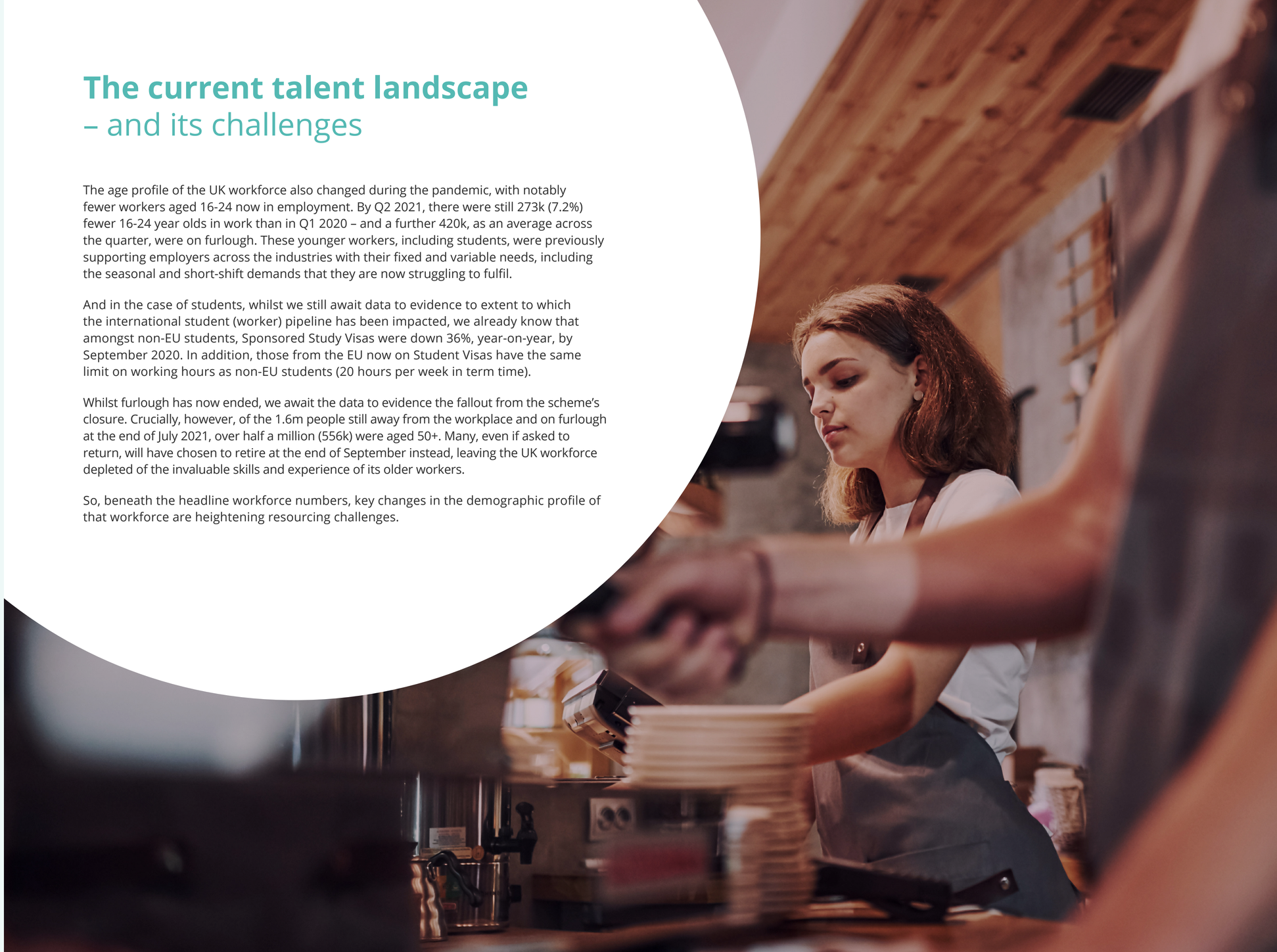
The age profile of the UK workforce also changed during the pandemic, with notably fewer workers aged 16-24 now in employment. By Q2 2021, there were still 273k (7.2%) fewer 16-24 year olds in work than in Q1 2020 – and a further 420k, as an average across the quarter, were on furlough. These younger workers, including students, were previously supporting employers across the industries with their fixed and variable needs, including the seasonal and short-shift demands that they are now struggling to fulfil.

And in the case of students, whilst we still await data to evidence to extent to which the international student (worker) pipeline has been impacted, we already know that amongst non-EU students, Sponsored Study Visas were down 36%, year-on-year, by September 2020. In addition, those from the EU now on Student Visas have the same limit on working hours as non-EU students (20 hours per week in term time).

Whilst furlough has now ended, we await the data to evidence the fallout from the scheme’s closure. Crucially, however, of the 1.6m people still away from the workplace and on furlough at the end of July 2021, over half a million (556k) were aged 50+. Many, even if asked to return, will have chosen to retire at the end of September instead, leaving the UK workforce depleted of the invaluable skills and experience of its older workers.

So, beneath the headline workforce numbers, key changes in the demographic profile of that workforce are heightening resourcing challenges.



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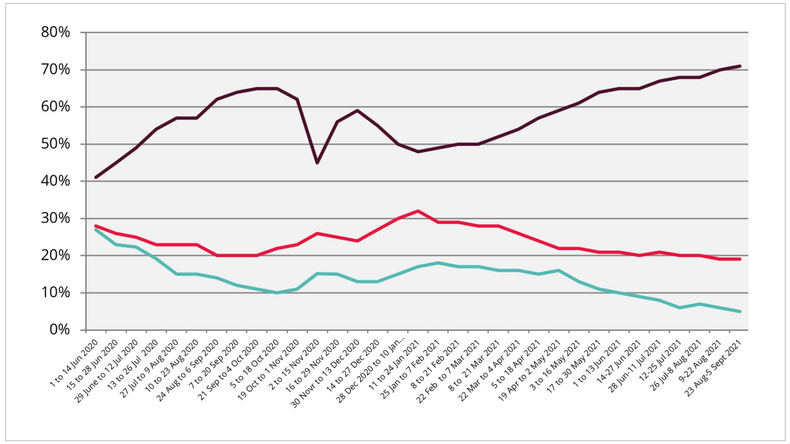
The rise and continuation of remote working

Having peaked at over 30% at the height of the first lockdown, by early September 2021, one in five workers engaged by organisations still trading continued to work exclusively or mainly from home.

