

Skills shortages in the UK economy

2025



Introduction

The scale of skills shortages across the UK continues to grow as a result of persistent, challenging national circumstances: economic uncertainty, geopolitical instability and war, the ongoing repercussions of Brexit and the Covid-19 pandemic, and the consequences of the fourth industrial revolution.

The nation's capacity to attain social and economic priorities, such as the government's 'Growth' and 'Opportunity' missions and reaching net zero emissions, is dependent on a trained and innovative labour force. But these objectives and other local and regional aims are imperilled by historically low public and private investment in skills education and training and a lack of coordination.

It is essential that researchers, policymakers and frontline teachers, tutors and careers leaders all have access to key information regarding the size and scale of skills shortages and the changing labour market.

There is a huge body of excellent research in this space. The Edge Foundation convenes key organisations and researchers to produce a regular series of Skills Shortage Bulletins exploring the changing labour market and key sectors of the economy. As devolved bodies across the UK, like Skills England and Medr in Wales, take on responsibility for co-ordinating responses to these challenges, Edge will continue to share skills shortages research and examples of interventions across the economy.

In this summary document, we succinctly draw out the key messages from across the series. We hope this helps to aggregate and amplify the messages we have been hearing on skills shortages in the UK, and the changing shape of our economy and labour market, so that you can use them in your work.



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To see the full series of Skills Shortages Bulletins

please visit www.edge.co.uk/research/projects/skills-shortages-uk-economy/

Key message 1:

Overall labour market conditions remain challenging

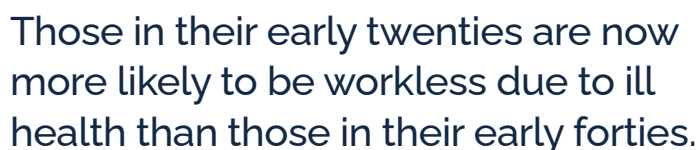
The past few years have been challenging for employment and the labour market. Difficult national and international economic circumstances and uncertainties, including inflation, recession, migratory issues arising as a consequence of Brexit, and international instability, exert considerable pressure on employers and unequally impact different demographics. The consequences of the pandemic still linger and those most affected continue to be the most vulnerable to other challenges.

Young people in particular face substantial challenges in entering the workforce.

- Youth Employment UK's annual [Youth Voice Census](#) is a valuable indicator of these difficulties. We have featured their findings regularly from 2018 (Bulletin 3) to their most recent census in 2024 (Bulletin 15). This year's census indicates a lack of safety, discrimination, and financial concerns were the biggest worries for young people. 44% of young people said that anxiety prevented them from looking for work. 26% of young people report a lack of local job opportunities in 2024, up from 20% the previous year. **The dual impact of disrupted education and a challenging initial entry to the labour market has accelerated social, emotional and mental health challenges and is contributing to the growing fears and feelings of isolation.**
- [The Resolution Foundation](#) shows that the number of 18-24-year-olds not working due to ill health more than doubled over a decade, rising from 93,000 in 2013 to 190,000 in 2024 (Bulletin 15).

The absence of these young individuals in the labour market can 'scar' their future employment prospects, a phenomenon observed in other vulnerable groups, including older, precarious, and lower-paid workers, especially in sectors like retail and hospitality. Marginalised groups often face significant disadvantages and pronounced inequalities in access to opportunities. These disparities are particularly evident among individuals from Black, African, Black British, or Caribbean backgrounds, care-experienced individuals, young people with additional needs, those eligible for free school meals, and those from the LGBTQ+ community.

[City and Guilds](#) found a third of Britons (34%) want to change careers, yet only 16% of respondents understand exactly how their skills would be useful in another career. Many Britons lack the confidence and know-how when it comes to recognising the potential of transferable skills as a route to changing careers (Bulletin 9).



Those in their early twenties are now more likely to be workless due to ill health than those in their early forties.

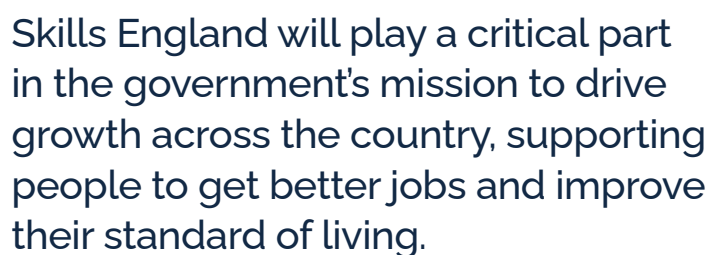
Resolution Foundation

A [Bank of England survey in December 2024](#) revealed that British businesses expect to implement price increases and workforce reductions. 61% of respondents projected a decline in profit margins, 54% anticipated raising prices, 53% expected to reduce employment levels, and 39% expected to pay lower wages.

Highlighting these challenges is not to say that improvements are not forthcoming, and that workers have not been able to return to work on better pay, better conditions, or in a new industry. Skills shortages in some sectors have led to growing competition for talent between recruiters, according to [Robert Half's 2025 salary guide](#), with businesses looking to offer more flexible benefits such as stress-reduction initiatives, and private health insurance for employees.

