

Cross Industry Letter

July 2024

Subject: Addressing skilled labour workforce shortages in the UK

We, the undersigned trade associations, representing diverse production sectors of the UK economy, are writing to raise our concerns regarding ongoing shortages in skilled labour – particularly trades – vital to a growing and resilient economy today, as well as for delivery of the UK’s net zero targets in coming years.

The UK has a long-acknowledged shortage of STEM graduates as a proportion of the total participating in further and higher education, which affects many of the businesses of our members. As part of this overall shortage, a growing area of concern is the diminishing availability of skilled labour in trades. Such trades, including welders, pipefitters, mechanical fitters, scaffolders as well as engineering professions are essential to the maintenance of existing manufacturing sites and their supply chains, and will be a key dependency as new technologies such as hydrogen and carbon capture, and expansion of existing renewables, nuclear and other supply chains are built to reduce the UK industry’s carbon footprint.

While we acknowledge the efforts made by successive Governments and parliaments to address skills shortages and promote workforce development over several years, we believe there are several areas where improvements are urgently needed to ensure the long-term competitiveness and resilience of our industries. These concerns need to be addressed as a priority by government, industry and education providers through collaborative collective action. We would like to see the following points addressed:

1. **Delivery of long-term policy clarity and stability:** It is critical to continue to prioritise Government funding and policy decisions that enable the sectors and individual projects, that will make up the future UK economy, to invest and deploy/grow. This strategic imperative, coupled with increased awareness of skills shortages and funding opportunities available, will ultimately help to provide confidence in the geographic spread and makeup of jobs demand. In turn, this can enable more efficient collaboration between employers, education providers, and sectors to respond in a manner which meets the urgency of the challenges, while maximising the potential opportunity for the UK. The skills that will be needed in the UK economy can only be delivered through concerted collaborative action between industry, UK and devolved governments, trades unions, academia, and training providers. Government needs to provide the national strategic direction, which will enable industry and external stakeholders

to deliver on local and regional needs through new entrant provision, reskilling and upskilling initiatives.

2. **Establish equal prestige of trades jobs and Vocational Education Training (VET):** The importance of vocational education and training cannot be overstated. Enhancing productivity and the prestige associated with such education, as well as roles like those identified above is a clear challenge. VET in the UK continues to be stigmatised and suffer from underfunding when compared to traditional academic pathways. We urge the Government to work with us to elevate the status of vocational education across the UK through a concerted and collaborative campaign offering additional funding, improved training for teachers and incentives for education providers to improve retention for T-levels and their equivalents.

3. **Reform of the Apprenticeship Levy:** While the Apprenticeship Levy was introduced with the noble intention of increasing investment in apprenticeship programs, its implementation has been fraught with challenges and generally the opposite outcome has been seen. Small and medium-sized enterprises (SMEs) find the Levy overly complex and bureaucratic, leading to underutilization of funds, while large businesses find themselves paying double the amount they used to for the same or fewer apprentices on site. There is also inconsistency of approach across the United Kingdom, as businesses in devolved administrations are unable to access Levy funding via the voucher scheme that is available to employers in England. Given the fact that apprenticeships are a principal route for new entrants and can be key to reskilling workers, we call for a comprehensive review of the Levy system to make it more flexible, transparent, and accessible to employers of all sizes and across all nations, and would wish to work with government on such reform.

4. **Promote Equality, Diversity, and Inclusion:** Studies into STEM trade and technical roles reveal a lack of diversity across the workforce, with a particular issue being the age profile of the pool of tradespersons and engineers in the UK, with many approaching traditional retirement ages. There are also low numbers of women and employees from ethnic minorities within this employment cohort. All stakeholders need to work to address this lack of diversity, both to mitigate further strains on the existing labour pool as current employees retire, and also to generate a more inclusive and sustainable workforce in these enduringly important sectors.

5. **Deliver a fit for purpose immigration system:** Businesses in our sectors have a long history of investing in local skills and continue to support the next generation through apprenticeships and student schemes wherever possible.

These programmes have always been balanced with access to temporary visa routes to skilled workers from overseas. The points-based system has introduced unhelpful barriers to labour movements, notably with language requirements and educational equivalence of qualifications not always being practicable for visa sponsors for trades to be able to meet. UK businesses will continue to prefer to use UK workers first when they are available, however, given this cannot always be the case, it is vital that companies can readily access the skills they require through other routes. Otherwise, the UK risks falling further behind its growth targets and particularly its net zero targets. Where known and provable shortages can be evidenced, temporary visas must again be a viable solution for businesses.

We believe that the addressing of the aforementioned issues is essential to unlocking the full potential of the UK workforce and to driving sustainable economic growth. This needs a concerted and sustained effort to deliver focussed policy alongside industry's own efforts, over a long period of time, which we feel would allow a renewed culture to develop around trades, apprenticeships and the jobs – new and existing – required to deliver net zero. This letter is being sent to ministers in Westminster and the Devolved Administrations as well as the shadow secretaries and ministers. We stand ready to collaborate with all stakeholders to develop and implement effective solutions that meet the evolving needs of our industries and ensure prosperity for all.

Thank you for your attention to these critical issues.

Sincerely, the undersigned trade associations.

