

Surviving staff shortages

How businesses can overcome the perfect storm generated by Brexit and the Covid pandemic.

A whitepaper by redwigwam – the UK's leading authority on the flexible workplace.



Foreword

“

It's been a difficult 18 months.

But while businesses adapt to a new normal as we exit the pandemic, it's clear staff shortages are at a critical juncture and the UK job market faces one of its biggest challenges.

With 1.9 million open positions, and a loss of potential job seekers due to Brexit, employers are finding it extremely difficult to fill positions without added incentives.

This whitepaper will address those issues, as well as the advantages of flexible working. We will also focus on several major industries in the UK and their recruiting problems.

Moving ahead, the recruitment process requires several potential changes in how recruiters conduct business and attract candidates. This whitepaper will address those issues, as well as the advantages of flexible working – I do hope you enjoy it.

For our own part at redwigwam, we want to take this opportunity to change the way we all work for good, by opening up flexible working for the world to enjoy.

”



Lorna Davidson

Lorna Davidson

CEO & Founder, redwigwam

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Executive summary

The last eighteen months have been anything but predictable in the world of staffing. As we enter a new era of work, the ability to hire and maintain qualified staff has never been more frantic.

The popularity and necessity of telework/home working/remote working, precipitated by isolating from co-workers to avoid the pandemic, has forced companies to rethink their own culture, policies, and expectations, building a strong case for a hybrid work model. In addition, workers are reconsidering their workload and are seeking a happy medium that builds a work-life balance they never had before.

Recruiters have thrown down the gauntlet to try any employment options possible. While teams are leaner, work demands remain high, and maintaining the satisfaction of clients is the sole constant that prevents organisations from presumed uncertainty. Companies must continue to adapt and support each other while playing a more significant role in the marketplace.

The conventional workplace atmosphere is drifting away from static and siloed positions and moving towards agile project-based, multi-functional work priorities. This forces employees to move towards new roles as businesses change.

This whitepaper will focus on the changes in workforce/staffing over the last eighteen months and offer a realistic picture of what the future holds in store.

Survey finds critical staffing shortages

Many industries are experiencing critical staff shortages, including retail, warehouse, cleaning, food production & manufacturing, and hospitality sectors, and this has unfurled into other areas of the economy. These shortages place pressure on mid-sized employers across the UK.

A new survey released by accounting and consulting firm, BDO LLP, found a quarter of mid-sized UK companies are experiencing serious understaffing issues that threaten all conventional operations. Other challenges include reduced inventory due to a disruptive supply chain.

One-third of companies stated that prices are expected to rise over the course of the year, utilising the next three to six months to compensate for the disturbance.

Some additional results from the survey:



While some companies considered cutting production, others planned on raising prices.



More than a third of the companies surveyed said they had reduced the types of products and services offered, with an additional third planning to do the same in the coming month, unless the situation drastically improved.



One-fifth of the companies surveyed stated they were increasing wages to attract new employees.



Other companies were introducing new benefits, such as health care and holiday time, to attract candidates.

As Christmas approaches, inflation becomes a big concern for many establishments. UK food producers and supermarkets are already warning the public that empty shelves could persist through the year-end holiday season unless the government acts to resolve worker shortages and the lack of truck drivers. Along with Brexit, UK worker shortages could potentially cancel Christmas.

According to the British Poultry Council, national chicken production has already scaled back by 10 per cent, stating that 16% of jobs in the industry are not currently filled. The industry group estimates Christmas turkey production may be slashed by a fifth.

An insufficient workforce results in problems for all businesses, and this something continually witnessed throughout the supply chain.

Supermarkets are warning shortages could worsen ahead of the crucial holiday shopping period.

On Thursday 7th October, supermarket giant Tesco stated it is already seeing pockets of low availability across several products, while their rival Co-op said it was recruiting up to 3,000 temporary workers to assist with maintaining stocked shelves.

Co-op CEO Steve Murrells told the UK newspaper, The Times, that shortages are at a worse level than at any time he has witnessed. The ripple effect to consumers could be significant and the only recourse is for government to relax immigration policies.

Thousands of businesses are now sorely understaffed, while many of those with enough manpower are struggling to keep it.

