

City & Guilds Employability Skills Report

Counting the cost: The UK's employability skills crisis

Contents

Introduction	5
A welcome from Andy Moss	6
Executive summary	8
Employability skills: The key to workplace success	14
Building a new framework for employability skills	16
Employers and young people value the same skills – but undervalue digital	18
The confidence gap: Employers reveal skills areas where staff fall short	22
Employability: From skills shortage to deepening crisis	26
A ‘hidden handbrake’ on UK productivity	29
Counting the cost: Billions lost annually due to high staff turnover	30
A lack of workforce preparedness	34
Lack of experience negatively impacts learner confidence	36
Up to speed: Apprenticeships and Vocational Training are key to confidence in the workplace	38
Lived experiences impact face-to-face communication skills	40
Experience closes the confidence gap in collaboration	42
The keys to engagement: Guidance, signposting and support	43
Unsupported NEETs and the erosion of employability confidence	44
NEETs seek skills advice from friends rather than from traditional sources	46
Standing back instead of stepping up: Confidence and work readiness	48
Hero or villain: Is AI a gateway or a cliff-edge for young careers?	50
Employability skills in the age of AI-powered recruitment	52
Employers are embracing AI – with mixed results	54
Young people seek greater support to develop skills	56
Recognising the problem – but failing to act	58
Access to training comes too late for many, despite wide availability	60
The UK’s Employability Skills Imperative	64
How we help strengthen employability pathways	66
Supporting digital readiness and modern workplace skills	68
Methodology	69
Acknowledgements	70



Introduction

In recent years, the use of the term ‘soft skills’ to refer to non-role specific workplace abilities has become increasingly rare. This may be due to the experience of UK employers, who, when facing the hard realities of recruitment difficulties – have come to regard the ability to communicate well, solve problems, plan ahead and work well with colleagues as increasingly important, no longer a ‘nice to have’.

These skills are sometimes described as “essential”, or, as City & Guilds calls them, employability skills. In this report, we look at which of these skills are in short supply, why these gaps exist, and what can be done to address them.

Employability skills play a vital role in ensuring the success of organisations, employees and the UK economy, but there is a widening gap between employers’ expectations and skills availability, with many young people lacking confidence. This report investigates these issues, along with their impact on employment and productivity.

The rise of AI-driven recruitment tools is changing how young people access entry-level work. Whilst these technologies streamline hiring and can widen access; they risk disadvantaging candidates with low digital confidence and may overlook human qualities that algorithms struggle to measure.

Employers in our research say this shift is intensifying an existing problem: many young people lack core employability skills such as communication, teamwork, planning and problem-solving. These gaps can impact productivity, and as AI takes on more routine tasks, strong human skills are becoming even more critical.

With an estimated 1,012,000 young people aged 16 to 24 not in employment, education or training (NEET), the UK Government has introduced new initiatives, such as ‘Back to Work’ and the ‘Youth Guarantee’, earmarking over £1bn of support to help young people into work. In this report, we identify ways in which training can better support young people to get into work, stay in work and progress in work.

Strengthening employability skills, improving digital and AI literacy, and ensuring that recruitment technologies remain fair and inclusive will be essential to bridging the gap between employer expectations and the readiness of young people entering the labour market.



A welcome from Andy Moss

The UK is entering a defining period for skills, employability and economic resilience. As employers adapt to rapid technological change, AI driven recruitment, and shifting workforce expectations, the importance of strong human skills has never been clearer.



Andy Moss,
Interim CEO
at City & Guilds

This report highlights a challenge that demands urgent attention: too many young people are entering the labour market without the confidence, digital fluency or core employability skills that employers consistently tell us they need. Communication, teamwork, initiative, problem solving and customer awareness are not optional, they are the backbone of productivity, and long-term growth.

City & Guilds has been a trusted anchor of the UK's skills system for almost 150 years, building confident careers for generations. Now, as we begin an exciting new chapter as part of the PeopleCert Group, we are accelerating our ambitions with enhanced investment and strategic clarity, enabling us to evolve more quickly and reach more young people than ever before.

The world of work is fast evolving and requires skills provided by a technologically enabled organisation ready to meet the demands of a transformed labour market at pace. We are strengthening digital delivery, modernising qualifications, and ensuring that employability skills remain central to every learner's journey. This work is essential if we are to support young people into meaningful employment, help them stay in work, and enable them to progress confidently throughout their careers

Initiatives such as the Youth Guarantee and its Back to work schemes signal a commitment to tackling the NEETs crisis and supporting young people into sustainable employment. Ofqual's emphasis on quality, fairness and innovation in assessment is equally important as AI reshapes how learning and hiring take place. But policy alone cannot close the gap. It requires coordinated action across employers, educators, training providers and industry bodies, and City & Guilds is proud to play a central role in that national effort.



As the NEETs crisis deepens, employability gaps widen and AI reshapes the workforce, strong leadership and a renewed focus on human capabilities are essential.

The rise of AI-enabled recruitment tools illustrates both the opportunity and the risk. These technologies can widen access and streamline hiring, but they can also disadvantage those with low digital confidence or limited experience of professional communication. As AI takes on more routine tasks, human skills, empathy, judgement, adaptability, collaboration, become even more critical. This report explores seven of these core competences, providing a clear, evidence-based foundation for addressing these gaps and supporting learners to thrive. We have taken these competencies on board when developing our own internal framework for employability skills, which will inform our programmes and which will launch externally this year.

Our commitment to raising standards, investing for the long term and embracing innovation underpins everything we do for the sector. This report highlights why that approach matters now more than ever. As the NEETs crisis deepens, employability gaps widen and AI reshapes the workforce, strong leadership and a renewed focus on human skills are essential. Backed by PeopleCert's global expertise and investment, City & Guilds is ready to lead that response. We will take the social impact already made possible through City & Guilds courses and assessments and exceed it, with new technology and scale possible through PeopleCert.

The findings in this report are a call to action, and a reminder of the transformative power of skills. Together, we can build a system that is fairer, more inclusive and better prepared for the future of work. The UK has extraordinary potential. Our responsibility is to unlock it.

Executive summary

This report examines the growing importance of employability skills in the UK labour market and the consequences of widening gaps in these skills across regions, sectors and learner groups. We explore how rapid advances in artificial intelligence are reshaping job roles, recruitment practices and employer expectations, often faster than education and training systems can adapt.

Drawing on evidence from employers and young people, this report looks to quantify the impact of employability skills shortages on productivity, workforce resilience and economic growth. We highlight rising levels of stress, uncertainty and confidence gaps among both learners and employers, and compare the preparedness of apprentices, other learners, and young people who are not in education, employment or training (NEET), revealing marked differences in readiness and the distinct barriers each group faces.



Research overview

Findings are based on two nationally representative surveys:

908

employers, including HR professionals and line managers

1,014

young people aged 18–24, spanning those in employment, education, apprenticeships and those who are NEET

The research focuses on priority sectors critical to future growth and workforce demand:

- Digital and technology
- Health and social care
- Construction
- Engineering
- Utilities and green energy

Across these sectors, we investigate seven core employability skills that employers consistently identify as critical to performance and progression:

- Face-to-face communication
- Digital communication
- Collaboration and teamwork
- Problem solving and initiative
- Self management and time management
- Growth mindset
- Valuing customers

Why this matters now

The UK is facing an employability skills challenge at a pivotal moment. Employers increasingly report that these skills matter more than technical capability, yet many young people lack confidence in core areas, particularly face to face and digital communication. Nearly half of young people worry that AI will reduce job opportunities, with concern highest among those currently in education.

At the same time, AI-driven change is accelerating, NEET levels are rising again, and skills shortages are already constraining growth, contributing to operational errors, delays, low morale and high staff turnover for many employers. Together, these pressures underline that strengthening employability skills is no longer a future consideration, but an immediate economic and social imperative.



Employers and 18-24 year olds agree that:

- **problem solving & initiative**
- **collaboration & teamwork**
- **self & time management**

are the most important employability skills



The confidence gap

Only

47%

of employers feel completely confident that workers have sufficient problem-solving skills to succeed



Few young people in education and employment feel well-prepared for the expectations of a real working environment (16% & 27% respectively)

Just

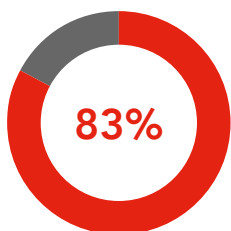
35%

of young people feel completely confident in their digital communication skills

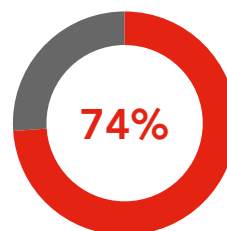
The business and economic impact of limited employability skills

Face-to-face communication and problem-solving are viewed by employers as critical skills, yet increasingly difficult to find in young candidates. Over half (54%) believe the education sector must adapt to better prepare young people for the workplace.

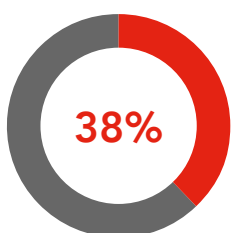
This shortage of core employability skills is already affecting organisations: around one in three employers report impacts such as operational errors, delays, avoidable obstacles, low morale and higher staff turnover.



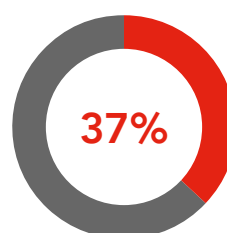
have been negatively impacted by the shortage of employability skills



of employers believe that employability skills are more important than technical skills



of employers report that problem-solving skills are becoming harder to find



have experienced operational errors, delays and avoidable obstacles directly due to a lack of these skills

Low confidence and lack of employability skills combine to create a downward spiral of negative factors for young people

49%

of young people worry that AI will reduce job opportunities - those in education are most concerned at 56%



NEETs face unique challenges, including access to coaching and resources, poor mental health and higher rates of special educational needs

41%

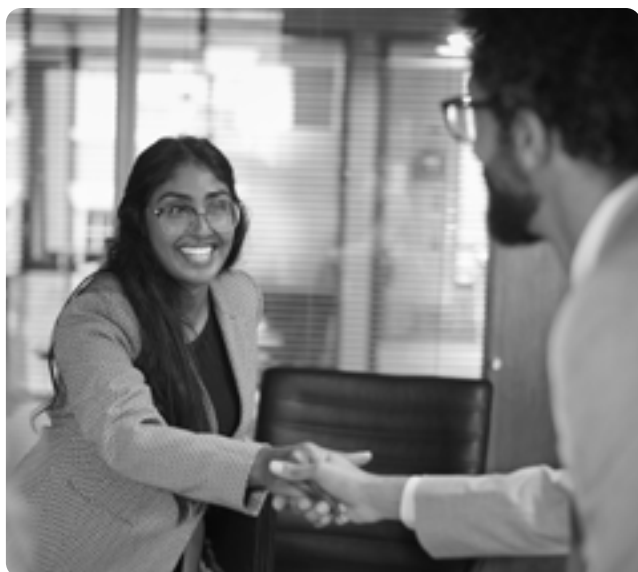
of young people do not speak up in the workplace due to low confidence in their face-to-face communication skills

NEET levels are rising again and now affect almost 13.5% young people.¹

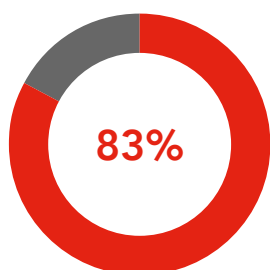
Government recognises the scale and cost of the issue and is shifting from short-term interventions to early identification, guaranteed routes into training and work, and integrated local support.