We increasingly see initiatives to measure and generate data on skills shortages nationally and locally.

- › [Skills England](#) was launched in a shadow form within the Department for Education (DfE) in 2024 with the intention to be fully established in 2025. It aims to work with government agencies such as the Industrial Strategy Council and the Migration Advisory Committee and across the skills landscape to form a comprehensive national understanding of existing skills shortages and develop strategies to address them over the next decade.
- › Skills England will incorporate the Unit for Future Skills (UFS), an analysis and research team established in 2022. It aims to enhance the quality of jobs and skills data for the skills system to provide appropriate training for good jobs and higher productivity. Key outputs include the publication of the [Local Skills Dashboard](#), and ongoing projects related to AI exposure, STEM skills, and future job projections ([Bulletin 11](#) and [Bulletin 13](#))
- › In England, 38 Local Skills Improvement Plans (LSIPs) launched from 2021 and led in most cases by [Chambers of Commerce](#) have come to fruition. They focus on aligning technical skills training with local employers' needs, especially in the new and net zero economies. An independent review of LSIPs found they fostered new collaborations and greater access for training; though they remain complex, limited in scope, and their future is uncertain (Bulletin 14).



Skills England will play a critical part in the government's mission to drive growth across the country, supporting people to get better jobs and improve their standard of living.

Skills England

Key message 2:

Profound changes to patterns of employment are intensifying

The last few years have seen widespread concern for levels of productivity and the adoption of new technologies, which have had significant consequences on current workplace skill requirements and patterns of employment.

- World Economic Forum's (WEF) [Future of Jobs Report 2025](#) predicts that **the equivalent of 22% of today's jobs will be transformed over the next five years due to structural labour-market transformation**, including through new digital technologies and access, increasing cost of living, climate change mitigation, changing age demographic profiles, and geopolitical tensions. They report **39% of workers' core skills to change by 2030** – down from 44% in 2023, but which they suggest may reflect a growing focus on continuous learning, upskilling and reskilling programmes.
- [Research such as that by The National Foundation for Educational Research \(NFER\)](#) has indicated that new technologies, coupled with major demographic and environmental changes, will continue to disrupt the labour market, changing the jobs that exist. In the UK over a million jobs in 'high-risk' occupations, including administrative, secretarial, retail and hospitality roles, [could be lost over the next decade](#).
- The most evident source of disruption is artificial intelligence, particularly large language models (LLMs), and automation. AI is finding the broadest adoption among the Digital Information and Communications, Financial Services, Healthcare, and Transportation industries, while the government and the Public Sector industry shows a distinct focus on encryption specifically. Equally, such shifts have engendered the difficult reality of decreasing demand for some jobs. [QS in their Global Employer Survey 2022](#) highlight that in the medium term to 2030, AI will predominantly increase workplace efficiencies and threaten lower-skilled jobs including clerical or routine manual roles.
- The government itself has admitted that it doesn't have the data to understand the size of the AI skills gap, in its 2025 [AI Opportunities Action Plan](#). The plan lays out how the government aims to 'create a deeper pool of AI skills and talent' by expanding education pathways into AI and ensuring people have access to lifelong AI upskilling.

As we look to the future, the picture is summarised by the acronym VUCA – volatility, uncertainty, complexity, and ambiguity.

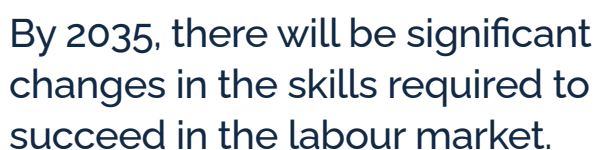
World Economic Forum

Attempts to anticipate the scale of these changes paint a striking picture:

- **Pearson's Skills Map of England 2024** shows that, **while 2 million jobs will be impacted by automation and augmentation by 2027, 2.4 million new jobs will be created** (Bulletin 14). It is currently debated how far new workplace technologies will enhance or decrease job quality (**Bulletin 15**).
- **NFER** has provided granularity as to the nature of these changes. **The growth in higher skills jobs and healthcare roles will offset the loss of many jobs displaced by the adoption of automation and AI in the workplace.** Elementary administration and service occupations are anticipated to experience the largest employment declines by 2035, with a decrease of 0.52 million jobs. Following closely, secretarial and related occupations are projected to see a decline of 0.20 million jobs. Job losses are expected to be focused among largely male dominated, blue collar manual occupations, especially in areas where automation is possible (Bulletins 12, 13, and 15).

The consequences of the adoption of these new technologies on the labour market and the skills required will be profound. However, committed action to foster a dynamic and responsive skills system will enable the workforce to make the most of the new opportunities that arise.

