UK COMMISSION FOR EMPLOYMENT AND SKILLS

Government Services: Sector Skills Assessment 2012

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Sector Skills Assessment: Government Services

Skills for Justice

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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 ambition is to transform the UK's approach to investing in the skills of people as an intrinsic part of securing jobs and growth. Our strategic objectives are to:

- Maximise the impact of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base;
- Work with businesses to develop the best market solutions which leverage greater investment in skills;
- Provide outstanding labour market intelligence which helps businesses and people make the best choices for them.

The third objective, relating to intelligence, reflects an increasing outward focus to the UK Commission's research activities, as it seeks to facilitate a better informed labour market, in which decisions about careers and skills are based on sound and accessible evidence. Relatedly, impartial research evidence is used to underpin compelling messages that promote a call to action to increase employers' investment in the skills of their people.

Intelligence is also integral to the two other strategic objectives. In seeking to lever greater investment in skills, the intelligence function serves to identify opportunities where our investments can bring the greatest leverage and economic return. The UK Commission's third strategic objective, to maximise the impact of policy and employer behaviour to achieve an internationally competitive skills base, is supported by the development of an evidence base on best practice: "what works?" in a policy context.

Our research programme provides a robust evidence base for our insights and actions, drawing on good practice and the most innovative thinking. 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.

Sector Skills Assessments (SSAs) are key sources of authoritative and focused sectoral labour market intelligence (LMI), designed to inform the development of skills policy across the UK. They combine "top-down" analysis of official data with bottom-up intelligence to provide a consistent, comparable and rich understanding of the skills priorities within different sectors of the economy, across the four UK nations.

Sharing the findings of our research and engaging with our audience is important to further develop the evidence on which we base our work. Evidence Reports are our chief means of reporting our detailed analytical work. Each Evidence Report is accompanied by an executive summary. All of our outputs can be accessed on the UK Commission's website at www.ukces.org.uk

But these outputs are only the beginning of the process and we are engaged in other mechanisms to share our findings, debate the issues they raise and extend their reach and impact. These mechanisms include our *Changing Behaviour in Skills Investment* seminar series and the use of a range of online media to communicate key research results.

We hope you find this report useful and informative. If you would like to provide any feedback or comments, or have any queries please e-mail info@ukces.org.uk, quoting the report title or series number.

Lesley Giles

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UK Commission for Employment and Skills

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Executive Summary

The aim of this report is to provide authoritative labour market intelligence (LMI) for the Government Services sector to inform the strategic decision making of national governments in the development of employment and skills policy. It is one of 15 UK Sector Skills Assessment (SSA) reports produced by Sector Skills Councils[1] and the UK Commission for Employment and Skills.

Background to the sector

Across the UK, the Government Services sector is the fifth largest sector in terms of total employment (accounting for eight per cent of total employment). Almost 2.2 million people are employed in the sector, an increase of 59,000 from 2002. The sector workforce has increased by 2.8 per cent, compared to 1.6 per cent for the whole economy workforce. However, since 2010 sector employment has declined and a further reduction of 5.5 per cent in sector employment by 2020 is forecast.

In 2008 the sector contributed £63,281 million to UK GVA, equivalent to five per cent of total GVA. England contributed £51,275 million (81 per cent of the sector total), with Scotland contributing 9.7 per cent, Wales 5.2 per cent and Northern Ireland 4.1 per cent.

The workforce

Increased employment is forecast in some job roles (caring, leisure and other services; managers, directors and other senior officials; and professional occupations), but decreased employment across other groups will result in an overall reduction in sector employment of 5.5 per cent by 2020.

People working in the Government Services sector are slightly more likely to work full time and slightly less likely to be self employed than average. Gender, ethnicity and age profiles are similar to those for the entire economy.

[1] Please note, the Education report was produced by LSIS who are not a licensed Sector Skills Council

Demand for skills

On the whole, the sector workforce is better qualified than average, and the proportion of the workforce with high level qualifications has been increasing. The proportion of managers and professionals who lack level 4 qualifications declined from 39 per cent in 2002 to 34 per cent in 2010. Nonetheless, leadership skills remain an area of concern for the sector.

The take up of high performance working practices is higher in the Government Services sector than average. Barriers to the provision of training include lack of funds, lack of training availability, and a perception that employees are already skilled enough.

Skills mismatch

The Government Services sector accounts for six per cent of all vacancies. Around a quarter of these are hard to fill and 17 per cent are skills shortage vacancies. The greatest number of vacancies are in: caring, leisure and other services occupations; associate professional occupations; and professional occupations.

The impact of hard to fill vacancies is most frequently described as increased workload for other staff, followed by: difficulties in meeting customer services objectives; delays in developing new products or services; and increased operating costs. In response, employers spend more on job adverts and adopt more novel recruitment methods.

Employers report shortages for both hard skills (operational, technical and practical) and soft skills (customer services, oral communication and people management skills). Skills shortage most commonly mentioned by Government Services sector employers are: job specific skills (mentioned by 32 per cent of establishments); customer handling skills (29 per cent); and oral communication skills (27 per cent).

Within the Government Services sector, 15 per cent of establishments report skills gaps, affecting five per cent of all employees (equivalent to the incidence for the whole economy). Skills shortages are particularly concentrated within Administrative and Clerical occupations. Seven per cent of workers in these occupations have skills gaps, which equates to almost 20,000 people. The occupation with the greatest percentage of staff with skills gaps is Machine Operatives (23 per cent with skills gaps) which equates to almost 8,000 members of staff. Altogether, almost 95,000 sector employees have skills gaps.

Under-employment is also an issue, with more than half of Government Services establishments having employees who are over qualified and over skilled (some 14 per cent of all employees).

Drivers of change

There are seven key drivers of change with significance for the sector.

- Government regulation is key. The 2010 Comprehensive Spending Review set out a programme of public service reform, changing the way services are delivered. In response local government is increasing the freedom of local authorities to manage their own budgets and make more local decisions.
- Demographic drivers will also have an impact. The abolition of compulsory retirement and later pensionable age may mean people remain in the workforce for longer. Increased migration will affect workforce composition and demand for services.
- Environmental change is also likely to affect services, with the sector likely to lead efforts to combat climate change.
- Economic factors include reductions in public funding and an ongoing need to ensure savings.
- New technology will potentially help the sector cope with some of these challenges. There is also likely to be an increasing drive to standardisation and automation.
- Changing values and identities might affect labour supply as employees make different choices about work-life balance, type of work and ongoing development.
- Changing consumer demand is likely to be expressed through rising expectations around service quality and flexibility.

Future skills needs

The size of the Government Services workforce is forecast to reduce over the next ten years. The number of people employed in central and local government will fall by around 700,000 during the course of the current Parliament (2010-2015) and by a further 180,000 by 2017.

Job numbers will decrease by 10.5 per cent between 2010 and 2015. Some job growth is forecast for 2015-2020 (a six per cent increase). However, this will not be sufficient to return to the sector employment level of 2010. Indeed, the forecast is for an overall reduction in jobs of around 5.5 per cent by 2020. This may place increased pressure on skills development at all levels as employers seek to restructure and reconfigure services.

Future skills priorities for the sector include:

- better management and leadership skills, particularly for managing professionals, financial management and change management
- increased skills related to performance targets, indicators and accountability issues
- skills to support greater cross-agency work.
- better skills utilisation, including improving management and leadership and aligning skill development with investment in technological infrastructure.

Priority areas for action

Priority areas for action include:

- actions to encourage effective performance
- further increases in flexible working
- investment in the provision of improved procurement and commissioning
- moving from risk management to exploring potential and innovation
- adoption of new Information Technology and E-learning tools
- Workplace Learning and Partnership Working
- greater collaboration across traditional working boundaries.

The sector is experiencing rising demand for services with constrained resources. Upskilling the workforce and ensuring that these skills are used effectively at work will be crucial in meeting customer expectations and delivering excellent services.

1. Introduction

1.1 Purpose of report

The aim of this report is to provide authoritative labour market intelligence (LMI) for the *Government Services* sector to inform the strategic decision making of national governments in the development of employment and skills policy. It is one of 15 UK Sector Skills Assessment (SSA) reports produced by Sector Skills Councils[2] and the UK Commission for Employment and Skills.

SSAs combine top-down data from official sources with bottom-up sectoral intelligence to provide a consistent, comparable and rich understanding of the skills priorities within sectors across the four UK nations. The reports have been produced to a common specification (developed by the UK Commission in consultation with the four UK governments) and follow a consistent structure.

Reports have been produced for the following sectors of the economy:

- Agriculture, forestry and fishing
- Energy production and utilities
- Manufacturing
- Construction building services, engineering and planning
- Wholesale and retail trade
- Transportation and storage
- Hospitality, tourism and sport
- Information and communication technologies
- Creative media and entertainment
- Financial, insurance & other professional services
- Real estate and facilities management
- Government services
- Education
- Health

[2] Please note, the Education report was produced by LSIS who are not a licensed Sector Skills Council

- Care

The reports contain intelligence on sectors and sub-sectors of particular interest to the four UK governments. As each nation has different ‘key sectors’, that are defined in different ways, it has not been possible define the SSA sectors in a way that matches precisely the key sectors identified by each national government. Therefore, as far as possible, data has been reported in such a way that it can be aggregated to produce an overall picture for key sectors of interest. In some cases this will involve gathering information from more than one SSA report.

The reports are designed to provide sectoral intelligence at a relatively broad level for strategic decision making purposes. Whilst they do contain some sub-sectoral and occupational intelligence, further intelligence at a more granular level may be available from individual Sector Skills Councils.

In addition to the main UK reports, executive summaries have been produced for Scotland, Wales and Northern Ireland. The UK reports contain information on key regional variations between the four UK nations and within England where appropriate (for example if sectoral employment is focused in a particular geographic area). However, the reports are not designed to provide a comprehensive assessment of sectoral skills issues beyond the national level.

1.2 Defining the sector

Classifications are ways of grouping things that are perceived to be similar to each other and different from others. In the United Kingdom (UK), the Office for National Statistics (ONS) compiles important countrywide statistics across various socio-economic themes. From these statistics, the ONS develops bespoke classifications for use within different sectors of the economy. One such classification is the Standard Industrial Classification (SIC) of Economic Activities. The SIC is used to segment business establishments into homogeneous groups according to their economic activities.

Within the context of this report, an economic activity is defined as a situation where input resources such as goods, labour and manufacturing techniques feed into a production process to generate an output of goods or services (ONS, 2009).

This report focuses on a broad sector termed as *Government Services*. Table 1.1 sets out the three *divisions* of economic activity for the sector and the 2-digit SIC Code for each division. Where relevant the report will offer some breakdown of data and issues related to each of the three divisions in order to provide additional insight and intelligence.

Table 1.1: SIC definitions for Government Services

Broad Sector	SIC	Sub-sector
Government	84	Public administration and defence, compulsory social security
	94	Activities of membership organisations
	99	Activities of extraterritorial organisations and bodies

Source: UK Standard Industrial Classification of Economic Activities, ONS, 2007

The broad area of Government Services is dominated by large public service employers from all tiers of government, the armed forces and organisations delivering justice and community safety activities. The following section synthesises the key characteristics of these employers.

Civil Service

There are 22 main Civil Service Departments in England as well as the Devolved Administrations in Wales, Scotland and Northern Ireland. Because civil service policy is a reserved matter in Scotland and Wales, civil servants throughout Great Britain are part of a single Home Civil Service. Civil service policy is a delegated matter in Northern Ireland which has its own separate Northern Ireland Civil Service.

Most civil servants across the UK work in the five largest departments: Department of Work and Pensions, HM Revenue and Customs, Ministry of Justice, Ministry of Defence and the Home Office.

In addition, staff are employed in Executive Agencies (these are sometimes also referred to as ‘arm’s length bodies’ but this term should more strictly be reserved for Non-Departmental Public Bodies (NDPBs)). These are not themselves legal entities (the employer remains the parent Department) but they often have extensive autonomy in employment and skills issues. The purpose of Executive Agencies is to “enable executive functions within government to be carried out by a well-defined business unit with a clear focus on delivering specified outputs within a framework of accountability to Ministers”. Executive Agencies include Job Centre Plus, UK Borders Agency and Valuation Office Agency.

A number of bodies outside the 22 main Departments and Devolved Administrations employ civil servants. These include non-Ministerial Departments and Crown NDPBs. Most of these bodies are fairly small. Their staff numbers are often included in those of their parent main Department, even though they may be legally separate employers.

Non-Departmental Public Bodies (NDPB)

An NDPB is defined as a “body which has a role in the processes of national Government, but is not a Government Department or part of one, and which accordingly operates to a greater or lesser extent at arm’s length from Ministers”. There are four types of NDPB, three of which rarely employ their own staff and are usually supported by civil servants from the sponsoring Government Department. The fourth type, Executive NDPBs, are mainly non-Crown bodies and as such employ their own staff.

Whilst there are some groups of NDPBs which have common characteristics (such as the Research Councils), NDPBs are not a homogenous sub-sector. Their business areas and skill requirements are highly diverse. NDPBs generally have considerable freedom to define their own skills and competency requirements.

The Armed Services

The Army is the largest of the three UK Regular Forces services, followed by the Royal Air Force and the Naval Service.

The Queen is the Commander-In-Chief of the British Armed Forces, but the Prime Minister has the decision-making power over the deployment and disposition of British forces. There are a huge amount of logistics involved with the training and deployment of troops. This is coordinated by the Chief of The Defence Staff who in turn reports to The Secretary of State for Defence.

Each branch of the Armed Forces has a specific role within the overall mission of defending the UK, strengthening international peace and stability throughout the world.

The services include:

- Royal Navy
- Royal Marines
- British Army
- Royal Air Force
- British Special Forces

Local Government

Across England, local government bodies are organised into a mixture of single tier and two-tier systems. The majority of England has a two-tier system where each geographical area has both a county council and a district council. County councils cover larger geographic areas and provide cross-county public services, including education, social services, and public transportation. Each county is divided into several districts. District councils provide local services, including council housing, gyms and leisure facilities, local planning, recycling and trash collection. District councils with borough or city status may be called borough councils or city councils, but their role is the same.

In most large towns and cities, and in some small counties, there is a single tier system of ‘’unitary authorities'. In London, each borough is a unitary authority, but the Greater London Authority (the Mayor and Assembly) provides London-wide government with responsibility for certain services like transport and police.

Both Scotland and Wales operate a unitary system with one level of local government. In Northern Ireland, there are local councils, which provide a range of services, such as sports and leisure facilities and waste collection. In Scotland, Wales and England there are also some community councils with restricted powers. They are responsible for services such as allotments, public toilets, parks and ponds, war memorials, and local halls and community centres. They are sometimes described as the third tier of local government.

