

UK Employer Skills Survey 2011: First Findings

Briefing Paper
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Foreword

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our mission is to raise skill levels to help drive enterprise, create more and better jobs and promote economic growth.

The UK Employer Skills Survey 2011 (UK ESS 2011) is the key UK data source on employer demand for and investment in skills. It is the first UK-wide employer skills survey and is also one of the largest employer skills surveys undertaken in the world with over 87,500 achieved interviews covering large and small businesses in every sector. This ambitious project has brought together the four surveys on skills deficiencies and training that were previously carried out separately in each constituent nation of the UK and represents a significant achievement technically. Compared to the previous surveys run in the nations, this survey includes a wider population of establishments. This means that the results included in this briefing paper are not directly comparable with previous skills surveys undertaken in the constituent nations.

The *First Findings* provides an early snapshot of emerging findings at the UK-level using 2011 figures only and referencing no trends through time. This early glance at the data will be followed in spring 2012 by a more detailed Evidence Report, which will delve deeper into the rich data provided by the survey. This will be followed by a report for each nation including time series analysis, so that over the next 6 months the survey will provide:

- Analysis across the entire UK on a comparable basis
- Comparison of sectors and occupations within the UK
- Re-creation of the data on a basis that allows time series analysis in the constituent nations

Some of the key issues emerging from this briefing paper include that:

- Total UK employer expenditure on training is estimated at £49bn over the 12 months before the survey. This is the first time that such a detailed estimate of **UK-wide** training expenditure has been calculated. For the reasons given above, this figure is not comparable with figures generated by previous surveys in the constituent nations of the UK.

- Just over a quarter of all establishments had trained staff towards nationally recognised qualifications in the 12 months prior to the survey. This illustrates that a minority of employers are currently engaged with the established qualifications system and highlights the importance of engaging employers more actively in driving the development of qualifications.
- Whilst only pockets of the economy experience skills deficiencies, where they are felt they have an impact on the ability of establishments to function (62 per cent report some impact). Nearly half (48 per cent) of establishments with skill gaps report that it leads to increased workload for other staff, whilst 83 per cent of employers experiencing hard-to-fill vacancies found this to be a problem. Nearly a half of businesses with hard-to-fill vacancies found it difficult to meet customer service objectives; to develop products or services, or that it led to a loss of business orders.

The UK Commission is also concerned with raising employer ambition and demand for skills to a level akin to our international competitors. Thus, we need to understand why 64 per cent of non-training establishments say the reason for not training is that all their staff are already fully proficient, and whether this reflects a lack of ambition. It is these sorts of issues that we will explore further in the full UK Report, which will follow this briefing paper.

The 2011 UK Employer Skills Survey is a key component of the UK Commission's research programme, which provides a robust evidence base for our insights and actions. The research programme is underpinned by a number of core principles including the importance of: ensuring '**relevance**' to our most pressing strategic priorities; '**salience**' and effectively translating and sharing the key insights we find; **international benchmarking** and drawing insights from good practice abroad; **high quality** analysis which is leading edge, robust and action orientated; being **responsive** to immediate needs as well as taking a longer term perspective. We also work closely with key partners to ensure a **co-ordinated** approach to research and are proud to have delivered this survey, which represents a significant step forward in co-ordinating research and unifying services, on behalf of the four nations and our Commissioners.

We hope you find this paper useful and informative. Previous briefing papers produced by the UK Commission can be accessed via www.ukces.org.uk.

Lesley Giles

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Introduction

The 2011 UK Employer Skills Survey (UK ESS 11) is an ambitious project, providing UK-wide data on skills deficiencies and workforce development across the UK on a comparable basis for the first time. This briefing paper presents data on a wider population (all establishments except sole traders) than has been used in the surveys previously carried out in the constituent nations. As a result of this, the data included in this briefing paper is for 2011 only and no comparisons through time are (or should be) made. Later outputs in 2012 will provide a fuller picture of the UK situation, and provide trends through time, reworking the data on a basis comparable to how it was generated in each constituent nation previously.

Methodology

UK ESS 11 was one of the largest telephone-based skills surveys of employers in the world. It was undertaken at the establishment level and involved over 87,500 interviews, with a follow up survey of over 11,000 employers focusing on employers' expenditure on training. Fieldwork took place from late March to July 2011.

Survey results have been grossed up to the full population of employers across the UK, and are representative on a size, sector and geographic basis. It is worth noting that the majority of establishments are small and employ fewer than five people (64 per cent). Sites employing 100 or more staff represent only two per cent of all establishments but account for two-fifths (41 per cent) of overall employment.

The UK Employer Skills Survey is one of a pair of surveys run by the UK Commission; the other is the UK Employer Perspectives Survey (EPS). By exploring employer demand for skills, skills challenges and investment in skills, UK ESS focuses on the challenges being faced by employers within their establishments. EPS focuses on employer perceptions of the employment and skills system external to their organisation.