- We now need to see policies putting into place a ladder that allows workers of all ages the skills and capacity to learn, progress and retrain throughout their working lives. **The government launched its new Industrial Strategy White Paper in 2024**, which considers how to address issues that are critical for driving investment such as skills across its eight priority growth-driving sectors: advanced manufacturing, clean energy industries, creative industries, defence, digital technologies, financial services, life sciences, and professional and business services, with Skills England adding health and social care and construction. Through Skills England, the government hopes to improve the skills system so that it is simpler, more data driven, and responsive.
- Government initiatives include **consulting on non-apprenticeship skills training that could be funded** through a more flexible Growth and Skills Levy; **a forthcoming post-16 skills strategy**; **reversing the defunding of around 70% of vocational qualifications** where courses align with government growth missions; and the launch of 32 **Homebuilding Skills Hubs** to provide 5,000 more construction apprenticeship places, backed by £140m from industry.
- **The Institute for the Future of Work** emphasises that preparing the labour force to meet changes in skills demands should focus on 'good work' - where employment promotes dignity, resilience, and fosters future prospects. Their survey of managers in 1000 UK companies found that, nearly 80% of firms have adopted automation technologies for a physical or cognitive task. The net impact on jobs and level of skills within jobs was found to be net positive (Bulletin 13).
- **WEF** highlight the adoption of equality, diversity, and inclusion initiatives have risen fourfold since 2022 **with 47% of employers recognising the possibility of expanding talent ability by tapping into 'diverse talent pools'.**



By 2035, there will be significant changes in the skills required to succeed in the labour market.

National Foundation for Educational Research

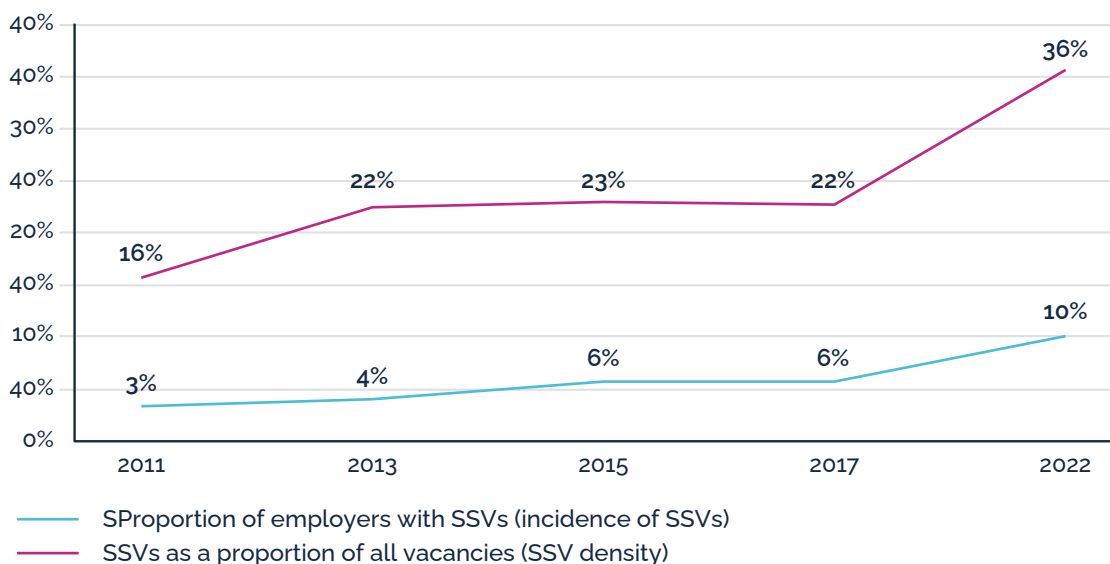
Key message 3:

Skills shortages are numerous and have grown significantly

The DfE's Employer Skills Surveys provide a comprehensive evaluation of the UK labour market ([Bulletin 8](#) and [Bulletin 14](#)). The latest survey in 2022 indicates that the 'extraordinary set of challenges' since the last UK-wide survey in 2017 have pushed nearly every metric to concerning levels.

- **Numbers of skills shortage vacancies doubled between 2017 and 2022 to 531,200.**
- 36% of all vacancies were skills shortage vacancies (which cannot be filled because the employer cannot find the skills they need), up from 22% in 2017.
- Skills shortage vacancies were most prevalent in Health and Social Work, Business Services, and Wholesale and Retail, with Construction, Information and Communications, and Manufacturing sectors exhibiting higher proportions of skills shortage vacancies relative to overall vacancies.
- The most common skills found to be lacking among applicants were specialist skills or knowledge needed for the role (contributing to 63% of SSVs) and the ability to manage time and prioritise tasks (48%).

Incidence and density of skill-shortage vacancies at UK level, 2011-2022



This gloomy picture is echoed by other research:

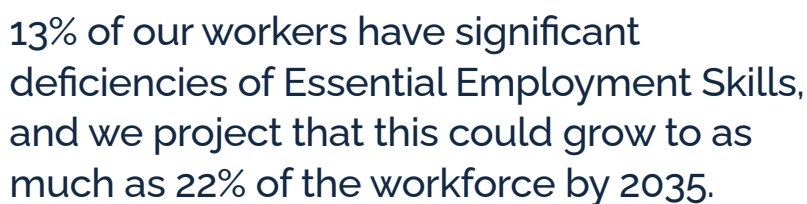
- The Open University's annual Business Barometer highlighted that whilst there had been a welcome decline in businesses reporting skills shortages in [2024](#), down from 73% in [2023](#), this remains higher than in 2021 (61%).
- The consequences are pronounced for SMEs. [The Federation of Small Businesses](#) found 80% of small firms faced difficulties recruiting applicants with suitable skills (Bulletin 11).