Some local authorities share services covering a wider area, such as the police, fire services and public transport. This may be done to avoid splitting up services when council structures are changed, or because some councils are too small to run an effective service on their own.

More than two million people are employed by local authorities. These include school teachers, social services, the police, firefighters and many other office and manual workers. Education is the largest locally provided service.

The Justice Sector

The Justice sector is central to the political and social environment in the UK and directly affects individuals' quality of life, sense of well being and security. In addition the existence of a safe and low-crime environment is critical to the UK economy. A wealth of diverse organisations in the sector, although operating to individual remits, work towards the same broad purpose: the creation and maintenance of a safe, just and stable society.

The core, overarching purpose of the justice system is to:

- reduce crime and re-offending
- protect people and contribute to the reduction and fear of crime
- support the administration of justice
- promote confidence in the justice system.

1.3 Sector Skills Councils

The UK has addressed concerns regarding skills and workforce challenges using different approaches (UKCES, 2009). One initiative was the setting up of Sector Skills Councils (SSCs), responsible for increasing the skills of the workforce and boosting productivity in their industries (UKCES, 2010b, p.15).

This report, for the most part, covers the workforce that falls within the remit of Skills for Justice. However, some parts of the Government services sector are not covered by any SSC. This being the case, the quantitative data to support the statistical analysis contained within this report is richer when focused on those sub-sectors that are covered by Skills for Justice. For more information about Skills for Justice, including recent research, please see the relevant sections of the website: www.skillsforjustice.com.

1.4 Summary of methodology

This report combines top-down data with bottom-up intelligence to provide a rich assessment of sectoral skills priorities that is consistent and comparable with assessments produced for other sectors of the economy.

Three main types of information have been drawn on in the preparation of this report:

- economy-wide quantitative data from core labour market information sources (such as the Labour Force Survey and the UK Employer Skills Survey).
- sectoral, sub-sectoral and occupational specific quantitative data generated by SSCs / sector bodies and others (including Government departments and agencies, academics and professional associations).
- secondary data collected by SSCs / sector bodies and other organisations.

To ensure consistency and comparability across all 15 SSA reports, data from core labour market information sources was centrally collected, processed and formatted. It was then distributed by the UK Commission to Sector Skills Councils / sector bodies for inclusion within the reports. This data was quality assured by contractors, the UK Commission and by Sector Skills Councils.

To meet consistency requirements, sub-sector analysis of data from core sources has primarily been undertaken at a 2-digit Standard Industrial Classification (SIC) code level (or by combining 2-digit SIC codes where appropriate).

Data from core sources has been supplemented within the report with data from sector specific sources.

Sector Skills Councils commission sector–specific surveys and utilise sector specific data in order to understand the workforce issues of employers. This research and labour market information is used to understand and articulate the challenges faced by employers, helping them to:

- support training and qualifications development
- fill skills gaps
- understand skills shortages
- identify issues around gender, disability, and Black Asian and Minority Ethnic groups (BAME).

Skills for Justice has carried out a range of research and evaluation projects in order to analyse workforce skills and qualifications. This has concentrated on the Justice and Community Safety sector workforce (Police, Courts Tribunals and Fire and Rescue Services). Skills for Justice's footprint continues to grow, and has recently expanded to include Armed Forces, Central Government Services and Local Government. No primary research on workforce skills within this set of employers has, as yet, been carried out by Skills for Justice.

The report also draws on qualitative research that has been undertaken to explore sectoral skills issues in more detail. Qualitative research with small samples of employers, most commonly through interviews and focus groups, seeks to provide rich and detailed understanding and insight. Samples tend to be designed to be broadly representative of the wider population (and take into account key dimensions such as size and sub-sector).

The report synthesises and contextualises information from the sources identified above and, by undertaking a rigorous analysis of it, turns the information into intelligence.

Further methodological information is provided within Annex A. This includes descriptions of the main quantitative and qualitative sources used within the report. The Bibliography at the end of the report provides a detailed list of the secondary sources of information that were undertaken as part of an extensive literature review.

2. Current performance of sector

Summary

The Comprehensive Spending Review (2010) has driven major change across the *Government Services* sector, including funding reductions, decentralisation, service delivery moving to the private sector, increased efficiencies, pay freezes and job cuts. Employers are experiencing increased pressure on training budgets at the same time as having to meeting the continued need for skilled workers, and anticipating future skills needs.

Across the UK, the *Government Services* sector is the fifth largest sector in terms of total employment (eight per cent of the total). Almost 2.2 million people were employed in the sector in 2010, up 59,000 from 2002. This is an increase of 2.8 per cent compared to the whole economy increase of 1.6 per cent. The forecast to 2020 is for an overall reduction in employment of around 5.5 per cent across the Government Services sector.

In 2008, the *Government Services* sector contributed £63,281 million to UK GVA (just over 5 per cent of the total). England contributed £51,275 million (81 per cent of the UK total). Scotland contributed 9.7 per cent of sector GVA, Wales 5.2 per cent and Northern Ireland 4.1 per cent. The *Government Services* sector contributed 4.7 per cent of overall GVA in England compared to 5.9 per cent in Scotland, 7.2 per cent in Wales and nine per cent in Northern Ireland.

The *Government Services* sector comprises two per cent of all businesses establishments. Sector establishments tend to be larger than average. The number of establishments declined by almost seventy per cent from 2006 to 2010, as a result of restructuring.

The 2010 Comprehensive Spending Review (CSR) (Cabinet Office, 2010) heralded a major overhaul of the public sector. This included reductions in employment, increases in efficiency, use of the market to deliver services and new ways of working. Although some departments saw budget increases, average departmental budget projections for 2014-15 showed a 19 per cent decrease, ranging from 3.5 per cent for Education to 37 per cent for International Development.

The reforms contained within the CSR sought to devolve power away from central government, creating a smaller and more strategic core. Administrative budgets within Whitehall and its Arms Length Bodies (ALBs) were reduced by 34 per cent over the Spending Review period, resulting in predicted savings of £5.9 billion a year by 2014-15. Resources were focused on frontline services with the number of ALBs radically reduced. As well as a significant number being merged (118 in total), a further 192 have either already been closed down or will cease to be public bodies. Their functions will be brought back into Government, devolved or abolished.

The foundation of the Spending Review was to create a radical programme of public service reform, changing the way services were delivered and enabling sustainable, long term improvements in services. The key policy imperatives were:

- localisation of power and funding, including the removal of ring-fenced budgets for local authority resources
- removal of burdens and regulations on frontline staff, including policing, education and procurement
- increased diversity of provision in public services through increased use of payment by results
- breaking down barriers to greater independent provision, and supporting communities, citizens and volunteers to have increased control in their communities
- increased transparency, efficiency and accountability of public services.

The Spending Review provided a settlement for local government that radically increased the freedom of local authorities to manage their own budgets. However, local authorities face difficult decisions in identifying how services can best be delivered with reduced funding allocations. Other measures announced that impacted upon the Government Services workforce included:

- reform of the sentencing framework to quicken the process of punishing and rehabilitating offenders
- a review of the terms and conditions to ensure support for effective front-line policing
- efficiencies in IT, procurement and back office functions in order to deliver savings
- acceptance of the findings of the interim Hutton Report on public service pensions, resulting in a £3.5bn increase in public sector pension employee contributions

- £7bn extra welfare cuts, including changes to incapacity benefit, housing benefit and tax credits
- £81bn cut from public spending over four years.

Overall, the CSR defined the government's ambitions to engineer a move away from reliance on the public sector in order to stimulate growth from and within other sectors of the economy. The Open Public Services White Paper (Cabinet Office, 2011) set out the Government's vision for a more diverse market in public services, with a greater role for third sector organisations and private companies in service delivery.

The central principles of the White Paper were:

- shifting power from the centre: ensuring services are delivered at the most local level possible, enabling more community involvement in service delivery.
- ensuring diversity: opening up the opportunity to deliver services to a range of providers from public, voluntary or private sectors.
- guaranteeing fair access: ensuring consistent and excellent service by shifting power to individuals and communities.
- delivering accountability: ensuring that all services delivered are accountable to the people who use them and the taxpayers who pay for them.

There is general recognition that public sector reform was needed. PricewaterhouseCoopers (2011a), using figures from the Office for Budget Responsibility, forecast that age-related public spending will rise by 2.5 per cent of GDP by 2030 and five per cent of GDP by 2050. They predict that a further £20bn of cuts, on top of those proposed by the government, will be needed by 2020. This is a major challenge for public sector managers. The scale of the budget cuts is unprecedented, with the Treasury commenting that there will need to be 'significant real reductions' in public sector spending in 2015-16 and 2016-17 (HM Treasury, 2012).

CMI's Future Forecast survey (CMI, 2011), conducted online in November 2011, sought the views of managers across the public, private and voluntary sectors. The report revealed that optimism about the UK's economic performance in 2012 remained low (just eight per cent of respondents were optimistic). Restructuring of public finances, the price of energy and the instability of the euro were the top factors which managers expected to have a damaging impact on their organisations in the coming year. Alongside that, managers were nervous about their organisations' people capabilities, with 43 per cent feeling that their place of work did not have the right staff to fulfill business objectives in 2012. A shortage of key skills was highlighted as the primary issue preventing organisations from meeting their business objectives, with poor leadership, insufficient experience and a lack of employees also contributing.

2.1 Economic performance

Productivity

Productivity is a measure of economic performance that applies across all sectors and that is usually defined at its broadest as output per unit of input. Input refers to labour and capital, while output is the value of goods and services produced. Gross Value Added (GVA) is the difference between the value of the output produced by a sector or region and the value of any inputs.

General definitions of productivity such as GVA per worker or per hour do not readily capture performance within the public sector (which covers the majority of the *Government Services* industrial sector). Thornhill (2006) argues that public sector productivity is as important to the economic performance of a country as that of the private sector, for three main reasons. First, the public sector is a major employer. Second, the public sector is a major provider of services in the economy, particularly business services (affecting cost of inputs) and social services (affecting labour quality). Third, the public sector is a consumer of tax resources. Changes in public sector productivity may have significant implications for the economy.

Measuring public sector productivity is more complex than measuring private sector productivity. Most private sector outputs are quantifiable in monetary terms. However, in the public sector the financial value of outputs are more difficult to capture. Concepts such as Social Return on Investment (SROI), which ‘tells a story of how change is being created by measuring social, environmental and economic outcomes and uses monetary values to represent them’ (Cabinet Office, 2009, p. 9), can help to estimate the economic contribution of the public sector..

Following the publication of the Atkinson Review in 2005, practitioners have been measuring public sector output directly. This is achieved by estimating a total output measure for a given department or public service, weighting different outputs according to their unit-costs (a proxy of how much administration costs are involved in producing each type of output). This cost-weighted output measure is then divided by the total costs (Atkinson, 2005). This provides a more reliable measure of public sector productivity, comparable to the private sector measures.

In the absence of experimental measures of public sector productivity described above, this report utilises the GVA as a measure of productivity to ensure consistency and comparability with the SSA reports for other sectors of the UK economy.

Table 2.1 tracks the GVA for all sectors of the UK economy from 1998 to 2008. The data is not organised by SSA sectors because data is not available at 2-digit (division) level. In the absence of the appropriate SIC codes, public administration and defence is the only *Government Services* sub-sector that can be easily analysed. Table 2.1 shows that ‘all sector’ GVA increased by 56 per cent over the ten year period to 2008, compared to a 58 per cent increase in the public administration and defence sector.

Table.2.1: UK GVA (£m in current basic prices) (1999-2008)

Sector	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Agriculture, hunting, forestry & fishing	9,022	8,532	8,333	9,007	9,807	10,670	7,530	7,792	8,632	9,715
Mining and quarrying of energy producing materials	2,059	1,998	1,874	1,661	1,456	1,643	2,055	2,297	1,861	2,661
Other mining and quarrying	1,700	1,784	1,750	1,469	1,519	1,848	2,115	2,145	2,291	2,365
Manufacturing	151,157	150,009	149,223	146,308	144,845	145,689	148,110	151,455	154,726	150,298
Electricity, gas and water supply	15,703	15,798	15,660	16,052	16,405	16,106	16,685	20,279	21,884	2,1342
Construction	42,236	45,626	50,526	54,684	59,522	66,029	69,868	74,619	80,675	80,756
Wholesale and retail trade (including motor trade)	99,509	103,410	110,249	113,777	120,520	127,367	129,810	135,366	141,735	147,158
Hotels and restaurants	24,146	25,605	26,928	28,639	30,120	31,870	32,902	34,594	35,962	36,428
Transport, storage and communication	64,961	69,201	70,502	73,064	76,587	79,020	80,889	83,655	88,280	91,347
Financial intermediation	48,545	44,989	48,202	63,367	71,530	75,117	79,553	90,807	103,731	116,801
Real estate, renting and business activities	173,329	188,361	204,041	214,849	232,204	248,677	260,116	276,108	296,955	303,179
Public administration and defence	39,891	41,645	43,855	46,212	49,768	53,779	58,229	60,385	61,503	63,281
Education	44,914	48,111	51,675	55,099	58,328	61,934	65,739	68,926	72,766	76,493
Health and social work	51,577	55,282	59,549	64,492	70,593	75,154	79,965	85,965	89,381	93,775
Other services	39,821	42,085	44,560	48,311	51,804	54,947	57,961	60,166	62,824	65,563
All sectors	808,570	842,436	886,927	936,991	995,008	1,049,850	1,091,527	1,154,559	1,223,206	1,261,162

Source: Regional Accounts (ONS, 2010)

Variations in sector GVA by country are shown in Table 2.2. The public administration and defence sector contributed just over five per cent of UK GVA. England contributed 81 per cent of the sector's UK GVA across the UK, Scotland 9.7 per cent, Wales 5.2 per cent; and Northern Ireland 4.1 per cent. GVA by sector and English region is shown in Table 2.3.

