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INTRODUCTION
UNDERSTAND THE IMPACT ON YOUR ORGANISATION AND PLAN AHEAD

It has been one year since we launched the Mercer Workforce Monitor to examine the UK population and workforce in a pre- and post-Brexit world and understand the business impact. Our first report and March 2017 update provided insights into the UK’s workforce crisis and migration challenges. Our August 2017 update also provided an overview of how different industries are exposed to ageing and migration risks.

This March 2018 update examines the latest employment and migration statistics to identify shifts in the macro trends. We then take a deep dive into the impact of age and migration on each region in the UK.

The patterns explored in this paper – of ageing, migration and consequent severe workforce shortages – are a call to action. Forward-thinking organisations are already acting to understand their specific workforce requirements – and to put in place specific, targeted people strategies that will create sustainable talent pools. Those that do not take action will find themselves without access to the leadership, workforce and skills they need to execute their business strategies. This is not an “HR issue” or one that can easily be solved through ad hoc initiatives. This is a systemic issue that is intertwined with the speed of adoption of machine learning, digital technologies and automation, and will impact all businesses. It should be top of Non-Executive directors’ and the C-Suite’s concerns. A holistic, long-term and integrated solution is needed – and organisations that take this approach will create competitive advantage.

The discussions contained in this report hold factors that will impact future workforce supply, such as technology changes and gender participation, either constant or at trend to allow for a more detailed focus on the underlying supply-side dynamics. This then emphasises and helps inform the Talent strategy aspects that organisations can proactively control. In future Mercer Workforce Monitor reports we plan to look more into the impact of technology and D&I trends.

Fortunately, there is a greater understanding that “wait and see” is no longer an option. There is an urgency to act now. Organisations are realising that they cannot wait to understand the new legal regime for migration going forward, because the underlying issue is not one of migration, it is one of shortages that will persist no matter what a post-Brexit world looks like.

WE ARE HERE TO HELP

Contact us to find out more about how Mercer’s Workforce Response Plan helps you review and reset your people strategy, to sustain growth and ensure that your organisation builds resilience to the combined impact of the UK’s ageing workforce and migration restrictions in a post-Brexit world.

Our analysis will help you understand the skills and roles you will need in the future, and how you can ensure you have the resources to fulfil that demand.

Our process combines external and internal insights into your unique risks and opportunities, and helps you cultivate the specific workforce defence strategies to drive your growth plans.

Services offered:
- People Strategy
- Strategic Workforce Planning
- Ageing Workforce diagnostic and strategy
- External labour market analysis
- Employee value proposition development, including wellbeing, total rewards and career frameworks
- Automation and digital impacts on workforce
- Workforce productivity analysis
- Diversity & inclusion strategy, including gender pay consulting
- Mobility consulting and data services

We are inviting leaders to reach out to our workforce experts today.

Email: Mercer.UK@Mercer.com
Visit: uk.mercer.com/workforcemonitor
THE WORKFORCE CRISIS IS PLAYING OUT

It is harder than ever to fill jobs as the UK starts to see the significant impacts of an ageing workforce and a reduction in net migration.

EMPLOYMENT TRENDS Q4 2016 TO Q4 2017

October to December 2016 to the same period in 2017, not seasonally adjusted

<table>
<thead>
<tr>
<th>CHANGE IN WORKFORCE BY COUNTRY OF BIRTH</th>
<th>+208,000</th>
<th>+202,000</th>
<th>+64,000</th>
<th>-55,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in workforce</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK-born workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-born workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non EU-born workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overall, the number of people in the workforce is increasing. Despite this increase in the labour supply we see signs that a workforce shortage is beginning. For example:

The number of jobs is increasing.

407k more jobs from Dec ’16 – Dec ’17

For December 2017, there were 35.11 million workforce jobs, 407,000 more than a year earlier.

The number of job vacancies is increasing.

# of vacancies 2nd highest since records began

There were 816,000 job vacancies for December 2017 to February 2018. This was 56,000 more than for a year earlier, the second highest figure since comparable records began in 2001.

The number of people looking for work is decreasing.

4.7% → 4.3%

unemployment rate

The unemployment rate is currently 4.3%, down from 4.7% a year earlier, or 127,000 fewer people unemployed. This is the joint lowest unemployment level since 1975.

The number of inactive workers under 65 is decreasing.

drop in inactive workers under 65

The number of people of a working age (under 65) that are inactive decreased by 158,000 over the year.

2 UK Labour Market, published 21 March 2018. Numbers do not necessarily add up to totals due to rounding.
WORKFORCE AGE TRENDS 2017 TO 2018

November 2016 to January 2017 to the same period in 2017 – 2018, seasonally adjusted

<table>
<thead>
<tr>
<th>Change in Workforce by Age</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>-82,000</td>
</tr>
<tr>
<td>25-34</td>
<td>+147,000</td>
</tr>
<tr>
<td>35-49</td>
<td>+33,000</td>
</tr>
<tr>
<td>50-64</td>
<td>+200,000</td>
</tr>
<tr>
<td>65+</td>
<td>+6,000</td>
</tr>
</tbody>
</table>

As we look further at workforce and employment trends by age groups, we can see more indicators of the ageing impact predicted in our original analysis. There are fewer younger people in the workforce (even though unemployment rates are down), and the number of workers in the 50–64 age group shows the sharpest increase.

The over 50s in the workforce have been growing since the mid-1990s at a much faster pace than the under 50s – which have largely flat-lined since 2013, despite net migration which mostly happens at younger ages. This gives a clue as to what will happen to the workforce in the future if net migration slows: we will expect the baby boomers to take the older workforce growth higher – at least for the next 10–15 years, and then fall away. Meanwhile the under 50s will start decreasing dramatically as the lower fertility rates over the last 3 or 4 decades and lower migration combine to reduce availability of younger workers.

Employers should be considering what decreasing unemployment rates across all age bands – which is especially low in the 35-49 age group at only 2.9% – means for them, and their availability to recruit and retain the workforce needed.