1 The market for labour

Across the UK, 12 per cent of establishments report having vacancies at the time of interview (636,000 vacancies in total). The labour market is generally able to meet demand, with less than a quarter of all vacancies described as 'hard to fill' (23 per cent). While only a small proportion of establishments report hard-to-fill vacancies (four per cent), where they do exist they can considerably restrict the size of an establishment's workforce: for smaller establishments (with fewer than 25 employees) experiencing hard-to-fill vacancies, these vacancies are equivalent to a quarter (25 per cent) of their workforce. The problem is also acute for certain occupations; two in five vacancies for Skilled Trade positions (41 per cent) are hard to fill. Where employers experience hard-to-fill vacancies, these can have an impact both on the rest of the workforce and on the business directly in terms of challenging employers' ability to meet customer demand. A lack of skills, work experience and qualifications are the main causes of these recruitment problems (accounting for 72 per cent of hard-to-fill vacancies).

1.1 What is the level of demand for labour?

One in eight establishments (12 per cent) had a vacancy at the time of the interview. As this is the first time data has been collected this way across the UK, we cannot say at this point how this compares to earlier surveys. However, we do know something of the context with growth in GDP of just 0.4 per cent, and 0.1 per cent in the first two quarters of 2011 (the period in which fieldwork was carried out), and latest unemployment figures showing their highest rates for 17 years.

In total, there were around 636,000 vacancies across the UK at the time of the survey (equivalent to 2.3 per cent of total employment). Amongst those with vacancies, this equates to an average of 2.4 vacancies per establishment.

As Table 1.1 shows, there is great variation by size, and over half of establishments with 100 plus employees reporting a vacancy.

Table 1.1 Incidence and average number of vacancies by size of establishment

	All	1-4	5-24	25-99	100-199	200-499	500+
<i>Unweighted Base</i>	87,572	18,955	47,770	15,951	2,707	1,625	564
% of employers with vacancies	12%	7%	16%	32%	52%	56%	60%
<i>Unweighted Base</i>	17,166	1,462	7,869	5,213	1,396	876	350
Average number of vacancies amongst those with vacancies	2.4	1.7	1.8	2.8	4.7	7.9	17.2

By sector, demand for labour was highest amongst employers in Public Administration and Defence (22 per cent of employers reported vacancies), Education (22 per cent), Mining and Quarrying (19 per cent) and Health and Social Work (18 per cent), in part also reflecting their larger size profile.

1.2 Is the market meeting demand?

For the vast majority of employers, the labour market is able to meet their requirements.

- Only four per cent of all establishments reported having a vacancy that was proving hard to fill, rising to nine per cent of those with 25-99 employees and 14 per cent amongst those with at least 100 employees.
- Across the UK there were around 144,000 vacancies that were hard to fill at the time of the interview, representing less than a quarter of all vacancies (23 per cent).

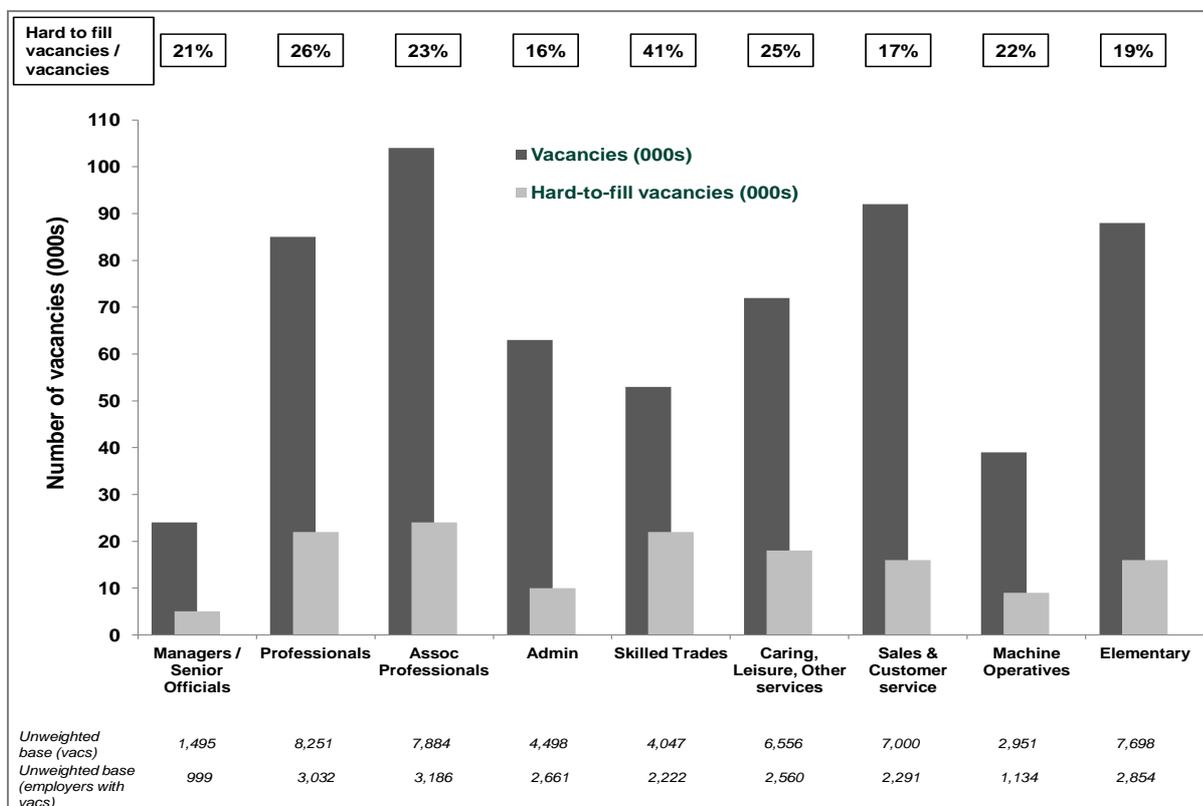
Although larger establishments are more likely to be active in the labour market and to have experienced recruitment difficulties, the volume of vacancies and hard-to-fill vacancies experienced by these establishments is low relative to their share of employment. On the other hand, when smaller firms do experience a vacancy, they are more likely than larger firms to struggle to fill it and the vacancy will account for a greater proportion of their staff. Table 1.2 illustrates the share of vacancies and hard-to-fill vacancies by size of establishment.