To set this continuing figure of c. 6.0 million workers into context, ONS data shows that - across 2019 - just 6% (1.9m) of the UK workforce worked from home or in the same grounds whilst a further 8% (2.66m) used their home as a base but additionally travelled to other locations for work. As such, this represents a significant increase on legacy numbers.

Figure 7. The work location of workers in companies still trading, June 2020-Sept 2021



Source: Access People analysis of ONS data

Crucially, however, the proportion that has returned on-premise varies significantly by sector and provides an insight into those industries where the practice of remote working is now likely to become a permanent feature for many. By 23 August-5 September 2021, two sectors had standout proportions of workers still exclusively or mainly working from home: Information & Communication (58%) and Professional, Scientific & Technical activities (38%).

With the impact of the pandemic influencing working location for so long, however, and with employer considerations now fully in play - including real estate utilisation, the requirement for mandatory vaccination (or otherwise) to enable a safe (insurance-backed) return to on-premise working and future appropriate reward levels for roles deemed fully remote working - we must also consider the other side of the coin: whether workers want to return to commuting and on-site working.

As an indication of how the requirement and/or option for full remote working is shifting, recruitment firm Reed reported that, prior to the pandemic, just 1% of its job vacancies were advertised as remote working but, by 2021, this had risen to 5%. This trend is also playing out on LinkedIn as well where 5% of jobs within the month to 3 October 2021 being advertised as remote. The proportions of remote opportunities are also notably higher within the sub-sectors of the Tech industry, key Life Science sub-sectors and in the Chemicals industry - and month-on-month within Tech, these percentages are rising.

one in five workers continue to work exclusively or mainly from **home**

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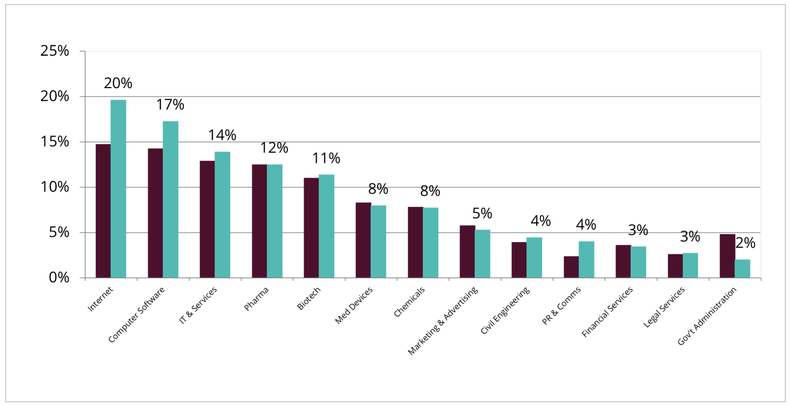
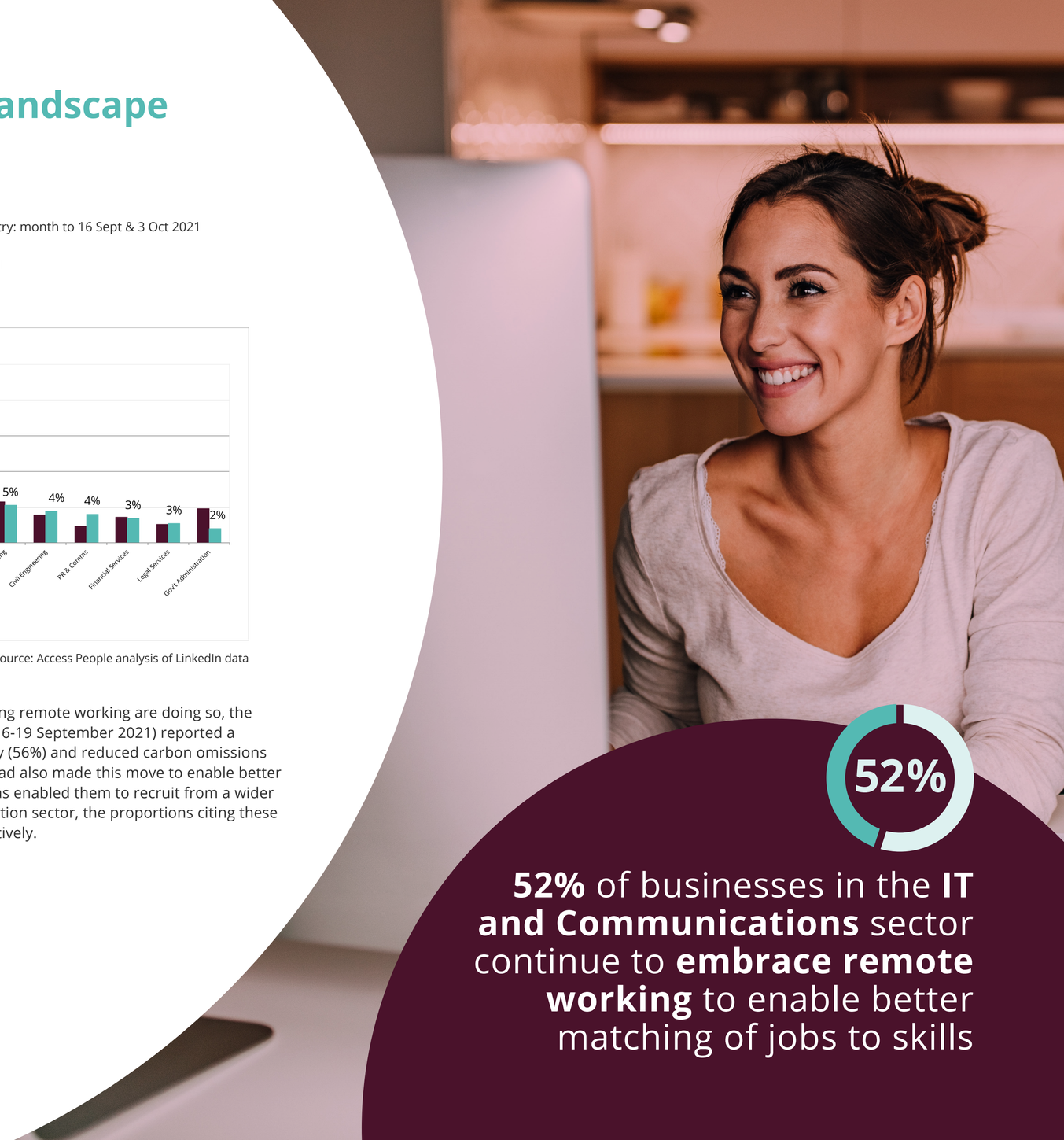
Figure 8. Percentage of job ads for remote positions by industry: month to 16 Sept & 3 Oct 2021