Mercer’s projections show that by 2025:

- Fewer workers under 30
- Fewer UK-born workers
- Higher reliance on foreign-born workers
- 1M+ more workers over 50

The under 30s in the workforce will fall by 300,000, almost all of which will be UK-born workers.

The UK-born workforce as a whole will fall by more than 200,000.

The under-50 workforce will fall by a net 200,000, but within this the under-50 UK-born workforce will decrease by 840,000 – so the foreign-born workers are adding 640,000.

The over–50s in the workforce will actually increase by over 1 million, of which around 400,000 will be foreign born.

CURRENT UK WORKFORCE STATE

MIGRATION TRENDS SEPT 2016 TO SEPT 2017

<table>
<thead>
<tr>
<th>People (000's)</th>
<th>Description</th>
<th>Date (Year End)</th>
</tr>
</thead>
<tbody>
<tr>
<td>244,000</td>
<td>29,000 fewer than for the year ending September 2016 – but an increase of 14,000 from June 2017</td>
<td>Dec 16</td>
</tr>
<tr>
<td>125,000</td>
<td>UK-born people left the country, down 3,000 compared to the year ending September 2016</td>
<td>Dec 16</td>
</tr>
<tr>
<td>130,000</td>
<td>EU-born people left the country, up 28,000 compared to year-end September 2016.</td>
<td>Dec 16</td>
</tr>
</tbody>
</table>

More and more people both from the UK and EU are leaving the country – the highest emigration level in the past seven years. At the same, the volume of EU citizens entering the country is decreasing. Over the 12 month period since the first report, net migration has fallen rapidly – almost in line with what would be expected by the Great EU Re-Migration Scenario (see our February 2017 report for more detail about our scenarios at uk.mercer.com/workforcemonitor).

EU CITIZENS: MIGRATION FLOWS TO/FROM THE UK

--------

NET MIGRATION SEP 2016 TO SEP 2017

**PEOPLE ENTERING UK**
- **UK-BORN**
  - 73,000
- **EU-BORN**
  - 220,000
- **NON EU-BORN**
  - 285,000
- **TOTAL**
  - 578,000

**PEOPLE LEAVING UK**
- **UK-BORN**
  - 125,000
- **EU-BORN**
  - 130,000
- **NON EU-BORN**
  - 80,000
- **TOTAL**
  - 334,000

**NET MIGRATION**
- **UK BORN**
  - -52,000
  - ▲4,000
- **EU-BORN**
  - +90,000
  - ▼75,000
- **NON EU-BORN**
  - +205,000
  - ▲40,000
- **TOTAL**
  - +244,000
  - ▼29,000

**NET EU MIGRATION SEP 2016 TO SEP 2017**

**EU15**
- 47%
- ▼40,000
- Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden

**EU8**
- 14%
- ▼7,000
- Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia

**EU2**
- 39%
- ▼30,000
- Bulgaria, Romania

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THE IMPACT OF HEALTH & SOCIAL CARE SECTOR NEEDS

The purpose of the Mercer Workforce Monitor is to examine the elements that drive the supply side of workforce availability in the UK to help manage organisational risk and provide robust external data for an organisation's workforce planning.

However, given its obvious social-political concerns for all UK citizens, it is instructive to look at the net impact on the availability of workers. This sector currently has around 4.3m workers (12.9% of the total available workforce), and has grown 20.3% over 10 years. Any further substantial growth in the Health & Social Care workforce, coupled with the very much lower overall growth or even reduction in the whole UK workforce, will provide a massive de-gearing effect on the workforce supply left for the rest of the economy.

Our August 2017 Mercer Workforce Monitor update modelled the future supply side of each industrial sector by assuming that each sector continued to take the same proportion of available under 35s as they do currently. For the over 35s, we assumed that each sector acts to retain similar numbers as they have now (proportionally across all industries) as the workforce ages. For the Health & Social Care sector, the resulting supply was largely flat, ranging from an increase above current levels of the workforce of +2% by 2030 under the “Base Case” net-migration scenario, to a reduction of −4% for the “Great EU-migration” scenario over the same period.

The graph below shows the size of the Health & Social Care workforce from 1996 to 2016. It then adds the future supply from 2016 to 2025 as calculated using our model, based by 100,000 net migration scenario (lower line). There are many ways to model demand and we have chosen a pro rata method linked to the increase in the over 65s population, to which the past size of the Health & Social Care sector is very highly correlated. The higher lines shows the demand to 2025 based again on the 100,000s scenario, and extrapolating the proportionate increase from 2005. The resulting gap between demand and supply is 579,000.

PROJECTED WORKFORCE GAP – HEALTH & SOCIAL CARE

Source: Mercer Workforce Monitor analysis
The rest of this analysis looks at what the rest of the available workforce supply would be in 2025 if this Health & Social Care demand-supply gap is filled from the then available workforce. The summary table below shows that the gearing effect on the remaining supply for the rest of the economy is indeed big and varies greatly by region, with the Health & Social Care Sector growing by 710,000 or 16.6%, and net workforce supply available for all the other sectors of the economy growing by a very much smaller amount of 110,000, just 0.4%. In other words, this projected “demand equals supply” of the Health & Social Care sector represents 87% of the net increase of the UK workforce in the period up to 2025.

<table>
<thead>
<tr>
<th>Figs in 000s</th>
<th>Health &amp; Social Care Workforce</th>
<th>Workforce NET of Health &amp; Social Care</th>
<th>Total Workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>3,529</td>
<td>26,711</td>
<td>30,240</td>
</tr>
<tr>
<td>2005-2015 growth</td>
<td>20.3%</td>
<td>7.5%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Regional range 2005-2015</td>
<td>5.5% to 31.3%</td>
<td>-0.1% to 24.0%</td>
<td>3.5% to 24.6%</td>
</tr>
<tr>
<td>2015</td>
<td>4,246</td>
<td>28,708</td>
<td>32,954</td>
</tr>
<tr>
<td>2016</td>
<td>4,297</td>
<td>29,073</td>
<td>33,370</td>
</tr>
<tr>
<td>2016-2025 growth in Health &amp; Social Care supply to equal projected demand</td>
<td>16.6%</td>
<td>0.4%*</td>
<td>2.4%</td>
</tr>
<tr>
<td>Regional range 2016-2025</td>
<td>4.5% to 33.5%</td>
<td>-6.6% to 5.0%*</td>
<td>-1.2% to 6.3%</td>
</tr>
</tbody>
</table>

Source: Mercer Workforce Monitor analysis, based on ONS data

*It needs to be re-iterated that this is not a prediction of the size of the Health & Social Care workforce, but a reasoned approach to stress-testing the risks in the supply side of the economy on the assumption that the Health & Social Care sector is able to recruit to meet the demands of a further 2 million over 65s that the UK will have by 2025.