Research points to varying types and levels of skills in short supply:

- [NFER](#) has identified a set of 6 'Essential Employment Skills' currently in high demand and are likely to be most heavily utilised across the labour market in 2035: communication, collaboration, problem-solving, organising, planning and prioritising work, creative thinking and information literacy. **They anticipate that 13% of British workers have significant deficiencies of Essential Employment Skills, and they project that this could grow to as much as 22% of the workforce by 2035** – from 2.7 million to 7 million workers.
- Research from [Lloyds Bank Group / IPSOS MORI](#) argued that digital skills are of particularly acute shortage, emphasising that around 11.7 million people aged 15+ across the UK lack the 'essential digital skills' needed for day-to-day life online (Bulletin 8).
- The [Learning and Work Institute \(L&W\)](#) identified 9 million working-aged adults with low basic skills in literacy or numeracy, including 5 million who have low skills in both. However, the number of adults participating in programmes to boost such skills had dropped by over 60% since 2012 (Bulletin 11)
- Subsequent [L&W](#) research has further identified serious gaps in the provision of 'intermediate skills'. While the UK's qualification profile is improving overall, 'by 2035, one third of working-age adults will still only be qualified at or below GCSE or equivalent level'. (Bulletin 15).
- The [IFS](#) has also identified a 'missing middle' in higher technical skills at Levels 4 and 5. Meanwhile, the latest [OECD Adult Skills Survey](#) has found that 1 in 3 working age adults in England are overqualified for their job, though there is contention that 'scrutiny suggests that the figure may be misleading, stemming from methodological quirks' and the problem lies in '[structural deficiencies in the labour market, particularly the lack of opportunities for those with intermediate qualifications](#)'.

Skills shortages are exacerbated by a number of factors.

- [City & Guilds report](#) just a quarter of UK workers are interested in key worker roles, citing concerns around low pay, inflexible working conditions and a lack of opportunity to progress as deterring factors (Bulletin 10)
- The [Resolution Foundation](#) notes that many roles in vital industries, such as transport and storage, manufacturing and domestic services, have disproportionately relied on EU workers who are mostly ineligible for a skilled worker visa under the new system (Bulletin 10).
- The [Open University Business Barometer](#) 2024 reports that **the majority of businesses (63%) still do not have specific recruitment, training and retention initiatives in place for underrepresented groups**, including young people, older workers, those with disabilities and neurodiverse individuals. As a result, **organisations may be missing out by not investing in widening their talent pools to mitigate skills shortages** and bring people into employment through support and skills development (Bulletin 15).



13% of our workers have significant deficiencies of Essential Employment Skills, and we project that this could grow to as much as 22% of the workforce by 2035.

NFER

Our Bulletins regularly feature research into the scale of shortages in across a range of sectors.

- The UK's engineering sector employed 6.1 million people in 2021, or 19% of the workforce, yet engineering roles accounted for 25% of all job postings, a notable skills gap which is expected to grow; it includes postings for 'green' engineering jobs, which have increased by 55% in the past 5 years, and postings requiring 'green skills' increased by 48% ([Bulletin 13](#)).
- [Checkatrade's UK Trade Skills Index 2024](#) identified the need for 1.3 million new skilled workers and 350,000 apprentices over the next decade to meet government targets and demands on the construction, home improvement and repair industries.
- [The Space Sector Skills Survey 2023](#), found that 95% of respondents said they were experiencing some kind of skills-related challenge to do with their current workforce, recruitment, or retention, up from increase from 67% in 2020. 72% of roles were 'difficult or very difficult to recruit for' ([Bulletin 14](#))
- The creative industries in the UK have increased their economic output from 64.1 billion in 2010 to £97.4 billion in 2020, but since 2010 the share of GCSE entries in arts subjects has declined by 47%, threatening the size and diversity of talent pool in this important sector ([Bulletin 15](#)).
- In Healthcare, the NHS in England was reported in 2022 to be short of 12,000 hospital doctors and more than 50,000 nurses and midwives ([Bulletin 11](#)). The government's 2024 NHS Long Term Workforce Plan aims to grow the nursing workforce from around 350,000 nurses to around 550,000 in 2036/37, but [the Royal College of Nursing](#) have warned that numbers accepted onto nursing courses fell in all regions of England, up to 40% some areas, between 2020 and 2023.



Key message 4:

The rate of skills investment is in decline

Surveys and analyses show that employer and public investment in training for existing workers is at historic lows. Findings from the [L&W](#) found that **government spending on skills in England will still be £1 billion lower by 2025 than in 2010**, and that employers spend comparatively less in this area than their international counterparts (Bulletin 12).