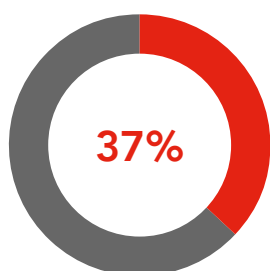
¹ ONS (May 2026) Young people not in education, employment or training (NEET), UK: May 2026



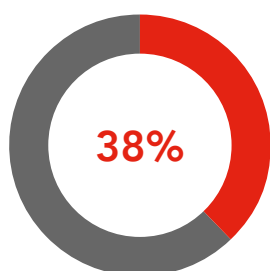
AI: Removing obstacles - or a cliff-edge moment for careers?



of learners are worried AI will reduce job opportunities for people their age



of employers agree that using AI saves them time in the recruitment process



of employers agree that AI prioritises technical skills over soft skills



More support is needed for young people to develop sufficient skills

46%

of young people are actively looking into ways to improve their skillset

56%

of employers are concerned that they have underinvested in employability skills development

88%

of young people have attended training to develop their skills, but quality is lacking

Employability skills: The key to workplace success

Employability skills, also known as transferable or ‘soft skills’, are vital for the success of learners, employees and organisations across the UK. Whilst technical skills underpin businesses’ operations, employability skills support efficiency, productivity and customer experiences.



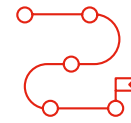
Employers are seeking workers with the skills to navigate uncertainty with confidence and adapt to new developments. These skills are more important now than ever before, as mindsets, roles and responsibilities shift in the face of challenging operating environments and AI adoption.

In fact, our polling revealed that three-quarters (74%) of HR professionals and line managers now agree that employability skills are more important than technical skills for employees to succeed within their business, increasing to 80% amongst those who are increasing headcount due to the impact of AI.

‘Three quarters of HR professionals and line managers value employees with employability skills more highly than those with technical skills’

Our focus on the transformative power of skills to unlock potential led us to identify a range of core competencies essential for developing skills and building careers. The alignment of these core skills with applicable City & Guilds training pathways and qualifications forms the basis of our Employability Skills Framework – which informed the definitions used in our research.

Which skills are important for employability and workplace success?



Growth mindset

The ability to build job-relevant skills to progress in a role and willingness to seek feedback or learn from others



Face-to-face communication

The ability to speak to people appropriately at work, contribute well to discussions and display positive body language



Digital communication

The ability to communicate professionally online, follow an organisation's digital guidelines and use judgement when deploying AI tools



Collaboration & teamwork

The ability to build trust, take responsibility, support teammates as needed, and work towards a team's goals



Problem-solving & initiative

The ability to anticipate and solve problems, change approach when something is not working, whilst staying calm under pressure



Valuing customers

Understanding how their role shapes customer experience and ensuring actions do not reflect negatively on the business



Self & time management

The ability to plan and prioritise tasks and adapt when things change, whilst being aware of the impact of missed deadlines

Building a new framework for employability skills

Whilst open-source frameworks are emerging, they are large and complex, which is a key barrier for adoption for many further and higher education providers. At the same time, they assume that learners will have attained a foundational level of these skills whilst attending primary and secondary school, which means that the skills targeted at 16-19-year-olds are at too high a level for some learners.

Given these challenges, City & Guilds have developed a framework to inform our programmes rather than adapting an existing one, drawing on our deep understanding of the skills young people need to succeed, our experience of supporting learners in vocational settings, and our focus on recognising progress and building confidence.

Our framework, which will launch externally later this year as part of our commitment to employability skills, is designed to support progress throughout learning or employment journeys and instil confidence. Using quantitative customer research and Labour Market Intelligence data to identify areas of commonality, we focused on skills cited across multiple sources, and sourced insights into delivery challenges and learner needs through focus groups held with colleges and training providers.

An internal review process followed, to ensure that the core framework was credible and fit for purpose. This was overlaid with additional learner perspective from City & Guilds' Young Learners Advisory Team and refinements following further consultation with providers and employers.

The result is a three-stage framework that progresses learners from **Work Aware to Work Ready through to Work Effective**, helping them to build the seven core employability skills discussed in this report from the ground up and adapt values that are critical to workplace success, including:



**Adaptability
& resilience**



**Responsibility
& accountability**



**Respect
& inclusion**



**Motivation &
self-awareness**



	Work aware	Work ready	Work effective
Growth mindset 	I am open to new experiences, take ownership of tasks, follow instructions and listen to feedback.	I can take ownership of my development and stay motivated through challenges; I seek feedback from others to help me improve.	I can build new skills to progress in my job and am willing to seek feedback and learn from others.
Communicating face-to-face 	I can adapt my communication style to ensure I speak to people in an appropriate way. I listen and show interest in others during a conversation.	I can speak in an appropriate way, listen well and ask questions if I don't understand.	I can speak to people appropriately in the workplace and can make useful contributions to discussions displaying positive body language.
Communicating digitally & using AI 	I can stay safe online, think before posting, use AI tools responsibly and build a digital footprint I can be proud of.	I can communicate well via messages and emails, follow digital guidelines and know not to rely on AI without using my judgement.	I can communicate professionally online, follow my organisation's digital guidelines and use judgement when employing AI tools.
Self & time management 	I can be punctual and reliable, plan my day and be organised when I need to get things done.	I can break tasks into steps, prioritise what matters most and communicate early if I'm falling behind or need support.	I can plan and prioritise tasks and adapt when things change while being aware of the impact of missed deadlines.
Collaboration & teamwork 	I can support others in the team, valuing diversity and treating others with dignity all while building trust through consistent behaviour.	I can work towards team goals whilst respecting other team members and making good contributions.	I can build trust, take responsibility, supporting teammates as needed and contribute positively to team success.
Problem solving & initiative 	I can recognise problems, remain positive and focused under pressure, and identify a good solution.	I can anticipate, define and solve problems adapting my approach if something isn't working.	I can anticipate and analyse problems using data to support my decision making all while staying calm under pressure.
Valuing customers 		I understand that customers are vital to a business, and that everyone plays a part in shaping its reputation and customer experience.	I know how my role shapes our customers' experience and how to ensure my actions don't reflect negatively on the business.

Employers and young people value the same skills – but undervalue digital

Employers and 18-24-year-olds included in our research agree that that problem-solving & initiative, face-to-face communication and collaboration & teamwork are the most important soft skills for succeeding in the workplace.

Despite many organisations' evolution to digital-first models, only 10% of HR managers and line managers agreed digital communication is the most important skill for success in their workplace, highlighting the value placed on adaptability, responsibility and working toward common goals. Learners also undervalue its importance, with only 5% agreeing that it is the most valuable skill to employers.

Digital skills are rightly recognised as essential in the modern workplace, but they cannot be viewed in isolation. Evidence from other studies shows that small and medium-sized enterprises (SMEs) investing in digital tools are driving efficiency and cutting costs, for example by managing processes like payroll through digital platforms.²

However, digital capability is only part of the employability mix. Over-prioritising it risks downplaying the broader employability skills, such as communication, problem-solving and adaptability, that enable people to use these tools effectively. The real challenge is not choosing between digital and employability skills but recognising that both are critical and interdependent. Encouragingly, reformed qualifications such as T Levels are beginning to reflect this reality, positioning technical and employability skills together as core to workforce readiness in a modern UK economy.



² Be the Business (2024) Skills for Success: Supporting business leaders with digital adoption

Skills ranked as important in business today by employers and learners

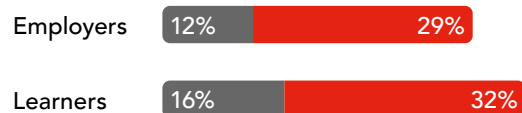
Problem solving & initiative



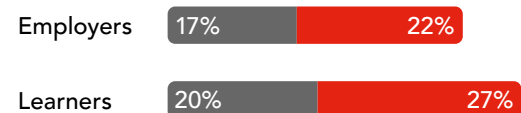
Collaboration & teamwork



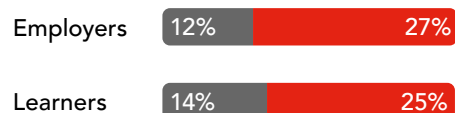
Self & time management



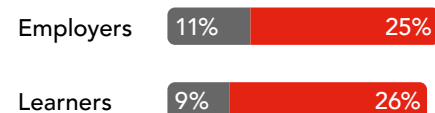
Face-to-face communication



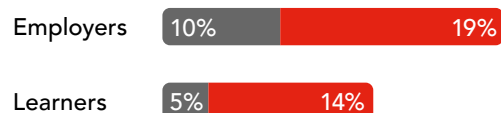
Growth mindset



Valuing customers



Digital communication



First

Second or third

HR and line managers disagree on the most important skills for success. Whilst HR professionals are significantly more likely to agree that face-to-face communication skills are highly important than line managers (44% versus 36%), line managers are more likely to rate valuing customers highly (37% versus 33% of HR professionals) along with digital communication skills (31% versus 25%), suggesting a gap between the perception of some skills and their impact in practice.

The size and location of organisations also play a role in the value employers place on different skillsets. Whilst all agree that self & time management skills are important, growth mindset replaces its position in the top three amongst large organisations, and small businesses are more likely to value face-to-face communication skills.

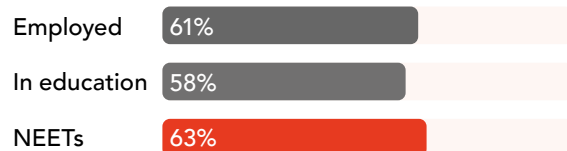
Which employability skills do young people think that employers value most

Whilst young people agree with businesses on the employability skills that are most important, perception varies between those working, those in education and those not in employment, education or training (NEETs).

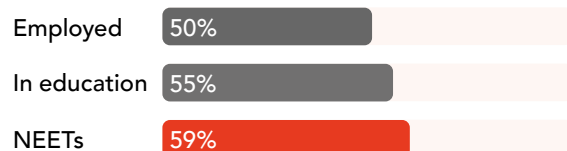
Lived work experience teaches young people that each skill is valuable in its own way, with a more even spread amongst those in work-based learning than either those in education or NEETs. Less importance is placed on growth mindset, valuing customers or digital communication by those not in employment, suggesting that they might be overlooked when it comes to development.

Further education providers and those supporting NEETs into work have an opportunity to facilitate workforce preparedness not only by raising awareness of the importance of each skill but also by embedding them into learning.