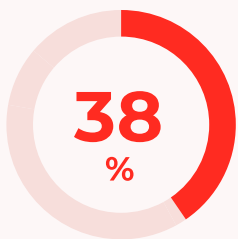
Recruitment firms are perhaps the best barometer in reporting hiring challenges in many sectors. According to the Overall Staff Availability Index, the concept of available labour has dropped to the lowest rate on record.

This is evidenced by the following graphic from the Guardian:



Source: KPMG and REC, UK Report on Jobs.

Note: Any reading above 50 signals an increase or growth from the previous month; a reading below 50 indicates a decrease.



Companies blame both the pandemic and Brexit for the shortage of overseas workers, with 38% stating the lack of regional workers was hindering their ability to recruit needed staff.

BDO partner, Ed Dwan states, **“Brexit global supply chain issues and the long tail of Covid-19 have created a perfect storm for UK businesses.”**

Dwan continues **“After overcoming the challenges of the pandemic and hoping for some respite, businesses found themselves facing a greater disruption, with almost every industry reporting staff shortages. This is an era of upheaval, and the challenges facing UK intermediaries – the engine of the UK economy – portend a long way to go.”**

The CEO of the Confederation of British Industry (CBI), Tony Danker, states **“Standing firm and waiting for shortages to solve themselves is not the way to run an economy. Labour shortages are biting right across the economy. These shortages are already affecting business operations and will have a negative impact on the UK’s economic recovery.”**

A tale of six industries

To provide more details on the serious situation confronting employers in a post-Covid world, we will review six industries and how they are affected:

Retail, Cleaning, Hospitality, Truck Drivers, Warehouse & Logistics, and Food Production and Manufacturing.



The retail industry

Retailers are starting to resume strong, regular business as Covid-19 restrictions have ceased, but their new challenge is staff shortages.

The UK's retail industry lost 89,000 jobs in quarter 2, 2021 compared to the same period in 2020.

Helen Dickinson, CEO of the British Retail Consortium, claims retail job numbers are weighed down by a combination of low foot traffic across shopping centres, the rising number of vacant stores, and competition for jobs with the hospitality sector.

As reported by the Office for National Statistics, retail jobs fell to 3.015 million during the quarter. The number of retail job vacancies between June and August 2021 hit 1.03 million. This is the first-time vacancies have risen over a million since records began. Employers should be more flexible and realistic in the current market.

And e-commerce continues to change the way customers shop. The shift to online purchasing, brought about by the Covid-19 pandemic, has resulted in a long-term change in shopping habits, even among older demographics.

Brexit and the pandemic have been the main drivers of these labour shortages. A lack of digital transformation has also played a role, with an unusually high number of retailers still relying on inefficient human-oriented processes, within fulfilment operations.





Cleaning

The cleaning industry has taken serious hits with staff shortages. Domestic staff are some of the most in-demand workers in the UK.

Statistics can't hide the complexities of the cleaning industry. According to the Recruitment & Employment Confederation (REC)'s Jobs Recovery Tracker:

From 23rd August to 29th August, 2021, there were a total of 1.66 million active jobs adverts in the UK.

The Confederation of British Industry (CBI), the UK's largest business group, warned the staff shortage could last two years. Since Brexit, the UK only wants to admit highly skilled foreign workers and encourages companies to fill low-skilled vacancies with UK residents. They only plan to grant visas for people with the skills they need.

This has a huge impact for the cleaning industry and the businesses which rely on it.





Hospitality

The most significant drain on UK hospitality has been the exodus of thousands of EU workers during the pandemic and as a result of Brexit.

Caterer.com provides a statistical analysis on the industry and the most recent trends. The first quarterly Hospitality Hiring Insider report found that nearly 93,000 EU hospitality nationals have left since the pandemic. The Insider surveyed 250 hospitality employers as part of the report.

64% were worried these workers wouldn't return because of travel restrictions and post-Brexit immigration rules.

Prior to the pandemic, a KPMG study estimated that 75% of waiting staff, 25% of chefs and 37% of housekeeping staff in the UK were EU workers. One in six jobs in hospitality are vacant but shortages have now spread throughout the entire UK economy. The sector relies on skilled workers to fill the gaps with proficient labour.