Table 2.2: GVA by nation (£m in current basic prices) (2008)

Sector	UK	England	Scotland	Wales	Northern Ireland
	£m	£m	£m	£m	£m
Agriculture, hunting, forestry & fishing	9,715	7,982	1,180	145	407
Mining and quarrying of energy producing materials	2,661	1,298	1,277	60	27
Other mining and quarrying	2,365	1,777	282	134	173
Manufacturing	150,298	124,860	13,555	7,734	4,149
Electricity, gas and water supply	21,342	17,414	2,653	729	545
Construction	80,756	68,247	7,328	2,924	2,256
Wholesale and retail trade (including motor trade)	147,158	127,900	10,441	5,166	3,651
Hotels and restaurants	36,428	30,938	3,297	1,424	770
Transport, storage and communication	91,347	80,262	7,065	2,529	1,491
Financial intermediation	116,801	104,574	8,501	2,305	1,422
Real estate, renting and business activities	303,179	268,770	20,829	8,380	5,200
Public administration and defence	63,281	51,275	6,148	3,275	2,583
Education	76,493	64,478	6,322	3,502	2,191
Health and social work	93,775	76,336	9,851	4,788	2,800
Other services	65,563	57,177	4,804	2,420	1,162
All sectors	1,261,162	1,083,288	103,533	45,515	28,827

Source: Regional Accounts (ONS, 2010)

Table 2.3: GVA by English region (£m in current basic prices) (2008)

Sector	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Agriculture, hunting, forestry & fishing	303	777	966	996	915	1,387	86	1,168	1,383
Mining and quarrying of energy producing materials	81	90	140	130	82	164	280	270	61
Other mining and quarrying	178	142	156	379	84	132	60	202	442
Manufacturing	6,706	19,336	14,332	13,299	13,974	13,518	13,651	18,084	11,961
Electricity, gas and water supply	979	1,622	1,511	1,952	1,920	1,948	1,823	3,061	2,598
Construction	2,990	8,236	6,266	5,835	6,588	8,946	10,262	12,482	6,643
Wholesale and retail trade (including motor trade)	4,424	14,906	11,348	10,850	12,313	15,933	22,016	24,588	11,522
Hotels and restaurants	1,123	3,527	2,383	2,012	2,905	3,041	7,717	5,063	3,166
Transport, storage and communication	2,668	8,846	6,518	5,866	6,596	9,871	17,509	16,218	6,170
Financial intermediation	2,195	8,356	6,641	3,702	5,260	9,352	48,190	13,828	7,050
Real estate, renting and business activities	7,842	26,072	17,146	16,325	20,405	29,769	74,039	55,440	21,733
Public administration and defence	2,623	5,843	4,753	3,919	4,376	5,634	7,642	10,218	6,267
Education	3,156	8,008	6,302	4,877	6,541	6,725	11,972	10,861	6,036
Health and social work	4,004	10,080	7,552	5,894	7,215	8,201	13,719	11,975	7,696
Other services	1,715	5,174	3,459	3,314	4,583	5,577	18,190	10,551	4,615
All sectors	40,987	121,015	89,473	79,350	93,757	120,198	247,156	194,009	97,343

Source: Regional Accounts (ONS, 2010)

Table 2.4 shows that the average UK GVA per employee job in the *Government Services* sector is £39,000, somewhat lower than the all-economy average figure of £46,000. However, it is higher than other sectors with a large proportion of public sector organisations, with Education recording £33,000 GVA per job, Health £27,000, and Care £30,000.

Geographical variations also exist for GVA per job across the *Government Services* sector, with England and Northern Ireland both registering higher figures than Wales and Scotland.

Table 2.4: Estimated workplace gross value added per employee job at current basic prices, 2009

SSA Sector	UK	England	Wales	Scotland	Northern Ireland
	£000s	£000s	£000s	£000s	£000s
Agriculture, forestry and fishing	35	41	11	21	25
Energy production and utilities	131	134	118	127	107
Manufacturing	52	51	49	61	53
Construction, building services, engineering and planning	65	66	54	60	56
Wholesale and retail trade	33	33	27	29	27
Transportation and storage	50	51	44	50	41
Hospitality, tourism and sport	23	23	21	22	20
Information and communication technologies	83	84	72	77	63
Creative media and entertainment	45	49	30	12	38
Financial, insurance & other professional services	86	89	57	69	63
Real estate and facilities management	85	86	103	67	98
Government services	39	40	33	35	40
Education	33	33	32	36	33
Health	27	27	26	25	23
Care	30	30	28	31	26
Not within scope	32	33	27	35	30
All sectors	46	47	38	43	38

Source: UK Commission estimates based on Regional Accounts; Annual Business Survey; Business Register and Employment Survey (BRES). See technical appendix for basis for estimates.

Notes: Figures for Real estate and facilities management sector include contribution from owner-occupier imputed rental. All figures exclude Extra-Regio element. Estimates will tend to overstate the level of GVA per job in those sectors with high levels of self-employment.

GVA has risen steadily between 1999 and 2008 (Table 2.5).

Table 2.5 : UK GVA by Sector (£m in current basic prices) (1999-2008

	1999 £m	2000 £m	2001 £m	2002 £m	2003 £m	2004 £m	2005 £m	2006 £m	2007 £m	2008 £m
Agriculture, hunting, forestry & fishing	9,022	8,532	8,333	9,007	9,807	10,670	7,530	7,792	8,632	9,715
Mining and quarrying of energy producing materials	2,059	1,998	1,874	1,661	1,456	1,643	2,055	2,297	1,861	2,661
Other mining and quarrying	1,700	1,784	1,750	1,469	1,519	1,848	2,115	2,145	2,291	2,365
Manufacturing	151,157	150,009	149,223	146,308	144,845	145,689	148,110	151,455	154,726	150,298
Electricity, gas and water supply	15,703	15,798	15,660	16,052	16,405	16,106	16,685	20,279	21,884	21,342
Construction	42,236	45,626	50,526	54,684	59,522	66,029	69,868	74,619	80,675	80,756
Wholesale and retail trade (including motor trade)	99,509	103,410	110,249	113,777	120,520	127,367	129,810	135,366	141,735	147,158
Hotels and restaurants	24,146	25,605	26,928	28,639	30,120	31,870	32,902	34,594	35,962	36,428
Transport, storage and communication	64,961	69,201	70,502	73,064	76,587	79,020	80,889	83,655	88,280	91,347
Financial intermediation	48,545	44,989	48,202	63,367	71,530	75,117	79,553	90,807	103,731	116,801
Real estate, renting and business activities	173,329	188,361	204,041	214,849	232,204	248,677	260,116	276,108	296,955	303,179
Public administration and defence	39,891	41,645	43,855	46,212	49,768	53,779	58,229	60,385	61,503	63,281
Education	44,914	48,111	51,675	55,099	58,328	61,934	65,739	68,926	72,766	76,493
Health and social work	51,577	55,282	59,549	64,492	70,593	75,154	79,965	85,965	89,381	93,775
Other services	39,821	42,085	44,560	48,311	51,804	54,947	57,961	60,166	62,824	65,563
All sectors	808,570	842,436	886,927	936,991	995,008	1,049,850	1,091,527	1,154,559	1,223,206	1,261,162

Source: Regional Accounts (ONS, 2010)

NB: Data is not organised by SSA sectors. This is because data is not available at a 2-digit (division) level. Therefore, the list of sectors presented in this table are those used in Regional accounts.

The *Working Futures* model (Wilson and Homenidou, 2011) provides historic estimates of productivity (output per job) by sector on a constant price (chained volume measure) basis[3]. This analysis indicates an average rate of productivity growth for the UK *Government Services* sector for the first half of the last decade (2000-2005) of 0.4 per cent per annum. In the second half of the decade productivity is estimated to have increased to an average rate of 0.7 per cent per annum. This compares with an average rate for the wider UK economy of 1.4 per cent for 2000-2005 and 0.7 per for the second half of the decade. According to *Working Futures* the sector's pattern of productivity performance is due to the negative impact of the recession on demand for property services combined with limited scope to adjust the level of labour inputs.

In addition to drawing evidence from sectoral GVA, another way of assessing economic performance is to study the profile of establishments in the sector, including workforce size and the number of business start-ups and closures.

Employer profile (number of establishments, size, start-ups and closures)

Table 2.6 provides an overview of the number and proportional distribution of establishments by sector and across the four nations for 2010. The *Government Services* sector comprises just two per cent of all establishments. Further analysis of the distribution of establishments across English regions reveals significant disparities. The proportion of establishments is unsurprisingly largest in London, followed by the South East (Table 2.7).

[3] Output in this industry is measured by public expenditure on services

Table 2.6: Number of establishments by sector and nation (2010)

Sector	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	144,895	6	96,770	4	17,625	9	14,210	13	16,290	19
Energy production and utilities	13,290	1	10,365	0	1,495	1	865	1	565	1
Manufacturing	144,115	6	124,235	6	9,395	5	6,040	5	4,445	5
Construction, building services, engineering and planning	358,455	14	303,300	14	27,845	14	14,280	13	13,030	15
Wholesale and retail trade	509,215	20	431,330	20	38,165	20	23,000	20	16,720	20
Transportation and storage	83,825	3	70,685	3	6,370	3	3,925	3	2,845	3
Hospitality, tourism and sport	223,370	9	185,390	8	20,515	11	11,580	10	5,885	7
Information and communication technologies	131,065	5	120,095	5	6,610	3	3,130	3	1,230	1
Creative media and entertainment	134,115	5	121,900	6	6,830	4	3,640	3	1,745	2
Financial, insurance & other professional services	255,000	10	228,725	10	14,770	8	7,160	6	4,345	5
Real estate and facilities management	149,325	6	129,340	6	10,610	5	5,730	5	3,645	4
Government Services	52,210	2	40,870	2	5,625	3	2,985	3	2,730	3
Education	67,125	3	55,020	3	5,535	3	3,250	3	3,320	4
Health	55,135	2	46,925	2	3,895	2	2,515	2	1,800	2
Care	85,935	3	70,460	3	7,810	4	4,710	4	2,955	4
All economy	2,574,230	100	2,183,845	100	193,305	100	112,810	100	84,270	100

Source: Inter-departmental Business Register (IDBR) (ONS, 2010a)

Table 2.7: Number of establishments by sector and English region (2010)

Sector	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
Agriculture, forestry and fishing	3,870	11,305	11,205	10,770	11,880	12,170	935	11,785	22,850
Energy production and utilities	475	1,460	1,155	1,025	1,065	1,320	950	1,605	1,310
Manufacturing	4,650	15,950	13,100	12,915	15,930	15,235	13,350	20,025	13,080
Construction, building services, engineering and planning	10,845	35,520	26,035	24,975	28,750	41,485	42,520	58,785	34,385
Wholesale and retail trade	16,630	55,955	41,975	36,895	45,695	48,635	67,620	71,850	46,075
Transportation and storage	2,610	8,775	7,270	6,830	7,930	9,305	9,190	11,570	7,205
Hospitality, tourism and sport	8,395	23,095	17,600	14,030	16,700	19,290	32,470	31,885	21,925
Information and communication technologies	2,325	10,885	6,685	6,900	9,260	14,735	29,655	28,805	10,845
Creative media and entertainment	2,660	10,035	6,735	6,215	7,425	12,210	43,255	22,760	10,605
Financial, insurance & other professional services	5,440	23,475	14,900	14,950	18,300	23,850	61,915	45,495	20,400
Real estate and facilities management	4,185	14,800	10,225	9,390	11,925	15,045	27,475	22,980	13,315
Government Services	1,815	4,810	4,260	4,270	4,040	4,215	6,495	6,340	4,625
Education	2,495	6,890	4,965	4,810	5,465	6,330	8,215	9,925	5,925
Health	2,010	6,255	4,265	3,830	4,570	4,850	8,045	8,280	4,820
Care	3,575	9,340	6,950	6,110	6,940	7,210	10,725	11,700	7,910
All economy	75,975	255,705	187,810	174,700	210,065	253,120	392,540	394,505	239,425

Source: Inter-departmental Business Register (IDBR) (ONS, 2010a)

Exploring changes in the number of establishments across the economy over the period 2006 to 2010, it is clear that proportional changes have been highly uneven across different sectors (see Table 2.8). There was a significant decline in the number of establishments in the Government Services sector during the period 2006 to 2010 (a decrease of 67 per cent, mostly between 2007 and 2008).

Table 2.8: Number of establishments by sector 2006-2010 (UK)

Sector	2006	2007	2008	2009	2010	% Change 2006-2010
Agriculture, forestry and fishing	146,485	158,080	163,715	146,620	144,895	-1%
Energy production and utilities	18,170	18,260	11,435	12,980	13,290	-27%
Manufacturing	165,675	163,525	167,335	151,165	144,115	-13%
Construction, building services, engineering and planning	230,610	240,535	258,055	374,320	358,455	55%
Wholesale and retail trade	533,105	532,905	532,060	520,070	509,215	-4%
Transportation and storage	70,425	70,750	71,665	86,680	83,825	19%
Hospitality, tourism and sport	219,770	222,920	227,430	229,690	223,370	2%
Information and communication technologies	136,395	140,505	144,080	134,805	131,065	-4%
Creative media and entertainment	125,100	130,185	131,180	132,225	134,115	7%
Financial, insurance & other professional services	271,310	283,920	287,015	256,915	255,000	-6%
Real estate and facilities management	180,305	191,195	201,915	155,855	149,325	-17%
Government Services	159,395	164,690	54,875	52,060	52,210	-67%
Education	28,935	28,880	66,055	66,725	67,125	132%
Health	25,860	25,810	533,00	53,900	55,135	113%
Care	40,150	40,075	82,755	83,675	85,935	114%
All economy	2,533,855	2,600,065	2,643,215	2,634,790	2,574,230	2%

Source: Inter-departmental Business Register (IDBR), (ONS, 2010a)

Note: Data for 2006-2008 is based on SIC 2003 whereas data beyond this use SIC 2007. Some of the data for 2006-2008 is based on estimates. For full details please see technical appendix.

This contrasts with a two per cent rise in the number of establishments across the whole economy over the same period. This decline is also highlighted when analysing the number of establishments in the *Government Services* sector as a percentage of all establishments year on year. In 2006, 6.3 per cent of all establishments across all sectors were in the *Government Services* sector. This increased slightly in 2007, before declining to 2.1 per cent in 2008. Some of the factors contributing to the decrease in establishments include:

- re-categorisation of organisations from public to private sector through National Accounts Classification decisions
- changes in the way establishments are aggregated (e.g. Courts and Tribunals)
- decrease in the number of Non-Departmental Public Bodies
- transfer of services from the public to private sector.

In 2009, there were more establishment closures than start-ups in the *Government Services* sector (see Table 2.9). A total of 1,260 sector establishments closed during the year, and 1,010 sector establishments were set up (accounting for 0.43 per cent of the start-ups across the whole economy). *Government Services* establishment start-up numbers were the second lowest of all sectors (ahead only of *Agriculture, forestry and fishing*). The sector saw the third lowest number of closures, with only *Agriculture, forestry and fishing* and *Energy production and utilities* recording fewer closures.