Table 1.2 Share of vacancies and hard-to-fill vacancies by size of establishment

	All	1-4	5-24	25-99	100-199	200-499	500+
<i>Unweighted Base</i>	87,572	18,955	47,770	15,951	2,707	1,625	564
Share of total employment		11%	23%	25%	11%	14%	16%
Share of all vacancies		24%	28%	22%	9%	10%	7%
Share of all hard-to-fill vacancies		37%	29%	20%	7%	4%	3%
% of vacancies that are hard-to-fill	23%	34%	23%	21%	18%	10%	9%

By occupation, the market struggles most in terms of meeting demand for Skilled Trade occupations: this occupational group accounts for eight per cent of all vacancies but 15 per cent of hard-to-fill vacancies; and 41 per cent of vacancies for Skilled Trade occupations are hard to fill. Figure 1.3 illustrates the number of vacancies and hard-to-fill vacancies by occupation.

Figure 1.3 Number of vacancies and hard-to-fill vacancies by occupation



1.3 What are the causes of hard-to-fill vacancies and what is their impact on employers?

Overall, four per cent of establishments reported having a vacancy that was hard to fill. Almost three quarters (72 per cent) of their hard-to-fill vacancies are the result of a lack of skills, work experience or qualifications amongst applicants; these are referred to as “skill-shortage vacancies” (SSVs; see Figure 1.4)¹. The next section on skills deficiencies explores SSVs in more detail, examining which employers and types of roles are affected and the impact that this is having.

A significant number of vacancies are reported as hard to fill as a result of lack of interest in the job and / or a lack of applicants generally (22 per cent and 15 per cent of all hard-to-fill vacancies respectively)².

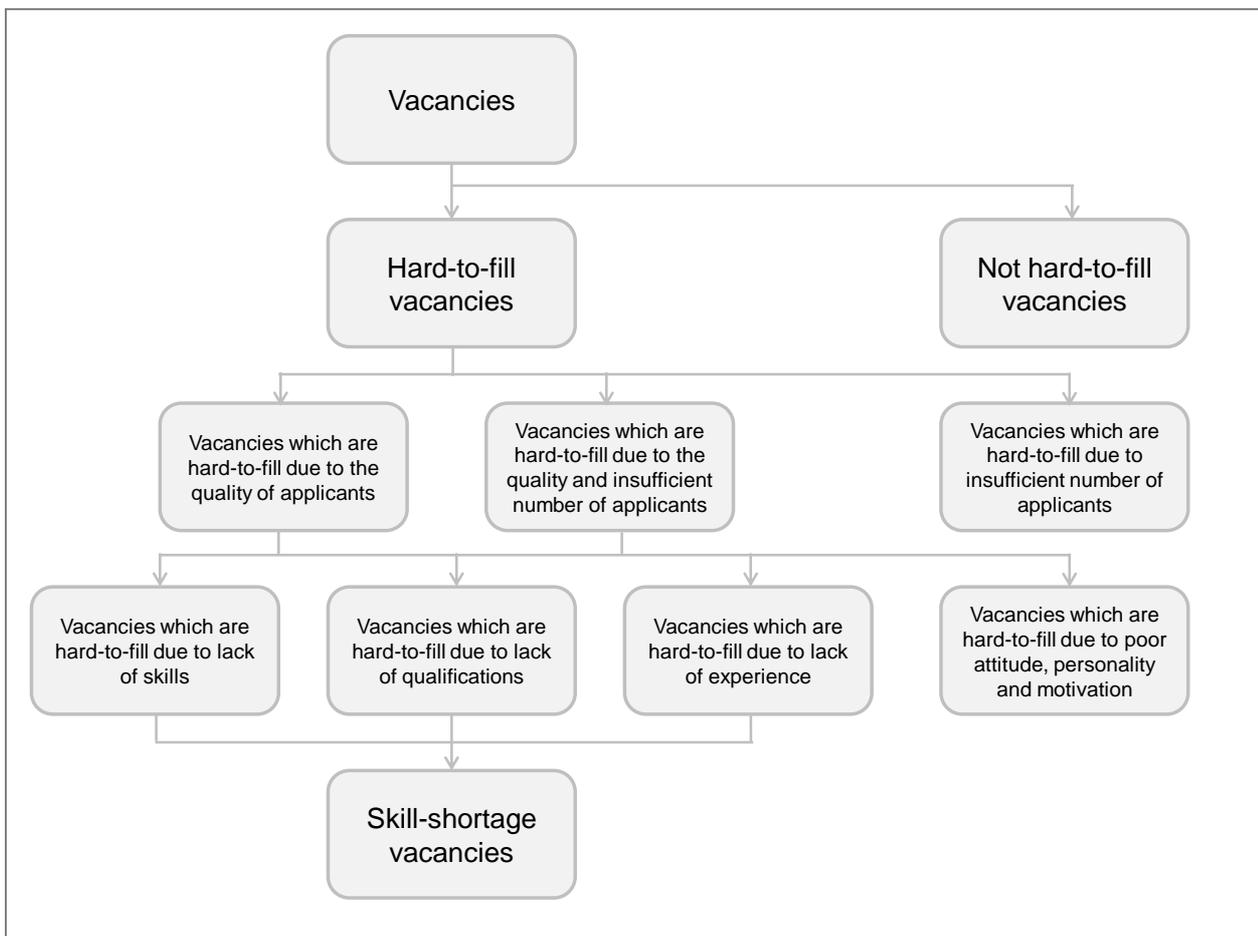
¹ Employers were first asked to give their reasons spontaneously (i.e. without being presented with a list of possible reasons). Any employers not reporting skills-related issues were then prompted as to whether any of their hard-to-fill vacancies were proving hard to fill due to a lack of skills, experience or qualifications among applicants.