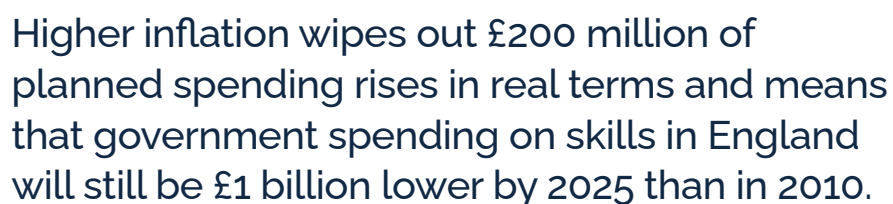
Meanwhile, the [DfE Employer Skills Survey 2022](#) indicates a continued decline in employer investment in training. **Total training expenditure in 2022 prices fell from £58,188m in 2017 to £53,620m in 2022.**

The proportion of employers arranging or funding training continues to decline, down to just 60% of employers in the previous 12 months in 2022, compared to 61% in 2019 and the lowest proportion since 2011. **The total number of training days also continues to decline**, from 118 million in 2015 to 114 million in 2017 and 108 million in 2022. Investment per person adjusted for 2022 prices has dropped by a quarter, from £4,014 in 2011 to £2,952 in 2022.

[CBI](#) (Bulletin 8) highlighted that **Small and Medium sized Enterprises (SMEs) face more barriers preventing them from increasing investment in training** compared to large organisations, such as a lack of scale, high fixed costs of training and lack of capacity. The [Federation of Small Businesses](#) report that 65% of small employers in England say government assistance with costs would help them provide more training.

Access to education and training is consequently measurably declining:

- [Hays and Go1](#) in 2022 identified that **while 82% of employers say they provide learning resources to their staff, just 54% of employees agree**. 82% of employees felt they were responsible for their own upskilling.
- [L&W](#) found that number of adults improving their qualifications through further and adult education has almost halved since 2010/11; down from 2.26 million to 1.20 million (Bulletin 15).
- The UK is also falling behind other nations in improving its citizens' qualification levels. Further [L&W](#) research projects that **by 2035, the UK will fall in international rankings: it will rank 12th for low qualifications (down from 13th in 2022), remain 29th for medium qualifications, and drop to 10th for high qualifications (from 6th in 2022)** (Bulletin 15). And inequality within the UK is also greater. [L&W](#) additionally found the highest qualified area in the UK has triple the proportion people with low qualifications than the lowest area; in Denmark, France and Sweden, it is double.



Higher inflation wipes out £200 million of planned spending rises in real terms and means that government spending on skills in England will still be £1 billion lower by 2025 than in 2010.

Learning and Work Institute

A key question therefore is how to incentivise **'shared responsibility'** and co-investment in skills from the state, employers, educational institutions, and individuals, to drive the kind of lifelong learning revolution necessary to support future economic success and social prosperity for all.

- The [L&W](#) have shown that basic skills not only improve productivity but lead to positive social outcomes in adults (Bulletin 11).
- The [Recruitment & Employment Confederation](#) calls for business and the government to see skills as an investment and to recognise the 'ever increasing importance of inclusive workplaces contributing to their growth, productivity and revenue' (Bulletin 11).
- Our research on *Degree Apprenticeships in England* identified the Apprenticeship Levy was a powerful tool for ringfencing funding for investment in skills, but employers struggled to fully utilise this funding due to resource constraints and administrative complexities. Levy transfers have opened up opportunities for large employers to assist smaller businesses and there are roles for training providers and local and national government to help with this.
- Any potential future reform to the Apprenticeship Levy as the Growth and Skills Levy needs to be carefully designed to ensure employers can utilise their levy to effectively fund and meet their skills needs while creating more, lower-level opportunities for young people, as Edge have explored in our report, [Flex without Compromise](#).
- [Edge has convened workshops](#) stressing the need for clear, long-term thinking, up-to-date data, clarifying the purpose of training, and proposing solutions such as accessible guidance and aligning skills policies with firms' environmental, social, and corporate governance strategies.

Businesses must play their part on the skills agenda by putting the 'people stuff' first and seeing skills as an investment rather than a cost. Equality, diversity and inclusion is another area that we need to get right.

Recruitment and Employment Confederation



Key message 5:

Skills shortages have significant costs for UK businesses, the economy, and the environment

The alarming scale of skills shortages has substantial economic and social costs and jeopardises national policy priorities, including in growth-driving sectors, and climate goals. The [Association of Colleges](#) have argued that without changes in the system and more investment, colleges will not be able to meet the skills required to meet the government's missions for economic growth and productivity, net zero, community cohesion, access to education and training, and healthcare.