Table 2.9: Business (enterprise) start-ups and closures 2009 (UK)

Sector	Start-ups	Closures	Net Change
	Number	Number	Number
Agriculture, forestry and fishing (SIC 75 only)	285	190	95
Energy production and utilities	1,270	408	862
Manufacturing	10,570	15,445	-4,875
Construction, building services, engineering and planning	35,835	51,040	-15,205
Wholesale and retail trade	38,760	47,090	-8,330
Transportation and storage	6,980	10,805	-3,825
Hospitality, tourism and sport	23,345	28,030	-4,685
Information and communication technologies	16,120	19,935	-3,815
Creative media and entertainment	24,290	20,805	3,485
Financial, insurance & other professional services	25,640	25,765	-125
Real estate and facilities management	12,805	16,275	-3,470
Government Services (SIC 94 only)	1,010	1,260	-250
Education	3,485	3,160	325
Health	4,135	3,110	1,025
Care	2,745	2,165	580
Other sectors	28,750	32,135	-3,385
All economy	**236,025**	**277,618**	**-41,593**

Source: Business Demography-Enterprise Births, Deaths and Survivals (ONS, 2009)

Size

Within the *Government Services* sector, 55 per cent of establishments employ between two and nine people (compared to 74 per cent of establishments across all sectors), whilst 16 per cent employ more than 50 people, compared to four per cent across the whole economy (see Table 2.10). Within the *Government Services* sector, four per cent of establishments employ more than 250 people. This is the largest proportion of any sector.

Table 2.10: Size of establishments by sector (UK) (2010)

Sector	Number of employees						
	2-4	5-9	10-24	25-49	50-250	251+	All
	%	%	%	%	%	%	Number
Agriculture, forestry and fishing	80	14	5	1	0	0	97,910
Energy production and utilities	36	22	20	10	10	2	10,265
Manufacturing	43	22	18	8	8	1	108,050
Construction	67	18	10	3	2	0	211,710
Wholesale and retail trade	49	27	16	4	3	1	385,760
Transportation and storage	48	20	16	7	8	1	52,620
Hospitality, tourism and sport	42	30	19	6	3	0	198,630
Information and communication technologies	68	15	10	4	3	1	56,710
Creative media and entertainment	66	17	10	4	3	0	62,305
Financial, insurance & other professional services	57	21	14	4	3	1	134,900
Real estate and facilities management	62	21	11	3	3	1	95,270
Government Services	34	21	20	10	12	4	41,505
Education	20	14	20	23	21	2	56,740
Health	31	24	25	10	7	2	47,570
Care	26	24	28	13	8	0	75,725
All economy	52	22	15	6	4	1	1,742,370

Source: Inter-departmental Business Register (IDBR) (ONS, 2010a)

Table 2.11 details the sizes of establishments within the *Government Services* sector by nation for the year 2010. The data across all nations and all employee size bands is relatively consistent and indicates that in all nations around one third of all sector establishments employ between two and four people.

Table 2.11: Size of establishments by nation (Government Services sector, 2010)

Employees	England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
2-4	11,010	34	1,450	32	760	32	790	36
5-9	6,670	21	1,005	22	495	21	440	20
10-24	6,435	20	1,075	23	505	22	430	20
25-49	3,150	10	470	10	240	10	205	9
50-250	3,845	12	460	10	270	12	255	12
251+	1,295	4	130	3	75	3	45	2
Total	32,405	100	4,590	100	2,345	100	2,165	100

Source: Inter-departmental Business Register (IDBR) (ONS, 2010a)

2.2 Employment

The workforce within the *Government Services* sector is facing an enormous challenge to deliver services in the face of substantial public sector reform. In addition, the number of people employed in central and local government is predicted to fall by around 700,000 by 2015 and by a further 180,000 by 2017 (OBR, 2011).

The number of posts in local government increased from about 960,000 in 2000, peaking at 1,036,000 in 2007. However, FTE numbers fell by 52,000 in the second quarter of 2011 alone and are forecast to continue to decline in 2012 and beyond. Local Government trade unions (GMB, 2011) estimate 151,000 jobs will be lost, and a recent report by PricewaterhouseCoopers (2011) suggested that 145,000 jobs were lost in local government in the previous year.

According to the CIPD (2012), more than one in seven public sector jobs will be lost as a result of the squeeze on public spending. These changes are likely to bring about broader implications for the Government service workforce in terms of wages, working conditions, leadership and management and workplace practices and cultures.

There are a number of government policies and initiatives which underpin these changes. The Comprehensive Spending Review (CSR) of October 2010 has been a key influence over the last 18 months. Its central tenets were subsequently endorsed through further initiatives (the Big Society, ‘Localism’) and policy decisions and legislation emanating from the 2011 Budget, the Open Public Services White Paper and the 2012 Budget.

In Table 2.12, the size of each sector’s workforce is shown for each year 2002 and 2010. In 2010, 411,000 more people were employed than in 2002. For the *Government Services* sector, 59,000 more people were employed in 2010 than in 2002. This represents an increase of 2.8 per cent, compared to a whole economy increase of only 1.6 per cent.

Table 2.12: Total employment by sector 2002-2010 (UK)

Sector	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s	000s	000s	000s	000s	000s	000s	000s	000s
Agriculture, forestry and fishing	389	396	394	421	433	426	447	371	385
Energy production and utilities	431	395	396	420	433	462	483	479	433
Manufacturing	4,119	3,860	3,726	3,622	3,492	3,526	3,254	2,889	2,888
Construction, building services, engineering and planning	2,216	2,318	2,421	2,512	2,526	2,553	2,574	2,789	2,645
Wholesale and retail trade	4,335	4,511	4,464	4,473	4,329	4,240	4,321	4,093	3,920
Transportation and storage	1,481	1,483	1,491	1,521	1,490	1,462	1,477	1,412	1,407
Hospitality, tourism and sport	1,684	1,692	1,715	1,727	1,719	1,731	1,735	1,983	1,938
Information and communication technologies	796	813	830	821	828	824	852	766	735
Creative media and entertainment	1,089	1,106	1,097	1,099	1,110	1,124	1,112	955	921
Financial, insurance & other professional services	1,631	1,639	1,592	1,678	1,655	1,712	1,685	1,947	1,988
Real estate and facilities management	877	878	907	947	965	1,032	994	901	926
Government Services	2,102	2,144	2,160	2,256	2,242	2,236	2,294	2,159	2,161
Education	2,264	2,409	2,539	2,577	2,599	2,581	2,624	2,964	2,919
Health	1,812	1,878	1,958	2,056	2,040	2,014	2,048	2,075	1,987
Care	1,289	1,336	1,393	1,463	1,451	1,433	1,456	1,680	1,674
Whole Economy	26,516	26,858	27,084	27,592	27,312	27,356	27,356	27,463	26,927
Unweighted bases	*97.889*	*94.637*	*91.588*	*91.112*	*87.451*	*86.904*	*84.648*	*39.202*	*38.041*

Source: Inter-departmental Business Register (IDBR) (ONS, 2010a)

Significant geographical variations in the rates of employment across sectors also exist by nation, as shown in Table 2.13. Across the UK, the *Government Services* sector is the fifth largest sector in terms of total employment (eight per cent of the total).

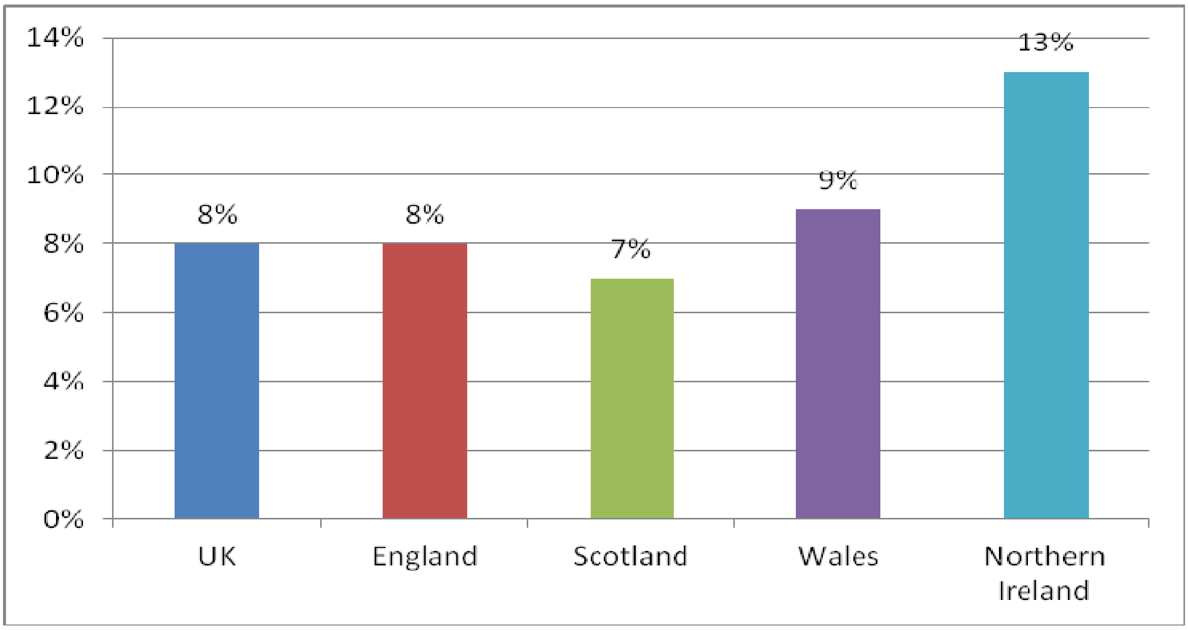
Table 2.13: Total employment by sector and nation (2010) ('000s)

Sector	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Agriculture, forestry and fishing	385	1	281	1	45	2	28	2	31	4
Energy production and utilities	433	2	308	1	86	4	27	2	11	2
Manufacturing	2,888	11	2,487	11	185	8	134	11	83	11
Construction, building services, engineering and planning	2,645	10	2,207	10	245	10	117	10	77	10
Wholesale and retail trade	3,920	15	3,270	14	366	15	185	15	99	13
Transportation and storage	1,407	5	1,200	5	123	5	47	4	36	5
Hospitality, tourism and sport	1,938	7	1,591	7	195	8	103	9	49	7
Information and communication technologies	735	3	653	3	50	2	15	1	17	2
Creative media and entertainment	921	3	814	4	64	3	28	2	15	2
Financial, insurance & other professional services	1,988	7	1,735	8	159	7	53	4	41	6
Real estate and facilities management	926	3	794	4	76	3	36	3	19	3
Government Services	2,161	8	1,782	8	173	7	112	9	94	13
Education	2,919	11	2,481	11	229	10	144	12	65	9
Health	1,987	7	1,645	7	188	8	97	8	58	8
Care	1,674	6	1,359	6	183	8	87	7	45	6
Whole Economy	26,927	100	22,607	100	2,369	100	1,212	100	739	100
Unweighted bases	*38.041*		*31.453*		*3.448*		*1.678*		*1.462*	

Source: Labour Force Survey 2010 (ONS, 2010b)

The share of overall sector employment in the *Government Services* sector by nation is shown in Figure 2.1. At 13 per cent, the share is highest in Northern Ireland, and lowest in Scotland (seven per cent).

Fig. 2.1: Share of Government Services employment by nation



Source: Labour Force Survey 2010 (ONS, 2010b)

Proportional employment by region within the *Government Services* sector is relatively uniform across England (Table 2.14). The region with the lowest proportion of sector employees as a percentage of all employees is the East Midlands (six per cent) and the region with the highest proportion is the North East (ten per cent).

Table 2.14: Total employment by sector and English region, % share within region (2010)

Sector	London	South East	East of England	South West	West Midlands	East Midlands	Yorkshire and the Humber	North West	North East
Agriculture, forestry and fishing	0	1	1	3	2	2	1	1	1
Energy production and utilities	1	1	1	2	2	2	1	2	2
Manufacturing	5	9	12	12	15	15	12	12	12
Construction, building services, engineering and planning	9	11	10	10	9	9	10	10	11
Wholesale and retail trade	12	14	15	14	15	15	16	15	14
Transportation and storage	5	5	6	4	6	6	5	6	4
Hospitality, tourism and sport	8	6	6	7	7	7	7	8	9
Information and communication technologies	4	4	3	3	2	2	2	2	2
Creative media and entertainment	8	4	3	4	2	2	2	2	2
Financial, insurance & other professional services	13	8	9	6	6	5	6	6	5
Real estate and facilities management	5	3	3	3	3	2	3	4	4
Government Services	8	8	7	8	8	6	8	8	10
Education	10	11	11	10	10	12	11	11	11
Health	6	7	6	7	7	8	8	8	7
Care	5	6	5	6	7	6	7	6	8
Whole Economy	100	100	100	100	100	100	100	100	100
Weighted base	*3,603*	*3,901*	*2,677*	*2,344*	*2,292*	*1,988*	*2,340*	*3,054*	*1,079*
Unweighted bases	*3.700*	*5.100*	*3.710*	*3.240*	*3.240*	*2.900*	*3.510*	*4.460*	*1.590*

Source: Labour Force Survey 2010 (ONS, 2010b)

3. The workforce

Summary

The *Government Services* sector has a higher than average proportion of employees in associate professional and technical and administrative and secretarial roles, and lower than average proportions in elementary and process, plant and machine operative occupations.

Occupations predicted to increase in terms of numbers over the period 2010-2020 are: caring, leisure and other services (29 per cent growth); managers, directors and senior officials (9.6 per cent growth); and professional occupations (9.4 per cent growth)

The share of full-time employees (81%) within the *Government Services* sector is greater than that for the entire economy (73%). The gender gap in the *Government Services* sector is relatively narrow at two per cent, but variations exist across countries.

Between 2002 and 2010, the share of employment within *Government Services* for people with a BAME background increased from six per cent to eight per cent.

The sector has fewer self-employed workers compared to the average across all sectors. Indeed, at just two per cent, the sector has the lowest proportion of self-employed workers of any sector. Self-employed numbers rose by 54 per cent over the ten year period (2002-2012), albeit from a very low base.

3.1 The jobs people do

Occupational structure

Table 3.1 (below) shows the occupational structure of the *Government Services* sector compared to the whole economy. At associate professional and technical and administrative and secretarial level, there is a sharp contrast between the occupational structure for the entire economy and the *Government Services* sector, with a higher proportion of employees occupying these roles in the *Government Services* sector.