Source: Access People analysis of LinkedIn data

Asked in an ONS survey why those that are embracing remote working are doing so, the highest proportions of the all-sector sample (during 6-19 September 2021) reported a reduction in overheads (62%), increased productivity (56%) and reduced carbon omissions (51%) through homeworking. Almost a third (31%) had also made this move to enable better matching of jobs to skills whilst 22% stated that it has enabled them to recruit from a wider geographical pool. In the Information & Communication sector, the proportions citing these two reasons rose to a notable 52% and 29%, respectively.



52%

52% of businesses in the **IT and Communications** sector continue to **embrace remote working** to enable better matching of jobs to skills

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The rise of automation and digital skills gaps

Automation, in tandem with the COVID-19 recession, is creating a 'double-disruption' scenario for workers. In addition to the current disruption from the pandemic-induced lockdowns and economic contraction, technological adoption by companies will transform tasks, jobs and skills by 2025.

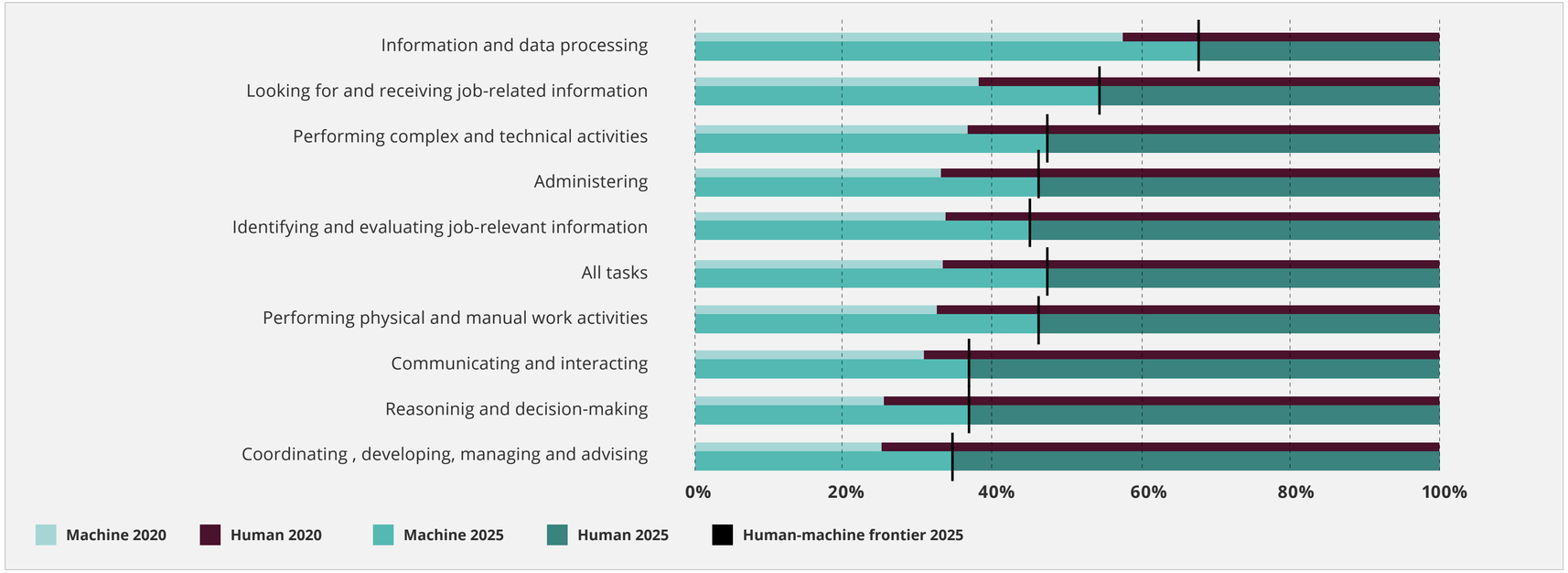
By 2025, the time spent on current tasks at work by humans and machines will be equal.

World Economic Forum ***Future of Jobs Report 2020***

The shift in the performance of tasks from humans to machines has long been a transition in motion. The recent pandemic has undoubtedly accelerated this process, however, with the World Economic Forum (WEF) projecting, in late 2020, that "the average estimated time spent by humans and machines at work will be at parity (by 2025) based on today's tasks."

The WEF continues by reporting survey respondents' forecasts that "algorithms and machines will be primarily focused on the tasks of information and data processing and retrieval, administrative tasks and some aspects of traditional manual labour. The tasks where humans are expected to retain their comparative advantage include managing, advising, decision-making, reasoning, communicating and interacting."