² These results are on an unprompted basis (i.e. employers were asked to give their reasons spontaneously, without being read out a list of possible reasons)

Whilst hard-to-fill vacancies are only reported by a small minority of establishments, the impact they have can be significant (and just six per cent of those experiencing recruitment difficulties considered that this was having no impact on their workplace). The most common impact of hard-to-fill vacancies is on existing staff; 83 per cent indicated that they result in an increased workload for other staff. They also impact on business performance directly:

- 45 per cent of establishments with hard-to-fill vacancies reported that they have resulted in difficulties meeting customer services objectives;
- 42 per cent reported that they have led to loss of business or orders to competitors;
- 41 per cent reported that they have resulted in delays developing new products or services.

Figure 1.4 Skill-shortage vacancies route map



2 Employer experiences of skill deficiencies

Although the majority of establishments have the skills they require, almost 1.5 million employees (five per cent of all employees) are deemed not fully proficient (have a skills gap), and 103,000 vacancies are hard to fill as a result of skills shortages among applicants (16 per cent of all vacancies). Skill-shortage vacancies are particularly prevalent amongst Skilled Trade occupations as a proportion of the number of vacancies. Skill gaps are most commonly experienced among Sales and Customer services staff, and Elementary occupations both in absolute terms and as a proportion of all staff within each occupation.

While skills challenges may not be common, where they do exist their impact can be significant; three in five establishments with skill gaps (61 per cent) reported them as impacting on performance. In almost all cases, proficiency problems and skills deficiencies increase the workload of other (existing, more proficient) staff, and they also commonly impact directly on meeting business objectives.

2.1 What is the unmet demand for skills?

For the vast majority of establishments, demand for skills is met through their current workforce or through successful recruitment. Only three per cent of establishments report having vacancies at the time of the survey that they have had difficulties filling because of skills shortages (SSVs) and 13 per cent report having at least one member of staff that is not fully proficient (a skills gap); 15 per cent have one or the other. Table 2.1 illustrates this in more detail.

Table 2.1 Key skills deficiency measures

Incidence		Volume		Density	
Skill-shortage vacancies (SSVs)	3%	SSVs	103,000	SSVs as a % of employment	0.4%
Skill gaps	13%	Skill gaps	1,490,000	SSVs as a % of all vacancies	16%
Either SSVs or Gaps	15%			SSVs as a % of HtF vacs	72%
				Skill gaps / employment	5.4%

Figures rounded to nearest 1,000

The incidence of skill gaps and skill-shortage vacancies both increase with size of establishment. This is illustrated in Table 2.2 below. Although the incidence of both internal and external skills deficiencies is low, the volume of unmet demand for skills is significant: almost 1.5 million employees are described as not fully proficient at their job (five per cent of all employees) and just over 103,000 vacancies as hard to fill as a result of a shortage of skills in the available labour market (72 per cent of all hard-to-fill vacancies, 16 per cent of all vacancies). In establishments with fewer than five employees just 2.7 per cent of the workforce are not proficient, compared to 5.4 per cent of the workforce in establishments with five or more staff.

Table 2.2 Incidence of SSVs and skill gaps by size of establishment

	All	1-4	5-24	25-99	100-199	200-499	500+
<i>Unweighted Base</i>	87,572	18,955	47,770	15,951	2,707	1,625	564
% of establishments with SSVs	3%	2%	4%	6%	11%	11%	13%
% of establishments with skill gaps	13%	6%	23%	37%	44%	46%	49%

2.2 How do skill deficiencies vary by occupation and what specific skills are lacking?

As Table 2.3 shows, the greatest volume of SSVs is for Associate Professionals, Professionals and Skilled Trade occupations. In these occupations the proportion of vacancies where skill shortages are encountered is higher than average; this is particularly the case for Skilled Trades occupations, where the density of SSVs is 12 percentage points higher than any other occupational group. The picture is very different when looking at where skill gaps lie within the existing workforce: skill gaps are most commonly reported for Sales and Customer staff and Elementary staff.