Table 3.1: Employment by occupation and sector, 2010 (UK)

Occupations	Government		All economy	
	000s	%	000s	%
Managers and Senior Officials	320	15	4,357	16
Professional Occupations	299	14	3,851	14
Associate Professional and Technical	691	32	3,983	14
Administrative and Secretarial	604	28	3,141	11
Skilled Trades Occupations	42	2	2,966	11
Personal Service Occupations	54	2	2,450	9
Sales and Customer Service Occupations	34	2	2,098	8
Process, Plant and Machine Operatives	27	1	1,901	7
Elementary Occupations	88	4	2,964	11
All occupations	2,158	100	27,710	100
Unweighted bases	*3.010*		*38.100*	

Source: Labour Force Survey 2010 (ONS, 2010b)

Conversely, only 11 per cent of sector employees work as process, plant and machine operatives or in skilled trades, personal service, sales and customer service, and elementary occupations, compared to 46 per cent across all sectors.

Table 3.2 lists the fifteen largest occupational groups within the *Government Services* sector.

Table 3.2: Largest occupational groups within the Government Services sector, UK (2010)

Rank	Occupation	000s	% workforce
1	3312 Police officers (sergeant and below)	155	7
2	4112 Civil Service admin officers and assists	153	7
3	4113 Local government clerical offs & assists	99	5
4	4150 General office assistants or clerks	70	3
5	3311 NCOs and other ranks	66	3
6	4111 Civil Service executive officers	65	3
7	4122 Accounts wages clerk, bookkeeper	52	2
8	2411 Solicitors & lawyers, judges & coroners	41	2
9	4215 Personal assists & other secretaries	39	2
10	3314 Prison service officers (below principal officer)	38	2
11	2444 Clergy	37	2
12	3313 Fire service officers (leading officer & below)	36	2
13	3561 Public service associate professionals	34	2
14	3231 Youth and community workers	33	2
15	2421 Chartered and certified accountants	30	1
	Other occupations	1,211	56
	Total workforce	2,158	100
	Unweighted base (000s)	*3.006*	

Source: Labour Force Survey 2010 (ONS, 2010b)

Employment forecasts for the overall economy identify net job growth between 2010-2015 (Table 3.3). However, this masks considerable disparity between occupations. Three occupational groups will experience a decline in job numbers over the ten year period: administrative and secretarial (a predicted decrease of 387,000), skilled trades (down by 230,000) and process, plant and machine operatives (which will lose 213,000 jobs).

Table 3.3: Workplace job growth by occupation within the whole economy (UK)

Employment growth	**2010**	**2015**	**2020**	**2010**	**2015**	**2020**	**2010-2020**
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	3,016	3,279	3,560	9.9	10.6	11.1	544
Professional occupations	5,843	6,189	6,712	19.2	20.1	21.0	869
Associate professional and technical	3,926	4,138	4,476	12.9	13.4	14.0	551
Administrative and secretarial	3,698	3,466	3,312	12.1	11.2	10.3	-387
Skilled trades occupations	3,526	3,389	3,295	11.6	11.0	10.3	-230
Caring, leisure and other service	2,719	2,801	3,032	8.9	9.1	9.5	313
Sales and customer service	2,608	2,555	2,610	8.6	8.3	8.2	2
Process, plant and machine operatives	1,950	1,829	1,737	6.4	5.9	5.4	-213
Elementary occupations	3,173	3,209	3,274	10.4	10.4	10.2	101
All occupations	30,458	30,855	32,008	100	100	100	1,550

Source: Labour Force Survey 2010 (ONS, 2010b)

The predictions for *Government Services* employment across the UK suggest a loss of 98,000 jobs between 2010 and 2020 (see Table 3.4). Job losses are predicted for six out of nine occupational groups. Job loss is highest between 2010 and 2015 (10.5 per cent decrease), with some growth between 2015-2020 (six per cent increase). This equates to an overall reduction of around five and a half per cent.

Table 3.4: Workplace job growth by occupation within the Government Services sector (UK)

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	135	132	148	7.5	8.3	8.7	13
Professional occupations	353	341	386	19.7	21.3	22.8	32
Associate professional and technical	556	504	535	31.0	31.6	31.6	-21
Administrative and secretarial	518	411	399	28.9	25.8	23.6	-119
Skilled trades occupations	37	31	31	2.0	1.9	1.8	-5
Caring, leisure and other service	57	61	74	3.2	3.8	4.4	17
Sales and customer service	48	42	45	2.7	2.6	2.7	-3
Process, plant and machine operatives	22	18	18	1.2	1.1	1.1	-4
Elementary occupations	65	56	57	3.6	3.5	3.3	-8
All occupations	1791	1597	1693	100	100	100	-98

Source: Labour Force Survey 2010 (ONS, 2010b)

The greatest decreases in employment across the *Government Services* sector are expected to be in administrative and secretarial occupations (a decline of 23 per cent), process, plant and machine operatives (a decline of 18.2 per cent) and skilled trades occupations (a decline of 16.2 per cent). The occupations that are predicted to see some percentage increase over the period are caring, leisure and other service occupations (29 per cent growth), managers, directors and senior officials (9.6 per cent growth) and professional occupations (9.4 per cent growth)

Tables 3.5 to 3.8 tables show the predicted growth figures for occupations across the sector in each of the four nations.

In England, projections suggest:

- a reduction of 80,000 jobs (a 5.3 per cent decrease)
- increases in caring, leisure and other services (29 per cent, managers, directors and senior officials (10.3 per cent) and professional occupations (9.4 per cent increase)
- reductions in administrative and secretarial (-23 per cent), process, plant and machine operatives (-17.6 per cent) and elementary occupations (15.7 per cent decrease) (Table 3.5).

Table 3.5: Workplace job growth by occupation within Government Services sector (England)

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	116	114	128	7.8	8.6	9.1	12
Professional occupations	299	289	327	20.1	21.8	23.2	28
Associate professional and technical	463	420	445	31.1	31.7	31.6	-18
Administrative and secretarial	426	338	328	28.7	25.5	23.3	-98
Skilled trades occupations	29	24	24	1.9	1.8	1.7	-5
Caring, leisure and other service	47	50	61	3.2	3.8	4.4	14
Sales and customer service	39	35	37	2.7	2.6	2.6	-2
Process, plant and machine operatives	17	14	14	1.1	1.0	1.0	-3
Elementary occupations	51	43	43	3.4	3.2	3.1	-8
All occupations	1486	1327	1407	100.0	100.0	100.0	-80

Source: Labour Force Survey 2010 (ONS, 2010b)

In Scotland, projections suggest:

- a reduction of 8,000 jobs (a 5.8 per cent decrease).
- increases in elementary occupations (12.5 per cent) and professional occupations (4.3 per cent).
- decreases in process, plant and machine operatives (33.3 per cent decrease) and administrative and secretarial occupations (21 per cent decrease) (Table 3.6).

Table 3.6: Workplace job growth by occupation within Government Services sector (Scotland)

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	9	8	9	6.3	6.5	7.0	0
Professional occupations	23	21	24	17.0	17.1	18.5	1
Associate professional and technical	41	37	40	29.7	30.1	30.7	-1
Administrative and secretarial	43	35	34	31.5	28.8	26.7	-9
Skilled trades occupations	4	4	4	3.0	2.9	2.9	0
Caring, leisure and other service	3	3	3	1.9	2.2	2.4	0
Sales and customer service	4	4	4	2.9	2.9	3.0	0
Process, plant and machine operatives	3	2	2	2.0	1.9	1.9	0
Elementary occupations	8	9	9	5.8	7.4	7.1	1
All occupations	137	122	129	100.0	100.0	100.0	-8

Source: Labour Force Survey 2010 (ONS, 2010b)

For Wales, projections suggest:

- a reduction of 7,000 jobs (a 7.1 per cent decrease).
- increases in caring, leisure and other services (50 per cent), managers, directors and senior officials (16.7 per cent) and professional occupations (10.5 per cent).
- decreases in sales and customer services (33.3 per cent decrease), elementary occupations (33.3 per cent decrease) and administrative and secretarial (30 per cent decrease) (Table 3.7).

Table 3.7: Workplace job growth by occupation within Government Services sector (Wales)

Employment growth	**2010**	**2015**	**2020**	**2010**	**2015**	**2020**	**2010-2020**
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	6	6	7	6.4	7.1	7.5	1
Professional occupations	19	18	21	19.1	21.3	23.1	2
Associate professional and technical	30	27	29	29.9	31.1	31.3	-1
Administrative and secretarial	30	22	21	29.9	25.6	22.7	-9
Skilled trades occupations	2	2	2	2.4	2.5	2.6	0
Caring, leisure and other service	4	5	6	4.4	5.3	6.0	1
Sales and customer service	3	2	2	2.7	2.6	2.6	0
Process, plant and machine operatives	2	1	1	1.8	1.6	1.5	0
Elementary occupations	3	3	2	3.4	3.0	2.7	-1
All occupations	99	86	92	100.0	100.0	100.0	-7

Source: Labour Force Survey 2010 (ONS, 2010b)

For Northern Ireland, projections suggest:

- a reduction of 3,000 jobs (a 4.4 per cent decrease)
- increases in caring, leisure and other services (33.3 per cent growth) and professional occupations (16.7 per cent growth)
- decreases in elementary occupations (33.3 per cent decrease) and administrative and secretarial occupations (15.8 per cent decrease) (Table 3.8).

Table 3.8: Workplace job growth by occupation within Government Services sector (Northern Ireland)

Employment growth	2010	2015	2020	2010	2015	2020	2010-20
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	4	4	4	6.3	6.5	6.8	0
Professional occupations	12	12	14	18.3	19.7	21.4	1
Associate professional and technical	23	20	22	33.2	33.4	33.1	-1
Administrative and secretarial	19	16	16	28.3	26.1	24.1	-4
Skilled trades occupations	1	1	1	2.0	1.7	1.6	0
Caring, leisure and other service	3	3	4	4.3	5.5	6.4	1
Sales and customer service	2	2	2	2.6	2.6	2.7	0
Process, plant and machine operatives	*	*	*	*	*	*	*
Elementary occupations	3	2	2	3.7	3.4	3.1	-1
All occupations	68	61	65	100	100	100	-3

Source: Labour Force Survey 2010 (ONS, 2010b)

3.2 Working patterns

Full-time and part-time employment

Table 3.9 shows employee working patterns by sector. About seven in ten UK employees work on a full-time basis. In *Government Services* sector the share of employees working full-time (81 per cent) is greater that for the entire economy (73 per cent).

Table 3.9: Working hours by sector, 2010 (UK)

Sector	Full-time	Part-time	Full-time	Part-time
	000s	000s	%	%
Agriculture, forestry and fishing	312	73	81	19
Energy production and utilities	400	33	92	8
Manufacturing	2,629	259	91	9
Construction, building services, engineering and planning	2,363	281	89	11
Wholesale and retail trade	2,406	1,513	61	39
Transportation and storage	1,174	232	84	16
Hospitality, tourism and sport	1,092	846	56	44
Information and communication technologies	664	71	90	10
Creative media and entertainment	691	229	75	25
Financial, insurance & other professional services	1,623	364	82	18
Real estate and facilities management	606	319	65	35
Government Services	1,761	400	81	19
Education	1,758	1,160	60	40
Health	1,309	677	66	34
Care	1,050	625	63	37
All economy	20,353	7,360	73	27

Source: Labour Force Survey 2010 (ONS, 2010b)

The pattern of working hours by country is shown in Table 3.10. The range between the nation with the largest share of part-time employees (Scotland) and the one with the smallest share (Northern Ireland) is below five percentage points. Wales has the largest share of part time of part-time *Government Services* sector employees, while Scotland has the smallest share.

Table 3.10: Working hours by sector and nation, 2010 (%)

Sector	England				Scotland				Wales				Northern Ireland			
	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base
	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	79	21	281	0.407	85	15	45	0.069	90	*	28	0.035	88	*	31	0.068
Energy production and utilities	92	8	308	0.429	89	11	86	0.126	98	*	27	0.035	*	*	11	0.022
Manufacturing	91	9	2,487	3.423	92	8	185	0.271	96	*	134	0.176	96	*	83	0.156
Construction, building services, engineering and planning	89	11	2,207	2.936	91	9	245	0.350	93	7	117	0.152	91	9	77	0.146
Wholesale and retail trade	62	38	3,270	4.377	57	43	366	0.499	58	42	185	0.246	62	38	99	0.187
Transportation and storage	84	16	1,200	1.623	79	21	123	0.175	77	23	47	0.063	88	*	36	0.068
Hospitality, tourism and sport	57	43	1,591	2.059	55	45	195	0.261	51	49	103	0.132	53	47	49	0.091
Information and communication technologies	91	9	653	0.840	83	17	50	0.069	*	*	15	0.020	88	*	17	0.030
Creative media and entertainment	76	24	814	1.022	64	36	64	0.091	77	23	28	0.037	*	*	15	0.028
Financial, insurance & other professional services	82	18	1,735	2.228	81	19	159	0.224	78	22	53	0.072	85	15	41	0.077
Real estate and facilities management	65	35	794	1.069	70	30	76	0.106	65	35	36	0.049	65	35	19	0.036
Government Services	82	18	1,782	2.430	84	16	173	0.246	77	23	112	0.153	79	21	94	0.181
Education	59	41	2,481	3.481	65	35	229	0.333	68	32	144	0.203	67	33	65	0.129
Health	65	35	1,645	2.324	67	33	188	0.270	69	31	97	0.135	75	25	58	0.113
Care	63	37	1,359	1.899	61	39	183	0.267	60	40	87	0.119	69	31	45	0.091
All economy	73	27	23,27	31.44	72	28	2,432	3.448	73	27	1,250	1.677	77	23	761	1.462

Source: Labour Force Survey 2010 (ONS, 2010b) Sample size too small for reliable estimate.*

Self employment

Table 3.11 shows the counts and percentage shares of employees and self-employed people in the UK labour force. *Government Services* has fewer self-employed workers than average and has the lowest share of self-employed workers of any sector (just two per cent). In the *Government Services* sector, self-employed numbers rose by 54 per cent over the period. Self-employed numbers ranged from 34,000 in 2002 to 52,000 in 2010.

Table 3.11: Employment status by sector, 2010 ('000s)

Sector	Employee	Self-employed	Employee	Self-employed
	000s	000s	%	%
Agriculture, forestry and fishing	189	202	47	50
Energy production and utilities	446	25	95	5
Manufacturing	2,776	184	94	6
Construction, building services, engineering and planning	1,716	964	64	36
Wholesale and retail trade	3,731	390	90	9
Transportation and storage	1,194	250	83	17
Hospitality, tourism and sport	1,817	219	89	11
Information and communication technologies	635	124	84	16
Creative media and entertainment	672	310	68	31
Financial, insurance & other professional services	1,706	291	85	15
Real estate and facilities management	744	229	76	23
Government Services	2,145	58	97	3
Education	2,891	188	94	6
Health	1,928	155	92	7
Care	1,577	140	92	8
All economy	24,774	3,952	86	14

Source: Labour Force Survey 2010 (ONS, 2010b)

There is also variation in employment status across the four nations of the UK (Table 3.12).