But the question needs to be asked as to whether the UK can cope with 87% of the increase in the workforce to 2025 (820,000) being sucked into this sector, leaving just 13% (110,000) for the rest of the economy? Put another way, in the 10 years to 2015, the rest of the economy used 2 million extra workers, can it cope over the period to 2025 with just 110,000 extra? Or does this mean that a policy focus for increased investment in automation and digital technology needs to be focused in the Health & Social Care Sector in order to increase the available supply of talent for the rest of the economy?
IMPLICATIONS FOR EMPLOYERS

We have a real ageing problem, particularly pressing in the UK because the post-World War II baby boom generation is now in or approaching retirement age – in their mid-50s to early 70s. Since that older demographic represents the largest proportion of UK-born people, the over-50 labour pool is growing by hundreds of thousands, while the number of under-50s poised to take their places in the workforce is shrinking.

Companies are already starting to feel the pain of not being able to find the skills they need, not being able to recruit and retain as well as they have in the past.

Previously, organisations have assumed that talent will be there to match their plans, either by accessing the foreign labour pool, by targeting graduates, by outsourcing, or by taking significant portions of the business online. But the workforce and population trends we’re seeing now suggest that organisations can’t proceed on the same faith. The workers simply might not be there.

The situation is particularly challenging for sectors that are human-intensive, such as health care, construction, education or hospitality. For example, in a high-volume tourism centre such as London, hotel and restaurant expansion plans rest on the ability to get wait staff, baristas, kitchen staff, housekeeping staff, etc. The work cannot be moved or automated, so the business failure risk increases.

PLANNING YOUR RESPONSE TO THE WORKFORCE SHORTAGE CRISIS

Momentum is shifting. We have seen UK businesses taking a more positive and action-oriented approach to ensure a thriving and sustainable workforce – thinking differently about Brexit and talent scarcity.

There is a greater understanding that “wait and see” is no longer an option. There is an urgency to act now. Organisations are realising that they cannot wait to understand the new legal regime for migration going forward, because the underlying issue is not one of migration, it is one of shortages that will persist no matter what a post-Brexit world looks like, due to our ageing population.

Organisations should take these trends as a call to action to plan ahead and rethink their workforce strategies. Mercer’s Five Lines of Defence (below) provides a framework for this proactive action:

MERCER’S FIVE LINES OF DEFENCE

Source: Mercer
1. **Buy, build and retain** – Bring deeper insight to traditional sourcing methods to anticipate gaps and find the needed talent from traditional labour pools. Consider what it would take to keep people in the workforce and reconsider the employee value proposition (EVP) needed to retain them. Review your EVP and ask yourself if it reflects the needs of different employee groups; if it is differentiated and competitive in the market; if you are targeting resources appropriately; and if it promotes individual choice.

2. **Diversify the talent pool** – Attract non-participants back into the workforce. Look at inactive workers in the 20 to 50 age group, families of foreign workers, women who have not returned to work after raising families, those with physical limitations, or people with disabilities.

   All of these groups represent relatively untapped labour pools. An organisation that can create favourable employment opportunities for these groups, such as flex working and barrier-free workplaces, can tap into new sources of talent.

3. **Improve productivity through automation** – There has been significant investment in automation in agricultural regions, such as for fruit harvesting and packaging in response to labour shortages. The same is true of manufacturing, where robotics and process automation have dramatically increased productivity while holding the line on people costs.

   Similarly, organisations would be wise to look at ways to bring automation into professional activities such as finance and information technology. For instance, online and mobile banking enable customers to get the expected level of service with fewer branch employees. Online lending portals can streamline loan application and underwriting processes. Where there’s a business case for it, automation can help relieve workforce gaps.
4. **Move and relocate work** – The competition by regions for attracting talent is about to intensify – especially for scarce younger workers. We anticipate that this will become a structure strategy that looks at creative solutions to attract workers such as in the accommodations industry.

Organisations that think they can get more workers from surrounding areas are facing a harsh reality – the pain of commuting on an overcrowded transportation infrastructure. A new study conducted by the University of the West of England in Bristol suggests that a 20-minute increase in commute time is as damaging to job satisfaction as a 19% pay cut. So don’t count on luring workers from further outlying areas.

Instead, consider moving roles to other parts of the country. For example, moving work outside of London has been a notable trend in 2017. In July the Financial Times reported that Burberry, HSBC and the law firm, Freshfields Bruckhaus Deringer, were all moving significant parts of their businesses from London to UK cities further north – Leeds, Birmingham and Manchester.

Instead of trying to hire workers who just don’t exist, move the work to where the workers can be found. It might not be a matter of moving 5,000 jobs to a city with a much smaller labour market, but perhaps moving the work to 10 offices in towns that can each supply 500 workers.

5. **Regroup.** Consider whether the realities of the flat-lining or possibly shrinking workforce can support your growth ambitions. If you have growth targets in the UK, and you can’t access the people, and you can’t move the work or automate the work, it’s time to reassess the feasibility of those expansion plans. Organisations need to assess whether operations and projects are still viable if you have to pay more or relocate workers to access the skills needed.

### 7 STEPS FOR EMPLOYERS RELIANT ON MIGRANT WORKERS

Organisations affected by reduced migration should create the following Workforce Response Plan:

1. Review the business strategy and plans for growth to understand the volume of jobs/roles needed by location, factoring in the known investments in automation.