Unfortunately, the post-Brexit reality of hiring EU workers is hampered by legislation involving visas, right to work status and getting an employee sponsor. In 2017 - before the pandemic led many UK hospitality workers to change industries – the KPMG study warned that the industry would be impacted by a staff shortage of 1 million workers if EU immigration remains restricted.

As we navigate through changes for the hospitality sector, we all must adapt, including where talent is sourced and recruited. As the third largest private sector employer in the UK, hospitality represents 10% cent of total employment, 6% of businesses and 5% of gross domestic product (GDP). The economy relies heavily on services industries, which effected the UK more, compared to other developed countries during Covid-19 lockdown measures. Actions to close the skills gap and entice talent into the industry is essential for the survival of hospitality and the economy.





Truck driver industry

Many UK industry sectors are experiencing supply chain problems due to a chronic shortage of lorry drivers.

The truck driver shortage is estimated to be about 100,000, with a long-term problem made worse by the pandemic, tax changes, Brexit, and an ageing workforce.

Due to recent supply chain problems, the UK made an unprecedented move to grant temporary visas, for 5,000 fuel tanker and food lorry drivers and 5,500 poultry workers. This will be effective from Christmas Eve, 2021.

Many government representatives have been critical of the approach towards post-Brexit immigration and believe the imposition of a £30,000 salary threshold was a mistake; many would like to see the minimum salary back in place.

Many believe a demand-led approach is important to ensure the UK has the expertise required to fill many of these positions. The UK government should also create measures to increase the number of driving tests for truck drivers. However, a spokesperson for the government stated, that “most of the solutions” will be driven by industry. The government wishes to see employers make long term investments in the UK domestic workforce, instead of relying on labour from abroad and to help people across the country retrain, build new skills and get back into work.





Warehousing & logistics

The Warehousing & logistics industry provides a valid forecast tool for the overall state of the economy. Using this forecast as a measurement, it appears the last few years have been very profitable. Sizeable sheds and lockups are growing in numbers and size, with even the pandemic leading to increased demand in warehouse space.

Labour Market Information indicates that the warehousing and logistics industry will continue to expand through the end of this year.

Industry revenue is expected to grow at an annual rate of 1.8 per cent to £19.6 billion.

According to a new report from Logistics UK, port congestion, skyrocketing freight rates, and Brexit chaos are responsible for critical staffing problems. Staff shortage problems have been severe, leading to nearly 80,000 EU nationals leaving logistics and warehousing during the past 12 months. They have also taken a significant skills gap. With a tight labour market and issues with Brexit and exiting the EU, there were already growing problems with retaining employment. Warehouse workers drifted from one job to another and much of it based on hourly pay increases and benefits expectations.

The solution is multi-faceted, including higher pay, more training and benefits, and a reward system. Companies must look to better employment opportunities to promote worker personal development and specialised training to remain competitive. The pandemic accelerated structural changes that drove occupational demand, caused by a predominant shift to online shopping. Amazon has led the way, by offering 36% of the take-up and an additional 11% for leasing deals of less than 12 months, due to the breakout of Covid-19.

All those who deal with warehousing hope that warehousing demands drive the industry rather than slow it down.





Food production & manufacturing

The Food and Drink Federation (FDF) producers lost £2 billion in sales, a serious downturn in revenue, that was not compensated by increased sales from non-EU countries, including China and Australia. Once again, staff shortages compound the problems with this industry.

The uncertainty of Brexit, and a long-awaited trade deal, has impacted consumer confidence. This will also impact consumer spending and may instil opportunities for British companies to win market share by demonstrating customer value.

We are no longer functioning within the EU's General Food Law and tales of chlorinated chicken from the US has increased the general public's concern about food standards. However, the Food Standards Agency confirms that nothing will change in regulating food and operations.

Delays at the border, and food labelling, could impact supply chains. Some businesses have solved this issue by opening a UK headquarters, creating local jobs, or by using air freight. Customs and regulatory changes to food packaging and labelling, including a requirement for an EU address, needs to be rewritten to align with food laws.