Table 3.12: Employment status by sector and nation, 2010 (%)

	England				Scotland				Wales				Northern Ireland		
	Employee	Self-employed	Weighted base	Unweighted base	Employee	Self-employed	Weighted base	Unweighted base	Employee	Self-employed	Weighted base	Unweighted base	Employee	Self-employed	Weighted base
	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s	%	%	000s
Agriculture, forestry and fishing	50	46	295	2.110	49	50	51	0.385	33	62	31	0.197	*	75	*27*
Energy production and utilities	94	6	346	2.334	95	*	87	0.619	99	*	25	0.157	95	*	*14*
Manufacturing	93	6	2,540	17.229	95	5	199	1.432	94	6	138	0.905	93	7	*91*
Construction, building services, engineering and planning	63	37	2,266	14.822	77	23	244	1.701	65	35	112	0.717	55	45	*70*
Wholesale and retail trade	91	9	3,466	22.800	91	9	351	2.359	86	14	204	1.323	84	16	*112*
Transportation and storage	**83**	**17**	**1,252**	**8.294**	**85**	**15**	**117**	**0.820**	**76**	**23**	**46**	**0.308**	**77**	**23**	***33***
Hospitality, tourism and sport	89	10	1,702	10.836	89	11	198	1.295	87	12	100	0.634	82	17	*44*
Information and communication technologies	84	16	674	4.266	82	18	56	0.377	77	*	18	0.113	87	*	*13*
Creative media and entertainment	68	32	875	5.409	76	24	65	0.438	60	39	32	0.214	75	*	*14*
Financial, insurance & other professional services	85	15	1,768	11.122	90	10	138	0.948	81	19	53	0.359	92	*	*41*
Real estate and facilities management	75	24	847	5.624	85	15	75	0.520	78	21	37	0.252	67	*	*18*
Government services	97	3	1,834	12.298	97	3	173	1.209	97	*	111	0.742	99	*	*89*
Education	94	6	2,619	18.049	95	5	234	1.676	96	4	153	1.056	95	*	*75*
Health	92	8	1,712	11.930	94	6	199	1.410	92	8	111	0.769	95	*	*64*
Care	91	9	1,404	9.601	93	6	183	1.306	95	*	97	0.665	90	*	*40*
All economy	86	14	24,301	161.314	89	11	2,442	16.995	85	14	1,309	8.674	84	16	765

Source: Labour Force Survey 2010 (ONS, 2010b) Sample size too small for reliable estimate.*

Weighted & unweighted bases also include unpaid family workers

Temporary/Permanent employment

As shown in Table 3.13, 94 per cent of employees are in permanent employment (ranging from 89 per cent in the *Education* sector to 98 per cent in *Agriculture, forestry and fishing*). The split between permanent (94 per cent) and temporary workers (six per cent) in the *Government Services* sector is identical to the UK average.

Table 3.13: Permanent and temporary employees by sector, UK, 2010 ('000s and %)

Sector	Permanent	Temporary	Permanent	Temporary
	000s	000s	%	%
Agriculture, forestry and fishing	181	8	96	4
Energy production and utilities	430	16	96	4
Manufacturing	2,652	123	96	4
Construction, building services, engineering and planning	1,648	66	96	4
Wholesale and retail trade	3,573	156	96	4
Transportation and storage	1,132	62	95	5
Hospitality, tourism and sport	1,631	183	90	10
Information and communication technologies	612	22	97	3
Creative media and entertainment	615	56	92	8
Financial, insurance & other professional services	1,651	55	97	3
Real estate and facilities management	704	39	95	5
Government Services	2,028	117	95	5
Education	2,563	327	89	11
Health	1,825	103	95	5
Care	1,474	103	93	7
All economy	**23,247**	**1,513**	**94**	**6**

Source: Labour Force Survey 2010 (ONS, 2010b)

** Sample size too small for reliable estimate*

3.3 Workforce characteristics

Gender

As at 2010, 54 per cent of the working population across the UK were male. This ranged from 52 per cent of the workforce being male in Scotland to 55 per cent in both England and Northern Ireland (Table 3.14).

Table 3.14: Employment by gender and nation – all sectors (2010)

	Male	Female	Total	Male	Female	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
UK	14,606	12,321	26,927	54	46	100	*38.029*
England	12,332	10,276	22,607	55	45	100	*31.442*
Scotland	1,225	1,144	2,369	52	48	100	*3.448*
Wales	644	568	1,212	53	47	100	*1.677*
Northern Ireland	406	334	739	55	45	100	*1.462*

Source: Labour Force Survey 2010 (ONS, 2010b)

In the *Government Services* sector, 51 per cent of workers are male and 49 per cent female. Variations exist across countries, with females dominating slightly in Wales and Scotland and males in England and Northern Ireland.

Table 3.15: Employment by gender and nation, Government Services sector (2010)

	Male	Female	Total	Male	Female	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
UK	1,112	1,050	2,161	51	49	100	*3.010*
England	926	856	1,782	52	48	100	*2.430*
Scotland	85	88	173	49	51	100	*0.246*
Wales	53	59	112	48	52	100	*0.153*
Northern Ireland	48	46	94	51	49	100	*0.181*

Source: Labour Force Survey 2010 (ONS, 2010b)

Table 3.16 below compares the occupational groups of male and female workers within the *Government Services* sector and across the whole economy.

Table 3.16: Gender profile by broad occupational group (UK

Occupational group	Government Services sector			All economy		
	Male	Female	Total	Male	Female	Total
	%	%	000s	%	%	000s
Managers and Senior Officials	63	37	320	65	35	4,357
Professional occupations	61	39	299	56	44	3,851
Associate Professional and Technical	61	39	691	50	50	3,983
Administrative and Secretarial	28	72	604	22	78	3,141
Skilled Trades Occupations	84	16	42	92	8	2,966
Personal Service Occupations	27	73	54	16	84	2,450
Sales and Customer Service Occupations	32	68	34	34	66	2,098
Process, Plant and Machine Operatives	86	14	27	88	12	1,901
Elementary Occupations	58	42	88	55	45	2,964
All occupations	51	49	2,158	54	46	27,710

Source: Labour Force Survey 2010 (ONS, 2010b)

Age

In 2002, the share of the UK workforce aged 65 years and over was two per cent (Table 3.17). By 2010, the figure had increased to three per cent. Workers aged under 18 made up four per cent of the total workforce in 2002 and two per cent in 2010.

Table 3.17: Age profile of workforce 2002-2010 (UK)

Age bracket	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s	000s	000s	000s	000s	000s	000s	000s	000s
Under 18	1,016	1,033	992	983	922	888	841	715	610
19-24	2,912	2,928	3,019	3,087	3,065	3,140	3,074	3,055	2,819
25-34	6,361	6,275	6,162	6,244	6,129	6,039	6,122	6,037	6,048
35-44	7,286	7,368	7,471	7,585	7,377	7,399	7,259	7,001	6,835
45-59	8,447	8,680	8,802	8,940	8,967	8,933	8,993	9,107	9,012
60-64	1,126	1,187	1,258	1,329	1,399	1,547	1,613	1,632	1,622
65 +	485	530	557	595	629	648	686	768	776
Total	27,633	28,000	28,262	28,761	28,487	28,594	28,589	28,314	27,722
Unweighted base	97.890	94.638	91.587	91.112	87.452	86.905	84.647	39.202	38.041

Source: Labour Force Survey 2010 (ONS, 2010b)

The age profile in each of the four nations is similar to that for the UK as a whole (Table 3.18). Those aged 45-59 dominate, while those below 18 years or over 65 years are the smallest groups.

Table 3.18: Age profile of workforce by nation (2010)

Age bracket	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
16-18	610	2	518	2	51	2	29	2	12	2
19-24	2,819	10	2,331	10	255	10	129	10	104	14
25-34	6,048	22	5,117	22	471	19	271	22	189	25
35-44	6,835	25	5,767	25	607	25	289	23	172	23
45-59	9,012	33	7,531	32	847	35	398	32	236	31
60-64	1,622	6	1,362	6	142	6	87	7	31	4
65 +	776	3	652	3	60	2	47	4	17	2
Total	27,722	100	23,278	100	2,432	100	1,251	100	761	100
Unweighted base	*38.041*		*31.453*		*3.448*		*1.678*		*1.462*	

Source: Labour Force Survey 2010 (ONS, 2010b)

Table 3.19 shows the age profile of the *Government Services* sector from 2002 to 2010. The sector has a very similar age profile to that of the entire UK economy. Employment in the under 25 age group fell by over 15 per cent, in 45-59 age range increased by 8.5 per cent, and in the 60+ group grew by 59.4 per cent.

Table 3.19: Age profile of the Government Services sector workforce 2002-2010 (UK)

Age bracket	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s	000s	000s	000s	000s	000s	000s	000s	000s
Under 25	181	181	186	195	170	172	175	147	153
25-34	471	467	466	506	475	453	480	473	489
35-44	632	626	633	649	670	643	642	594	578
45-59	718	745	758	784	787	807	825	791	779
60+	101	125	117	122	140	162	172	154	161
Total	2,102	2,144	2,160	2,256	2,242	2,236	2,294	2,159	2,161
Unweighted base	*7.605*	*7.416*	*7.143*	*7.251*	*6.980*	*6.930*	*6.923*	*3.026*	*3.010*

Source: Labour Force Survey 2010 (ONS, 2010b)

Within the *Government Services* sector, there are only slight differences in the age profiles of each nation's workforce (see Table 3.20). The dominant age brackets (35-44 and 45-59 years) account for 62 per cent of the workforce in England, 66 per cent in Scotland, 66 per cent in Wales and 64 per cent in Northern Ireland.

Table 3.20: Age profile of the Government Services sector workforce by nation (2010)

Age bracket	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Under 25	153	7	124	7	13	8	8	7	*	*
25-34	489	23	413	23	35	20	22	20	19	21
35-44	578	27	473	27	49	29	30	27	26	27
45-59	779	36	633	35	65	37	44	39	38	40
60+	161	7	140	8	10	6	8	7	*	*
Total	2,161	100	1,782	100	173	100	112	100	94	100
Unweighted base	*3.010*		*2.430*		*0.246*		*0.153*		*0.181*	

Source: Labour Force Survey 2010 (ONS, 2010b)

** Sample size too small for reliable estimate.*

Ethnicity

Hospitality, tourism and sport and the *Information and communication technologies* sectors have the largest representations of Black, Asian and Minority Ethnic groups (BAME) (Table 3.21). Eight per cent of the *Government Services* sector workforce is BAME.

Table 3.21: Ethnicity of workforce within sectors, UK (2010)

Sector	White	BAME	Total	White	BAME
	'000	'000	'000	%	%
Agriculture, forestry and fishing	382	*	385	99	*
Energy production and utilities	414	19	433	96	4
Manufacturing	2,712	175	2,886	94	6
Construction, building services, engineering and planning	2,520	125	2,645	95	5
Wholesale and retail trade	3,495	423	3,918	89	11
Transportation and storage	1,235	170	1,406	88	12
Hospitality, tourism and sport	1,668	267	1,935	86	14
Information and communication technologies	632	102	734	86	14
Creative media and entertainment	859	61	920	93	7
Financial, insurance & other professional services	1,781	207	1,988	90	10
Real estate and facilities management	835	90	926	90	10
Government Services	1,995	165	2,160	92	8
Education	2,719	195	2,915	93	7
Health	1,725	262	1,987	87	13
Care	1,476	196	1,672	88	12
All economy	**25,165**	**2,538**	**27,703**	**91**	**9**

Source: Labour Force Survey 2010 (ONS, 2010b)

** Sample size too small for reliable estimate.*

Further analysis of the ethnicity profile of the UK workforce by nations is shown in Table 3.22. England has a higher proportion of workers from BAME groups than the other nations.

Table 3.22: Ethnicity of workforce across whole economy, four nations (2010)

	White	BAME	Total	White	BAME	Total	*Unweighted base*
	000s	000s	000s	%	%	%	*000s*
UK	24,448	2,461	26,908	91	9	100	*38.018*
England	20,256	2,336	22,592	90	10	100	*31.433*
Scotland	2,296	70	2,366	97	3	100	*3.445*
Wales	1,172	40	1,212	97	3	100	*1.678*
Northern Ireland	724	15	739	98	2	100	*1.462*

Source: Labour Force Survey 2010 (ONS, 2010b)

Table 3.23 outlines employment by country of birth and sector. Ninety-one per cent of *Government Services* sector employees were born in the UK, the highest proportion of any sector and four percentage points higher than the average for all sectors. This may in part be because some roles within *Government Services* (particularly more senior roles) can only be filled by UK nationals.

Table 3.23: Employment by country of birth and sector, UK (2010)

Sector	UK	Rest of Europe (EU 27)	Rest of world	Total	UK	Rest of Europe (EU 27)	Rest of world
	'000	'000	'000	'000	%	%	%
Agriculture, forestry and fishing	357	20	7	385	93	5	2
Energy production and utilities	395	12	26	433	91	3	6
Manufacturing	2,507	206	173	2,887	87	7	6
Construction, building services, engineering and planning	2,387	128	127	2,642	90	5	5
Wholesale and retail trade	3,460	149	311	3,920	88	4	8
Transportation and storage	1,190	67	150	1,407	85	5	11
Hospitality, tourism and sport	1,537	146	254	1,937	79	8	13
Information and communication technologies	612	31	92	735	83	4	13
Creative media and entertainment	800	47	75	921	87	5	8
Financial, insurance & other professional services	1,723	80	186	1,988	87	4	9
Real estate and facilities management	784	59	83	926	85	6	9
Government Services	1,970	44	148	2,161	91	2	7
Education	2,614	113	191	2,918	90	4	7
Health	1,664	74	250	1,987	84	4	13
Care	1,437	61	177	1,674	86	4	11
Other sectors	689	45	61	794	87	6	8
All economy	24,124	1,281	2,310	27,715	87	5	8

Source: Labour Force Survey 2010 (ONS, 2010b)

Around seven per cent of the *Government Services* workforce was born outside the EU. Levels of employment by country of birth are shown by UK nation in Table 3.23. Wales has the lowest share of workers born within the rest of the EU while England has the largest share of workers from outside the EU.