Skills shortages have substantial costs for businesses and the economy:

- The [Recruitment & Employment Confederation](#) estimates that **if labour shortages are not addressed the cost to the UK economy will be £39 billion a year** from 2024 through to 2027. They call for the creation of a future workforce strategy including policies for skills, immigration, and regional investment, and for businesses to appreciate skills as an investment and prioritise equality, diversity, and inclusion initiatives to recruit and retain best talent (Bulletin 11).
- The [DfE Employer Skills Survey 2022](#) found skills shortage vacancies had detrimental impact on business operations: **85% of business reported shortages increased staff workloads, 50% faced difficulties meeting customer service objectives, and 48% saw operating costs increase** (Bulletin 14). The [OU Business Barometer 2024](#) had similar conclusions: 68% of respondents reported shortages increasing workload on other staff, 49% reported reduced activity, 38% reported reduced profitability, and 34% reported decreased staff morale or wellbeing.
- As a result, there has been an increase in the amount spent by businesses to find, secure and develop talent. Employers are increasing expenditure on recruitment fees, increased salaries, temporary staff, and training to upskill those hired at a lower level, which the [Open University](#) in 2020 calculated totalled £6.1 billion per year (Bulletin 8)

With a 10% surge in demand for staff across the economy, and the labour market restricted by shortages, we could see a 1.2% fall in expected GDP and productivity by 2027 – costing the economy anywhere between £30 billion and £39 billion every year.

Recruitment and Employment Confederation

Government initiatives, including rail, road, and air transport projects, water infrastructure, and building 1.5 million new homes, are **threatened by skills shortages in the construction industry**: there are 300,000 fewer workers in construction in the UK now than in 2019 due to an aging workforce, Brexit, and the pandemic.

Critical environmental and sustainability goals are imperilled by skills shortages: as the [government's own Industrial Strategy](#) highlighted, the UK's efforts to expand its clean energy infrastructure are at risk. Overcoming these difficulties will necessitate immediate and radical changes to patterns of employment and skills provision.

- [Green Alliance](#) argues that national priorities addressing regional inequality and combating low productivity must be married with promises to deliver a net zero economy by 2050. **They argue that ambitious transformations in reuse, repair, and remanufacturing could create over 450,000 jobs by 2035 distributed across regions of the UK.** Decarbonising the UK's housing stock, through renovation and construction work, is set to create 100,000 jobs annually over the next decade, with most jobs created in the services and the construction sectors (Energy Efficiency Infrastructure Group). The [Institute for Public Policy Research](#) suggests that as many as 200,000 jobs could be created in energy efficiency by 2030 – offshore wind being a major portion of this. The [Offshore Wind Industry Council](#) has highlighted that almost 70,000 additional jobs are required in the sector by 2030.
- Achieving **net zero carbon emissions by 2050 involves, for example, installing 600,000 heat pumps annually by 2028.** There are currently only around 3,000 trained heat pump engineers in the UK, but [Nesta](#) estimates that around 27,000 will be needed to meet installation targets. **Shifting to electric vehicles requires training 25,100 additional technicians by 2030** to service and maintain the new fleet ([Bulletin 12](#)).
- Reports from the [Economy 2030 Inquiry](#) and [RAND corporation](#) caution that transitions out of, and reskilling and upskilling of 'high carbon' jobs will likely require extra targeted effort from organisations, the government, and workers. Apprenticeship policy needs to prioritise green jobs to help meet demand and address shrinking, undiversified, aging workforces. However, the [New Economics Foundation](#) has found that existing policies and investment are insufficient to support the workforce transition needed for a low-carbon economy. [Nesta](#) research has indicated that changes in the language framing green skills training did not meaningfully increase interest, but the availability of financial support did so substantially. **Grants increased interest in green skills training by 39.5 percentage points.**



We are falling short of potential capacities to secure and generate jobs throughout the economy. There is still little and poor integration between skills initiatives and the needs of the green transition.

New Economics Foundation

Key message 6:

Employers prize work experience and broader transferable skills when recruiting

Of all the messages from the research captured in this series of bulletins, this is probably the most often repeated and reinforced. Our very first article on the DfE's [Employer Perspectives Survey](#) (Bulletin 1) showed that almost two-thirds (65%) of employers rated relevant work experience as significant or critical when hiring, compared to less than half (46%) for academic qualifications.

This was reinforced by CBI/Pearson's [Educating for the Modern World](#) (Bulletin 3), which showed that over half of employers (60%) value broader skills such as problem-solving, and nearly three-quarters (75%) say they prefer a mix of academic and technical qualifications or that they view all qualifications equally.

This accords with the findings of other research suggesting that **both 'high tech' roles that focus on advanced technology and automation, and 'high-touch' roles that prioritise human interaction and emotional intelligence, are experiencing significant demand.**

- [Office for National Statistics](#) data of the most commonly advertised jobs for April-June 2024 were: Care workers and home carers, sales accounts and business development managers, and book-keepers, payroll managers and wages clerks.
- [Kingston University's 'Future Skills' campaign](#) further identified problem solving, communication skills, digital skills, critical thinking, analytical skills, adaptability, initiative, resilience, relationship building, and creativity.
- [LinkedIn's Global Talent Trends](#) found 63% of UK executives are planning to prioritise hiring candidates with strong soft skills that are transferable across roles.
- [Edge research](#) has found that communication skills, in their broadest sense, were seen as the most important skill to develop from the viewpoint of learners aged 14-18 (Bulletin 12).
- The [British Academy's SHAPE](#) (Social Sciences, Humanities and Arts for People and the Economy) skills campaign evidences the utility of these disciplines which facilitating the development of valuable skills, while over half of the UK's leading startups have been founded by SHAPE graduates (Bulletin 12).