Figure 9. Share of tasks performed by humans versus machines, 2020 and 2025 (expected), by share of companies (globally) surveyed



Source: World Economic Forum Future of Jobs Report 2020

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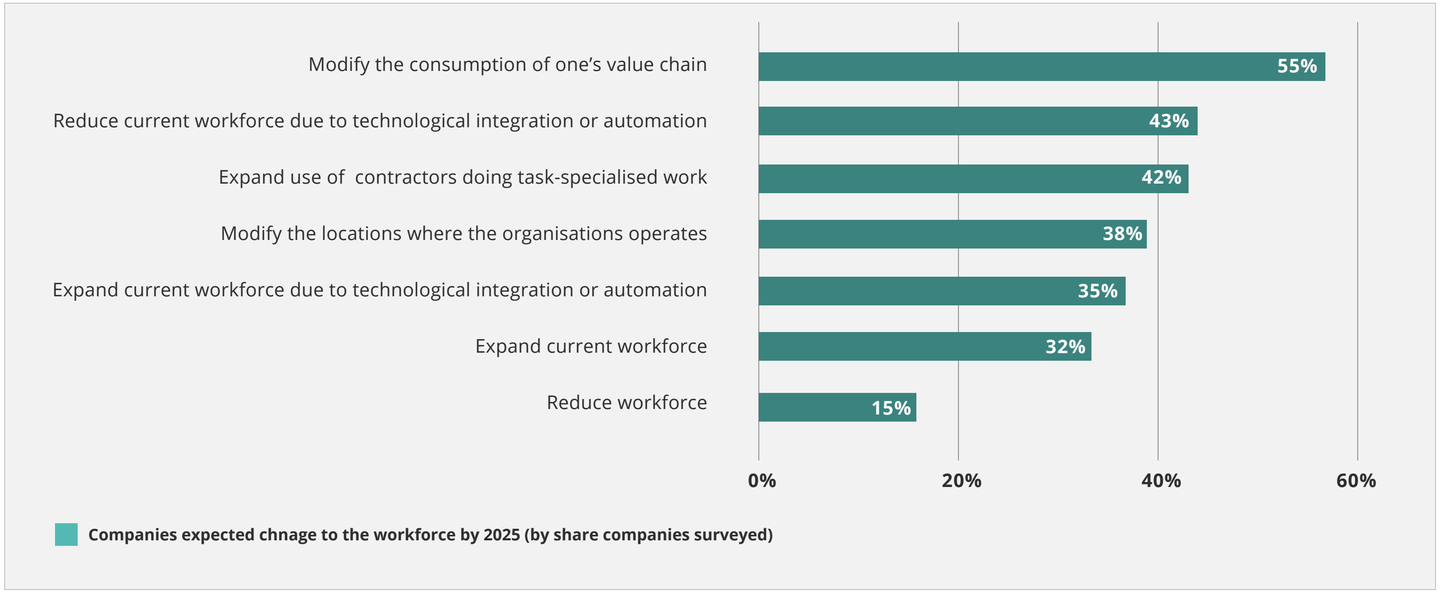
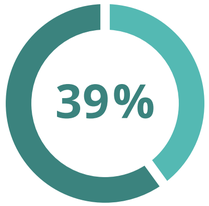
In terms of companies’ expected changes to their workforce as a consequence of the increasing technological integration or automation of tasks, a net balance of 9% more employers plan to reduce their workforce as a consequence.

And bringing it back to a domestic level – and the underpinning reasons for redundancies planned by employers in the UK as they emerged from Lockdown 3 in early May 2021 – 39% of those surveyed by the ONS reported that they were doing so as the roles were no longer required whilst 7% highlighted that the jobs were being lost due to automation.

Figure 10. Anticipated workforce changes, by share of companies (globally) surveyed, 2020



Source: World Economic Forum Future of Jobs Report 2020



39% of redundancies are due to jobs that are no longer required

7% of redundancies are due to replacing roles with automation

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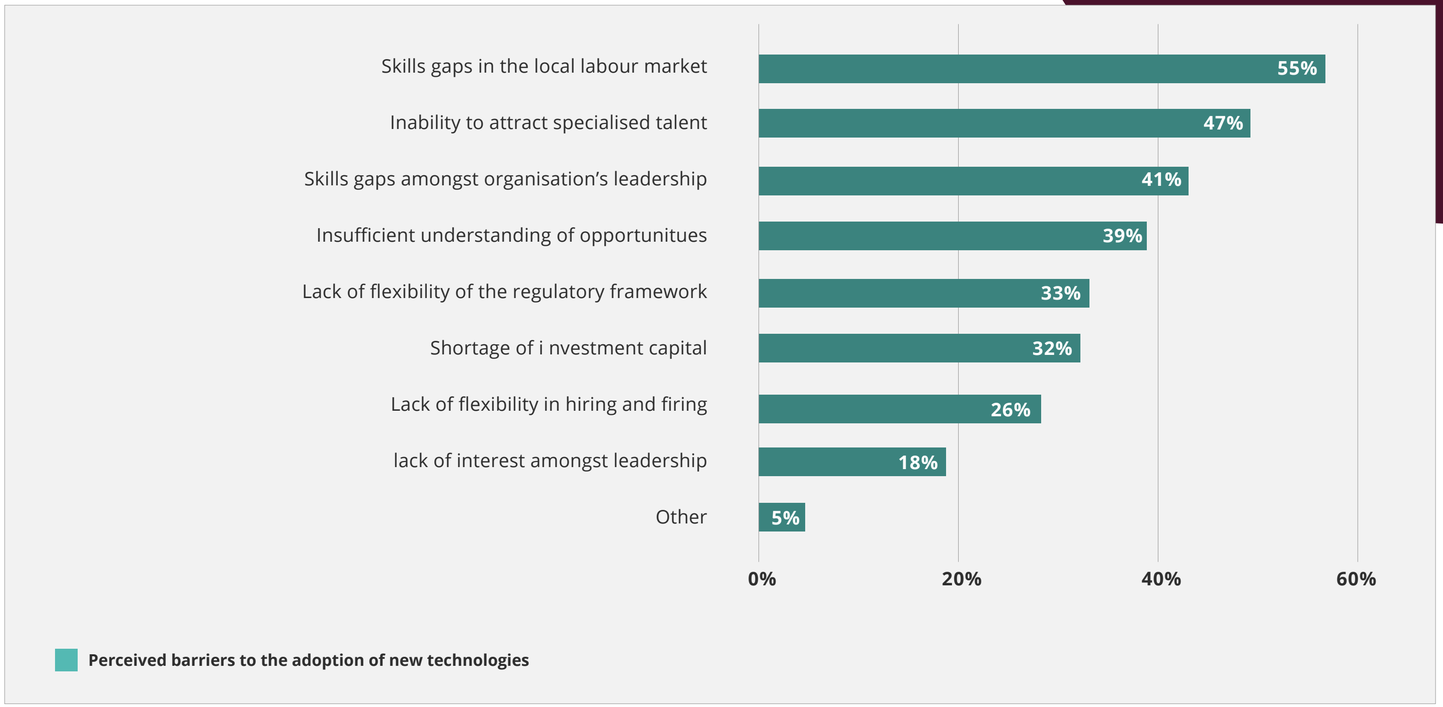
From ‘nice to have’ to ‘need to have’ skills