Problem solving & initiative



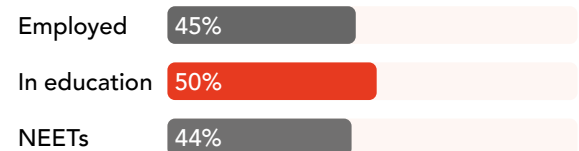
Face-to-face communication



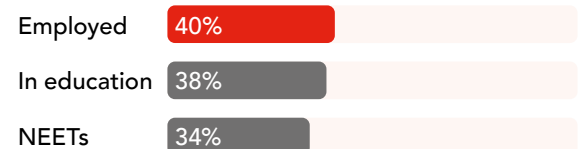
Collaboration & teamwork



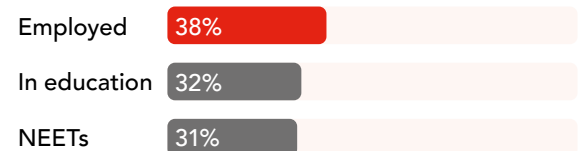
Self & time management



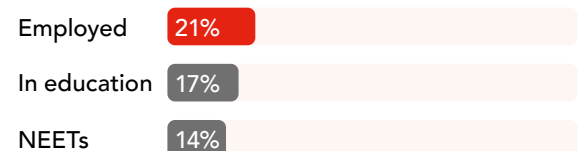
Growth mindset



Valuing customers



Digital communication



Case study

‘When young people are trusted with meaningful projects, their confidence and work-readiness grows rapidly’

Volunteer It Yourself (VIY) is a not-for-profit social enterprise and community interest company, that partnered with City & Guilds to offer young people the opportunity to gain entry level 3 trade skills qualifications.

The company is dedicated to upskilling young people, helping them move toward employment, and supporting disengaged youth who are disengaged or excluded from mainstream education and employment.



Tim Reading
CEO and Co-Founder,
VIY

“Far too many young people who are not in education, employment or training lack confidence not because they lack ability, but because traditional educational environments haven’t given them the opportunity to succeed. At VIY, and as a formal City & Guilds Skills Centre, we see every day how developing practical, vocational trade skills and earning City & Guilds accreditations whilst renovating local community places and spaces that matter can be inspirational and transformative for NEET young people.

When young people are trusted with meaningful projects, supported by skilled mentors, and able to see the tangible impact of their work, their confidence and work-readiness grows rapidly. It’s not just about learning a trade - it’s about building self-belief, resilience and a sense of purpose. For those who may not thrive in conventional educational settings, this kind of hands-on, real-world experience can be the turning point that helps them to re-engage in learning and move positively towards and into employment.”

The confidence gap: Employers reveal skills areas where staff fall short

Most employers we spoke to agree that their employees value customers, understand the impact of their role and are confident in their collaboration skills, but only half (52% and 51% respectively) feel completely confident that employees have skills at the level they need or should have in these areas.

Although employer confidence is low, they have more faith that their employees have sufficient skills to succeed than young people have in their own skills across all areas. Amongst 18-24-year-olds, only 35% feel confident in their digital communication skills, and only 38% are sure they have the growth mindset or time management skills they need to succeed in the workplace.

Digital communication skills are widely viewed by both employers and young people as among the least important employability skills, and as a result they are not receiving the attention they require. This lack of focus is reflected in capability levels: only 42% of employers feel completely confident in employees' digital communication skills, while 16% are not very or not at all confident. Together, this suggests a shared underestimation of the importance of digital skills, despite clear evidence of unmet competence needs.



Fewer than half of employers

(47%)

are completely confident in their employees' problem-solving skills

Guest expert view

‘Digital and AI skills must be built into employment and training pathways’

“Today, one in two young people aged 18–24 do not have all the essential digital skills for work³, and nearly one in seven are not in education, employment or training.⁴ These figures challenge a persistent (and false) assumption – that younger generations are ‘digital natives’ and work-ready by default.

In fact, digital skills are not passively absorbed. They must be learned, applied and continuously refreshed. Scrolling and consuming content does not equate to using digital tools effectively at work. Fewer than half of working-age adults can complete all the essential digital tasks required for work.⁵ This is a mainstream productivity challenge, not a marginal inclusion issue. It’s often hidden in plain sight. AI only raises the stakes.

AI adoption begins with people. Without foundational digital confidence, workers cannot use AI tools effectively, critically or safely. And without that foundation, the benefits of AI risk concentrating among those already confident, while others are left further behind.

In that context, the challenges facing young people are not isolated. They are an indicator of a wider systemic issue: we are not consistently equipping people, at any stage of life, with the digital capability modern work now demands.

Encouragingly, we know what works. When essential digital and AI skills are embedded into real-world employment and training pathways, outcomes improve. People progress more quickly when these capabilities are treated as core, not optional.

Progress at pace also requires something more fundamental: clarity on what good looks like. For too long, the system has been fragmented. That’s something FutureDotNow has been working to change - bringing policy makers and employers around the essential skills needed for work.”



Liz Williams MBE
Chief Executive,
FutureDotNow

FutureDotNow is a coalition of industry leaders working to ensure that all working age adults have the digital skills they need to benefit their own prosperity and UK productivity.

Through coordinating industry action, FutureDotNow works to equip people with the essential digital skills they need to thrive in work and prepare for the UK’s digital future.

³ Lloyds (2025) Essential Digital Skills 2025

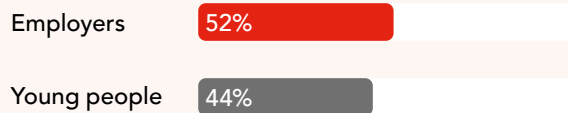
⁴ ONS (May 2026) Young people not in education, employment or training (NEET), UK: May 2026

⁵ FutureDotNow (2026) The Essential Digital Skills Framework

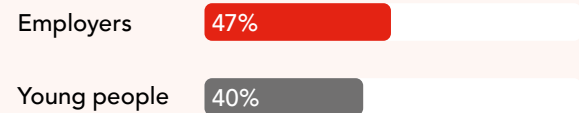
Confidence in skills for workplace success

With the current skills shortage in construction and the built environment,⁶ employers in the sector are typically less likely to feel confident that their employees have the skills they need, under-indexing across the board. **Digital communication skills** and **growth mindset** elicit the greatest cause for concern, with only 30% and 34% respectively agreeing that they are completely confident that employees have sufficient skills to succeed.

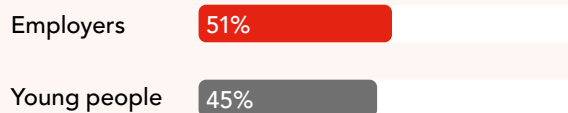
Valuing customers



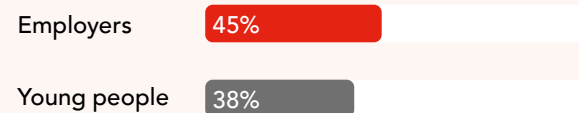
Face-to-face communication



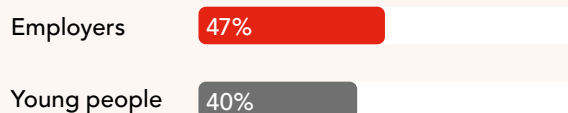
Collaboration & teamwork



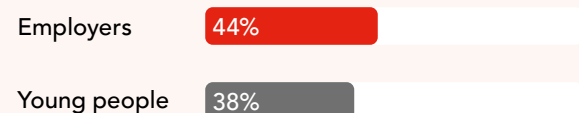
Growth mindset



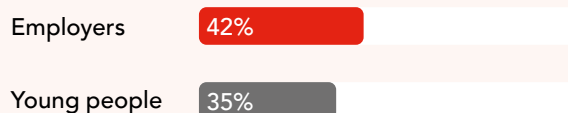
Problem solving & initiative



Self & time management



Digital communication



⁶ City & Guilds (2025) Foundations for the Future: Building the skills to deliver 1.5 million homes



Employability: From skills shortage to deepening crisis

Many HR professionals and line managers are finding it hard to recruit workers with employability skills, compounding their concerns about the skills of current employees.

Employability skills employers find hardest to source

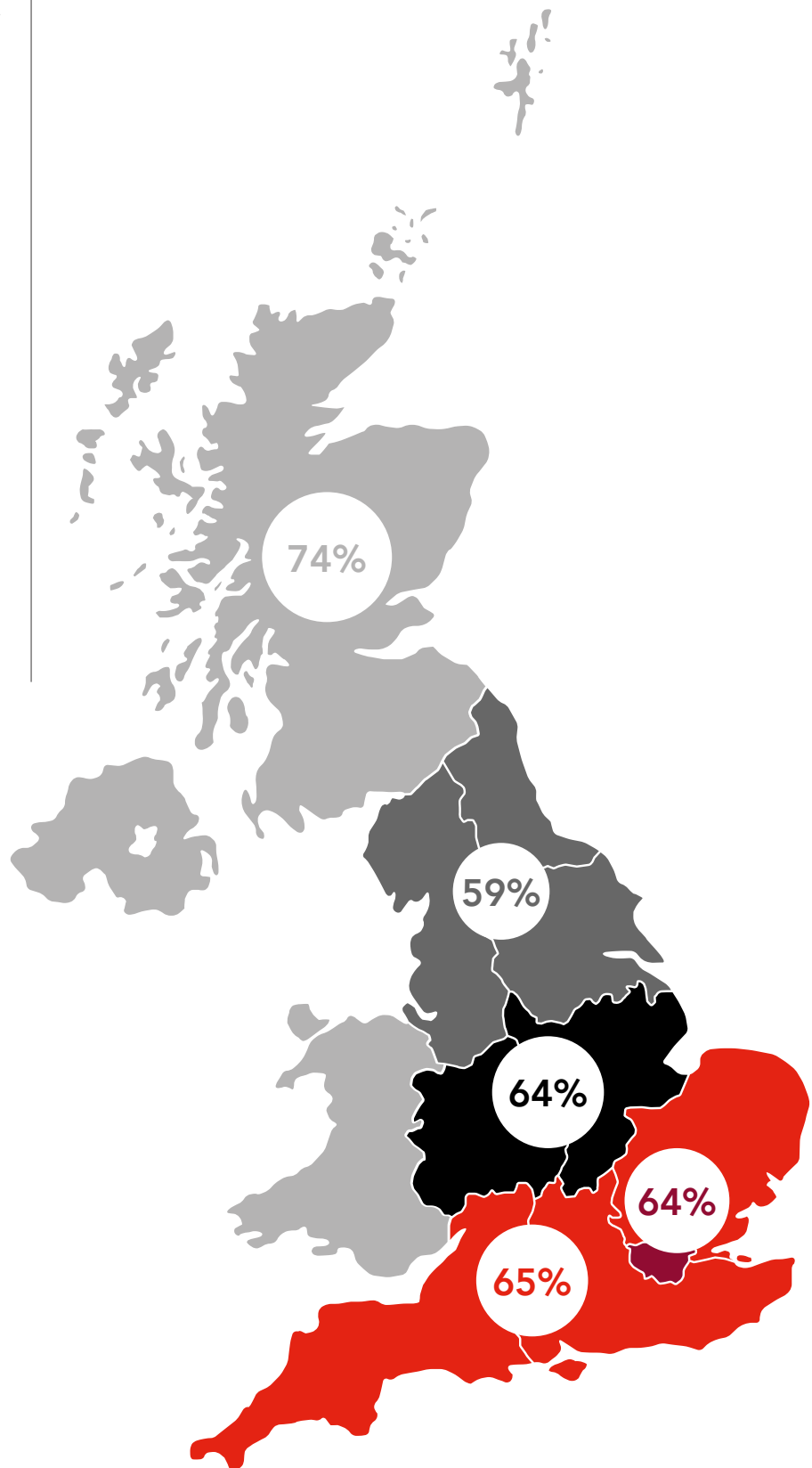
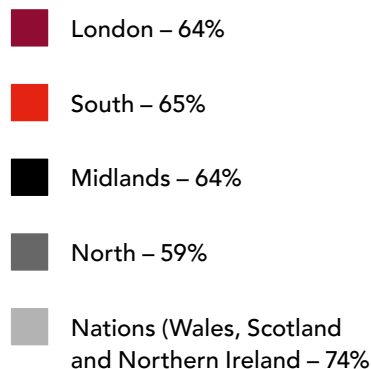