The new government must ensure that existing workers and young people have the qualifications and skills – particularly the Essential Employment Skills (EES): communication; collaboration; problem-solving and decision-making; planning, organising and prioritising; creative thinking; and information literacy – that are typically demanded to move into growth occupations.

[NFER](#) predicts that radical changes to the labour market by 2035 will increasingly require the education system to provide young people with higher-level communication, collaboration, creative problem-solving, and comprehension skills. These employment skills will be even more in demand across the workforce by **2035, with almost 90% of the anticipated 2.2 million new jobs in England requiring higher levels of these skills, particularly in professional and associate professional occupations** (Bulletin 13). They also suggest that workers currently in lower-skilled occupations have higher levels of EES than those they use in their current jobs, boosting their likelihood of moving into occupations likely to grow towards 2035 ([Bulletin 15](#)). [LW&I](#) similarly report that by 2035, three quarters of jobs in the UK will be filled by people with level 3 qualifications or above.

Edge's partners at [Skills Builder Partnership](#) have an excellent model summarising important key skills and how young people can develop them:



Key message 7:

Young people lack confidence in their future ability to meet skills requirements

We regularly feature [Youth Employment UK's annual Youth Voice Census](#), which provides the most comprehensive collection of youth voice and insight in the UK and details young people's perspectives of how far the education system prepares them for work (Bulletins 9, 11, 13, 15).

- In 2024, **just 34% of young people felt that their school supported them to develop the skills they needed for the future**, down from 40% in 2023, but 51% are confident they understand the skills employers are looking for, a rise of 6 ppts on last year but still down 6.4 ppts from 2022.
- [Edge's research](#) into 14-18-year-old's understanding of employability skills development however indicates that young people still need help to articulate how their educational experiences are developing valuable skills (Bulletin 12).
- Perceptions of careers education remains poor. The 2024 Youth Voice Census indicates that the proportion of **young people rating the career advice they had received in secondary school so far as 'good or excellent' fell back from 37.3% last year to 30% in 2024**, the same as it was in 2022.

Although academic qualifications are still discussed with students more frequently than vocational qualifications, **we are seeing a positive change in the number of young people hearing about vocational opportunities in school**. According to the 2024 Youth Voice Census, 80% of young people had apprentices discussed with them, up 3.5 ppts from 2023, though 70% felt that they might have made the right career choice by doing an apprenticeship, a drop of 14 ppts from last year's census. T Levels continue to rise in profile: 43% of young people reported T Levels were never discussed with them, down again from 72% in 2021 and 56.9% in 2023.

The Census also found that political and environmental challenges are contributing to deteriorating situations in schools and colleges and is contributing to a growing sense of uncertainty and isolation among young people. **Disruptions in education are widespread, up 26 ppts on 2023 to 81%. This was higher than experienced at the height of the pandemic**. The Census also reveals ongoing mental health challenges among young people. 43% of young people looking for work reported anxiety was a barrier to accessing work, while 21% faced mental health challenges. Mental health was a greater concern for gay/lesbian (46%) and bisexual respondents (37%), and a barrier for 25% of respondents who were eligible for free school meals compared to only 18% of those not eligible.

Any spell out of the labour market at a young age can have scarring effects on future employment prospects, but young people who are workless due to ill health are especially hard hit.

Resolution Foundation

Young people's place and identity had a strong relationship with their confidence and attitude to work, and there is little confidence in employer support especially as they approach working age.

- **26% reported that there were no jobs where they lived, and just 36% reported having the option for work experience during their time in secondary school.** For the seventh year, a **lack of work experience is young people's biggest barrier to work, with 47% thinking it will hold them back from accessing work now or in the future.**
- The **Resolution Foundation** has identified that between 2020-2022, 1.8% of 18-24-year-olds in London, and 2.0% of 18-24-year-olds in other core cities, were not working due to ill health. This contrasts with 3.4% of 18-24-year-olds living in small towns or villages (Bulletin 13)

The Youth Voice Census has found anxieties about work opportunities were most acute in underprivileged demographic groups. Young people of Mixed or Multiple ethnicity were the least likely to have had the option of work experience during their time at secondary school, with just 28% saying 'yes' compared to 34% of Black, African, Black British or Caribbean respondents, 37% of White respondents, and 37% of Asian or Asian British respondents.

In 2024, 65% of young people felt that it was 'very important or important' to take part in social action and extra-curricular activities, a drop of 12 ppts from 2023 and back down to the same level as 2021. Such activities can support the development of transferable skills sought by employers. However, opportunities for extracurricular activities fell in the wake of the pandemic and continue to fall. Just 19% of young people felt there were enough opportunities to share their views on important issues in their local area. The survey also continued to indicate persistently low awareness of green jobs and skills.

Challenge and compromise are major themes throughout this year's report. Mental health and anxiety, fears around safety and discrimination, and the rising cost of living continue to challenge young people.