Beyond the boost given by the pandemic to technological adoption, WEF survey respondents in late 2020 clearly indicated that it would have been further accelerated if they could access the skills required to do so.

…the share of the core skills that will change in the next five years is **40%**, and **50%** of all employees will need **reskilling**

Figure 11. Perceived barriers to technological adoption, by share of companies (globally) surveyed, 2020



Source: World Economic Forum Future of Jobs Report 2020

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And beyond just the increasing need for employers to optimise the potential that technology can bring, there is a much broader need for them to reskill and upskill their workforce in order to remain competitive and/or to adjust to the rapidly changing world of opportunity and risk around them.

According to forecasts by the WEF's global survey respondents in 2020, "the share of the core skills that will change in the next five years is 40%, and 50% of all employees will need reskilling." A task on this scale has fundamentally shifted the dial from **'nice to have'** skills to **'need to have'**.

And beyond the role and, increasingly, task-related skills that will form a key part of that upskilling, there are key soft skills requirements that will also need to be honed.

> **The window of opportunity to reskill and upskill workers has become shorter in the newly constrained labour market.** This applies to workers who are likely to stay in their roles as well as those who risk losing their roles…and can no longer expect to retrain at work.
>
> For those workers set to remain in their roles, **the share of core skills that will change in the next five years is 40%, and 50% of all employees will need reskilling.**
>
> World Economic Forum Future of Jobs Report 2020

Top 15 skills for 2025: Globally			
1	Analytical thinking & innovation	9	Resilience, stress tolerance & flexibility
2	Active learning & learning strategies	10	Reasoning, problem solving & ideation
3	Complex problem solving	11	Emotional intelligence
4	Critical thinking & analysis	12	Troubleshooting & user experience
5	Creativity, originality & initiative	13	Service orientation
6	Leadership & social influence	14	System analysis & evaluation
7	Technological use, monitoring & control	15	Persuasion & negotiation
8	Technology design & programming		

Source for both: World Economic Forum Future of Jobs Report 2020

Top 10 skills identified as being in high demand in the organisation: UK		Top 10 current skills in focus of existing reskilling / upskilling programmes: UK	
1	Active learning & learning strategies	1	Analytical thinking & innovation
2	Analytical thinking & innovation	2	Leadership & social influence
3	Creativity, originality & initiative	3	Active learning & learning strategies
4	Complex problem solving	4	Critical thinking & analysis
5	Critical thinking & analysis	5	Technology design & programming
6	Emotional intelligence	6	Technological use, monitoring & control
7	Resilience, stress tolerance & flexibility	7	Emotional intelligence
8	Leadership & social influence	8	Complex problem solving
9	Technology design & programming	9	Service orientation
10	Reasoning, problem solving & ideation	10	Resilience, stress tolerance & flexibility

From a UK perspective, the top 10 skills that employers identified, in late 2020, as being in high demand within the organistion are currently mismatched against those skills that were being trained in. Crucially, the third most in demand skill requirement - creativity, originality and initiative – is not in the top ten reskilling/upskilling programmes currently in progress in the UK.

In relation to how UK employers are responding to shifting skills needs, encouragingly 98% of the WEF survey respondents reported actively retraining their existing workforce whilst 94% were hiring new permanent staff and 73% were engaging contingent workers with skills relevant to new technologies. With 90% also looking to automate work, however, the speed with which these companies can either train in or access the skills they require will likely also determine the speed at which machines replace many of the tasks that are currently performed by humans.

Wholesale & Retail Trade and Hospitality

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Wholesale & Retail Trade and Hospitality

Workforce challenges

Both the Wholesale & Retail and the Hospitality sectors in the UK are currently in a battle with numerous other sectors (including each other) for a largely part-time, hourly paid workforce – and they are both struggling to compete.

In Q2 2021, job vacancy numbers in Retail & Wholesale were 17% (22k) below Q1 2020 levels but, by June-August 2021, they were 5% (6k) above. As an indicator for how hard the sector is having to work to fill their needs, however, job advertising numbers were running at 146% of pre-pandemic (February 2020) levels by 24 September 2021.

In contrast, job vacancy numbers within Accommodation & Food Service (Hospitality) were already 21% (18k) higher than pre-pandemic levels by Q2 2021 and by June-August 2021 were a startling 60% (50k) higher than in Q1 2020. Job advertising numbers were running at 158% of pre-pandemic (February 2020) levels by 24 September 2021.

The pandemic’s impact on the automation of skills

76% of employers, globally, within the Consumer sector (which covers Wholesale/Retail and Accommodation & Food Service) reported that the pandemic had accelerated the digitisation of work processes.