EU workers must decide to apply for 'Settled Status,' or return home. This will make some roles harder to fill, particularly within industries such as food manufacturing, where EU workers make up large numbers of the workforce. The UK must be prepared to deal with skill shortages because this situation could worsen. This means potentially reviewing your hiring strategy or receiving assistance from various recruitment agencies to find more qualified candidates.



Job post statistics: at an all-time high

Total job postings on Indeed in the United Kingdom

%change in job postings since Feb 1, 2020, seasonally adjusted, to Jul 30, 2021



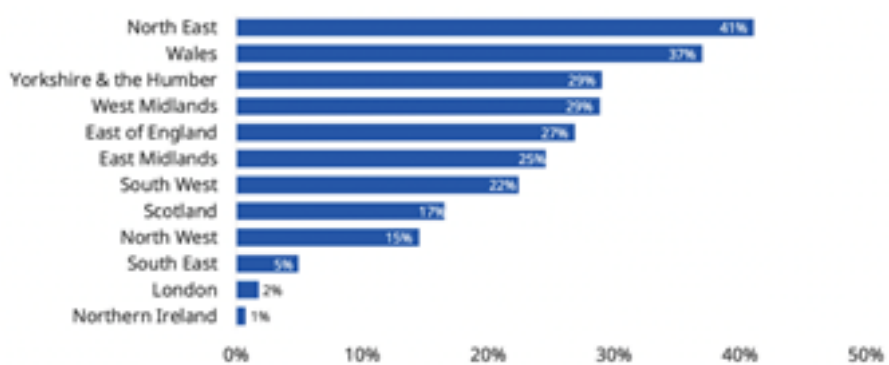
Source: Indeed

Job posts are at an all-time high, which comes as no real surprise, especially in many industrial sectors. The graph above, from Indeed.com, shows seasonally adjusted job postings from February 2020 to July 2021. This includes data starting from the worst of the pandemic through the best in job opportunities.

In the past, this has been a cause for celebration, meaning that the labour market pool is empty. Currently, this trend represents a serious problem, which forces businesses to close or shorten their hours of operation. Job postings have surpassed the pre-pandemic baseline in all regions of the UK and especially in the Northeast:

Total job postings on Indeed UK

% change in job postings since 1st Feb 2020, seasonally adjusted, to 16th Jul 2021



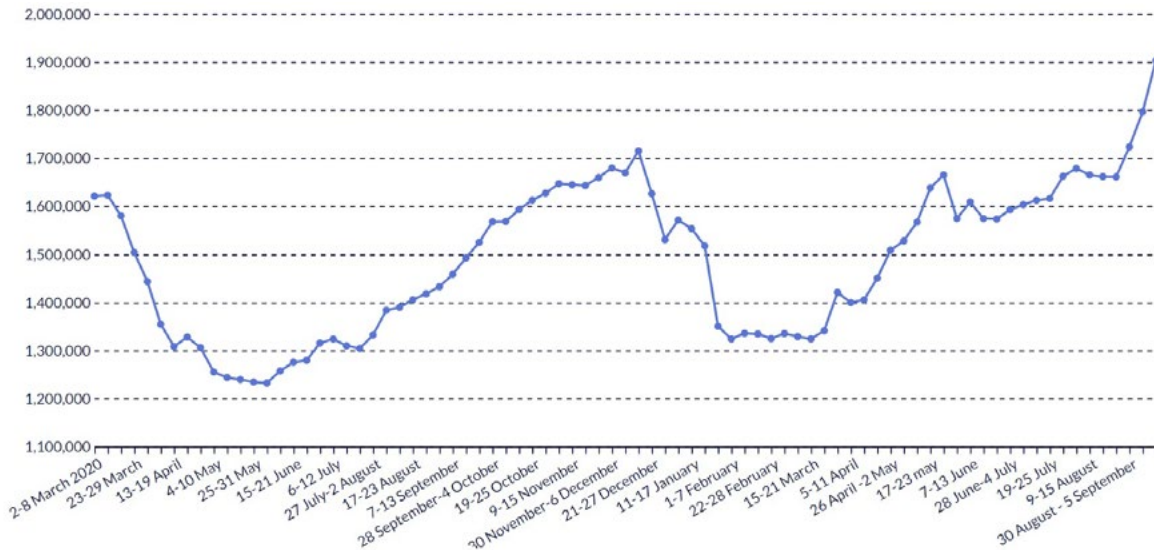
Source: Indeed

There is a new record of job posts in the UK, with labour shortages set to continue.

