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Page: 4
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Lack of skills hurting firms

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A lack of individuals with the right skills and experience is holding back businesses in Yorkshire. In some cases, companies are turning down work because they do not have sufficient staffing levels to fulfil contracts or meet supply demands.

This can be seen across all industry sectors, while the recent chaos at some UK airports demonstrates how the pandemic and Brexit may have made matters worse.

In the IoD's exclusive Directors' Economic Confidence Index, which measured business leader optimism in prospects for the UK economy in May 2022, 36% of respondents highlighted skills shortages or employee skills gaps as a factor that is having a negative impact on their organisation.

Concerns over identifying and securing the right staff are not new but the current situation is worrying because companies are being held back from fulfilling their growth potential at a time when they are also facing a host of other challenges including rising energy and raw material costs and a new relationship with the European Union.

In my role as IoD Policy and Governance Ambassador for North Yorkshire, I regularly meet with business leaders. Their

frustration on the issue of people and skills is clear.

In Leeds, a city that provides safe harbour to professional services firms, there is a distinct war for talent for "rainmakers" and execution staff. The legal and accountancy professions are both suffering.

Northern manufacturing companies are finding it challenging to secure talented staff. At a time where fragility of global supply chains has been exposed, there are increasing calls to re-shore high quality manufacturing in the UK.

Yorkshire and the North, with a proud historical reputation for manufacturing, should be an obvious benefactor of re-shoring. The lack of talent available for such roles may ultimately stymie

the region from capitalising on future opportunities.

York, my hometown, has long been a beacon for tourism. Regrettably, the issue of limited human resources stretches the hospitality and F&B sectors so critical to a successful tourist sector.

In a tight labour market, the natural force of supply and demand economics rears its ugly head. Facing a barrage of increased costs, a hike in labour costs may well be the final straw for many in hospitality and F&B.

As an organisation, the IoD listens to our members and speaks out on their behalf to policy makers.

There are clearly longer-term issues to be addressed around the relationship between business, education and training providers but there are short-term policy changes that could make a difference, especially around retraining.

In March, the IoD wrote to the Chancellor urging him to push ahead with tax incentives for workplace training and reforming the apprenticeship levy, citing "clear market failure" in upskilling staff to meet national skills shortage priorities.

At the time, 40% of IoD members consistently cited this as exerting a negative effect on their organisation. Many businesses attribute worker shortages to the UK's long-term skills gap, whilst others have started to struggle due to a lack of potential workers from the EU.

Calling for a range of measures to be introduced, we highlighted how firms had insufficient incentive to invest in upskilling their staff in areas where the national need is clear.

The Government said it will consider whether further intervention is needed to encourage employers to offer high-quality employee training.

There are early signs that more people are now being tempted to re-join the labour market, having

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slipped into inactivity during the pandemic. If this trend continues, it should help to make future vacancies easier to fill.