The mismatch of skills needs in high demand and those currently being trained in

With challenges associated with access to sufficient numbers of workers and the pandemic-related disruption to global logistics and supply chain still playing out, it is unsurprising that ‘Complex Problem-Solving’ topped the skills needs in high demand within the Consumer sector in late 2020. At the time, however, it was the ninth most cited skill being trained in by employers within the sector.

	Top 10 skills identified as being in high demand in the organisation: Consumer Sector		Top 10 current skills in focus of existing reskilling/upskilling programmes: Consumer Sector
1	Complex problem-solving	1	Active learning & learning strategies
2	Analytical thinking & innovation	2	Management of personnel
3	Active learning & learning strategies	3	Leadership & social influence
4	Creativity, originality & initiative	4	Analytical thinking & innovation
5	Technological use, monitoring & control	5	Creativity, originality & initiative
6	Leadership & social influence	6	Service orientation
7	Critical thinking & analysis	7	Critical thinking & analysis
8	Troubleshooting & user experience	8	Co-ordination & time management
9	Service orientation	9	Complex problem-solving
10	Systems analysis and evaluation	10	Reasoning, problem-solving & ideation

Sources: Access People analysis of ONS data and World Economic Forum Future of Jobs Report 2020

Job advertising numbers were running at 158% of pre-pandemic levels by Sep 2021

Financial Services

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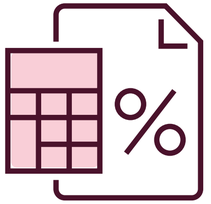

Financial Services

Workforce challenges

Official job vacancy numbers within the UK Finance & Insurance sector were already 14% (4k) higher than pre-pandemic levels by Q2 2021 and by June-August 2021 had increased to a level 32% (9k) higher than in Q1 2020. Job advertising numbers within its core discipline of Finance & Accounting were running at just 105% of pre-pandemic (February 2020) levels by 24 September 2021, however, suggesting that - as a sector – it is not struggling as much as others to fill demand. The industry is also the most mature in terms of support from recruitment process outsourcing (RPO) and managed service providers (MSP) partners, who deploy sophisticated means other than just direct advertising to source candidates. In addition, many of the required roles also have the potential to be performed remotely which reduce the legacy geographical constraints associated with sourcing.

The pandemic’s impact on the automation of skills

83% of employers, globally, within the Financial Services sector reported, in late 2020, that the pandemic had accelerated the digitisation of work processes.

The mismatch of skills needs in high demand and those currently being trained in

Beyond the fact that the tenth most cited skill identified as being in high demand within Financial Services organisations is the top skill currently being trained in in late 2020, the needs and skills training within the sector are broadly aligned. The one key in-demand skill that is not currently within the top 10 reskilling/upskilling programmes being deployed, however, is Creativity, Originality & Initiative.

	Top 10 skills identified as being in high demand in the organisation: Financial Services		Top 10 current skills in focus of existing reskilling/upskilling programmes: Financial Services
1	Analytical thinking & innovation	1	Leadership & social influence
2	Critical thinking & analysis	2	Analytical thinking & innovation
3	Creativity, originality & initiative	3	Critical thinking & analysis
4	Complex problem solving	4	Technology design & programming
5	Active learning & learning strategies	5	Complex problem-solving
6	Technology design & programming	6	Technology use, monitoring & control
7	Troubleshooting & user experience	7	Active learning & learning strategies
8	Emotional intelligence	8	Emotional intelligence
9	Technology use, monitoring & control	9	Resilience, stress-tolerance & flexibility
10	Leadership & social influence	10	Service orientation

Sources: Access People analysis of ONS data and World Economic Forum Future of Jobs Report 2020

83% of employers in Financial Services report that the pandemic had accelerated the digitisation of work processes.

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Manufacturing

Workforce challenges

Official job vacancy numbers within the UK Manufacturing sector were already 29% (7k) higher than pre-pandemic levels by Q2 2021 and, by June-August 2021, had increased to a level 47% (24k) higher than in Q1 2020. As an indicator for how hard the sector is having to work to fill their needs, however, job advertising numbers were running at staggering 251% of pre-pandemic (February 2020) levels by 24 September 2021.

The industry is reeling from the significant loss of EU-nationals from the UK workforce, which largely played out across 2020 as the pandemic took hold and the UK neared the end of the EU Transition Period. Thirteen percent (311k) of all EU national workers within the UK workforce were engaged in the sector across the year to March 2019. In addition, the sector is battling with others – notably the Transportation & Storage sector – for hourly paid workers.

The pandemic's impact on the automation of skills

77% of employers, globally, within the Manufacturing sector reported, in late 2020, that the pandemic had accelerated the digitisation of work processes.

The mismatch of skills needs in high demand and those currently being trained in

Whilst much of the current focus of existing reskilling/upskilling programmes within the Manufacturing sector is focused on practical skills to ensure a safe and compliant workforce, there is growing demand for raising the level of competence and/or realising the potential of better Systems Analysis & Evaluation and Technology Design & Programming – with neither currently being a top 10 skill being trained in. Beyond this, high demand skill needs and training appear broadly aligned.

	Top 10 skills identified as being in high demand in the organisation: Manufacturing		Top 10 current skills in focus of existing reskilling/upskilling programmes: Manufacturing
1	Active learning & learning strategies	1	Analytical thinking & innovation
2	Technology use, monitoring & control	2	Technology use, monitoring & control
3	Analytical thinking & innovation	3	Complex problem-solving
4	Leadership & social influence	4	Leadership & social influence
5	Resilience, stress-tolerance & flexibility	5	Critical thinking & analysis
6	Complex problem-solving	6	Technology design & programming
7	Systems analysis & evaluation	7	Quality Control & safety awareness
8	Reasoning, problem-solving & ideation	8	Technology installation & maintenance
9	Technology design & programming	9	Active learning & learning strategies
10	Critical thinking & analysis	10	Creativity, originality & initiative

Sources: Access People analysis of ONS data and World Economic Forum Future of Jobs Report 2020

Manufacturing is battling with Transportation & Storage for hourly paid workers.

