

BCC: Labour market robust but firms hampered by skills gap

BCC's Suren Thiru comments on the labour market statistics released by the ONS today.

17 May 2017

Commenting on the labour market statistics for April 2017, released today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“With unemployment continuing to fall and employment levels rising, conditions in the UK labour market remain robust.

“However, labour market indicators often lag behind the wider economy and it remains likely that employment growth will start to soften over the near-term, as more subdued economic conditions and the rising cost of doing business in the UK stifle firms’ ability to recruit. The BCC’s Quarterly Economic Survey shows the proportion of firms reporting recruitment difficulties remains close to a record high, which is undermining their productivity and growth.

“With increases in regular pay slowing again, earnings growth is now comfortably trailing behind inflation. If the disparity between pay and price growth continues to increase as we predict, household spending is likely to slow further, weakening overall economic activity.

“The next government must do more to close the skills gap, including improving the transition from education to work by guaranteeing universal experience of work in all schools for under 16s, and delivering a future immigration regime based on economic need, rather than an arbitrary migration target. This will help firms compete on the global stage, boosting UK productivity and growth.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

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