The following chart defends these trends and displays the number of active job posts in the UK, and how it has changed since the Covid-19 pandemic.

Weekly job postings trend

This chart shows how the number of active job adverts in the UK has changed since the pandemic hit the UK



As an example, between 13th-19th September 2021, there were

1.90 million active job adverts

posted in the UK.



Labour market trends and predictions for 2022

The case for flexible work

New research from LinkedIn reveals more than half of UK employees want to continue working from home once the lockdown is completely over. The following breaks down the statistics around flexible work:

3 in 5 agree that the traditional 9-5 workday is over.

Nearly **1/3** would switch industries for a job that allows them to work flexibly.

19% would take a 10% pay cut for a job that allows them to work flexibly.

The Harvard Business Review identified 10 trends they believe will shape the 2022 workplace.

The hospitality, retail, warehouse, cleaning, food & manufacturing and food and beverage industries won't necessarily be directly impacted by all of them, but there are several that will have an impact.

1

Flexibility will shift from location to time

While enabling employees to work remotely became commonplace across 2020, the next wave of flexibility concerns shifts and hours that employees expected to work.

2

Employers are willing to hire temporary staff to fill the skills gap

Employers are looking for workers with more skills. Analysis shows companies listed 33% more skills on job posts in 2020 than they did three years ago. Companies simply can't reskill their existing workforce fast enough to meet changing needs.

3

Workers want flexibility

Employers who offer remote job opportunities are in a better position to attract talent than those who don't.

Flexible work has become a top priority for candidates over the last few months.

4

Employee experience shifts to employee life experience

The pandemic has given increased visibility into the personal lives of their employees, who have faced unprecedented struggles over the past year.

Employers who support employees in their personal lives have become more prevalent. Assisting them with their work-life balance enables employees to have better lives.

5

Virtual recruiting is the norm

84% of recruiters agree virtual recruiting is here to stay. Companies have endured video interviewing and remote assessments, and post-Covid allows for most of the process to remain virtual.

This new method of working and recruitment enables more beneficial costs and savings. The sole purpose of a recruiting team arranging to meet a candidate is when they are conducting a final interview or meeting their employer/manager at the end of the process. This hybrid system will become the standard moving forward.

6

Recruiters will build new skills to align with business

Employers are legitimately seeking workplace skills so that the candidate can hit the ground running.

53% of talent professionals will identify adaptability as the most important skill.

Recruiting teams have worked extensive hours to find the candidates, and this is not likely to change. During decreased and increased hiring times, the regularity for recruiters is the need to adapt to a changing workplace landscape.

7

Recruiters must lead the transition for remote work

8 out of 10 talent professionals believe remote working is the most successful ingredient in shaping the future of recruiting. Remote positions open opportunities for hiring a diverse workforce, leading to increased productivity, retention, cost savings and facilities management. It also leads to a smaller carbon footprint. The new challenges are compensation, capacity planning, company culture, technology, and employee visibility.

8

Hybrid work realities

Companies are realising hybrid work is a permanent part of life. More than half of company managers state offering hybrid, remote, and flexible work options will be their approach moving forward. The long-term benefits are already in place and 66% of leaders are confident this is the answer to a more diverse workforce.

9

Mental health support growing

New benefits are being offered to employees as incentives to work. These stimuli include competitive health insurance and an expanded parental leave program.

Before the pandemic, Gartner research revealed that 45% of well-being programs were shifting more towards mental health. The pandemic has brought the impact of mental health to the forefront.

10

Skill-building rises as a priority

The need to upskill and reskill has a new sense of urgency to leaders. Roughly 72% of managers believe training is necessary to build an effective skill set, especially in new hybrid and flexible work environments.

The benefits of training include helping keep skills sharp, assisting the company with crisis navigation, and training employees for more supervisory roles. This allows workers to invest in themselves, which in turn, benefits the company.

redwigwam pushes for on-demand recruiting practices

As the UK's largest temporary staffing platform, redwigwam can help employers with new, on-demand staffing models. In fact, redwigwam recommends the following staffing options.