2. Review existing staff strategies (hiring, development, retention, contingent staffing) and assess how sustainable these will be going forward, and what EVP is needed to sustain them (Line of Defence #1).

3. Use external labour market data to determine whether there is a shortage of needed skills in their area of business and within a commutable distance. (Line of Defence #2).

4. See how their internal demographics and diversity profile compare to the local market (Line of Defence #2).

5. Plan to make “local jobs for local people,” perhaps through apprenticeships, new talent pools, and partnerships with local education institutions (Line of Defence #2).

6. Consider ways that productivity, automation and moving work may help decrease their workforce demand (Line of Defence #3 and #4).

7. Having taken productive steps to fill workforce gaps from the UK-born population and permanent foreign born residents, then look to see how migration can help resolve remaining workforce gaps.
THE WORKFORCE IMPACT BY REGION
THE WORKFORCE IMPACT BY REGION

Here we look at regional differences that call for different types of response across the UK. However, it needs to be borne in mind that resulting projected regional workforces are very dependent on internal migration levels. We have based our projections on the ONS mid-2014 regional projections, but note that future shortages of labour in different parts of the UK are likely to increase inter-regional competition and the relative attractiveness of different areas to live and work in, and thus the patterns of internal mobility may well shift. These factors are important for looking at strategies at the individual organisation level. Regional data refers to locations in which people live, not where they are economically active.

REGIONAL RISK INDEX: 2015/16 AND 2025
REGIONAL POPULATION PROFILE: 2015/16 AND 2025

The table below shows the combined impact on the workforce of age plus migration per region, comparing the 2015 at-risk profile to our 2025 projections, assuming a net migration limit of 100,000 per year.

Mercer Workforce Monitor observations:

- London is the region at highest risk, primarily because of its reliance on foreign-born workers.
- In most regions, more than 30% of the workforce is over 50.
- West Midlands, South East, East and East Midlands have a foreign-born workforce of around 15%.
- When we project this forward, the proportion of the workforce at risk increases in every region, even if we conservatively assume net migration in the 100,000s.

PERCENTAGE OF WORKFORCE AT RISK BY REGION – 2015/16

Source: Mercer Workforce Monitor analysis, latest available data used.
PERCENTAGE OF WORKFORCE AT RISK – COMPARING 2015/16 AND 2025 BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Total at Risk (2015/16)</th>
<th>Total at Risk (2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>40%</td>
<td>44%</td>
</tr>
<tr>
<td>North West</td>
<td>42%</td>
<td>49%</td>
</tr>
<tr>
<td>Yorkshire and The Humber</td>
<td>43%</td>
<td>50%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>45%</td>
<td>52%</td>
</tr>
<tr>
<td>East</td>
<td>47%</td>
<td>58%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>46%</td>
<td>50%</td>
</tr>
<tr>
<td>London</td>
<td>70%</td>
<td>76%</td>
</tr>
<tr>
<td>South East</td>
<td>47%</td>
<td>56%</td>
</tr>
<tr>
<td>South West</td>
<td>44%</td>
<td>52%</td>
</tr>
<tr>
<td>Wales</td>
<td>40%</td>
<td>44%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>39%</td>
<td>44%</td>
</tr>
<tr>
<td>Scotland</td>
<td>43%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: Mercer Workforce Monitor analysis, latest available data used.

REGIONAL AGE PROFILE: 2016 TO 2025 PROJECTIONS

The 4 maps on page 17 show key age-related figures per region, comparing the 2016 to our 2025 projections.

Mercer Workforce Monitor observations:

- **Workforce trends vary considerably by region.** In Scotland and the North East the workforce is set to decline by over 1%; whereas in the East, South East and South West it is forecast to increase by more than 5%.

- **The younger demographic is a point of concern.** Several regions will have much smaller under-30s population going forward. The overall reduction in the UK is 300,000. London is hit the hardest with almost a 25% reduction, but North East, Scotland, North West, Yorkshire and The Humber, and West Midlands will see declines of 5% or more. The many organisations that are investing heavily in apprenticeships and graduates schemes aimed at this age group may need to rethink their strategy.

- **We need to keep the over-50s in the workforce.** All regions will see an increase in the over-50s age group, but especially so in London (+25%) and Northern Ireland (+13%). There are expected to be an additional 1 million in this demographic. Employers must think creatively about how to attract, retain and continue to develop this often overlooked cadre of workers.

- **Support ratio is the important macro issue.** While the workforce may be growing slightly in some regions, it is not growing as much as the population. Will there be enough workers to provide essential support services? We define the support ratio as the ratio of the over-65s population versus the regional workforce. The increase in the ratio ranges across the country, from 6.1% in the South West to 27.2% in London. The higher the increase in the ratio, the faster the infrastructure and productivity improvements will be needed to address the housing, health and other needs of an ageing population.

- **Demand from the Health & Social Care Sector will have a big impact.** Earlier in this report we looked at the impact of workforce demand and supply in the Health & Social care sector on overall workforce availability. However, the impact is far from evenly spread across the UK regions.

The largest growth in the Health & Social care workforce in the 10 years to 2015 has been in regions where there has been the highest growth of the population over 65. For example, in the South West the over 65 population grew by 23.2% and its Health & Social Care workforce by 31.3%. At the same time its overall workforce grew by only 3.5%.
By 2025 there will be an addition of another 2 million people over 65. Again the distribution is not evenly spread by region, with some areas, for the example the North West seeing a much reduced rate of increase. At the other end of the spectrum, younger population areas such as the East and London will experience a faster increase, of 26.9% and 28.7% respectively. The demand model predictably shows larger increases in the Health & Social Care sectors in those regions, which in turn impacts on the available net workforces.

The smallest net increase available for the rest of the economy is a reduction of 6.6% in the North East workforce – around 76,000 workers less than in 2016. The largest is 5.0% in the East, a region that is still projected to benefit from an inward (national and international) migration of relatively young people. The South East is expected to fare better than the previous decade, mostly due to the marked slowdown in the growth of over 65s – it already has an old population – and benefits from net inward national migration, so the net increase in available workforce for other sectors grows by 4.6% compared to the national picture of 0.4% net workforce growth. The 4th graph on page 17 shows these results.

