

Peck, Frank ORCID: <https://orcid.org/0000-0003-1976-154X> (2023) Skills shortages, lack of applicants, transport issues: the scale of the labour market challenges facing businesses in Cumbria. In Cumbria Magazine, 2023 (March). pp. 10-11.

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Because of Cumbria's geography, recruitment has always been an issue



Professor Frank Peck

Skills shortages, lack of applicants, transport issues – the scale of the labour market challenges facing businesses in Cumbria

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Latest data released by National Statistics show that the UK very narrowly avoided being in a technical "recession" in the second half of 2022. GDP fell by -0.2 per cent in the third quarter (July-Sept) followed by zero growth in the fourth quarter (Oct-Dec). The year did not end well though – the month of December witnessed a drop of -0.5 per cent in GDP associated with a poor performance in the service sector (-0.8 per cent). There were particular declines in activity in "human health and social work", "education", "arts, entertainment and recreation" and "transport and storage".

At its February 2023 meeting, the Bank of England Monetary Policy Committee provided a summary analysis of the economic situation which is now widely recognised – a series of significant shocks including the changed trading relationship with the EU, the continued effects of the Covid pandemic and energy price rises have combined to squeeze incomes and lower consumer confidence. These circumstances continue to present a major challenge to business growth and continuity.

While the need to stimulate increased sales is vital for businesses, the ability to respond to existing demand is compromised for many by labour shortages and skills deficits. This issue has been an ongoing

challenge throughout 2022 and continues at the present time. The Bank of England argue that the labour market has not yet returned to its pre-pandemic situation which is continuing to create labour shortages.

Data for Cumbria illustrate some of this argument. According to official data on employment (Business Register and Employment Survey) there were around 257,000 people in employment in 2019. This dropped during 2020 to only 245,000 before partial recovery to 251,000 in 2021, well short of the 2019 level. The Annual Population Survey provides more recent trends. This shows that in 2022, the Employment Rate (per cent of people aged 16-64 in employment or unemployed) had recovered to 78 per cent but this was still below the 2019 level of 79 per cent. Also, the proportion of those classed as "economically inactive" who do not want a job increased from 80 per cent in 2018 to 85 per cent in 2022.

Surveys conducted throughout 2022 highlighted the issue of staffing. For instance, survey work conducted by Cumbria Tourism was published in September of that year. 73 per cent of respondent businesses stated that recruitment to meet staff shortages was a problem and over half indicated this as a "significant problem". Interestingly, recruitment was hampered not only by skills shortages (66



Some firms have a long history of 'growing their own' team of staff like Dodd Co



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per cent) but more especially by a "lack of applicants" (78 per cent).

The recruitment challenge can also be seen in time series data on job postings for December 2022 reported by the Cumbria Intelligence Observatory (Labour Market Briefing, January 2023). This shows a track of the number of job advertisements posted through various media by sector. Numbers peaked in October 2021 as the economy emerged from lock-downs but have remained high throughout 2022. Even in December 2022, there were 6,762 postings, 2,838 of which were new that month.

outside Cumbria, most jobs are filled locally. In this regard, Cumbria does not function as a single labour market but is divided into overlapping travel-to-work areas centred on the principal settlements. The effective "labour fetch" is therefore restricted to a limited area defined by residents' ability and willingness to commute. For this reason, the particular location of active job postings is quite significant. The number of job postings is particularly high in Carlisle (2,397, 35 per cent of the total), followed by Kendal (762), Barrow (753) and Penrith (580).

Job postings give us some indication of the pressure points in terms of recruitment by sector and skill types. Health and social care are significant in this regard (nurses and care workers). Recruitment activity seems heightened also in services including administration, catering, cleaning, sales and retailing. Many jobs call for experience and specialised skills such as nursing, mental health expertise, auditing and financial skills and a range of organisational and administrative abilities. Generic soft skills such as communication, management ability and customer service are also prominent.

Rapid turnover or "churn" in labour markets generates considerable cost including opportunity cost associated with the demands on management time. Recruitment difficulties have therefore drawn attention to the need for effective strategies to retain existing workers, especially those with key skills and knowledge of the business. Such strategies include investing time in employee engagement, training, staff development and career progression as well as reviewing pay and benefits in comparison with local employers. Where possible, labour shortages can also be countered by investing in technology to increase employee productivity. Business growth and development, as always, depends a great deal on innovative approaches to all aspects of business but especially at this time those that address labour supply and skills shortages.

Recruitment in Cumbria, of course, has historically been a challenging aspect of business growth and development due to the geography of the county. While some types of jobs involve recruitment from



The latest Business Bites networking event at the Halston in Carlisle.