Youth Employment UK



Key message 8:

The education system struggles to respond to skills needs and is under-resourced

Despite the clear evidence from employers, the skills and attributes required to address skills shortages have in some cases been deprioritised by current education policy:

- The [OECD](#) has said that one of the biggest risks to national education systems today is that traditional ways of educating are losing currency and relevance and are not adapting quickly enough to the needs of a dynamic economy (Bulletin 8).
- Edge and Education & Employers' [Joint Dialogue](#) highlighted that some teachers feel qualification reforms negatively impacted their ability to teach the skills that employers are looking for. **Nearly half (47%) of teachers surveyed believed that they have fewer opportunities to develop employability skills since the introduction of reformed GCSEs and A-Levels in 2014**, a third stating that the new syllabus required a focus on rote learning, leaving less space for developing creativity (Bulletin 4). The introduction of some educational reforms such as the EBacc has narrowed the educational offer in secondary schools. Design and Technology and Computer-based subjects have been particularly affected. Subsequent Edge research has found that a quarter of students said digital skills were not being developed in school ([Bulletin 12](#)).



- Skills Builder's [Essential Skills Tracker 2024](#) revealed the strength of teachers' appetite to teach essential skills: 92% view explicitly teaching essential skills as important in preparing learners for both life and work, with almost half (47%) believing this to be very important. Indeed, for a significant majority (67%), being able to prepare young people for successful lives, including through teaching essential skills, is important to their reasoning for remaining in the profession.
- Edge research into [Degree Apprenticeships in England](#) found examples of excellent practice of the integration of off-the-job and on-the-job learning and employer-provider communication but identified that Apprenticeship Standards still struggled to respond to the pace of change in industry sectors. We recommended the introduction of an element of flexibility to increase their responsiveness.
- Edge research on [Student Voices: What Are Students Saying About Their Experiences of T Levels?](#) found that students valued the orientation of T Levels towards their chosen careers but felt misinformed about course expectations. Students frequently reported high levels of disruption to their learning: teacher turnover was often high.
- Apprenticeships and other vocational options are gaining currency with the public: in recent [Edge polling](#), **72% of respondents would want their own child to study for an apprenticeship at 16, just 7 ppts behind A Levels**. However, opportunities for apprenticeships are limited by a lack of availability. Edge's [Flex Without Compromise](#) highlights barriers that prevent employers from offering more apprenticeship positions including the system's complexity and quality of training and support.
- The young people Edge spoke to as part of the [Young Lives, Young Futures](#) research project reported that they felt they had not been presented with a full range of post-16 options by careers advisors and teachers, and that advice was overwhelmingly weighted towards promoting traditional academic routes through sixth forms and university.

... the national curriculum ... is too narrowly focused to ensure that it prepares all young people for the modern labour market and the essential, technical and creative skills it requires, in particular for the creative, green and digital sectors.

House of Lords Youth Unemployment Committee

Meanwhile, the **UK faces a severe teacher recruitment and retention crisis, with a 93% increase in teaching vacancies in 2022-23.**

- The government's commitment to recruiting an additional 6,500 teachers is, according to the [NFER](#) 'ambitious and not trivial'.
- **Teachers continue to experience heavy and poor-quality workloads. Their pay has fallen 12% in real terms since 2010/11**, and trends such as increases in remote-working further undermine the relative attractiveness of teaching as a career. The declining capacity to attract and retain talent is affecting education quality. The consequences of the deteriorating situation are unevenly felt across the social spectrum with those schools in the most disadvantaged areas most affected ([Bulletin 13](#)).
- Median **pay for Further Education (FE) college lecturers rose by just £1,500 between 2010 and 2019 to £32,500; NFER calculate this is 23% lower than peers across the education sector.**

Funding per learner has deteriorated across education, undercutting institutions' capacity to innovate and invest in staff, students, and resources.

- School **spending per student in England fell by 9% in real terms between 2009–10 and 2019–20** and remains below 2010 levels, representing the largest cut in over 40 years, [according to the IFS](#).
- **Funding per student aged 16–18 in FE and sixth-form colleges fell by 14% in real terms during the same period.** Shortages of 'dual professionals' delivering teaching in areas like robotics, and a lack of capacity to offer competitive pay packages, hampers technical education.
- The **value of domestic student fees for higher education has dropped from £9,000 in 2012 to less than £6,000 in 2023** in 2012 prices. Funding per student is at its lowest level in over 25 years, [PwC indicates](#).

There is a groundswell of consensus in public opinion and throughout local and national government that more significant changes are required in the education system to meet the needs of employers. This includes input from The Times Education Commission, the House of Lords' 11-16 Education Committee, and the Laidlaw Foundation. Edge is involved in the initial development of the [Manchester Baccalaureate at the Greater Manchester Combined Authority](#). The case for change in assessment as one way to drive these changes is set out clearly by the [Rethinking Assessment movement](#) that Edge helped to found, which makes the case for a broader, strengths-based and more equitable assessment system.

The gap in real earnings growth between teachers and similar graduates has widened significantly since the pandemic.

NFER





To see the full series of Skills Shortages Bulletins
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skills-shortages-uk-economy/](http://www.edge.co.uk/research/projects/skills-shortages-uk-economy/)