The question is whether meeting this level of supply and demand is actually possible? And if not, what does this mean for automation, workforce models and strategies to reach target groups to fill gaps for this sector.
Workforce change 2016 – 2025

Change in the under 30s and over 50s in the workforce 2016 – 2025

Support ratio and the increase in population of over 60s 2016 – 2025

Workforce change 2016 – 2025, net of the change in the health and social care sector

Source: Mercer Workforce Monitor analysis
THE WORKFORCE IMPACT BY REGION

In this section, we take a closer look at the present and projected state of the population and workforce in two diverse regions of the UK:

- London
- Yorkshire and The Humber

We have prepared deep dives for a number of other regions.
When looking at workforce statistics and economic conditions, London almost looks like a different country compared with the rest of the UK. Consider that with a population of about 9 million where over 300 languages are spoken\(^1\), London is eight times the size of the UK’s next-largest city, Birmingham. Cost of living, quality of life, commute times, population demographics and workforce attributes are different in London, compared to any other city – and certainly compared to less urban areas. It is the landing place for a large proportion of foreign-born migrants and it attracts young internal migrants. However, overall, London loses many of its people mainly in their 30s and 40s.

The workforce shortage we’ll see as baby boomers retire will likely have less of an impact on London in the short term than other regions. But these effects will still be felt. The London resident workforce as an engine for growth will be substantially diminished by skills shortages, which it would be expected to fill by drawing in more commuters from the East, South East, and to an extent the South West and East Midlands. This will exacerbate these regions’ needs in those sectors that need locally based workers.

If we also see a widespread exodus of non-UK-born workers from the UK, the risks accelerate rapidly and London will feel it the most. At the same time, both the London workforce and population will age quite rapidly, and London employers are not all used to managing the unique needs of this demographic.

The ageing of the London population, together with a continuing high number of births will mean the demand on the Health & Social Care sector will continue to grow substantially. With less migration into London, this means the available workforce for sectors outside the Health & Social Care sector could shrink dramatically from current levels.

\(^1\) London The Information Capital by James Cheshire and Oliver Ubertin 2014
THE STATE OF THE WORKFORCE

Our research reveals several population and workforce trends that are a major call to action for organisations that have a London workforce.

London has a younger population than other regions and the UK overall.

For example, one million residents are over 65 – representing 12% of the population, compared to 18% countrywide. In contrast, 19% of London’s population is between 25 and 35, while 23% are between 35 and 49 – six and three percentage points higher than the UK average respectively.

That’s good news (for now) when you consider that London’s ever-rising cost of living makes it difficult to keep older workers in London, whereas younger workers can be more accepting of modest accommodation.

The question remains though, as the UK population ages overall, will London be able to hold on to the workers who are currently between 25 and 34? This demographic will be an important source of workers over the next 20 years, but are they more likely to move elsewhere, even out of the country? The demographic statistics show that London has net internal emigration – people move out to other parts of the country more than they move in, whereas the East, South East, South West and to an extent, the East Midlands all have significant net immigration. These trends have been allowed for in the Workforce projection models.

POPULATION BY AGE GROUP – LONDON COMPARED TO THE UK OVERALL

<table>
<thead>
<tr>
<th>Population by Age Band</th>
<th>London Age Band %</th>
<th>UK Age Band %</th>
<th>Population relative to UK Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+</td>
<td>12%</td>
<td>18%</td>
<td>-6%</td>
</tr>
<tr>
<td>50–64</td>
<td>15%</td>
<td>19%</td>
<td>-3%</td>
</tr>
<tr>
<td>35–49</td>
<td>23%</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>25–34</td>
<td>19%</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>20–24</td>
<td>6%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>16–19</td>
<td>4%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>11–15</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>0–10</td>
<td>15%</td>
<td>13%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: ONS

London has a much larger foreign-born population than other regions.

London has a much larger non-UK-born population (both in numbers and proportion) than other regions – 2.3 million from non-European Union countries, and 1.0 million from EU countries. Consider that:

- Countrywide, 87% of the population is UK-born, compared to only 62% in London.
- Overall, only 8% of the population is non-EU-born, compared to 26% of London’s population.
- London has more than double the percentage of EU-born people as the country at large (12% and 5%).
**DISTRIBUTION OF POPULATION BY COUNTRY OF BIRTH**

<table>
<thead>
<tr>
<th>Country of Birth</th>
<th>London (%)</th>
<th>UK Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Born</td>
<td>62%</td>
<td>87%</td>
</tr>
<tr>
<td>EU Born</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Non-EU Born</td>
<td>26%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: ONS

**London relies heavily on foreign-born workers**

In the diagram below, the bars to the left of the centre axis represent the numbers of UK-born workers relative to the UK-born population, by age group. The bars to the right represent non-UK-born workers relative to the total non-UK-born population living in the UK. You can see that London’s economy relies heavily on the ability to tap foreign-born workers, particularly those from non-EU countries.

**WORKFORCE PARTICIPATION AND POPULATION BY NATIONALITY AND AGE GROUP**

Note that the number of young people under age 20 may appear disproportionate, but it needs to be remembered that all children born in the UK, regardless of the Country of Birth of their parents, are deemed “UK born” by default.
The London workforce comprises almost as many non-UK-born workers as those born in the UK. EU-born workers are participating in the workforce at high rates, higher (proportionally) than UK-born workers in most age groups.

Employers need to think about the risks of serious workforce shortages if:
- Foreign nationals respond to a less beneficial climate by leaving the UK in large numbers.
- Young UK-born people who migrate to London for work are poached by foreign employers.
- Immigration limits are set at restrictive levels.
- Older workers migrate to other regions in the UK that offer better housing costs and work/life balance.

Workforce skills reflect London’s position as a global leader in commerce and culture.