Table 2.3 Volume and density of skill-shortage vacancies and skill gaps by occupation

	SSVs	SSVs as a % of Vacancies	Skill gaps	Skill gaps as a % of Employment
<i>All occupations:</i>	103,450	16%	1,489,550	5%
Managers	4,350	19%	165,800	3%
Professionals	18,100	21%	130,100	4%
Associate Professionals	20,050	19%	89,650	5%
Administrative/Clerical staff	7,250	11%	170,250	5%
Skilled Trades occupations	17,450	33%	101,150	5%
Caring, Leisure and Other services	11,750	16%	124,350	5%
Sales and Customer services	7,850	9%	288,850	8%
Machine Operatives	5,400	14%	114,650	6%
Elementary staff	9,400	11%	304,700	8%

Figures rounded to nearest 50

The skills that were most commonly lacking among the existing workforce were job-specific skills (48 per cent of those lacking proficiency) followed by a number of softer / generic skills such as planning and organisation (39 per cent), customer handling (38 per cent), team working (38 per cent) and problem solving (35 per cent).

2.3 What are causes of skills gaps and how do they impact on the business?

The two most common causes of skills gaps are that the employee(s) in question are new to the role (47 per cent) and / or that any training being conducted is currently only partially completed (46 per cent). Other reasons include staff lacking motivation (32 per cent), staff having been on training but their performance not improving sufficiently (29 per cent), the introduction of new working practices (23 per cent) and staff not receiving the appropriate training (also 23 per cent).

Over six in ten establishments (62 per cent) with skills gaps say it has an impact on performance. The biggest impact of skills gaps, like recruitment difficulties, is on other staff (48 per cent of establishments with skill gaps report that it leads to increased workload for other staff). Other more direct or immediate performance impacts include: increased operating costs (28 per cent), difficulties meeting quality standards (25 per cent) and difficulties introducing new working practices (23 per cent).

2.4 Education leavers and their preparedness for work

Employers were asked for their views on the work readiness of those recruited straight from education. Around a quarter of respondents (24 per cent) had recruited someone straight from education in the two to three years prior to the survey. Most of them found these recruits to be well prepared for work. However, their perceptions of the work readiness of different sub-groups of labour market entrants varied quite considerably. In England, Northern Ireland and Wales³ almost three in five recruiting 16 year school leavers found them to be well prepared (59 per cent), rising to 64 per cent of those recruiting 17-18 year olds from school, 72 per cent of those recruiting from Further Education and 82 per cent of those recruiting from Higher Education establishments finding them well prepared.

³ Scottish employers were asked a different variation on this question, regarding leavers from Scottish institutions. The proportion finding leavers well prepared followed a similar pattern, rising from 68 per cent of those employing Scottish school leavers, to 82 per cent employing those leaving a Scottish FE college and 86 per cent employing those leaving a Scottish university.

Establishments who find recruits from education to be poorly prepared most commonly attribute this to a lack of “experience” (maturity / experience of the working world). They also commonly cite attitude / motivation. A lack of required skills / competencies is a third order deficiency.

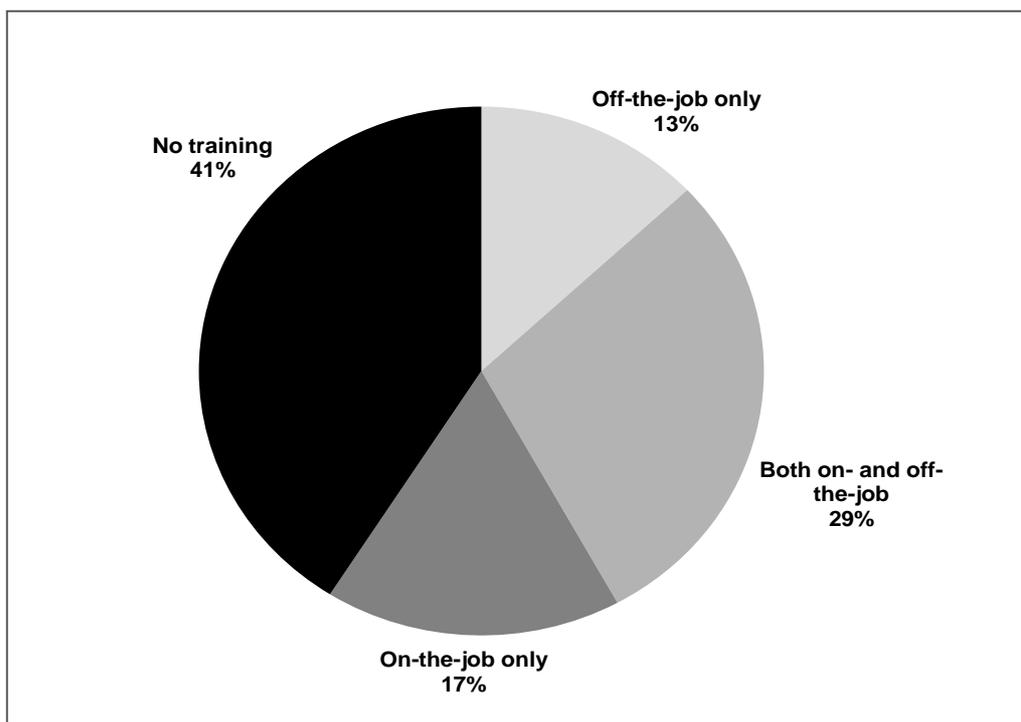
3 Investment in skills and workforce development

Most establishments provide training for their staff: 59 per cent had done so in the previous 12 months; well over 90 per cent of those with 25 or more staff had provided training, but this falls to just under half of those with fewer than five staff (47 per cent). Overall 15 million staff have been trained in the last 12 months, equivalent to just over half of the current workforce (54 per cent). The main reason establishments gave for not providing training was that it was not needed as staff are already fully proficient, with just a few pointing to failures of training supply.