Health and social care employers report finding it increasingly difficult to recruit candidates with the essential employability skills their sector needs. Compared with other employers, they are more likely to struggle to find workers who understand their impact on customer experience, can collaborate and work effectively in teams, or have strong face-to-face communication skills.

Location matters when it comes to finding employees with the employability skills they need. Three-quarters (74%) of employers based in the Nations – Northern Ireland, Scotland and Wales – agree that it is getting harder to find candidates with the soft skills they need, with self & time management, face-to-face communication and growth mindsets more difficult to find than in other regions.

Employers struggling to find employability skills, by UK region (%)

Across the UK, employers in urban areas are struggling more than those in rural areas (64% vs 57%). Those in London, the South and the Midlands are finding far less difficulty than those in the Nations in finding specific employability skills amongst candidates – particularly when it comes to face-to-face communication and understanding of how the role shapes the customer journey – suggesting the city benefits from the draw of the lifestyle and perceived opportunities it offers.





A 'hidden handbrake' on UK productivity

UK employers report low growth, rising recruitment costs and inefficiencies due to employability skills shortages

Our [2024 Productivity report](#) revealed significant shortages in key workforce skills among UK employers, however our latest research reveals an alarming new dimension: the negative impact of insufficient employability skills upon UK organisations. The problems associated with this shortage – productivity challenges, reduced efficiency and high employee churn, are compounding existing challenges of economic instability – with the lack of problem-solving and initiative skills reported as the greatest cause for concern.

83% of employers have been negatively impacted by the shortage of employability skills

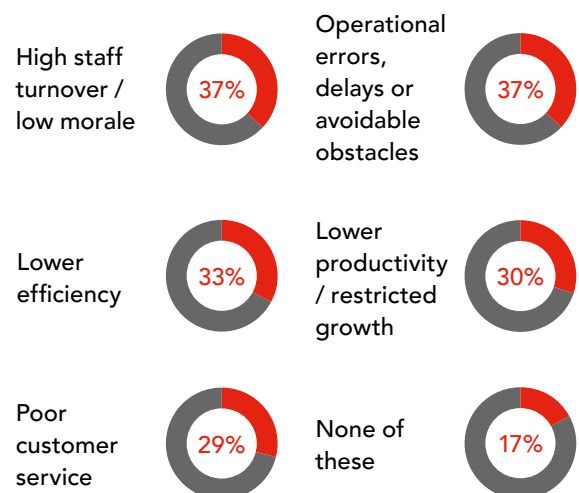
Employers are most likely to have faced operational errors, delays and avoidable obstacles (37%) due to the limited availability of employability skills, which typically result in poor customer experiences, and loss of revenue or repeat business. At the same time, they are struggling to manage high staff turnover (37%), leading to time-consuming recruitment and onboarding processes.

Four in five (81%) agree that employability skills are essential for productivity – and the reduction in the availability of skills should therefore set alarm bells ringing. Currently, a third of employers have experienced decreases in efficiency and productivity or restricted growth.

Despite digital, media and technology organisations saying that they find it comparatively easy to find people with the employability skills they need, they also report being the most affected by the absence of such skills, particularly in terms of productivity and growth (+6%), and operational errors (+5%).

Half of the employers we surveyed in Northern Ireland, Scotland and Wales reported having experienced operational errors due to a lack of key skills, 38% report productivity and growth are restricted, and 35% say the shortage has resulted in poor customer service – all due to their workforce lacking key employability skills.

How has your business been impacted by a reduction in employability skills?



Counting the cost: Billions lost annually due to high staff turnover

With a third of employers citing a lack of employability skills as a factor contributing to high staff turnover, we investigated hiring costs in three key UK sectors to gauge the potential financial impact of the UK's employability skills shortage.

Focusing on construction, health & social care, and digital, media & technology we calculated total hiring costs for 2023, to explore the sums which could be at stake in sectors where employers associated high staff turnover within their organisation with a lack of employability skills.

Nearly two in five (37%) construction employers associated a lack of employability skills within their workforce with high turnover of staff. Depending on agency costs and the seniority of the hire, recruitment costs per head in this industry range from £4,500 to £11,500. With an estimated 200,000 hires in 2023, overall hiring costs would have totalled around £2 billion.

Thirty-five percent of employers in the digital, media & technology sector linked a lack of employability skills with high staff turnover. With an estimated 150,000 hires in 2023 and median recruiting costs of around £14,000 per recruit at senior level, total hiring costs for that year could have exceeded £2 billion.

Based on combined figures for NHS in the UK, and England's adult social care hiring volumes for 2023, total hiring costs for that year could have exceeded £5 billion.

The examples shown here do not assume that all hiring costs within these sectors are wasted expenditure. But neither do they factor in estimated salary bill totals for staff who leave having fallen short of employers' expectations, or the resources wasted in onboarding and training staff who do not remain with the business.

And high staff turnover is just one of the negative impacts which employers linked to poor employability skills, which combine with others to create a downward pressure on the growth and revenue of UK businesses. These estimates aim to give a sense of the scale of this potential financial impact – which is surely too big to be ignored.



Recruiting employability: The opportunity for employers

By actively seeking candidates whose role-specific skills are complemented by employability skills, UK employers have an opportunity to make their recruitment expenditure go further – and thereby make more resources available to retain and develop valued employees.

How much is high turnover due to a lack of employability skills costing organisations?

Industry	Construction	Health & social care	Digital media & technology
Number of new hires per year (2023)	200,000 ⁷	817,000 ¹⁰	150,000 ¹³
Average cost per hire (No agency)	£4,500 ⁸	£3,500 ¹¹	£6,750 ¹⁴
Average cost per hire (With agency)	£11,500 ⁹	£6,250 ¹²	£14,000 ¹⁵
Employers attributing high staff turnover to lack of employability skills	37%	42%	35%
Total hiring costs (No agency)	£900 million	£2.9 billion	£1.1 billion
Total hiring costs (With agency)	£2.3 billion	£5.1 billion	£2.1 billion

⁷ CHSG (2024) CITB Release Annual Construction Skills Network Report

⁸ Costestimator.co.uk (2024) Cost to Hire an Employee for Construction Companies in the UK

⁹ Costestimator.co.uk (2024) Cost to Hire an Employee for Construction Companies in the UK

¹⁰ Based on monthly NHS England workforce statistics for 2023: 308,000 + 500,000 joiners in Social care sector, extracted from number of leavers and turnover rate published by Skills for Care

¹¹ Credentiaally (2023) Strategic NHS Recruitment: A Comprehensive Framework for Executives & Directors

¹² Care England (2024) Solving the annual £3bn recruitment and retention cost to adult social care providers

¹³ Based on UK Government data showing the digital sector employs approximately 2.6 million people. Applying conservative turnover assumptions (~10–15%) suggests over 300,000 hires annually, but adjusting for high levels of within-sector job mobility indicates that net new entrants are likely closer to around 150,000 per year.

¹⁴ Dotlinkers IT Recruitment (2022) How Much Should I Pay a Recruiter to Find Tech Talent in UK?

¹⁵ Based on salary range of £60-70k for senior appointment in the Digital sector and assumes an average agency cost of 20-25%

Expert view

High stress, low skills and declining service quality: The health & social care sector

With 42% of health & social care employers polled in City & Guilds' survey linking a lack of employability skills with high staff turnover and low morale, Lorraine Olinski, Health, Care & Child Care Industry Manager at City & Guilds, shares her insights into the story behind the numbers.



Lorraine Olinski
Health, Care & Child Care
Industry Manager,
City & Guilds

"A range of factors contribute to the high staff turnover in the health & social care sector, including; dissatisfaction over pay and career prospects, stress and trauma, excessive workload and unsociable working patterns. This high staff churn results in massive hiring costs throughout the sector, including agency fees, the costs of DBS checks for candidates, advertising fees along with the staff resource involved in interviewing and onboarding new staff.

New starters in the health & social care sector often lack everyday skills like verbal communication, customer skills and the ability to work independently, requiring extra supervision and leading to mistakes which need rectifying. This can lead to additional workload, declining service quality and, in some cases, risk to life.

To address this, we have developed the Health & Social Care Portfolios, a comprehensive suite of qualifications to address these skills gaps, including a Level 1 qualification: Introduction to Health & Social Care.

These focus on realistic workplace scenarios, building skills to equip them in areas including safeguarding, duty of care, communication and person-centred practice. By integrating employability-based qualifications into their in-house training framework, health & social care employers can move away from the 'low-skilled, high-turnover' cycle and build a more skilled, professionalised, and sustainable workforce – which is critical for improving long-term retention."

Case study

‘Apprenticeships are key to building competence within the adult social care sector’

Paragon Skills supports 3,000+ businesses with apprenticeships, particularly in the care sector. CEO James Swaffield reflects on how apprenticeships create future talent pipelines.

“Adult social care is at a critical juncture. Although role vacancy rates have improved, the sector continues to face significant workforce challenges, from growing demand and an ageing workforce to changing immigration policies and persistent recruitment difficulties. While short-term fixes are often prioritised, the long-term solution is harder to ignore: the sector must build a stronger pipeline of young talent today and create the conditions for that talent to thrive.

For the millions of people who rely on care, this is more than just a workforce issue, it’s about ensuring their pride, dignity, and quality of life. When services are stretched, continuity is disrupted and the sense of trust that underpins care can be weakened.

Care is often overlooked as a career choice, with many viewing it as high risk and low reward. In reality, it is a skilled, meaningful profession that offers purpose and opportunity. The challenge is changing perceptions and highlighting the professionalism and expertise demonstrated across the sector every day.