As the world’s largest (international) financial centre, home to the highest concentration of higher education institutes in Europe, and headquarters for more than 100 of Europe’s 500 largest companies, it’s no surprise that London’s workforce looks quite different from other areas of the country. London has relatively more workers in professional/scientific and technical activities, ICT (information and communications technology), finance and real estate than the rest of the country. It is a known talent pool for these professional and technical occupations.

Conversely, London has proportionally fewer workers in industries such as manufacturing, wholesale/retail, health and social work, construction, repair services and agriculture.

London has high job density yet high unemployment.

London has one of the highest job density rates in the UK, at 98 percent. Job density is the number of jobs in an area divided by the resident population of typical working age (16–64) in that area. This means that there is almost one job for every resident aged 16 to 64.

Yet at the same time, London has one of the highest unemployment rates in the country, at 6%. Unemployment is particularly acute for younger workers (ages 16 to 24). It remains to be seen if these unemployed people are qualified and actively seeking jobs, and could potentially become part of the solution to future workforce shortages. It also could be symptoms of fast job churn and a very efficient labour market, or of the aggregate skill base failing to catch up with the demands of a plethora of leading-edge organisational demands. Or all of the above.

The contradiction between job density and unemployment is typically indicative of a skill mismatch between what businesses need and the availability of talent. It also may indicate the skills/experience gap of younger employees.
Overall, populations in London are more economically active than the UK average.

More than 8 in 10 Londoners of employment age are engaged in the workforce, compared to 72% for the country overall. This high participation is expected given the younger profile of London’s working population compared to the rest of the country. That means there are proportionally fewer “inactive” people to potentially bring back into the workforce to meet shortages. That said, the numbers of people are higher, given the size of London overall.
Projections: London could be the most heavily affected by migration limits.

If migration nets out at 100,000 per annum (Scenario 2), then by 2025 the population of London is projected to grow at 8%, which is five times the growth rate of the workforce. The issue in this scenario is that London will need to support a much larger population with a relatively smaller workforce than it has today – and this is assuming that London can continue to attract migrant workers in the same proportions as it does today.

However, if net migration falls to significantly lower levels, we’ll see an accelerated path toward severe workforce shortages in London. This scenario points to a future state that poses a number of risks to London based employers.

What if we see large numbers of people repatriate to their home countries due to an inhospitable environment in London? Then the scenario for the availability of workers in London is bleak, with the overall workforce shrinking far faster than the country overall. This potential shrinkage could have profound effects on industries that rely heavily on non-UK-born workers, such as hospitality, health care, education and construction. If such workers are available in the ‘home counties’ – broadly the areas in East and South East that encircle London – then commuting demands will increase further, building different pressures.

WORKFORCE IMPLICATIONS OF VARIOUS MIGRATION SCENARIOS OVER TIME

<table>
<thead>
<tr>
<th>London</th>
<th>2016</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P</td>
<td>W</td>
<td>P</td>
<td>W</td>
</tr>
<tr>
<td>Total</td>
<td>8,788k</td>
<td>4,828k</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Under 30</td>
<td>41%</td>
<td>26%</td>
<td>-5%</td>
<td>-20%</td>
</tr>
<tr>
<td>30-50</td>
<td>32%</td>
<td>51%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Over 50</td>
<td>27%</td>
<td>23%</td>
<td>11%</td>
<td>11%</td>
</tr>
</tbody>
</table>

P = Population  W = Workforce
Source: Mercer Workforce Monitor analysis.

The Impact on London of Health & Social Care Sector Needs

If we start to factor in the mid-level demand assumption of the Health & Social Care sector as previously described on pages 8 and 9, the availability of people for the other sectors of the economy will fall by 1.9%, or just over 80,000. One would expect to see the increased commuting from the East or South East to fill shortfalls, and/or a reversal of the normal outflow of younger people. These movements depend of course on many factors including the availability and relative price of accommodation, amenities and the costs and efficiency of transport links.

See more detail about our migration scenarios in our original Mercer Workforce Monitor Report, Feb 2017
Note that the number of young people under age 20 may appear disproportionate, but it needs to be remembered that all children born in the UK, regardless of the Country of Birth of their parents, are deemed “UK born” by default.

**PRIORITY WORKFORCE STRATEGIES**

Organisations with a London workforce should consider the following strategies and talent pools.

**Retain your workforce as it ages.**

London employers have not traditionally had to focus on this population, but they may need to in the very near future – especially if there are fewer external and possibly internal migrant workers, who tend to be younger. Retaining that ageing workforce may entail providing flexibility for caregivers, accommodating physical needs and finding other ways to make it more attractive to remain in the workforce, such as reducing commute times.

**Retain and continue to attract foreign-born workers.**

External migrant workers, especially professionals, are still going to be attracted to London’s vibrant social, cultural and economic scene. Organisations need to find ways to remain great places to work that are attractive to this population.

**Encourage women to return to the workforce.**

The higher inactivity rates in London for women point to a cadre of workers that could be tapped if the right value proposition was found. Often this is not just about pay, but about the ability to balance work and family while navigating what may be a difficult transition. Savvy organisations will consider:

- Offering broader flexibility in the structure of work, such as jobs that do not require long commutes
- Enabling women to balance family care/external responsibilities with on-the-job workloads
- Supporting their child care needs, either with financial assistance or on-site day care
- Providing return-to-work training for women who have had longer career breaks
Attract younger workers.
While the proportion of younger workers in the country is declining, London does benefit from internal migration of younger workers from other parts of the UK. However, the cost of living in London can be prohibitive for people early in their careers or in lower-paid jobs. Employers who successfully attract these younger workers are offering a “London wage” and other forms of financial support, such as subsidised housing.

What about the younger workers just entering the job market? Organisations can potentially attract younger, UK-born workers into London with apprenticeships and enriching entry-level opportunities. As the cost of living in London continues to increase, it may be difficult to attract older workers to move to London, whereas younger people will accept more modest accommodation.

The need and desire for flexible working applies equally to this group, and organisations that can successfully provide flexible and adaptable working environments for all roles, including entry roles, may be successful in winning the war for talent for this group of workers.