As an employer you should consider these approaches:

- **Rehire furloughed employees**

Rehiring trained, knowledgeable, and engaged employees should always be a first choice. Unfortunately, many employees have moved on to other industries, which makes this option difficult.

- **Rehire employees + add new employees**

This traditional option works well as existing team members can train new employees as they onboard. The challenge is that occupancy volatility will make it hard to provide consistent hours which could result in a high turnover.

- **Contract employees**

Contract employees can supplement your team during times of peak occupancy. Unfortunately, this option can be unreliable in many cases, and productivity lags as a result.

- **On-demand staffing**




























Staffing on-demand allows companies to supplement their teams by selecting a skilled contingent workforce based on criteria they set for the shift lengths they identify, and the rate they choose.

The following infographic compares traditional methods of recruiting on-demand. redwigwam can assist any employer with on-demand options for hiring qualified candidates.



Which solution works best for you?

The traditional option which many recruiters use, or an on-demand option which attracts qualified candidates much faster.

Staffing Agency		vs.	 redwigwam	
 Days and weeks	Time to fill shifts	Minutes and hours		
 35-40%	Success rate	90-95%		
 Lots of paperwork and approvals	Job adverts	Instant job postings and adverts to redwigwam database		
 Upfront fees or retainer	Costs and fees	No upfront fees		
 Need to request data	Reporting	Real time data as you need it		
 No real feedback	Customer satisfaction	Two way ratings on every job		
 Outdated technology usage	Technology	AI powered technology solution		
 Slow and inefficient processes	Speed	Roles filled quickly from a nationwide database		
 Lack of flexibility	Flexibility	Scale up or down at the touch of a button		
 Post-hire checks required meaning you fall at the last hurdle	Right to work checks	All workers vetted for right to work in the UK		
 Operate only in office hours	Availability	Online platform available 24/7		
 Lack of suitable candidates	Database	Instant access to 160K+ nationwide workforce		
 Unreliable – just another recruiter	Trust	Average NPS of 80 and 4.5* reviews on Feefo		

As the recruitment process has successfully changed overnight, with constantly shifting business needs and fewer resources. Historic new challenges are convincing everybody to rethink their approaches about recruiting, from the ground up.



“ Fantastic attitude from the get go with real positive intent. Their task was to merchandise a fridge but in fact they built a great relationship with the store, sought out other areas to support our brands while on-site, and did a great job merchandising the fridge. This left the store with a good impression of CC&P, and for me, this was the difference between attending and completing a task issued on an iPhone. And carrying out a very good job while representing the company and the brand. ”

Oliver Crick,
Director, Field Sales at Coca-Cola European Partners



What makes redwigwam different?

redwigwam is a leading, multi-awarding winning temporary staffing booking platform in the UK, matching over 160,000 staff with flexible and temporary part time jobs all over the country.

What drives the heart of our business is technology, and our AI powered technology solution, which enables employers to source, choose, book, vet, rate, and employ staff by the hour, the day or longer.

redwigwams' on-demand recruiting solution can promise you:

✓ **A high-quality workforce**

As workforces change, we've created a solution today's professionals can rely on. Our main goal is to provide high-quality, reliable, fully vetted workers, on-demand without delays.

✓ **Full transparency**

Set the pay rate, post shifts, meet your applicants, and choose who's coming to work for you.

✓ **Success rates over 95%**

We maintain success rates of over 95% with a less than 2% No-Call, No-Show Rate.

✓ **Return on investment (ROI)**

High success rates and qualified workers lead to less downtime and improved productivity.

Re-build your team with redwigwam

As workforces adapt and adjust, so do we. We have got you covered nationwide.

Our AI-powered streamlined technology & team helps businesses like you hire quality staff with unbeatable ease, speed, and pricing.



redwigwam

Are you ready to change work for good?

Collaborating with businesses to build out a flexible workforce is what we're passionate about.

We'd be more than happy to chat over our experience and learnings. Please do get in touch if you'd like a chat or a demo of our system.

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