We also need to ensure that young people coming into the sector are supported in developing their careers. Those who are investing in their people, building up their competency and confidence to support the growing demands of the sector. Apprenticeships are central to this approach, combining paid employment with structured development. They help individuals build skills and confidence, while enabling employers to nurture future talent from the start of their careers.”



James Swaffield
Chief Executive,
Paragon Skills

A lack of workforce preparedness

To address the operating and productivity challenges businesses face due to the shortage of employability skills, it is vital to understand the factors affecting young people's capability and confidence.

Young people have some degree of confidence in their employability skills, but many admit that they still need to develop or improve their skills to be work ready.



Currently, only

16%

of those in education strongly agree that they feel well-prepared for the expectations of a real working environment – and this only increases to 27% amongst young people who are employed.

Lack of work experience leads to 'sink or swim' for young job starters

More than half (56%) of young people agree that they have had to figure out many of the skills they need for the workplace on their own, with many lacking work experience that could have steered them in the right direction and built confidence. Although 48% recognise that work experience placements whilst at school or college could help them build their employability skills, only 35% have completed one.

Many young people recognise that extra-curricular activities are useful in preparing for the workplace, but this is not always reflected in engagement with these activities. A third believe that internships could help them build their skills, but only 14% have participated in one, and amongst NEETs uptake is just 4%. Similarly, while 21% think that working overseas would benefit their skill development, only 10% have had the opportunity of such an experience.

This may indicate a lack of opportunities amongst some groups, rather than lack of inclination. Gaining experience via these routes often requires connections or financial backing, leaving those from less affluent backgrounds at a disadvantage – especially given that employers view them positively when recruiting.

- Helpful for developing employability skills
- Currently do or have done the activity
- NEETs who currently do or have done the activity

Perception of and participation in work experience amongst young people

Work experience placements



Volunteering



Casual work



Internships



Working overseas



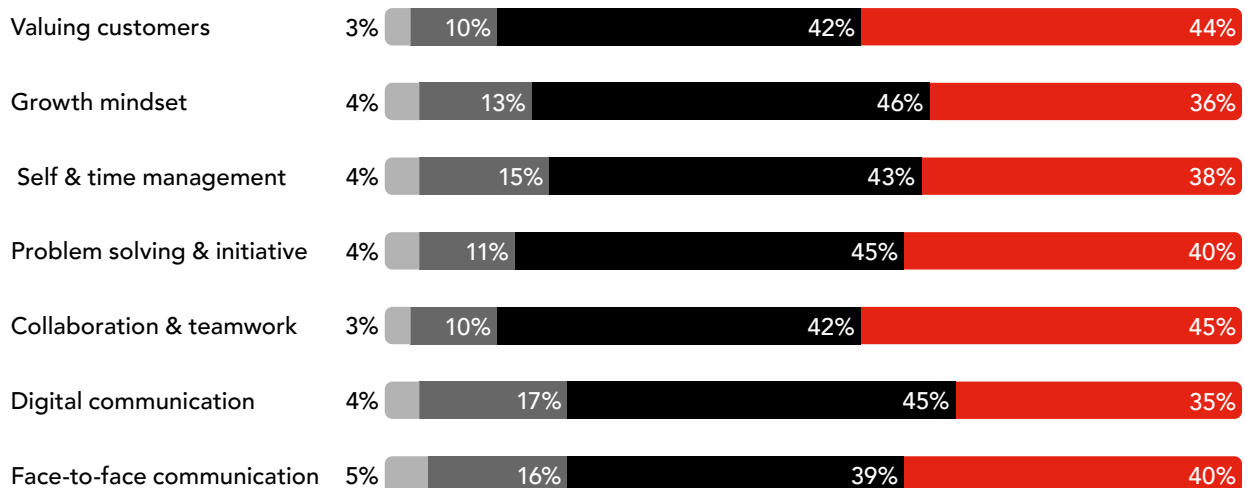
Lack of experience negatively impacts learner confidence

There is a clear link between exposure and confidence, with those in employment showing greater confidence in each of the seven core employability skills, and those in education typically reporting greater confidence than those who are not currently working. Many skills are developed through experience, and NEETs face a vicious cycle in which their low confidence impacts their opportunities to work.

Whether learners are in employment, education or not working, they are most likely to feel that their digital communication skills need some or significant development, with one in five agreeing that they are either 'not very' or 'not at all' confident. Whilst confidence in face-to-face skills also needs development (21%), those in employment and education are more likely to feel completely confident in this area (43% and 36%) than they are when it comes to self & time management skills or growth mindset.



How confident do you feel about each of these skill areas?







Up to speed: Apprenticeships and vocational training are key to confidence in the workplace

Two in five 18-24-year-olds feel they did not get enough practical, real-world experience through school, university or training, with limited resources and lack of access to coaching factoring into their lack of confidence, but confidence varies significantly based on the type of training they received.

Those currently undertaking vocational training are more likely to feel confident about their employability skills than those in education, further highlighting the importance of workplace experience. Those studying for T Levels, apprenticeships and other vocational qualifications are more likely to regard face-to-face communication, growth mindset and problem-solving as areas of personal strength.

Currently, different types of vocational learning improve self-belief in a range of employability skills. Apprentices are the most likely to feel completely confident about their face-to-face and digital communication skills (48% and 37% respectively), valuing customers (51%) and teamworking (47%), whilst more of those studying T Levels feel that their problem-solving skills and growth mindset are particular strengths, and more of those studying for T Levels have complete faith in their time management skills.

Each qualification offers a different experience, resulting in variable confidence levels. There is a clear need for a system which sets out the common denominator in sought-after workforce skills: a well-defined employability skills framework built into all qualifications to set up every learner for workplace success.

Apprentices are the most likely to feel completely confident about:

48%

face-to-face
and digital
communication skills

51%

valuing
customers

47%

teamworking



Case study

'My apprenticeship has given me the skills I need to manage daily working life'

After leaving school, Will Boyer worked first as a welder, where he gained exposure to electrical work and subsequently began his apprenticeship with a Lancaster-based Electrical & Renewable Energy solutions firm.

Finding that hands-on learning suited him better than classroom-based study, Will progressed through the core electrotechnical qualification and is now finalising his portfolio, aiming for end-point assessment (EPA) this year.

"Having a widely known qualification like City & Guilds means that your abilities are taken seriously on site. It also looks more professional on identification cards and credentials, which supports career progression.

As well as the technical skills I've gained, my apprenticeship has strengthened the skills I need to manage daily working life, which now includes helping to plan jobs, delegating tasks to teammates and communicating directly with customers.

I've learned to manage my time more effectively though tackling portfolio tasks early, keeping up consistent communication with tutors to track my progress, and I've also taken on leadership responsibilities, including running a full solar installation with three operatives while my employer manages another site."



Will Boyer
Apprentice

Lived experiences impact face-to-face communication skills

While education and employment can help build confidence, respondents to the City & Guilds survey highlighted several factors that can negatively affect specific skills. These include anxiety and mental health conditions, the ongoing impact of the pandemic, and a lack of support at school or college.

Face-to-face communication

Only two in five young people feel completely confident about their face-to-face communication skills, underpinned by a combination of factors. Half agree that anxiety or mental health conditions have impacted their confidence, whilst 27% cite pandemic-related factors. One in five say building these skills was not prioritised at school.

Those in vocational training are less likely to agree that they have been impacted by any of these factors, suggesting this learning route supports greater resilience and helps young people to overcome many of the challenges they have faced. Just under half report that anxiety impacts their face-to-face communication skills, and 18% indicate that pandemic-related factors were an underlying cause of their low confidence in this area.

Young people not in employment, education or training (NEETs) are much more likely to have reservations about their face-to-face communication skills. They are twice as likely as those in employment to lack confidence in their

ability to present themselves professionally and contribute well to the workforce (34% versus 17%).

Like those in employment and education, NEET young people also agree that anxiety is a factor in their low confidence, but unlike other young demographics, NEET young people face additional, unique challenges. More than a quarter (27%) say they do not know where to turn for support to improve their face-to-face communication skills, whilst 20% cite a lack of coaching and mentoring available for young people.



Levels of confidence among students, NEETs and young people in work

In employment

Completely confident

43%



Not confident

17%

- 41% Anxiety or mental health
- 24% Pandemic-related factors
- 19% Lack of coaching or mentoring

In education

Completely confident

36%



Not confident

24%

- 41% Anxiety or mental health
- 33% Pandemic-related factors
- 14% Lack of coaching or mentoring

NEET

Completely confident

32%



Not confident

33%

- 47% Anxiety or mental health
- 13% Pandemic-related factors
- 10% Lack of coaching or mentoring

Experience closes the confidence gap in collaboration

Despite young people feeling most at ease with their teamwork and collaboration skills, only 45% feel completely confident, indicating room for growth. Confidence increases with experience, with only 36% of NEETs feeling completely confident, increasing to 43% amongst young people in education and 48% of those who are employed.

At the other end of the spectrum, only 10% of those in employment do not feel confident in their ability to collaborate with others in contrast to 20% of those who are not currently working or in education. This highlights the role that practical experience plays in helping young people feel confident when working as part of a team.

As with face-to-face communication, young people feel that their skills in this area have been significantly affected by their lived experience and opportunities. More than a third (36%) of those who do not feel confident agree that anxiety or mental health conditions are a significant factor, with 22% agreeing that the

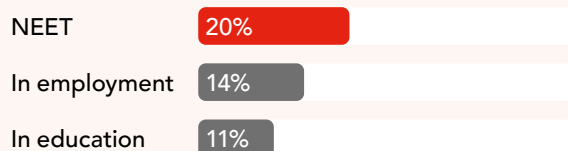
pandemic and a lack of support in further or higher education affected their confidence.

As confidence levels directly correlate with experience, it is vital that learning institutions embed opportunities for teamworking within delivery, ensuring practical rather than theoretical development.

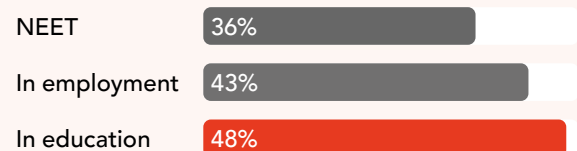
In addition to 28% feeling they did not receive support to develop collaboration & teamwork skills in further or higher education, NEETs once again reported a lack of signposting and support as critical factors in their low confidence, as well as special educational needs.

How confident do you feel about each of these skill areas? Collaboration & teamwork

Not confident



Completely confident



The keys to engagement: Guidance, signposting and support

Two in five 18-24-year-olds feel they did not get enough practical, real-world experience through school, university or training, with limited resources and lack of access to coaching factoring into their lack of confidence. Others report that these skills were not prioritised in school.



With around one in five reporting that they do not know where to turn for support in developing core employability skills, there is clearly a need for better signposting and guidance in work and education environments. Even more so from the services designed to support NEETs into the workforce.

