

News in Review

3 May 2023

"People shortages are a massive issue and employers can see little sign of improvement"

The latest quarterly Recruitment Outlook from the British Chambers of Commerce (BCC) has highlighted that challenges remain for businesses surrounding the hiring of new staff. The survey of over 5,000 UK companies of differing sizes, from various sectors, who are attempting to recruit, has shown that firms in the manufacturing and hospitality sectors are most likely to report difficulties (83%), followed by construction and engineering firms (81%) and professional services; and public, education, health sector (79%).

With 59% of businesses actively attempting to recruit staff, Head of People Policy at the BCC, Jane Gratton commented on the survey findings, *"People shortages are a massive issue and employers can see little sign of improvement. The high number of unfilled job vacancies is damaging businesses and the economy. Firms are struggling to fulfil order books and turning down new work."*

Labour costs are an inflationary pressure for 67% of survey respondents, while 66% are concerned about energy costs. Cost pressures are weighing on training investment, with just 27% of surveyed firms reporting an increase in training spend in Q1, Gratton added, *"While investment in training is part of the solution, it is being held back by rising overall cost pressures and a lack of time and resource at firms to mentor and support new recruits."*

US economic growth slows

The latest data from the Bureau of Economic Analysis has shown that the US economy grew by 1.1% in Q1, weaker than analyst expectations of



2% and down from a rate of 2.6% in Q4 2022. This lower than anticipated level of growth was supported by consumer spending. Interest rate rises are also impacting economic growth stateside. The labour market is resilient, with data showing moderate employment growth recorded in March and a historically low unemployment rate. This news comes after President Biden announced he will run for re-election in 2024. Mr Biden, already the oldest US President in history, enters the race with a low national approval rating, at just 43%.

Rents hit new high

A shortage of available properties has pushed average rents to new highs according to new stats from Rightmove. Outside the capital, average monthly rentals are now £1,190, rising to £2,500 in London. Average rents for properties outside the capital have risen for 13 consecutive quarters. Lack of property coming on to the market has created fierce competition among prospective tenants, but the property website has pointed to signs that more properties are becoming available, with the gap between the number of tenants seeking properties and homes available to rent beginning to narrow.

Car production looking positive

Good news for UK car production came last week, as the Society of Motor Manufacturers and Traders (SMMT) announced a second consecutive monthly gain in output, recording a 6.1% year-on-year rise in March. Car production was up 6.0% in Q1 as the global shortage of semiconductors began to ease. Exports supported overall production, which

increased by 6.6% in Q1, representing nearly eight in 10 cars manufactured. The largest number of exported vehicles were shipped to the EU.

The trend for hybrid, plug-in hybrid and battery electric vehicles is set to continue. Production of these vehicles surged 75% in March, and many new products are in the pipeline, with over 20 models of electric vehicles set for UK production by 2025.

Coronation boost

Forecasters have predicted that the extra bank holiday for King Charles III's Coronation will create an additional £2.6bn for the hospitality industry through consumer spending in UK restaurants, pubs and bars. Reservation platform SevenRooms is expecting an average spend of £88.51 per head over the long weekend, with 29 million people set to flock to hospitality venues.

SevenRooms Managing Director (International) Danilo Mangano, commented, *"It is clear that people are keen to celebrate the Coronation by taking full advantage of the additional bank holiday in May this year. While we're seeing a general trend towards consumers focusing on the quality of their hospitality experiences amid the cost of living crisis, the Coronation is giving them an excuse to enjoy themselves. They're also willing to spend more on unique and out-of-the-box experiences which are being offered by many venues across the UK to celebrate this momentous occasion."*

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.