

Rt Hon Kwasi Kwarteng MP, Secretary of State for Business, Energy and Industrial Strategy
Rt Hon Rishi Sunak MP, Chancellor of the Exchequer
Rt Hon Grant Shapps MP, Secretary of State for Transport
Rt Hon Priti Patel MP, Home Secretary
Rt Hon Thérèse Coffey MP, Secretary of State for Work and Pensions
Rt Hon Michael Gove MP, Chancellor of the Duchy of Lancaster
Rt Hon George Eustice MP, Secretary of State for Environment, Food and Rural Affairs
Rt Hon Gavin Williamson MP, Secretary of State for Education

10 September 2021

Re: skills and labour shortages

I am writing to you all today regarding the urgent need for business and Government to work together to address the critical levels of staff shortages reported nationwide and across many sectors in our membership.

For every large, high-profile, business whose recruitment difficulties are highlighted in the media, there are many more SMEs struggling to fill job vacancies, retain existing staff and maintain normal operations. In many cases, these challenges are occurring alongside the rising costs and scarce availability of raw materials at a time when many balance sheets are already stretched to breaking point by the effects of the pandemic.

Our latest research highlights the risk that staff shortages pose to the economy as we emerge from the pandemic. Our Quarterly Economic Survey for Q2 reported a rise in the number of firms reporting increased business activity, albeit from a low base. This positivity contrasts with those firms looking to recruit as the survey indicated that of the 52% of businesses across all sectors who attempted to recruit, 70% experienced recruitment difficulties. These difficulties impact many sectors and at all skill levels.

For many, the recruitment difficulties go well beyond temporary bottlenecks and these staff shortages may drag on any recovery. While we know that before the pandemic there was evidence of some skills shortages, the impact of Covid - together with changes to the UK's immigration rules - has undoubtedly exacerbated the problem. Members in the food processing, hospitality and logistics sectors, for example, report that many of their EU workers have returned to their native country during the pandemic.

In the annex of this letter, I have shared two instances of the dramatic impact these skills shortages are having on the day-to-day operations of businesses in our network. We have many more case studies where staff shortages are forcing hospitality businesses to close temporarily, where fresh produce is unprocessed, where products are not reaching customers and where orders are going unfulfilled.

Businesses across our network are keen to work with Government to address these shortages. Problems for businesses, consumers and the wider economy resulting from staff shortages are highly likely to intensify in the months ahead. Without action businesses will struggle to operate and consumers will face rising prices or limited options as consequences of the current situation.

This cooperation must work towards long-term solutions from both business and Government. There are already some positive steps towards this, such as Government investment in lifelong learning, training, and development, and in employer-led local skills planning which Accredited Chambers of Commerce are leading on. Business will also need to consider how to attract, support and develop employees in a competitive market. The proposed medium-term solutions - such as accelerating HGV driver training and testing programmes, upskilling the domestic workforce, and improving supply chain efficiency – are welcome, but will also not fix the immediate problems.

In the short term, where employers are unable to recruit from the UK labour market, we urge you to act quickly to help them by approving temporary visas for roles in the worst affected sectors; by adding more occupations such as HGV drivers to the Shortage Occupation List; and by undertaking more frequent reviews of the system to ensure it remains current and reflective of national shortages.

To avoid further disruption, we urge you to make use of our ability to flex the UK's immigration policy in response to challenges like this and ensure our immigration rules support the UK economy. We would be delighted to work with Government colleagues to convene a summit of businesses and stakeholders with the aim of identifying both immediate and longer-term solutions.

I hope we can work constructively to tackle these challenges in the short term whilst we find longer-term solutions. My team are available to support you in this work and Padraig Blee (p.blee@britishchambers.org.uk) can work with your respective offices on taking this forward.

Yours sincerely



Shevaun Haviland
Director General

CC: Alex Hickman, Prime Minister's Chief Business Adviser

Annex 1:

Large haulier of produce on labour shortages impacting their deliveries

They have an 8,000 driver hour deficit for their order book, equating to a shortage of 167 drivers. As a result, the firm will be unable to meet the requirement to deliver 6 million pumpkins to supermarkets in the run-up to Halloween and they predict that severe driver shortages will have a major impact on deliveries for Christmas.

Manufacturing SME on labour shortages that not only affect their business but also others along the supply chain.

“Normally, we have a labour provider that supplies us with extra staff, as and when we need them. What we've seen is labour providers now struggling to supply the numbers we need. For instance, if we ordered 20 staff for the day, they might supply 10 at a push.

We have had to branch out and pay two other labour providers – so having to work with three different set of providers means that it is more difficult to manage the processes adding to administrative and financial burdens.

Shortages also impact on our own colleagues, as there is pressure on them to work extra hours. This has affected morale and it is leading to people leaving our company, which obviously leads to further staffing difficulties.

With regards to lorry drivers, the companies we hire are also facing shortages which results in us having late arrivals to our customers.

One of the key reoccurring themes is workers leaving the UK and returning to Eastern Europe and their countries of origin. This problem seems to have been caused by mainly by Brexit, but to some extent Covid seems to have influenced it too.

A big knock on of the labour shortages problem that we are seeing is wage inflation that is simply unsustainable for SME's. For instance, one of our lorry companies has had to enact a policy of giving drivers a £5,500 bonus when they start and another £5,500 payment if they stay long enough”.