Employability skills most impacted by pastoral factors

Not prioritised at school

28%

Digital communication

Lack of coaching or mentoring

23%

Valuing customers

Lack of available resources

21%

Digital communication

Do not know where to turn for support

23%

Self & time management

24%

Growth mindset

22%

Digital communication

19%

Collaboration & teamwork

21%

Problem-solving & initiative

24%

Valuing customers

21%

Growth mindset

17%

Problem-solving & initiative

21%

Digital communication

Unsupported NEETs and the erosion of employability confidence

More than thirteen percent of all 16-24-year-olds are currently not in employment, education or training,¹⁶ with work-limiting health conditions,¹⁷ poverty and social disadvantages,¹⁸ along with housing insecurity¹⁹ affecting their engagement with learning and work.



Only

44%

of NEETs feel confident that they have the employability skills they need to succeed in the workplace (-13%)

Reducing the number of NEETs to match levels found in the Netherlands, which has the lowest levels in the OECD, could add £69 billion to the UK's economy²⁰ – but significant work is needed to address the unique barriers faced by these young people. Recognising the economic benefits of increasing youth employment and skills development, the UK Government has introduced the 'Get Britain Working' initiative, which includes policies to support problem diagnosis and early intervention, address contributing factors (such as housing, infrastructure and poverty), create jobs and aid skills development.²¹

Employability skills development is one of the areas that urgently needs to be addressed, with NEETs typically showing less confidence than other young people.

Not knowing where to turn for support was a primary factor affecting NEETs' lack of confidence across five employability skills. This was far more likely to be an issue for their cohort than for those in education or employment, particularly when it comes to face-to-face communication (+11%), collaboration & teamwork (+10%), and problem-solving (+8%).

Given that persistent school absentees are more likely to become NEETs²² and many lack work experience, it is likely that they may have missed out on opportunities for coaching and mentoring. NEET young people are more likely to agree that this has contributed their low confidence in their ability to value customers, their digital communication skills and their appetite for growth and progression.

¹⁶ ONS (May 2026) Young people not in education, employment or training (NEET), UK: May 2026

¹⁷ The Health Foundation (2026) Why are a growing number of young people who are NEET reporting work-limiting health conditions?

¹⁸ Social Mobility Commission (2025) State of the Nation 2025

¹⁹ Centre for Social Justice (2026) Rough sleeping tracker

²⁰ Youth Employment Group (2023) Tackling youth unemployment could generate £69bn for UK economy

²¹ GOV.UK (2025) Get Britain Working White Paper

²² Centre for Young Lives (2024) An evidence-based plan for improving school attendance

Employability skills support: The awareness gap

	Don't know where to turn for support	Lack of coaching or mentoring	Not prioritised in school
Face-to-face communication	27%	20%	20%
Digital communication	24%	28%	38%
Collaboration & teamwork	28%	22%	11%
Problem-solving & initiative	29%	14%	5%
Self & time management	16%	12%	24%
Growth mindset	15%	27%	19%
Valuing customers	23%	38%	23%



NEETs seek skills advice from friends rather than from traditional sources

NEETs who want to develop their skills are far more likely to engage with their friends or peers (37%) rather than seeking support from career coaching or employability programmes (10%) or a careers service within school or college (8%). This suggests these services are perceived as being unhelpful, that there is currently a lack of signposting, or both.

In 2025, the government announced that it would create a new single and universal service to provide a stronger focus on skills and careers, noting that Jobcentre Plus and the National Careers Service in England provide insufficient support.²³ It is vital that the new service helps NEETs to access support to develop both technical and employability skills.



²³ GOV.UK (2025) Get Britain Working White Paper

Guest expert view

‘Without access to work experience, many young people don’t know what employers are looking for’

Founded in 2012, Youth Employment UK is an independent, not-for-profit social enterprise which works with young people, employers and policymakers to tackle youth unemployment.



Laura-Jane Rawlings
MBE DL
 Chief Executive Officer,
 Youth Employment UK

“Too often, low confidence among young people who are not in education, employment or training is misunderstood as a lack of capability, when in reality it reflects a lack of opportunity, access and recognition. Youth Employment UK’s Youth Voice Census has consistently shown that many young people – particularly those who are NEET – do not feel they understand what employers are looking for, nor do they have access to meaningful work experience or trusted support to help them translate their skills into the workplace.

Confidence is built through experience, not expectation. When young people are excluded from opportunities to gain real-world exposure, coaching, and feedback, it is unsurprising that they feel unable to put themselves forward. This is compounded by recruitment practices that prioritise prior experience over potential, creating a cycle that locks many young people out.

Addressing this requires a shift from simply defining employability skills to actively enabling them. Employers, education providers and government must work together to ensure all young people have access to high-quality work experience, clearer pathways into work, and a shared language that helps them recognise and articulate the skills they are already developing in their lives.

If we are serious about tackling youth inactivity and unlocking talent, we must design a system that builds confidence through inclusion, not one that expects it as a prerequisite.”

Standing back instead of stepping up: Confidence and work readiness

Entering the workforce is a period of transition and uncertainty for young people, and their lack of confidence in their skills is impacting their success – both in terms of getting into work and staying in work.

The Employability Confidence Cycle



The areas most impacted by low confidence relate to expression of experience and ideas, with 18-24-year-olds most likely to have struggled in interviews or with making themselves heard in the workplace. Both go hand in hand with face-to-face communication, but low confidence in other employability skills also presents challenges in these areas.

41%

of young people cited poor face-to-face communication skills as a reason they struggle to speak up in the workplace

While performance in interviews and ‘speaking up’ at work emerged as areas of particular difficulty, young people’s lack of confidence often means that they do not apply for roles in the first place. Low confidence in digital communication skills and in their growth mindset are the barriers that are most likely to prevent them from putting themselves forward for work (26% and 24% respectively), whilst 23% also report that concerns about their self & time management skills stood in the way.

The lack of confidence amongst NEET young people directly impacts their engagement with the workforce. They are significantly more likely to report not applying for a role due to their low self-belief across all employability skills.

Poor face-to-face communication skills are a leading cause of difficulties in both interviews and the workplace – but poor confidence levels mean that many young people do not apply for roles in the first instance

How low confidence negatively impacts young people applying for roles

Valuing customers



Digital communication



Growth mindset



Face-to-face communication



Self & time management



Problem solving & initiative



Collaboration & teamwork



Hero or villain: Is AI a gateway or a cliff-edge for young careers?

Recognising that they lack confidence in their employability skills, young people are keen to develop these further to ensure they can succeed in the workplace – and AI is becoming a vital resource.

Forty one percent of 18-24-year-olds are using AI to improve their work or communication skills. This is particularly common amongst those working in the digital, media and technology sector (50%), an industry that is leaning into the benefits of AI, and in construction and the built environment (50%), where the skillsets needed are changing at a rapid pace.

NEETs are the least likely to be using AI to improve their skills (29%), reflecting their lower confidence in their digital skills. Young people in areas with higher levels of NEETs – the

Midlands and the North – were also less likely to be improving their work or communication skills with AI (37% and 38% respectively).

AI is seen as a gap-filler by many young people, helping to improve skills where they lack experience or confidence, particularly when it comes to growth mindset (48%), digital communication skills (45%), and self & time management (44%). However, it is seen as less helpful for the skills young people most want to develop: face-to-face communication (38%) and problem-solving & collaboration (36%).

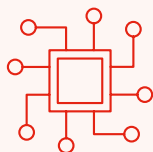
42%

agree AI helps fill the gaps where they lack experience or confidence



While young people report high confidence in digital communication skills, including the judgement required to use AI tools appropriately (79%), this confidence does not always translate into the employability skills needed to navigate and apply new technologies effectively in the workplace. Therefore, many remain concerned about how the growing adoption of AI at work will affect their future opportunities.

More than half of 18-24-year-olds are worried AI will reduce job opportunities for people their age, increasing to 56% amongst those who have not been offered training by their employer – highlighting the importance of learning opportunities for building confidence and reassuring young people in the workplace.



More than

50%

of 18-24-year-olds are worried AI will reduce job opportunities for people their age (51%)

Those who are not already in work are much more concerned about the impact of AI on their job prospects, with 56% of those in education and 52% of NEETs worried that it will replace entry level jobs, in comparison to 42% of those already in employment. However, amongst those in work, 53% in lower paid roles (less than £30,000) – typically entry level roles – are worried, pointing to concerns about job security.



Employability skills are crucial for ensuring that young people are protected as AI becomes more prevalent. Those who can present convincing CVs that highlight both their technical and employability skills and perform well at interview will be better placed to secure work. Meanwhile, those who can adapt to changing workplace requirements, communicate effectively and make meaningful contributions will be highly valued by employers.



Employability skills in the age of AI-powered recruitment

To set their organisations up for success, almost all employers surveyed have introduced screening for employability skills in their recruitment processes. However, the reliance on AI could place candidates with these sought-after skills further out of reach.

70%



of employers agree that using AI saves them time in the recruitment process

More than two in five (43%) employers are using AI tools to screen or filter applicants, placing trust in algorithms to identify the best candidates. However, employability skills are often embedded into experiences and education and 69% of employers agree that AI prioritises technical skills over soft skills. Therefore, prompts must be robust and include factors beyond technical skills and qualifications alone to ensure that employers are not overlooking candidates with valuable employability skills.

AI is streamlining hiring in other areas too, with 37% of employers using these tools to conduct background checks and to write job descriptions, and 34% using it to place job adverts. However, when it comes to tasks that require more complex analysis and decision making, employers continue to prioritise human insight.

In the health & social care sector, where there are significant safeguarding concerns, the use of AI in hiring processes is slightly less common in all elements, except for writing job descriptions, suggesting a potential degree of reticence or risk-aversion.

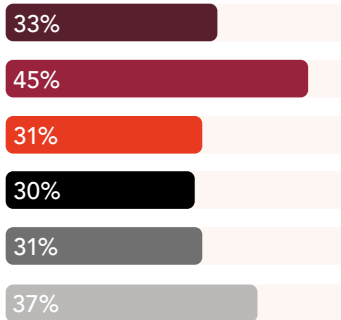
Meanwhile, digital, media and technology employers are far more likely to use AI, with 37% even using it to conduct virtual interviews. Whilst this can be timesaving and allows for flexible scheduling, some candidates may struggle with the lack of conversational cues and immediate feedback. AI interviews also leave many at a disadvantage, particularly those with special educational needs and neurodivergent individuals, as the tools often rely on neurotypical standards of communication and behaviour – meaning they could be excluding up to 20% of candidates.²⁵



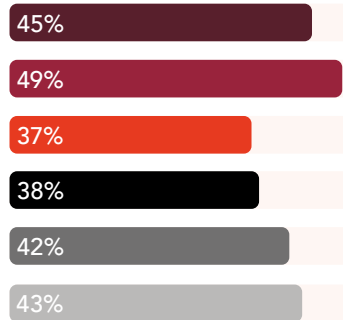
²⁵ Royal College of General Practitioners (2025) Neurodevelopmental conditions and neurodiversity

How, if at all, are you using AI within your recruitment processes?