3.1 How many establishments provide any training or development for their employees?

Most establishments had funded or arranged on-the-job or off-the-job training or development for at least one of their employees over the last 12 months (59 per cent). These split almost evenly between those providing both off- and on-the-job training (29 per cent), and those providing either on-the-job only (17 per cent) or off-the-job only (13 per cent). This is illustrated in Figure 3.1 below.

Figure 3.1 Proportion of establishments training



In addition to measuring all on- and off-the-job training, the survey also captures wider learning and development activities. The majority of establishments (76 per cent) had provided one or more of the following broader development activities over the last 12 months:

- supervision to ensure that employees are guided through their job role over time (62 per cent);
- opportunities for staff to spend time learning through watching others perform their job (58 per cent);
- allowing staff to perform tasks that go beyond their strict job role and providing them with feedback (58 per cent).

The smallest establishments with fewer than five staff were the least likely to have provided any of these broader development activities (66 per cent versus 92 per cent among larger employers). Those providing off- or on-the-job training were more likely to provide at least one of the broader development activities (88 per cent), although a majority of non-trainers⁴ had also done so (58 per cent).

Overall, however, 17 per cent of all establishments reported that they had provided neither training nor any of these broader development activities in the last 12 months. The majority of these were in the 1-4 sizeband (25 per cent of 1-4s had provided no development for staff); among those with 5 or more staff just four per cent had not provided any training or broader development for their staff.

The following sections will now focus on off- and on-the-job training only, without reference to the wider learning activities outlined here.

3.2 Which establishments are more likely to train?

Establishment size is a key factor influencing the likelihood that an employer provides on- or off-the-job training for their staff. This is illustrated in Table 3.2 on the next page.

⁴ “non-trainers” are, for the purposes of this report, employers who have not arranged or funded any on- or off-the-job training for employees in the year prior to the survey. The term “trainers” is used to refer to those who have.

Table 3.2 Incidence of training in the last 12 months by size of establishment

	All	1-4	5-24	25-99	100-199	200-499	500+
<i>Unweighted base</i>	87,572	18,955	47,770	15,951	2,707	1,625	564
% of establishments who train	59%	47%	77%	93%	96%	97%	97%

The establishment's position within their market, their 'product market strategy'⁵, is also an influencing factor on the likelihood of them having trained, though to a lesser extent, as Table 3.3 illustrates below.

Table 3.3 Incidence of training in the last 12 months by Product Market Strategy

	All	Very low	Low	Medium	High	Very high
<i>Unweighted base</i>	87,572	2,312	9,690	23,659	20,845	7,515
% of establishments who train	59%	41%	50%	56%	63%	65%

Sector is also a factor:

- Low proportion of establishments training: Construction (51 per cent), Agriculture, Hunting, Forestry and Fishing (50 per cent), and Transport, Storage and Communication (49 per cent)
- High proportion of establishments training: Public Administration and Defence (89 per cent), Education (86 per cent), Health and Social Work (84 per cent), Mining and Quarrying (75 per cent) and Financial services (70 per cent).

⁵ An establishment's product market strategy rating is derived from responses to a number of questions on innovation, standardisation etc compared to others in their industry. A very high score means the firm is innovative, often leads the way, is not price dependent and has customised goods or services, a very low score indicates the opposite.

Those with skill gaps are far more likely to train than those without (83 per cent v. 56 per cent). Although large establishments are more likely to have skill gaps, within each size band those with skill gaps are more likely to train (e.g. among the smallest sites with fewer than five staff, 68 per cent of those with skill gaps train compared with 46 per cent of those without). This suggests that training is often a response to having staff lacking proficiency, or that establishments that train are more aware of their business's need for skills and their current skill levels.

3.3 What are the reasons for not providing training?

By far and away the main reason given by establishments for not training was that all staff were already proficient (64 per cent). Having no money to train (10 per cent) or it not being a priority (nine per cent) were the next most common reasons. Having no money to train was particularly likely to be mentioned by medium sized establishments (mentioned by 15 per cent of those with 25-99 staff and 24 per cent of those with 100-199 staff). Among local government financed establishments, 27 per cent of non-trainers cited having no money to train as a barrier. Non-training establishments with skills gaps were more likely to cite money as a reason compared to non-trainers with no skills gaps (21 per cent v. 10 per cent).

Some supply-side issues were raised: six per cent of non-trainers said that at least part of the reason for not training was that no training was available in the subject area they wanted, and two per cent said it was because external courses were too expensive.

3.4 Planning and budgeting of training activity

Much training is being undertaken without planning or budgeting: although three-fifths of sites train, only 38 per cent of all establishments have a training plan and 29 per cent have a training budget. Approaching half of those with a training plan do not have a training budget (44 per cent). The existence of a training plan or even of a training budget does not guarantee that training takes place: 16 per cent of those with the former and 12 per cent with the latter had not undertaken training in the last 12 months.