Information & Communication

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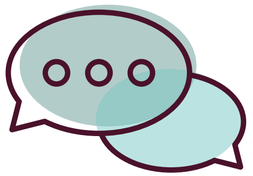

Information & Communication

Workforce challenges

Official job vacancy numbers within the UK Information & Communication sector were already 14% (6k) higher than pre-pandemic levels by Q2 2021 and by June-August 2021 had increased to a level 38% (16k) higher than in Q1 2020. With Job advertising numbers within IT, Computing & Software running at 129% of pre-pandemic (February 2020) levels by 24 September 2021, however, it suggests that competition for skills is high. This industry has also embraced the potential of remote working like no other, however – with 52% reportedly doing so, by the ONS, to enable better matching of jobs to skills and 29% seeking to recruit from a wider geographical pool. During 23 August-5 September 2021, 58% of its UK workforce still working from home and 14%-20% of all jobs posted on LinkedIn in the month to 3 October 2021 across its sub-sectors labelled as remote working opportunities.

The pandemic’s impact on the automation of skills

Ninety percent of employers, globally, within the Information & Communications sector reported, in late 2020, that the pandemic had accelerated the digitisation of work processes.

The mismatch of skills needs in high demand and those currently being trained in

The most often cited skills identified as being in high demand amongst Information & Communication sector organisations were notably aligned with the skills being trained in at the back end of 2020. One omission from the latter, however, was ‘Resilience”, Stress-Tolerance & Flexibility’, a requirement likely heightened by the pandemic and the industry’s shift to embracing remote working.

	Top 10 skills identified as being in high demand in the organisation: Information and Communication		Top 10 current skills in focus of existing reskilling/upskilling programmes: Information and Communication
1	Analytical thinking & innovation	1	Analytical thinking & innovation
2	Technology design & programming	2	Technology design & programming
3	Complex problem-solving	3	Technology use, monitoring & control
4	Active learning & learning strategies	4	Active learning & learning strategies
5	Resilience, stress-tolerance & flexibility	5	Critical thinking & analysis
6	Creativity, originality & initiative	6	Complex problem-solving
7	Critical thinking & analysis	7	Systems analysis & Evaluation
8	Reasoning, problem-solving & ideation	8	Reasoning, problem-solving & ideation
9	Leadership & social influence	9	Creativity, originality & initiative
10	Technology use, monitoring & control	10	Leadership & social influence

Sources: Access People analysis of ONS data and World Economic Forum Future of Jobs Report 2020

Resilience, Stress-Tolerance & Flexibility is a growing skills requirement not yet being met widely across the sector.

Professional Services

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Professional Services

Workforce challenges

Official job vacancy numbers within the UK’s Professional, Scientific & Technical activities sector were already 17% (12k) higher than pre-pandemic levels by Q2 2021 and by June-August 2021 had increased to a level 38% (27k) higher than in Q1 2020. With job advertising numbers within the Management Consulting running at 113% of pre-pandemic (February 2020) levels, Scientific & QA at 129% and Marketing/Advertising & PR at 132% by 24 September 2021, competition for skills clearly varied across the diverse sub-sectors. This industry has also notably embraced the potential of remote working – with 38% reportedly still doing so, according to the ONS, during 23 August-5 September 2021.

The pandemic’s impact on the automation of skills

A notable 93% of employers, globally, within the the Professional Services sector reported, in late 2020, that the pandemic had accelerated the digitisation of work processes.

The mismatch of skills needs in high demand and those currently being trained in

The most cited skills identified as being in high demand amongst Professional Services sector organisations are notably aligned the skills currently being trained in – albeit the most in demand skills of ‘Analytical Thinking & Innovation’ and ‘Complex Problem-Solving’ are lower priorities within the current programmes running. And ‘Persuasion & Negotiation’ is an in-demand need that does not feature at all within the top 10 current upskilling initiatives.

	Top 10 skills identified as being in high demand in the organisation: Professional Services		Top 10 current skills in focus of existing reskilling/upskilling programmes: Professional Services
1	Analytical thinking & innovation	1	Active learning & learning strategies
2	Complex problem-solving	2	Creativity, originality & initiative
3	Critical thinking & analysis	3	Analytical thinking & innovation
4	Creativity, originality & initiative	4	Critical thinking & analysis
5	Active learning & learning strategies	5	Emotional intelligence
6	Reasoning, problem-solving & ideation	6	Complex problem-solving
7	Emotional Intelligence	7	Reasoning, problem-solving & ideation
8	Leadership & social influence	8	Management of personnel
9	Persuasion & Negotiation	9	Leadership & social influence
10	Resilience, stress-tolerance & flexibility	10	Persuasion & Negotiation

Sources: Access People analysis of ONS data and World Economic Forum Future of Jobs Report 2020

A notable 93% of employers within Professional Services reported that the pandemic had accelerated the digitisation of work processes.

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Construction

Workforce challenges

Official job vacancy numbers within the UK’s Construction sector were already 27% (7k) higher than pre-pandemic levels by Q2 2021 and by June-August 2021 had increased to a level 42% (11k) higher than in Q1 2020. What is notable about this sector – which has typically run on low job advertising volumes due to its legacy reliance upon switch on/switch off subcontracted labour – is that job advertising numbers were running at 135% of pre-pandemic (February 2020) levels by 24 September 2021, suggesting a real struggle in filling open requirements. Trades occupations have been notably hit by the loss of EU nationals, upon which it so heavily relied in the past, and the industry has also likely seen many retirees.