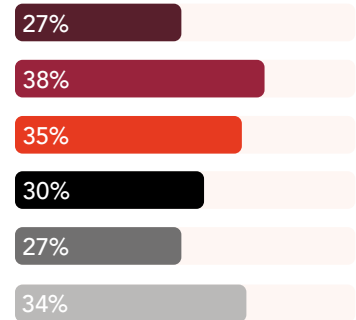
Background checks



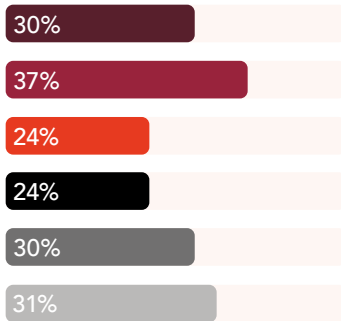
CV screening or filtering



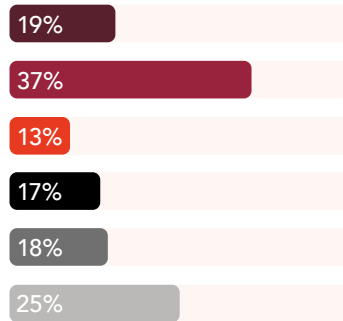
Placement of job adverts



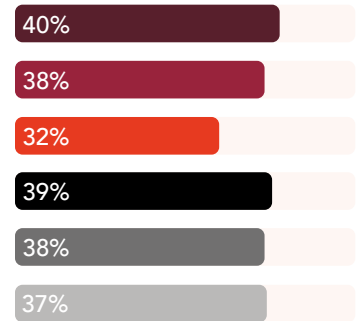
Answer candidate queries



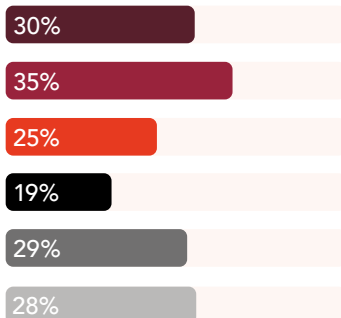
AI-agent interviews



Writing job descriptions



Analysis of psychometric tests



Employers are embracing AI – with mixed results

Employers report both benefits and challenges to using AI in recruitment. AI can widen access by reducing manual filtering, yet depending on how tools are configured, it can also overlook candidates whose strengths are not easily captured in structured data.

Line managers questioned in our survey feel more positive about the impact of AI than HR professionals, although the latter still agree that it has largely benefited their organisations. Nearly three in five (57%) line managers think that AI has made it easier to find candidates with suitable employability skills, in comparison to only 46% of HR professionals, with only 45% of HR managers agreeing that it has positively impacted candidate diversity.

In health & social care, where the use of AI in hiring practices is somewhat lower, employers have found AI to be less impactful than in other sectors. Only 39% agree that it helps them to find candidates with suitable employability skills, despite these being critical in many roles, and only 37% agree that it has had a positive impact on the quality of candidates.

Location is also a factor, with those in rural areas less likely to agree that using AI in recruitment processes has positively impacted their organisation. Overall, only 39% agree AI has helped them find candidates with suitable soft skills, whilst 13% feel it has had a negative impact in this area. But AI tools can only do so much when there is a limited pool of candidates to choose from, highlighting the need for employability skills to be embedded within qualifications across the UK.



Employability skills could protect against an AI-backlash

Whilst most employers currently agree that AI has had a positive impact on their organisation, AI-recruitment capabilities are nascent. There is potential for a backlash, as the perceived advantages of AI in hiring are eclipsed by the realities of under-performing staff who have submitted applications written or edited by AI, and which have been approved by AI-assisted hiring platforms.



Employers would benefit from integrating employability skills into their AI-assisted hiring processes, helping to protect both organisations and candidates. Ensuring that AI-enabled hiring platforms can recognise these skills allows organisations to recruit high-quality candidates while reducing the risks associated with high employee churn.

Is AI-powered hiring biased? How recruitment's new 'silver bullet' could backfire

Reinforcing inequalities

Screening algorithms and job description generators have been shown to unintentionally reinforce existing inequalities, based on the prompts and training data used to define parameters.²⁶ Whilst employers feel that AI has helped with the diversity of candidates and selecting apprentices, these tools may still be excluding some credible workers if those within the organisation have pre-conceived notions about different groups.

Introducing bias

Employers may be acting with the best intentions, but AI solutions can lack the capability for nuance. Inclusion of behaviour and language-based criteria can deliver arbitrary results, introducing unfair bias. These tools can at times disadvantage candidates based on appearance, communication style or background, which may ultimately harm diversity.²⁷ In addition, there is potential for discrimination and digital exclusion, particularly for candidates with limited access to technology or marginalised groups.²⁸

Legal consequences

Whilst there are no specific laws regarding the use of AI in hiring and HR, existing discrimination laws still apply. If an algorithm leads to unfair outcomes for marginalised groups, those affected would be within their rights to bring legal action. To protect themselves, employers must add a layer of governance, including auditing and review, which may negate the benefits of deploying AI in some cases.

²⁶ SAP (2024) What is AI bias?

²⁷ University of Cambridge (2022) Claims AI can boost workplace diversity are 'spurious and dangerous', researchers argue

²⁸ GOV.UK (25 March 2024) Responsible AI in Recruitment

Young people seek greater support to develop skills

Whilst two-thirds (65%) of HR professionals and line managers feel that employees are often unaware that employability skills require investment, low confidence amongst young people suggests this is far from true. In fact, young people are eager to build their employability skills – and with concerns about the impact of AI on their job prospects, many are keen to futureproof their skillset.

46%

of young people are actively looking into ways to improve their skillset



Despite 18-24-year-olds believing that face-to-face communication is the employability skill that is least likely to become more important in the future (57%), it is also the area in which they are least confident – and the top skill they would choose to develop. If they could only pick one skill to improve, one in five (21%) would choose face-to-face communication, 20% would choose self & time management, and 16% would focus on problem-solving & initiative.

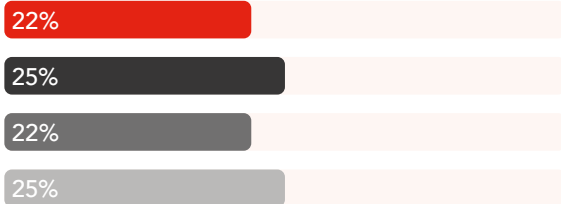
Young people look first to friends, peers or colleagues for support and guidance to develop their skills (31%). Three in 10 (30%) would look to the workplace or on-the-job experience and 25% would request support from a manager or mentor – highlighting the desire for employers to help them develop their soft skills.

These sources of support and guidance are seen as particularly important amongst those who would prioritise the development of their face-to-face communication, problem-solving & initiative or self & time management skills.

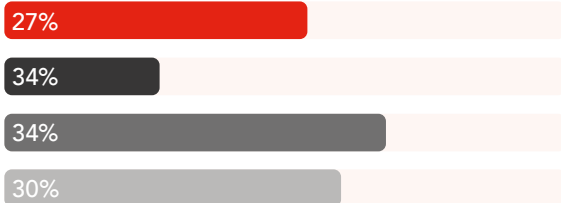
Mentorship is also seen as particularly important for those who would like to develop a growth mindset (35%), but more than half (55%) would like more access to coaches or mentors in general, seeing it as vital for improving their skills and increasing their confidence.

Where would you turn for support in developing employability skills?

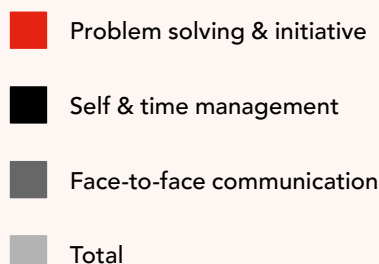
Manager or workplace mentor



Workplace or on-the-job experience



Friends, peers or colleagues



The impact of social media

Although colleagues, employers and mentors are seen as the most desirable sources of support and guidance, a significant proportion of young people would turn to social media if they needed support to develop their soft skills.

Overall, a quarter (25%) would look to social media for help, with 23% seeking advice from YouTube – but comparatively, only 9% would go to LinkedIn or LinkedIn Learning, despite the platform focusing on employment and skills.

But, while there is a wealth of support available from influencers and content creators across these platforms, over-reliance on this content could put young people at risk, by giving them inaccurate or misleading information, or taking advantage of their desire to learn. Therefore, it is even more important that employability skills are prioritised by employers and embedded into learning opportunities.

Young people's use of social media to develop employability skills

All social media

34%

Digital communication

29%

Communication

24%

Self & time management

YouTube

28%

Collaboration & teamwork

28%

Valuing customers

27%

Problem solving & initiative

Recognising the problem – but failing to act

Organisations admit they have underinvested, yet training continues to decline.

Without the employability skills they need to succeed, young people’s contributions to their organisations are limited, with significant knock-on effects for businesses. But with them, both young people and their employers can thrive.

Recognising this, more than three-quarters (78%) of employers are taking practical steps to improve these skills within their workforces. However, 56% are concerned that they have underinvested, making them unable to take advantage of the benefits that come with a highly skilled and confident workforce.

Despite the majority (97%) expecting to invest in employability skills over the next 12 months, it appears that many areas are being deprioritised or that training budgets are reducing. More than half (55%) have previously invested in developing problem-solving & initiative skills within their organisation but only 44% plan to do so in the next 12 months (-11%) – even though they are the skills that are currently the hardest to find when recruiting.

The only skills that more businesses expect to invest in over the next 12 months are growth mindset and valuing customers – and the increases are marginal, suggesting that businesses are pulling back on their employability skills training.

Investment in employability skills

Face-to-face communication

44% | 40%

Digital communication

52% | 49%

Collaboration & teamwork

48% | 41%

Problem solving & initiative

55% | 44%

Self & time management

42% | 43%

Growth mindset

46% | 45%

Valuing customers

39% | 41%

Have invested

Plan to invest in the next 12 months

Employers focus on internal training

Employers prefer to train workers internally or online in the first instance, with half (50%) using on-the-job training and 43% investing in e-learning for their teams. When it comes to training new joiners, 34% have offered enhanced inductions and 28% have employed dedicated graduate or early years training to help their employees develop the soft skills they will need to succeed.

Many young people should be able to access the coaching and mentoring they so value, with 45% of employers reportedly investing in internal programmes and 32% using external programmes to help workers develop employability skills.

Given the costs associated with external training, fewer employers are inclined to invest in short-courses, formal qualifications or apprenticeships for their teams – perhaps seeing these more as routes for developing technical skills.

However, taking this view could risk being short-sighted. Although such training comes with upfront costs, it can play a crucial role in developing employability skills, such as communication, teamwork and adaptability, that drive long-term performance. By investing in structured training, employers can build a more confident, capable and resilient workforce, delivering value that extends well beyond immediate technical needs.



Employer investment in structured training

Short courses / CPD

34%



Apprenticeships

34%



Formal qualifications

30%



Access to training comes too late for many, despite wide availability

In workplaces and learning environments, young people typically have good access to training to develop employability skills. For others, training to develop these skills is less accessible, potentially placing them at a disadvantage in the labour market.