Deal creatively with the commuting workforce.
The London workforce, as defined by the ONS, is those who reside in London and are economically active, regardless of the region in which they work. Likewise, very many people who live in the East and South East commute and work in London. The workforces in the regions close to London are still projected to increase, so it is feasible that London’s demand for workforce will be met by more requirements on commuting. This may, in turn, force London based employers to look at lines of defence 2 and 3 as routes to fill human capital requirements.

However, organisations could think creatively about whether they could reduce the flow of the younger employees by looking at the ROI of providing some form of subsidised housing within easy transport links to their work. In a world of shortage of labour, we may see elements related to housing and accommodation assistance find themselves on the typical flex benefits list, in addition to the usual season ticket loans.

There are alternatives regarding enhancing home or remote working and similar, but on a more targeted basis.

Target declining industries as new sources of talent.
Look to the industries where the need for employees is set to decline, especially when advances in automation are taken into account – for example, manufacturing, banking and finance and retail. Workers currently in these industries may represent a pool of talent for other industries to target.

Underpinning each of these strategies is a need to review your current employee deal or EVP. London is still a massive pull – can organisations bring imaginative ideas to strengthen, attract and retain workers to this region?
THE STATE OF THE WORKFORCE

The Yorkshire and The Humber region is either very rural or very urban, with agrarian hills and some very large cities. Leeds is the third largest city in the UK with a population of about 800,000, while being quite contiguous with Bradford and other cities with populations of 100,000 to 500,000 people to create a massive metropolitan area.

The population is representative of the UK average overall.

- The region has a population of 5.4 million, with 2.7 million in the workforce – mirroring the figures for the UK overall.
- The population is slightly older than the UK average; 37% of the population is over 50, and 30% of the workforce is currently over 50.
- The under-30s represent 38% of the population and 26% of the workforce, compared to 37% and 25% for the UK average.

The somewhat elongated pattern – slightly more older people and slightly more younger ones, flatter in the middle – is fairly representative of the UK as a whole and typical of a region outside of the South. So we can expect to see many of the same workforce issues.

POPULATION BY AGE GROUP – YORKSHIRE AND THE HUMBER COMPARED TO THE UK OVERALL

<table>
<thead>
<tr>
<th>Population by Age Band</th>
<th>Y&amp;H Age Band %</th>
<th>UK Age Band %</th>
<th>Population relative to UK Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+</td>
<td>18%</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>50–64</td>
<td>19%</td>
<td>19%</td>
<td>0%</td>
</tr>
<tr>
<td>35–49</td>
<td>19%</td>
<td>20%</td>
<td>-1%</td>
</tr>
<tr>
<td>25–34</td>
<td>13%</td>
<td>14%</td>
<td>-1%</td>
</tr>
<tr>
<td>20–24</td>
<td>7%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>16–19</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>11–15</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>0–10</td>
<td>13%</td>
<td>13%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: ONS
The vast majority of the region’s population is UK-born.

The distribution of UK-born versus foreign-born populations is very parallel to the UK average – actually fewer foreign-born – which indicates that migration scenarios will not have as much influence on the workforce as in London.

**DISTRIBUTION OF POPULATION BY COUNTRY OF BIRTH**

<table>
<thead>
<tr>
<th>Country of Birth</th>
<th>Yorkshire</th>
<th>UK Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Born</td>
<td>90%</td>
<td>87%</td>
</tr>
<tr>
<td>EU Born</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Non-EU Born</td>
<td>6%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: ONS

**WORKFORCE PARTICIPATION AND POPULATION BY NATIONALITY AND AGE GROUP – 2015**

Yorkshire and the Humber – 2015 Participation and Population Tree

The workforce reflects the manufacturing character of the urban centres.

The region is characterised by a relatively large number of manufacturing centers in close proximity to each other, particularly in the east-west strip along the south of the region. The economy can be described as post-industrial, and there is a lot of heavy manufacturing. So it is no surprise that we see manufacturing sector jobs representing a much higher percent of the economy than the UK average. The region also has a higher percentage of education jobs, due to the number of universities, also quite close to each other.

**WORKFORCE STATISTICS BY INDUSTRY – YORKSHIRE AND THE HUMBER COMPARED TO THE UK OVERALL**

- **Highest:** Manufacturing (3% higher than UK average)
- **Lowest:** Professional, scientific and technical activities (1.7% lower than UK average)
- **Highest:** Process, plant and machine (1.7% higher than UK average)
- **Lowest:** Professional occupations (1.7% lower than UK average)
**Unemployment is low, participation in the workforce high.**

Unemployment in Yorkshire and The Humber is very low compared to the UK average – slightly higher for males over 65 and slightly lower for women over 65 or 20–24. Workforce participation is fairly average – slightly less in the younger age groups, slightly more in the middle age groups, and average compared to the UK overall for the older age groups.

These figures together – low unemployment and high workforce participation – indicate a tight labour market with little spare capacity. The employers will have to be creative in applying the Five Lines of Defence to meet their workforce needs.

**UNEMPLOYMENT BY AGE GROUP – YORKSHIRE AND THE HUMBER COMPARED TO THE UK OVERALL**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Yorkshire &amp; The Humber Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-19</td>
<td>23.6%</td>
</tr>
<tr>
<td>20-24</td>
<td>10.6%</td>
</tr>
<tr>
<td>25-34</td>
<td>5%</td>
</tr>
<tr>
<td>35-49</td>
<td>3%</td>
</tr>
<tr>
<td>50-64</td>
<td>3.9%</td>
</tr>
<tr>
<td>65+</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age Group</th>
<th>UK Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-19</td>
<td>17.7%</td>
</tr>
<tr>
<td>20-24</td>
<td>7.9%</td>
</tr>
<tr>
<td>25-34</td>
<td>4.8%</td>
</tr>
<tr>
<td>35-49</td>
<td>3.5%</td>
</tr>
<tr>
<td>50-64</td>
<td>2.7%</td>
</tr>
<tr>
<td>65+</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

**Source:** ONS
**The Impact on Yorkshire & The Humber**

Projections – Yorkshire and The Humber will see a modest increase in population and workforce. Projecting ahead, Yorkshire and The Humber are expected to show 3% population growth and 1% workforce growth – slightly lower than the rest of the UK. Because the foreign-born population in the region and the workforce is relatively low, changes in EU migration patterns will have less effect than the regions further south and east.