The pandemic’s impact on the automation of skills

The automation potential within the construction industries focuses on three areas: firstly, the automation of physical construction tasks, secondly the automation of design, planning & management procedures and thirdly a shift to modular construction using factory-made, largely 3D printed components such as facades. Whilst the latter has the potential to ease the industry’s current skills shortage, McKinsey noted in late 2019 that “the transition will take decades” with an estimation that 15 to 20 percent of new building construction would be modular in the US and Europe/UK by 2030. [1]

The mismatch of skills needs in high demand and those currently being trained in

The European Construction Sector Observatory (ECSA) noted, in March 2020, that “the main EU policies, regulations and instruments that frame EU’s sustainable development and Energy Efficiency affect the European construction sector and its skill needs and demands.” Whilst no longer a member of the EU, these frameworks still govern much of the UK construction activity. As such, resource efficiency, digitalisation and Occupational Safety & Health (OSH) are some of the most influential drivers for skills acquisition in the UK and Europe.

75% of construction companies struggle to follow OSH requirements.

The challenges in meeting these requirements are heightened by the transient nature of the industry’s workforce, however. Just to stand still, the European Centre for the Development of Vocational Training (CEDEFOP) forecast in 2016 that 1 million new and replacement workers would be needed across Europe (including the UK) by 2025 [2]. Additionally, the skills needed in construction are likely to continue to change to meet the demands for ‘green’ and energy-efficient buildings, with an estimated 3-4 million blue-collar workers requiring training in this area. “Due to the lower predictability of the construction sector, however, many companies adopt a temporary employment model to their staffing strategy, limiting the incentives for long-term investment in the workforce”, the ECSA continues. It also reported that “75% of construction companies struggle to follow OSH requirements and 40% of construction employees do not work safely. To address this issue, OSH-related training for the construction sector must increase by 60%.”

As such, the industry must address not just the urgently required improvement in safety and compliance training, but to balance this with training in the skills requirements needed to meet the European Green Deal targets, seize the potential of automation and deal with the ongoing fallout of the global pandemic.

1. McKinsey, The Impact & Opportunities of Automation in Construction, December 2019.
2. The European Construction Sector Observatory, Improving the Human Capital Basis: Analytical Report, March 2020

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Travel & Tourism

Workforce challenges

Whilst no official vacancy numbers are available for the sub-sector of Travel & Tourism, the number will be significant as this is an industry that, directly and indirectly, employed an average of 4.27 million people in the UK across 2019. It has been the sector most impacted by the global pandemic, however – with UK output in May 2021 still 91% below February 2020 levels in Air Transport and 90% below within Travel Agencies & Tour Operations. As such, its workforce has been heavily reliant upon the furlough scheme and remains susceptible to jobs, hours and wage cuts.

Despite being such a volatile sector, job advertising numbers were running at 113% of pre-pandemic (February 2020) levels by 24 September 2021, suggesting it has a challenge in filling open requirements.

The pandemic's impact on the automation of skills

Automation is far from a new phenomenon within Travel & Tourism, in fact the transference of tasks to the traveller to self-fulfil online is one of the most mature across sectors. As we potentially emerge from the pandemic, Travel & Tourism firms are swiftly looking to automate back-end processes to help cope with a return to legacy volumes of business on lower staffing levels as well as deploying automation to limit the interaction between staff and travellers.

The mismatch of skills needs in high demand and those currently being trained in

With the pandemic-related disruption to Travel & Tourism still playing out – and the industry remaining susceptible to country-by-county decision-making on opening up or locking down, as the virus contagion ebbs and flows - it is unsurprising that 'Complex Problem-Solving' topped the skills needs in high demand within the Consumer sector (which includes this sub-sector) in late 2020. At the time, however, it was the ninth most cited skill being trained in by employers within the sector.

	Top 10 skills identified as being in high demand in the organisation: Consumer Sector		Top 10 current skills in focus of existing reskilling/upskilling programmes: Consumer Sector
1	Complex problem-solving	1	Active learning & learning strategies
2	Analytical thinking & innovation	2	Management of personnel
3	Active learning & learning strategies	3	Leadership & social influence
4	Creativity, originality & initiative	4	Analytical thinking & innovation
5	Technological use, monitoring & control	5	Emotional intelligence
6	Leadership & social influence	6	Service orientation
7	Critical thinking & analysis	7	Critical thinking & analysis
8	Troubleshooting & user experience	8	Co-ordination & time management
9	Service orientation	9	Complex problem-solving
10	Systems analysis and evaluation	10	Reasoning, problem-solving & ideation

Sources: Access People analysis of ONS data and World Economic Forum Future of Jobs Report 2020

Badly impacted by the global pandemic, UK output in May 2021 is still 91% below pre-pandemic levels.

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Future Business Success Relies on Savvy Skills Investment

The supply and demand challenge for certain skills is leaving many workers at risk of becoming redundant in the job market and posing serious long-term survival challenges for businesses that are failing to prepare for the skills required of their **future workforce**. But knowing which skills to focus on now vs which skills to prepare for the future is a fine balancing act.

For example, achieving a safe and compliant workforce right now is a clear priority but can often take the focus away from the perceived ‘nice-to-have’ skills which will soon become the ‘need-to-have’ skills.

Many successful businesses with a People function will have combined their HR, Talent and Learning departments to have a more holistic view of talent, skills and competencies of their existing workforce, be able to identify the gaps and use this data to plan strategically together.

A combined strategy includes plans for attracting, developing, and retaining talent, and investing in reskilling and upskilling existing employees to fulfil more short-term gaps. But empowering the individual potential of employees, opening up opportunities for internal career-mobility and creating a leading people experience throughout the employee lifecycle will set winning businesses apart.

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Introducing Access People

Access People features an unrivalled portfolio of HCM software applying over three decades of knowledge and innovation supporting HR, learning and compliance professionals to deliver seamless people experiences.

Our all-in-one fully integrated suite also has the modular capability to work alongside existing systems to suit your business size and need. Modules include workforce management, talent management and acquisition, learning and development, risk and compliance and payroll and is designed to be flexible, to scale with your business as it grows.

Our integrated HR solution helps you to create a culture of continuous feedback for employee development and growth and align staff skills and competencies to future proof your business.

Find out More