Table 3.24: Employment by country of birth and nation, 2010

Place of birth	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
UK	24,124	87	20,009	86	2,251	93	1,161	93	702	92
Rest of Europe (EU 27)	1,281	5	1,112	5	91	4	40	3	38	5
Rest of world	2,310	8	2,149	9	91	4	49	4	21	3
Total	27,715	100	23,271	100	2,432	100	1,251	100	761	100
Unweighted base	38.034		31.446		3.448		1.678		1.462	

Source: Labour Force Survey 2010 (ONS, 2010b)

4. Demand for, and value of, skills

Summary

The *Government Sector* workforce is relatively well qualified, with 46 per cent of the workforce qualified to level 4 or above, compared to 37 per cent of the UK workforce. The share of the workforce with level 2+ qualifications is 85 per cent, compared to 78 per cent for the whole economy.

The proportion of the sector workforce with level 4+ qualifications increased by 11 percentage points between 2002 and 2010. The share of managers and professionals without higher level qualifications dropped from 39 per cent in 2002 to 34 per cent in 2010.

Within the *Government Services* sector, some 15 per cent of establishments report that skill gaps within their current workforce. At the employee level, the incidence of skills gaps is five per cent, equivalent to the incidence for the whole economy.

Within the civil service, the three areas of skill that employers most frequently report as in need of improvement are: strategic thinking; ICT (computer skills); and programme and project management (PPM).

4.1 Nature of skills used

This section covers:

- the level of skills required in different occupations
- the type of skills required in different occupations
- the minimum level of qualifications required in different occupations

Balance between basic, employability, intermediate and higher skills

Table 4.1 summarises the types of skills required in different occupational groups across the sector. It identifies the level at which skills are required, the type of skills required and the generally acceptable minimum level of qualification expected for the skill level.

Table 4.1: Nature of skills used in the Government Services sector (based on the top 15 occupations listed in table 3.2)

Broad occupational group	Sector occupations	Predominant level of skill required	Predominant type of skill required	Minimum qual. level typically required
Managers and Senior Officials	Senior civil servants and policy advisers	Higher	Management skills Analytical and communication skills	7
Professional occupations	Solicitors & lawyers, judges & coroners	Higher	Legal	7
	Clergy	Higher	Ministry	7
	Chartered and certified accountants	Higher	Financial	7
Associate Professional and Technical	Police officers (sergeant and below)	Intermediate	Technical	3
	Civil Service executive officers	Intermediate	Technical	3
	Prison service officers (below principal officer)	Intermediate	Technical	3
	Fire service officer (leading officer & below)	Intermediate	Technical	3
	Public services associate professionals	Intermediate	Technical	3
	Youth and community workers	Intermediate	Technical	3
Administrative and Secretarial	Civil Service administrative officers and assistants	Basic	Administrative	2
	Local government clerical officers & assistants	Basic	Administrative	2
	General office assistants or clerks	Basic	Administrative	2
	Accounts wages clerk, bookkeeper	Intermediate	Financial	3
	Personal assistants & other secretaries	Intermediate	Secretarial	3
Skilled Trades Occupations	NCOs and other ranks	Intermediate	Military	2

The workforce qualification profile by sector is shown in Table 4.3 below. The *Government Services* sector workforce is relatively highly qualified: 46 per cent of the sector workforce has qualifications at level 4 or above, compared to 37 per cent of the UK workforce. The *Government Services* sector has, together with the *Financial and Professional Services* sector, the lowest share of workers without qualifications.

Table 4.2: Qualification profile of workforce by sector, UK (2010)

Sector	No quals	L1	L2	L3	L4 +	Total	*Unweighted base*
	%	%	%	%	%	'000s	*'000s*
Agriculture, forestry and fishing	18	21	22	15	24	406	*2.978*
Energy production and utilities	6	16	22	22	33	473	*3.244*
Manufacturing	9	19	21	22	29	2,969	*20.404*
Construction, building services, engineering and planning	7	16	23	28	27	2,697	*17.927*
Wholesale and retail trade	11	22	26	22	19	4,140	*27.582*
Transportation and storage	11	26	29	19	16	1,447	*9.732*
Hospitality, tourism and sport	10	20	27	22	20	2,046	*13.183*
Information and communication technologies	2	10	15	18	55	761	*4.874*
Creative media and entertainment	3	10	14	14	59	987	*6.193*
Financial, insurance & other professional services	2	12	18	17	52	2,001	*12.805*
Real estate and facilities management	14	23	22	17	23	978	*6.565*
Government Services	2	12	19	20	46	2,209	*15.100*
Education	3	9	12	13	63	3,088	*21.544*
Health	3	10	14	12	61	2,087	*14.749*
Care	5	12	23	24	36	1,729	*12.006*
All economy	**7**	**16**	**21**	**20**	**37**	**28,854**	***194.437***

Source: Labour Force Survey 2010 (ONS, 2010b)

Table 4.4 shows qualification levels across the four nations. Scotland has the largest share of workers qualified at level 4+ (40 per cent), three percentage points above the UK average (and England and Wales) and five percentage points above Northern Ireland. The Scottish sector workforce also has a larger share of workers qualified at level 3 (22 per cent) than the other three nations.

Table 4.3: Qualification levels within all sectors by nation (2010)

Level	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Level 4 +	37	37	40	37	35
Level 3	20	20	22	19	19
Level 2	21	21	18	22	20
Level 1 and below	23	23	20	22	25
Total	100	100	100	100	100
Weighted base	*1,729*	*1,409*	*183*	*97*	*40*
Unweighted base	*194.437*	*161.490*	*17.022*	*8.693*	*7.232*

Source: Labour Force Survey 2010 (ONS, 2010b)

Qualification levels in the *Government Services* sector by nation are shown in Table 4.5. Wales has the largest share of sector workers qualified at level 4+ (49 per cent), three percentage points above the UK average (and England and Scotland) and four percentage points above Northern Ireland. The Scottish sector workforce has a larger share of workers qualified at level 3 (24 per cent) than the other three nations.

In terms of the share of the workforce with level 2+ qualifications, the UK *Government Services* sector share is seven percentage points higher than average (85 per cent and 78 per cent respectively). Of the home nations Wales has the greatest differential, with 89 per cent of the sector workforce qualified to level 2 and above, compared to the Welsh economy average of 78 per cent.

Table 4.4: Qualification levels within the Government Services sector by nation (2010)

Level	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Level 4 +	46	46	46	49	45
Level 3	20	20	24	20	19
Level 2	19	19	18	20	23
Level 1 and below	14	15	11	11	13
Total	100	100	100	100	100
Weighted base (000s)	*2,209*	*1,835*	*173*	*111*	*89*
Unweighted base (000s)	*15.100*	*12.303*	*1.211*	*0.744*	*0.842*

Source: Labour Force Survey 2010 (ONS, 2010b)

Table 4.6 shows trends in qualification levels for 2002 to 2010 across the whole economy. The proportion with level 4 + qualifications increased by nine percentage points, from 28 per cent in 2002 to 37 per cent in 2010. Those qualified to level 1 or below decreased from 30 per cent in 2002 to 23 per cent in 2010.

Table 4.5: Qualification levels within all sectors by year, UK (2002-2010)

Level	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Level 4 +	28	29	30	31	32	33	33	35	37
Level 3	20	20	20	20	19	19	20	19	20
Level 2	22	22	21	20	22	22	21	21	21
Level 1 and below	30	29	29	29	27	27	26	24	23
Total	100	100	100	100	100	100	100	100	100
Weighted base	*27,905*	*28,165*	*28,455*	*28,741*	*28,986*	*29,163*	*29,380*	*28,810*	*28,854*
Unweighted base	*247.232*	*237.919*	*172.402*	*210.643*	*222.190*	*221.039*	*216.986*	*203.217*	*194.437*

Source: Labour Force Survey 2010 (ONS, 2010b)

In the *Government Services* sector, the proportion of the workforce with level 4+ qualifications increased by 11 percentage points between 2002 and 2010. Table 4.7 also shows that the proportion of the workforce holding no or Level 1 qualifications dropped by eight percentage points, from 22 per cent in 2002 to 14 per cent in 2010.

Table 4.6: Qualification levels within the Government Services sector, UK (2002-2010)

Level	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Level 4 +	35	37	39	40	42	42	43	45	46
Level 3	20	20	21	20	19	19	20	20	20
Level 2	23	22	21	19	21	20	20	20	19
Level 1 and below	22	20	19	21	19	18	17	16	14
Total	100	100	100	100	100	100	100	100	100
Weighted base (000s)	*2,114*	*2,164*	*2,193*	*2,251*	*2,282*	*2,285*	*2,323*	*2,265*	*2,209*
Unweighted base (000s)	*19.121*	*18.670*	*13.594*	*16.721*	*17.733*	*17.659*	*17.527*	*16.229*	*15.100*

Source: Labour Force Survey 2010 (ONS, 2010b)

Specific skills required across the sector and in different occupations

The share of managers and professionals without level 4 or higher qualifications declined between 2002 and 2010 (see Table 4.8).

Table 4.7: Managers and professionals without Level 4+ qualifications 2002-2010 (UK)

		2002	2003	2004	2005	2006	2007	2008	2009	2010
Managers or professionals without L4 or higher qualifications	000s	3,194	3,290	2,517	3,027	3,335	3,401	3,381	3,248	3,177
	%	45	44	33	39	42	42	41	39	39
Weighted base (number of managers and professionals)	*000s*	*7,091*	*7,400*	*7,686*	*7,859*	*7,912*	*8,053*	*8,168*	*8,283*	*8,208*

Source: Labour Force Survey 2010 (ONS, 2010b)

Table 4.9 shows that the share of managers and professionals in the *Government Services* sector without higher level qualifications dropped from 39 per cent in 2002 to 34 per cent in 2010.

Table 4.8: Managers and professionals without Level 4+ qualifications 2002-2010 (UK) – Government Services

		2002	2003	2004	2005	2006	2007	2008	2009	2010
Managers or professionals without L4 or higher qualifications	000s	180	188	145	178	202	209	208	199	209
	%	39	36	27	32	34	36	33	32	34
Weighted base (number of managers and professionals)	*000s*	*466*	*516*	*534*	*563*	*585*	*589*	*636*	*614*	*619*

Source: Labour Force Survey 2010 (ONS, 2010b)

The share of *Government Services* sector managers and professionals without higher level qualifications is 34 per cent across the UK (35 per cent in England and 30 per cent in both Scotland and Wales).

Table 4.9: Managers and professionals without Level 4+ qualifications (%)

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	46	45	*	*	*
Energy production and utilities	50	50	47	74	*
Manufacturing	52	52	49	58	42
Construction	51	52	45	46	*
Wholesale and retail trade	65	65	61	65	59
Transportation and storage	62	63	63	*	*
Hospitality, tourism and sport	64	65	58	58	*
Information and communication technologies	39	40	33	*	*
Creative media and entertainment	35	35	43	*	*
Financial, insurance & other professional services	35	35	34	31	*
Real estate and facilities management	57	56	74	*	*
Government Services	34	35	30	30	*
Education	11	12	9	*	*
Health	14	14	*	*	*
Care	30	29	33	*	*
All economy	39	39	37	35	28

Source: Labour Force Survey 2010 (ONS, 2010b)

** Sample size too small for reliable estimate.*

In addition to the secondary analysis of national data sources contained within this report, both Skills for Justice and Government Skills have undertaken or commissioned comprehensive research into workforce skills which covers the majority of the Government Services workforce. This includes qualitative research to support the writing of previous Sector Skills Assessments and to determine sector priorities and drivers of change.

The Skills Strategy for Government 2008-2011 underpinned the work of Government Skills. It drew on a substantial evidence base on skills (including extensive surveys and consultation with employers and employees). The skills strategy was focused on raising skill levels within the Civil Service by:

- strengthening professions to develop and drive up professional standards and use them to manage careers
- taking common action to address common skills needs
- strengthening skills in the talent pool used for recruitment, by working closely with higher and further education sectors.

Central to the strategy was the Professional Skills for Government (PSG) competency framework. Within the civil service the core skills identified as areas requiring improvement were: strategic thinking, ICT (computer) and project management (PPM).

4.2 Value of skills

The value of skills has been a key part of the debate on the requirement for more training and investment in the UK workforce. The UK Commission has identified how understanding the value of skills can support economic growth and development (UKCES, 2010c):

- the evidence can provide ‘signals’ to all those involved in skills development individuals choosing which skills to acquire; schools, colleges, universities and other training providers; employers; public agencies who fund or influence provision.
- evidence can be used by information, advice and guidance services to help inform the choices and decisions open to individuals both as young people and adults.
- evidence can inform policy makers who are developing policy, establishing priorities and allocating public resources. It may help to increase efficiency, effectiveness and impact of public expenditure by informing policy development.
- evidence helps inform the ‘economic’ case for skills; support proposals to sustain and develop funding, whether public or private, employer or individual; and identify

priorities attached to skills development in local, regional, national or European arenas.

- evidence can be used in marketing, communications and campaign materials which seek to convince individuals and employers of the ‘business case for skills.

There are concerns about the capability of managers to effectively lead in areas such as: change management; equality and diversity; more for less; financial management; and risk management (IES, 2009).

Leadership skills was one of the four areas covered in the Professional Skills for Government (PSG) competency framework. In the Government Skills Employee Survey (2009), 37 per cent of employees across all grades believed their leadership skills required improvement. The majority of senior civil servants (55 per cent) and senior managers (51 per cent) stated that their leadership skills required improvement, as did two-fifths (42 per cent) of staff at executive grades, and more than a quarter (28 per cent) of respondents at administrative grades.

This evidence is backed up by the Skills for Justice Employer Skills Survey (2011) which identified that management and leadership was top of the list of reported skills shortages.

High performance working

There needs to be a balance between the demand for skills, their supply and most importantly, their effective use in the workplace (UKCES, 2010c). Skills utilisation is concerned with maximising the contribution that people can make in the workplace, how well people’s abilities are deployed, harnessed and developed to optimise organisational performance, and how UK organisations can successfully achieve High Performance Working (HPW). Efficient and effective skills utilisation not only increases productivity but also creates an environment with more satisfying jobs.

High Performance Working (HPW) is defined as:

> ‘A general approach to managing organisations that aims to stimulate more effective employee involvement and commitment in order to achieve high levels of performance’ (UKCES, 2010d, p.10).

HPW requires the implementation of a number of practices in a holistic way to manage an organisation effectively. It provides a means to stimulate businesses to review their business strategies; move up the value chain (i.e. by delivering higher value goods and services); raise their demand for high skills; reorganise their work; and by so doing improve skills utilisation in the workplace and, hence, firm performance (ibid).