In short, employers are not likely to see any dramatic changes in the planning horizon, but a slowdown in the growth of available talent. Whatever workforce issues are felt today will persist.

### Workforce Implications of Various Migration Scenarios Over Time

<table>
<thead>
<tr>
<th>Yorkshire and The Humber</th>
<th>2016</th>
<th>100,000s Scenario</th>
<th>2020</th>
<th>100,000s Scenario</th>
<th>2025</th>
<th>100,000s Scenario</th>
<th>2030</th>
<th>Great EU Re-Migration Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P</td>
<td>W</td>
<td>P</td>
<td>W</td>
<td>P</td>
<td>W</td>
<td>P</td>
<td>W</td>
</tr>
<tr>
<td>Total</td>
<td>5,426k</td>
<td>2,733k</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Under 30</td>
<td>38%</td>
<td>26%</td>
<td>0%</td>
<td>-2%</td>
<td>-2%</td>
<td>-2%</td>
<td>-4%</td>
<td>-9%</td>
</tr>
<tr>
<td>30–50</td>
<td>25%</td>
<td>43%</td>
<td>0%</td>
<td>-1%</td>
<td>-1%</td>
<td>-2%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Over 50</td>
<td>37%</td>
<td>31%</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
<td>9%</td>
<td>8%</td>
<td>9%</td>
</tr>
</tbody>
</table>

P = Population  W = Workforce

Source: Mercer Workforce Monitor analysis

Factoring in the mid-level demand assumptions of the Health & Social Care sector as described (see page 8), the availability of workers for the other sectors of the economy will fall by 1.3%, or just over 30,000 people. Unlike London, this region cannot rely as much on people commuting from other areas. These movements depend on many factors including the availability of excess labour in the ‘commutable’ population centres in the adjacent regions (and both the North East and the North West have arguably worse people availability challenges), and the costs and efficiency of transport links.
POPULATION AND WORKFORCE PARTICIPATION – PROJECTION FOR 2025

Yorkshire and The Humber – 2025 Participation and Population Tree – 100,000s Scenario

Source: Mercer Workforce Monitor analysis

PRIORITY WORKFORCE STRATEGIES

Organisations with people and skill shortages in Yorkshire and The Humber should consider the following strategies and talent pools.

Retain your workforce as it ages.

Employers should consider ways to get employees to extend their careers as they approach retirement age. Retaining that ageing workforce may entail providing flexibility for caregivers, accommodating physical needs and finding other ways to make it more attractive to stay in the workforce, such as reducing commute times.

Encourage women to return to the workforce.

There are quite a lot of stay-at-home mothers in the region, representing an untapped talent pool if the right value proposition could be found. This is a very critical pool to develop talent from to meet the needs of the region. Often this is not just about pay, but about the ability to balance work and family while navigating what may be a difficult transition. For example, organisations should consider ways to:

• Offer broader flexibility in the structure of work, such as jobs that do not require long commutes.
• Enable women to balance family care/external responsibilities with on-the-job workloads.
• Support their child care needs, either with financial assistance or on-site day care.
• Provide return-to-work training for women who may have had longer career breaks.

Expand the search footprint.

The region enjoys the advantages of a reasonably good transport infrastructure, so moving people around is a bit easier than in more remote areas. Employers could realistically draw workers from greater distances – not to the degree as their counterparts in London, but more readily than in other regions.
Partner with universities to keep graduates in the region.

Employers and economic development partners who create internship programs and other incentives to attract the attention of college students will have a better chance of keeping them in the local workforce after they graduate.

Encourage new talent to move into the region.

Yorkshire and The Humber offers an attractive overall proposition as a place to relocate. The rural areas are beautiful and offer a nice quality of life. People can live in a lovely rural idyll and commute to a good job in a major city. With good airline connections, it’s easy to get to other parts of the world. But one region’s gain would be another UK region’s loss. We know that some local authorities in the south are deliberately building accommodation and infrastructure to attract younger workers as internal migrants. Maybe the shortages of labour will encourage the UK regions to focus harder on their own particular EVPs and the type of talent they need to attract, with the competition impact acting as a catalyst to improve overall quality.
CLOSING THOUGHTS

The solution lies in analysis, automation and accessibility. Companies should analyse and understand the make-up of their workforce. They should look to increase retention of current staff and be accessible – employing sectors of UK society that might be under-represented in the workforce, such as women, the disabled and the long-term unemployed. They should also be investing heavily in automation where possible, as well as improving employee productivity through training and skills growth.

Traditionally, business leaders believed they could simply hire their way out of the problem. The thinking was, create a strong value proposition, offer good compensation, and the people will come. That may work now, but it won’t work in the future. You can’t hire what’s not there.

Organisations should take these trends as a call to action to plan ahead and rethink their workforce strategies. Mercer’s Five Lines of Defence provides a framework for this proactive action:

- Bring deeper insight to traditional sourcing methods to anticipate gaps and find the needed talent from traditional labour pools.
- Find people from sources you might not have considered before.
- Understand the ROI and timeframes of automating tasks and processes.
- Move jobs and talent to where the people are, and consider freelance and offshore talent.
- Recognise when people costs might warrant a change in business direction.
LEARN MORE

We can help at any stage of your journey. Please get in touch to discuss what this means for your organisation:

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ABOUT MERCER

Mercer is a global consulting leader with more than 21,000 colleagues with a passion for enhancing the health, wealth and careers of 110 million people worldwide. We are united by a single idea: to make lives better tomorrow by actions we can take today.

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The content of this publication are for reference purposes only. It does not constitute advice and should not be relied on as such. Specific advice about your specific circumstances should always be sought separately before taking any action based on the information provided herein.

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