Nearly nine in 10 (88%) 18-24-year-olds who are employed or in education have received training to build their soft skills – and, thereby, improve their confidence. However, significantly more of those in employment than those in education have received training, suggesting that development of these skills only begins once young people have joined the workforce, the point at which they become essential.

The proportion of those who have attended training increases significantly amongst young people in vocational learning (95%), with those in apprenticeships more likely than any other segment to have received dedicated skills training (74%).



Apprentices also rate the quality of the training received more highly, with 17% rating it 'excellent' (9-10) in comparison to only 10% of all young people who have attended training.



This disparity highlights a lack of opportunity among young people to acquire or build employability skills earlier, equipping them with skills which are immediately useful when joining the workforce and instilling the confidence to apply for roles. Failure to make employability skills access equitable to all young people means that some will struggle at work despite having skills applicable to their role – while others may be rejected at the recruitment stage.

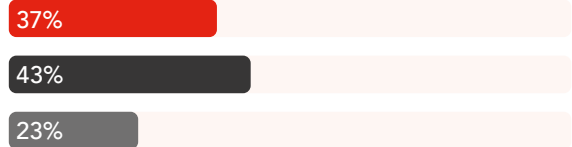


Have you attended training to develop your employability skills?

Apprenticeship



Education



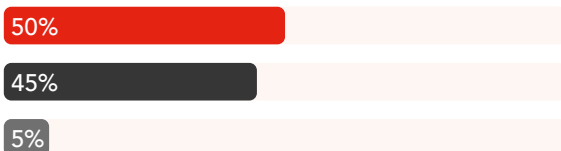
Vocational qualification



Employed



T Level



-  Received dedicated training
-  Received training as part of a broader course qualification
-  Have not received training



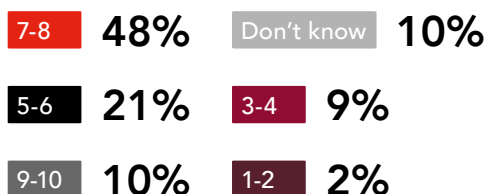
Quality of support leaves room for improvement

Although employability skills training for young people is widely available, the problem extends beyond mere access, as learners indicated that the quality of training is falling short, raising questions about the effectiveness of delivery both in employment and education.

On average, young people rate the support they received to improve their skills as 6.7 out of 10, with those studying T Levels and on apprenticeships rating it more highly (7.5 and 7.3 respectively), along with those in employment (7.1). Only 10% rate it as 'excellent' (9-10) so, clearly, the current support and guidance available is not delivering the results it should or could.



How young people rate the quality of support received to build employability skills (on a scale of 1-10)



Guest expert view

'Those who get training at work earn more and are more productive. But employer training spends are down'

Learning and Work Institute is an independent policy and research organisation focused on lifelong learning and better work. Through research, influencing policy and developing new ideas, it works to achieve a fair and prosperous society where learning and work enable everyone to realise their potential.



Stephen Evans,
Chief Executive,
Learning and Work
Institute

"Our research at Learning and Work Institute shows those who get training at work earn more, climb higher up the career ladder, and are more productive at work. Yet employer training spend per employee is down, lower than international comparators, and graduates are three times more likely to get training than non-graduates. We need to change that for both opportunity and growth."

The UK's Employability Skills Imperative

To combat low confidence amongst 18-24-year-olds, and to help them get into work, stay in work and succeed at work, as well as addressing employers' concerns about the impact of the employability skills shortage, something needs to change.

Young people should, at a minimum, have a foundation in the employability skills they need by the time they enter the workplace. Therefore, these skills must be built into learning, and more support is needed to prevent those not in employment, education or training from falling through the cracks. Employers also have a vital role to play in nurturing skills growth and confidence, providing the young people with the support they need to flourish.

Our responsibility as a learning institution

We recognise our role in helping young people to develop and build confidence in their employability skills. We understand workplace behaviour, learner readiness and employers' expectations, and have long championed these skills as a vital foundation for employability.

We are embracing this responsibility by developing our own framework for employability skills – drawing on nearly 150 years of experience in supporting learners develop both the technical and employability skills they need.

Embedding employability skills development into existing and future services, along with our tiered approach, will help young people to develop at their own pace, ensuring that more learners are prepared for the workplace by the time they qualify.

Our commitment

- **Continuing to offer and promote pre-employment skills** from pre employment to progression in work, through high quality, evidence-based training and qualifications.
- **Partnering with government, employers and local leaders** to identify regional skills gaps and co-design solutions that improve confidence, capability and access to opportunity.
- **Championing fair, inclusive employer recruitment practices** ensuring AI and digital tools support, not disadvantage, young people.
- **Providing clear, practical frameworks** that help educators and employers build the skills that drive productivity and long-term growth.

What's needed now

Polymakers

- Increase funding flexibility to allow employers to access support for employability programmes**
 Where existing funding models fall short, Government needs to ensure the focus on employability skills is developed and maintained.
- Fund early intervention for confidence and communication skills**
 Our data shows face-to-face communication is the weakest area for young people, and causes them considerable anxiety.
- Introduce a national standard for AI inclusive job recruitment**
 Ensure AI tools used in hiring are transparent, fair, and do not disadvantage those with low digital confidence.
- Expand access to high quality work experience**
 Government should incentivise employers to offer structured, meaningful placements, especially in regions with high NEET levels.
- Prioritise NEET support as an economic growth strategy**
 NEETs are not a welfare issue, they are a £69bn productivity opportunity. We call for targeted regional investment in employability, confidence building and re-engagement programmes.

Employers

- Don't assume young people will arrive 'work ready'**
 Our data shows only 27% of those employed and 16% of those in education feel prepared for the workplace. Employability skills must be developed, not expected.
- Embed employability skills into onboarding and early careers programmes**
 Treat communication, teamwork, problem solving and digital judgement as core competencies.
- Think about how you can provide structured work experience and mentoring**
 Young people who have work experience are significantly more confident across all seven skills. This is the single most effective intervention employers can make.
- Use AI responsibly in recruitment**
 Use of AI in job recruitment has the potential to widen access and opportunities, but is already falling short in some instances. Employers can benefit from auditing their tools and ensuring that human skills are not deprioritised.



How we help strengthen employability pathways

City & Guilds plays an active role in strengthening the employability ecosystem, working with providers, employers and learners to address the challenges highlighted throughout this report. Our programmes are designed not simply to deliver qualifications, but to support the development of the skills, behaviours and experiences that enable people to progress with confidence into work, further training or new responsibilities.



Across our offer, three priorities underpin our approach:

1. Building strong foundational capabilities

2. Enabling progression into technical and sector specific roles

3. Supporting organisations to recognise, develop and evidence skills effectively



Developing occupational competence and supporting transitions into work

Apprenticeships remain one of the most powerful mechanisms for helping young people and adults move into sustained employment. Through our work with providers and employers, and our leadership in end point assessment, we help ensure apprentices gain the practical, behavioural and technical competence required across a wide range of occupations. This contributes directly to addressing national shortages and supporting smoother transitions into meaningful work.

Our technical programmes for 14–19 year olds (including Technical Qualifications and T Levels) provide structured, employer-informed pathways that blend applied learning with extended industry experience. These routes help learners understand workplace expectations, build confidence and develop the sector specific capabilities needed to progress into jobs, apprenticeships or further study. They are particularly valuable for young people who thrive in practical, hands on learning environments.

Strengthening core employability skills

For many learners, the first step into work is shaped by their ability to communicate effectively, solve problems, collaborate and organise tasks. Our early career programmes, including ILM Level 2 Leadership and Team Skills,, focus on building these essential capabilities. They support young people and new starters to develop the confidence and behaviours that employers consistently identify as critical for entry level success.

As learners progress, ILM level 3 qualifications help them take on early leadership responsibilities. These programmes develop the practical management skills needed by emerging team leaders and line managers, supporting progression from individual contributor roles into positions with greater responsibility and influence.

We also design targeted pathways for learners who may be disengaged from education or have limited prior attainment. For example, our level 1 programmes in priority sectors such as health and social care provide structured, supportive routes that build confidence, introduce workplace expectations and prepare learners for progression to level 2 or entry level roles.



Supporting digital readiness and modern workplace skills

As digital transformation reshapes every sector, we help learners build the knowledge and shared language needed to operate effectively in modern workplaces. PeopleCert programmes such as PRINCE2 Foundation and ITIL Foundation introduce structured project work, digital service operations and collaborative problem solving, skills increasingly required across administrative, coordination and technical roles. These pathways can support entry into a wide range of digital and hybrid positions.



Recognising and strengthening organisational training

Alongside our qualifications, we work with employers to strengthen the quality and visibility of the training they already deliver. Our recognition services provide external validation, transparent evidence of achievement and a trusted benchmark for internal programmes. This helps organisations build credibility, improve consistency and enhance learner progression, whether through quality assured in-house training, leadership development or digital credentials that make skills portable and verifiable.



Our contribution to the wider employability landscape

Taken together, these programmes can offer support at every stage, from first steps into learning, to technical specialisation, to early leadership, and help employers build the skilled, confident workforce they need. Most importantly, they reflect our commitment to ensuring that every learner, regardless of background or starting point, has access to pathways that lead to meaningful, sustained employment.

Methodology

City & Guilds commissioned Deep Blue Thinking to conduct an online survey of young people and employers to investigate the importance of employability skills, confidence and capability in employability skills, the role of employability skills in attracting and developing talent, and the impact of AI on people strategy and skills development.

908 decision makers were surveyed between 4 February 2026 and 15 February 2026, including 606 line managers and 302 HR professionals. Respondents were also screened to ensure they held accountability for issues relating to people strategy.

A second survey of 1,014 18-24-year-olds was conducted between 6 February 2026 and 17 February 2026, of whom 581 are currently in employment.

To qualify for either survey, those in employment had to be working for businesses with 10 or more employees and within defined set of vertical sectors:

- Digital, media & technology
- Health & social care
- Construction & the built environment
- Engineering
- Utilities & Green Energy

All research was conducted in line with the Market Research Society Code of Conduct.

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About City & Guilds

Since 1878, City & Guilds has worked with people, organisations and economies to help them identify and develop the skills they need to thrive. We understand the life-changing link between skills development, social mobility, prosperity and success.

Today, we are the global skills partner of choice for people and organisations navigating a world of continual change. We support people to skill, upskill and reskill at every stage of their career through high-quality training, qualifications, assessments and credentials that lead to jobs and meet the evolving needs of industry.

We work with governments, employers and industry stakeholders to help shape future skills needs across sectors. Known for setting industry-recognised standards in technical, behavioural and commercial skills, we help organisations improve performance, productivity and workforce capability through training, assessment, quality assurance and digital credentialing.

Now part of PeopleCert, one of the world's leading certification and lifelong learning organisations, City & Guilds is combining nearly 150 years of vocational expertise with a global reach spanning more than 200 countries. Together, we are helping people and organisations develop the skills needed to succeed today and in the future.

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