Overall 16 per cent of sites indicated that they were accredited with the Investors in People Standard. The Investors in People standard encourages employers to plan any training they provide for their people, ensuring that it is aligned with business needs. It is therefore not surprising that a higher proportion of Investors in People accredited establishments had a training plan compared to the general employer population (70 per cent v. 38 per cent). This was also the case with a training budget (53 per cent v. 29 per cent in the wider population).

3.5 What broad types of training have been provided?

Job-specific training has been provided by 84 per cent of establishments that train and health and safety / first aid training by 71 per cent. Around half of trainers had provided induction training (52 per cent) or training in new technology (47 per cent), and a third had provided management or supervisory training (34 per cent and 32 per cent respectively).

3.6 How many staff have received training?

Establishments reported that 15 million staff were trained in the 12 months prior to the survey. Notwithstanding possible double counting (staff being trained by two different firms in a 12 month period), this is equivalent to 54 per cent of the current workforce.

Generally, the proportion of employees trained tended to increase with the size of the establishment, as Table 3.4 below shows.

Table 3.4 Proportion of staff trained by size

	All	1-4	5-24	25-99	100-199	200-499	500+
<i>Unweighted base</i>	87,572	18,955	47,770	15,951	2,707	1,625	564
% of workforce trained	54%	41%	53%	59%	60%	60%	50%

A higher proportion of staff are trained in the Health and Social Work (66 per cent) and Education (65 per cent) sectors.

The proportion of staff trained increases with an establishment's product market strategy (PMS) positioning as Table 3.5 shows below.

Table 3.5 Proportion of staff trained by Product Market Strategy

	All	Very low	Low	Medium	High	Very high
<i>Unweighted base</i>	87,572	2,312	9,690	23,659	20,845	7,515
% of workforce trained	54%	36%	42%	50%	56%	57%

Establishments with staff with skills gaps train a higher proportion of staff than those without (58 per cent v 52 per cent).

3.7 Who receives training?

The proportion of Managers and Administrative/Clerical staff trained in the previous 12 months (45 per cent) was below the average for all occupations (54 per cent). Staff employed in Caring, Leisure and Other services roles are the most likely to be trained (70 per cent). Table 3.6 shows occupational patterns of training.

Table 3.6 Occupational patterns of training

	% trained⁶
Managers	45%
Professionals	61%
Associate Professionals	56%
Administrative/Clerical staff	45%
Skilled Trades occupations	55%
Caring, Leisure and Other services staff	70%
Sales and Customer services staff	55%
Machine Operatives	47%
Elementary staff	48%

3.8 How much training is provided?

Establishments that train typically provide nine days training per person trained (though nine per cent of trainers give more than 20). Results differ little by size of employer.

Among those providing only on-the-job training the average is 10 days per person trained. This compares with seven days among those providing only off-the-job training.

3.9 Training to qualifications

Just over a quarter of all establishments (27 per cent) had trained staff towards nationally recognised qualifications in the last 12 months (this was 43 per cent of establishments that trained). There is a wide variation by sector, with the figure much higher among trainers in Mining and Quarrying (68 per cent), Education (64 per cent), Health and Social Work (60 per cent), Electricity, Gas and Water (55 per cent) and Public Administration (53 per cent).

⁶ Based on survey estimates of employment in each occupation.

3.10 Investment in training

Across the UK, total employer expenditure on training is estimated to have been £49bn over the course of the 12 months prior to UK ESS 11. Please note that as with all data in this paper, this figure has been collected across the entire UK for the first time in this survey and cannot therefore be compared to the figures coming out of earlier surveys in the constituent nations. Total expenditure splits relatively evenly between expenditure on on-the-job training (£25.8bn) and off-the-job training (£23.2bn). The bulk of the outlay on off-the-job training is course-related (£19.3bn), with other off-the-job training (such as seminars, workshops, and open and distance learning) forming a far smaller component (£3.9bn). Table 3.7 below illustrates how expenditure on training breaks down into its constituent components.

Table 3.7 Training expenditure over the previous 12 months

	Overall cost	%
Total training spend:	£49.0bn	
Off-the-job training: Total:	£23.2bn	47
Off-the-job training: course-related:	£19.3bn	39
Trainee labour costs	£5,417m	11
Fees to external providers	£2,775m	6
On-site training centre	£2,986m	6
Off-site training centre (in the same company)	£653m	1
Training management	£6,794m	14
Non-training centre equipment and materials	£404m	1
Travel and subsistence	£480m	1
Levies minus grants	£-251m	-*
Off-the-job training: other (seminars, workshops etc.):	£3.9bn	8
Trainee labour costs	£2,806m	6
Fees to external providers	£1,128m	2
On-the-job training: Total:	£25.8bn	53
Trainee labour costs	£16,076m	33
Trainers' labour costs	£9,717m	20

Base: All trainers completing the Investment in Training survey (11,117). Note: "" denotes a figure greater than 0 per cent but less than 0.5 per cent.*

The next table (Table 3.8) illustrates what this equates to per capita and per trainee.

Table 3.8 Training expenditure per capita and per trainee

Total training expenditure	£49bn
Per capita training expenditure (total workforce)	£1,775
Per capita training expenditure (training employers' workforce)	£2,050
Per trainee training expenditure	£3,375

Base: All trainers completing the Investment in Training survey (11,117).

Note: Per capita and per trainee figures are calculated using employment and trainee numbers from main UK ESS2011 data (unweighted base 87,572, weighted base 2,299,921). Per capita and per trainee expenditure rounded to the nearest £25.

Large establishments with 100 or more staff spend the most on training in absolute terms, but spend less than average per trainee, as demonstrated by the data presented in the final two columns of Table 3.9.

Table 3.9 Total training expenditure by size

	Training expenditure			
	<i>Unweighted base</i>	Total	Per capita training expenditure (per trainee)	Per capita training expenditure (whole workforce)
Overall	11,117	£49.0bn	£3,375	£1,775
Employment				
Fewer than 5	1,864	£7.5bn	£6,325	£2,575
5 to 24	6,542	£12.7bn	£3,750	£1,975
25 to 99	2,160	£12.0bn	£3,000	£1,750
100 +	551	£16.8bn	£2,625	£1,475

Base: All trainers completing the Investment in Training survey.

Note: Trainee distribution is calculated using trainee numbers from main UK ESS11 data.

The Real Estate and Business Activities sector spends the most on training in absolute terms, and also spend more than average per trainee (see Table 3.10); the Education sector also makes a large investment both overall and per trainee. Wholesale and Retail, and Health and Social Work, on the other hand both account for a large proportion of UK trainees but their spend per trainee is lower.

Table 3.10 Total training expenditure by sector

	Training expenditure			
	<i>Unweighted base</i>	Total	Per capita training expenditure (per trainee)	Per capita training expenditure (whole workforce)
Agriculture, Forestry & Fishing	88	£851m	£5,725	£2,275
Mining and Quarrying	29	£82m	£3,025	£1,425
Manufacturing	819	£3,472m	£3,050	£1,425
Electricity, Gas, Water Supply	137	£320m	£2,125	£1,150
Construction	660	£2,774m	£3,975	£1,925
Wholesale and Retail Trade	1,827	£5,447m	£2,350	£1,225
Hotels and Restaurants	1,060	£3,421m	£3,625	£1,975
Transport and Communications	869	£3,524m	£3,650	£1,575
Financial Services	220	£1,520m	£2,450	£1,450
Real Estate / Business Activities	2,053	£9,482m	£4,050	£2,075
Public Administration	236	£3,469m	£3,650	£2,200
Education	560	£6,709m	£4,075	£2,650
Health and Social Work	1,525	£5,431m	£2,325	£1,550
Community, Social and Personal Service Activities	1,034	£2,485m	£3,600	£2,000

Base: All trainers completing the Investment in Training survey.

Note: Trainee distribution is calculated using trainee numbers from main UK ESS2011 data.

3.11 Assessing the impact of training

Two thirds of establishments that train assess the performance of employees following their training (65 per cent). This increases:

- by size of establishment (1-4: 59 per cent, 5-24: 70 per cent, 25+: 80 per cent);
- in certain sectors: Health and Social Work (75 per cent), Financial Services (77 per cent), Education (78 per cent), and Public Administration (80 per cent);
- In relation to product market strategy (from 49 per cent among those employers with a very low PMS score to 72 per cent among those with a very high score).

Predictably those with a training plan (80 per cent) or budget (76 per cent) are much more likely to assess the impact of training than those with neither (47 per cent).

Summary points

- Whilst many employers do not experience skills deficiencies and problems recruiting, in sectors and occupations where they are experienced they can have an impact on the ability of establishments to function properly;
- Three in five establishments fund or arrange training, and just over a half of the workforce were trained over the 12 months prior to the survey;
- The first ever UK-wide figure for employer training expenditure across the UK is £49bn for the 12 months prior to the survey. This is not comparable with figures previously calculated in the constituent nations.

Next steps

Further analysis of the 2011 UK Employer Skills Survey will follow in a full UK Report to be published in March/April 2012. This will delve deeper into national, sectoral and occupational comparisons, giving a full view of employer demand for skills in 2011.

Time series comparisons for each nation will be provided via a set of national reports, which will follow the full UK Report. These will enable comparisons through time for each nation, where the data is available to do so.

Access to data from the 2011 UK Employer Skills Survey is not publicly available at present. We will release the data following the publication of our other outputs next year. The questionnaire used for the 2011 UK Employer Survey is available, though, and can be found on <http://employersurveys.ukces.org.uk>.

Appendix A: Key Terms

This appendix gives a short guide to the key terms used in this report:

- Hard-to-fill vacancies
- Vacancies which are proving difficult to fill, as defined by the establishment (from question: “Are any of these vacancies proving hard to fill?”)
- Skill-shortage Vacancies (SSVs)
- Vacancies which are proving difficult to fill due to the establishment not being able to find applicants with the appropriate skills, qualifications or experience.
- Skills gaps
- A “skills gap” is where an employee is not fully proficient – i.e. is not able to do their job to the required level.
- Product Market Strategy (PMS)
- An establishment’s PMS score is worked out from the combined answers of four questions:
 - how customised their output is
 - how price dependent their offering is
 - how innovative the establishment is
 - whether outputs are premium or basic quality.
- A high PMS score would indicate outputs are customised, not price-dependent, premium quality and the establishment often leads the way in product development.

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