Over half (52 per cent) of establishments in the *Government Services* sector have processes, either formally or informally, in place to spot high potential or talented individuals. This ranks the sector third behind the *Education* and *Care* sectors and seven percentage points above the average (Table 4.11). Almost all (92 per cent) employees within the *Government Services* sector have variety in their work, which ranks the sector second, one percentage point below the Education sector (Table 4.12).

Government Services employees also tend to have autonomy within the workplace, with 90 per cent having discretion over the work that they do. This compares to 87 per cent for all sectors (Table 4.13). Flexible working has long been established in the public sector and 89 per cent of employees have access to it to some extent, ranking it highest of all sectors and 11 percentage points above the average (Table 4.14).

Table 4.10: Whether establishment has formal processes in place to identify 'high potential' or talented individuals

	Yes, formally documented		**Yes, informally**		**No**		**Don't know**		***Unweighted base***	***Weighted base***
	No.	%	No.	%	No.	%	No.	%		
Agriculture, forestry and fishing	5,652	5	30,105	27	72,671	64	4,348	4	*820*	*112,776*
Energy production and utilities	2,191	17	4,077	31	6,385	49	486	4	*866*	*13,138*
Manufacturing	15,955	12	41,908	31	72,179	54	3,456	3	*4,001*	*133,498*
Construction	21,136	7	89,742	29	185,426	61	8,056	3	*4,570*	*304,360*
Wholesale and retail trade	79,322	17	144,464	31	229,455	49	18,075	4	*8,093*	*471,317*
Transportation and storage	12,217	10	30,841	26	73,328	61	4,419	4	*2,400*	*120,805*
Accommodation, food and tourism activities	32,190	15	69,719	32	109,728	50	7,234	3	*5,819*	*218,871*
Information and communication	5,976	8	23,608	32	42,403	58	1,136	2	*1,261*	*73,123*
Creative media and entertainment	11,873	8	48,322	33	83,861	57	3,495	2	*1,959*	*147,551*
Financial, insurance & other professional services	31,220	18	56,823	33	80,911	47	3,669	2	*2,680*	*172,623*
Real estate and facilities management	20,259	13	48,382	30	83,504	52	9,000	6	*1,745*	*161,145*
Government	11,426	21	16,967	31	25,307	46	1,600	3	*1,379*	*55,300*
Education	18,653	32	20,236	34	18,789	32	1,231	2	*2,780*	*58,909*
Health	10,508	20	15,684	30	24,879	47	1,427	3	*1,739*	*52,498*
Care	25,788	28	26,675	29	32,817	36	6,485	7	*2,455*	*91,765*
All economy	320,952	14	702,866	31	1,198,876	52	77,227	3	*44,691*	*2,299,921*

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

Base: All establishments in Module 1 and Scotland

Table 4.11: Extent to which employees have variety in their work

	To a large extent		To some extent		Not much		Not at all		Don't know		*Unweighted base*	*Weighted base*
	No.	%	No.	%	No.	%	No.	%	No.	%		
Agriculture, forestry and fishing	76,675	68	24,469	22	7,742	7	2,816	2	1,074	1	*820*	*112,776*
Energy production and utilities	5,929	45	4,909	37	1,795	14	406	3	100	1	*866*	*13,138*
Manufacturing	67,095	50	48,484	36	12,899	10	3,756	3	1,262	1	*4,001*	*133,498*
Construction	179,144	59	88,851	29	24,047	8	9,313	3	3,003	1	*4,570*	*304,360*
Wholesale and retail trade	238,562	51	168,884	36	48,318	10	11,692	2	3,861	1	*8,093*	*471,317*
Transportation and storage	53,146	44	35,613	29	17,947	15	13,259	11	840	1	*2,400*	*120,805*
Accommodation, food and tourism activities	86,140	39	83,543	38	37,117	17	9,289	4	2,782	1	*5,819*	*218,871*
Information and communication	46,346	63	21,687	30	3,293	5	417	1	1,381	2	*1,261*	*73,123*
Creative media and entertainment	99,587	67	37,290	25	7,267	5	2,237	2	1,170	1	*1,959*	*147,551*
Financial, insurance & other professional services	94,803	55	60,363	35	12,493	7	3,148	2	1,816	1	*2,680*	*172,623*
Real estate and facilities management	92,156	57	51,012	32	15,579	10	1,561	1	837	1	*1,745*	*161,145*
Government	33,925	61	17,273	31	2,855	5	391	1	856	2	*1,379*	*55,300*
Education	38,306	65	17,346	29	2,187	4	619	1	452	1	*2,780*	*58,909*
Health	26,622	51	19,718	38	5,203	10	694	1	260	**	*1,739*	*52,498*
Care	54,001	59	31,224	34	4,410	5	972	1	1,159	1	*2,455*	*91,765*
All economy	1,256,316	55	745,134	32	212,192	9	64,300	3	21,979	1	*44,691*	*2,299,921*

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

Base: All establishments in Module 1 and Scotland

Table 4.12: Extent to which employees have discretion over how they do their work

	To a large extent		To some extent		Not much		Not at all		Don't know		*Unweighted base*	*Weighted base*
	No.	%	No.	%	No.	%	No.	%	No.	%		
Agriculture, forestry and fishing	61,757	55	39,087	35	6,625	6	2,485	2	2,821	3	*820*	*112,776*
Energy production and utilities	5,809	44	4,957	38	1,467	11	557	4	348	3	*866*	*13,138*
Manufacturing	63,859	48	49,442	37	11,926	9	5,326	4	2,945	2	*4,001*	*133,498*
Construction	167,066	55	103,337	34	18,624	6	10,627	3	4,706	2	*4,570*	*304,360*
Wholesale and retail trade	222,298	47	182,574	39	44,174	9	13,608	3	8,663	2	*8,093*	*471,317*
Transportation and storage	60,073	50	38,390	32	12,736	11	8,160	7	1,446	1	*2,400*	*120,805*
Accommodation, food and tourism activities	88,190	40	87,712	40	28,331	13	9,926	5	4,712	2	*5,819*	*218,871*
Information and communication	48,851	67	20,130	28	3,082	4	614	1	446	1	*1,261*	*73,123*
Creative media and entertainment	94,306	64	39,623	27	5,912	4	3,212	2	4,498	3	*1,959*	*147,551*
Financial, insurance & other professional services	88,150	51	62,426	36	15,688	9	5,292	3	1,068	1	*2,680*	*172,623*
Real estate and facilities management	95,298	59	48,171	30	11,255	7	4,656	3	1,765	1	*1,745*	*161,145*
Government	32,235	58	17,718	32	3,674	7	810	1	863	2	*1,379*	*55,300*
Education	27,530	47	26,592	45	3,231	5	660	1	897	2	*2,780*	*58,909*
Health	22,195	42	21,678	41	6,472	12	1,544	3	608	1	*1,739*	*52,498*
Care	48,843	53	36,123	39	3,779	4	1,532	2	1,488	2	*2,455*	*91,765*
All economy	1,188,767	52	814,655	35	185,638	8	71,823	3	39,037	2	*44,691*	*2,299,921*

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

Base: All establishments in Module 1 and Scotland

Table 4.13: Extent to which employees at establishment have access to flexible working

	To a large extent		To some extent		Not much		Not at all		Don't know		*Unweighted base*	*Weighted base*
	No.	%	No.	%	No.	%	No.	%	No.	%		
Agriculture, forestry and fishing	48,869	43	41,468	37	12,485	11	8,004	7	1,950	2	*820*	*112,776*
Energy production and utilities	4,781	36	4,419	34	2,431	19	1,450	11	58	**	*866*	*13,138*
Manufacturing	52,687	39	44,362	33	17,955	13	16,667	12	1,827	1	*4,001*	*133,498*
Construction	139,674	46	101,224	33	33,585	11	26,266	9	3,610	1	*4,570*	*304,360*
Wholesale and retail trade	176,251	37	168,909	36	64,843	14	56,324	12	4,991	1	*8,093*	*471,317*
Transportation and storage	44,233	37	38,327	32	16,329	14	20,683	17	1,233	1	*2,400*	*120,805*
Accommodation, food and tourism activities	99,272	45	77,239	35	22,537	10	17,703	8	2,120	1	*5,819*	*218,871*
Information and communication	42,992	59	20,273	28	5,342	7	4,226	6	289	**	*1,261*	*73,123*
Creative media and entertainment	83,200	56	44,734	30	10,011	7	7,602	5	2,004	1	*1,959*	*147,551*
Financial, insurance & other professional services	89,019	52	55,484	32	15,828	9	11,747	7	546	**	*2,680*	*172,623*
Real estate and facilities management	77,691	48	52,389	33	16,393	10	13,861	9	811	1	*1,745*	*161,145*
Government	34,229	62	15,040	27	3,343	6	1,865	3	823	1	*1,379*	*55,300*
Education	14,445	25	21,754	37	12,772	22	9,545	16	393	1	*2,780*	*58,909*
Health	14,407	27	23,130	44	9,761	19	5,025	10	174	**	*1,739*	*52,498*
Care	38,920	42	35,210	38	9,701	11	6,858	7	1,075	1	*2,455*	*91,765*
All economy	1,012,366	44	783,411	34	264,071	11	216,701	9	23,372	1	*44,691*	*2,299,921*

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

Base: All establishments in Module 1 and Scotland

Provision of training

Tables 4.15 and 4.16 highlight the numbers of establishments providing training across all sectors, and the numbers of employees receiving training.

Within the *Government Services sector*, almost 42,000 establishments provide training. This equates to 76 per cent of all establishments, 17 percentage points above the average for all sectors. Data for each nation show that Scotland (85 per cent), Wales (87 per cent) and Northern Ireland (77 per cent) are above the UK average whilst England (74 per cent) falls slightly below it.

Just over one million employees receive training, equivalent to 56 per cent of the sector workforces (six percentage points below the average for all sectors). Data for each nation show that the proportions of the sector workforce receiving training in England (58 per cent) and Northern Ireland (59 per cent) are above the UK sector average, whilst in Scotland (47 per cent) and Wales (53 per cent) they are lower.

Table 4.14: Employers providing training by sector and nation

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	58,869	53	42,577	54	†7,737	†58	3,536	34	5,019	71
Energy production and utilities	8,743	69	6,858	69	1,040	81	554	67	291	54
Manufacturing	73,972	57	61,935	55	6,629	71	3,464	64	1,944	51
Construction	163,641	53	137,473	53	13,506	63	7,193	55	5,469	51
Wholesale and retail trade	261,948	56	218,681	55	23,692	67	11,347	54	8,228	58
Transportation and storage	55,004	45	46,106	43	5,633	70	2,103	50	1,161	52
Accommodation, food and tourism activities	134,314	61	108,618	60	15,665	71	6,570	58	3,461	59
Information and communication	39,090	54	34,418	52	†2,974	†83	1,215	62	483	44
Creative media and entertainment	74,069	52	63,945	51	†5,976	†54	2,690	57	1,457	71
Financial, insurance & other professional services	114,074	67	101,640	66	5,354	64	4,605	80	2,474	73
Real estate and facilities management	95,068	57	85,826	57	†6,652	†55	1,340	44	1,249	67
Government	41,608	76	32,980	74	4,715	85	2,343	87	1,571	77
Education	55,629	86	45,309	85	4,348	97	2,941	92	3,031	92
Health	44,797	86	38,133	85	3,208	99	2,216	79	1,239	84
Care	73,669	84	60,516	84	6,798	81	3,562	81	2,793	86
All economy	1,361,250	59	1,141,560	58	119,847	68	58,171	59	41,668	64
Weighted base	2,299,921		1,960,298		175,115		98,952		65,558	
Unweighted base	87,572		75,053		2,503		6,012		4,004	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All establishments.

† Treat figures with caution due to small base size of 50-99 establishments in Scotland

Table 4.15: Employees receiving training by sector and nation

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	198,736	43	152,352	43	†25,724	†47	8,993	29	11,667	51
Energy production and utilities	167,507	50	120,687	49	32,976	55	11,072	66	2,772	38
Manufacturing	1,146,654	45	934,516	44	93,562	48	74,719	54	43,857	52
Construction	1,072,552	48	884,923	48	116,140	47	39,666	44	31,826	46
Wholesale and retail trade	2,340,353	50	1,960,109	49	201,879	55	109,603	55	68,761	48
Transportation and storage	538,494	41	448,580	39	49,954	44	22,489	58	17,468	63
Accommodation, food and tourism activities	1,221,736	53	1,017,791	53	124,328	55	48,807	49	30,809	50
Information and communication	233,240	38	205,944	37	†15,377	†51	5,255	28	6,663	65
Creative media and entertainment	524,081	48	451,335	47	†30,017	†43	24,215	69	18,513	69
Financial, insurance & other professional services	1,109,888	54	949,712	52	101,444	73	32,505	60	26,224	69
Real estate and facilities management	560,354	47	492,799	47	†36,284	†49	19,985	60	11,286	50
Government	1,004,866	56	835,514	58	82,550	47	49,901	53	36,901	59
Education	1,598,280	63	1,354,826	63	116,696	62	84,527	72	42,231	58
Health	1,300,684	65	1,032,851	64	187,638	81	58,505	49	21,690	52
Care	969,487	64	780,108	64	89,130	63	52,831	84	47,414	64
All economy	14,476,138	53	12,050,111	52	1,337,833	56	661,045	56	427,137	54
Weighted base	27,547,123		23,198,475		2,381,601		1,182,314		784,732	
Unweighted base	2,816,693		2,345,213		201,868		178,922		90,690	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All employment.

† Treat figures with caution due to small base size of 50-99 establishments in Scotland

Table 4.17 identifies the proportion of establishments providing training by occupation. The key findings are:

- The occupational groups most likely to receive training are managers, directors and senior officials (61 per cent) and administrative and secretarial occupations (27 per cent). Within the Government Services sector these figures increase to 68 per cent and 52 per cent.
- Over half (52 per cent) of employers across all sectors arrange training for all occupational groups. This rises to 63 per cent in Government Services.
- The occupations least likely to receive training are skilled trades (five per cent in Government Services), process, plant and machine operatives (three per cent in Government Services), and sales and customer services occupations (seven per cent).

Table 4.16: Employers providing training to employees by occupational group Government Services

	Government Services		**All economy**	
	Number	%	Number	%
Managers, Directors and senior officials occupations	28,424	68	825,928	61
Professional occupations	7,324	18	152,106	11
Associate professional and technical occupations	6,510	16	124,610	9
Administrative and secretarial occupations	21,744	52	372,218	27
Skilled trades occupations	2,001	5	192,480	14
Personal service occupations	6,954	17	129,265	9
Sales and customer service occupations	2,869	7	261,082	19
Process, plant and machine operatives	1,208	3	96,592	7
Elementary occupations	4,569	11	217,981	16
Other	*	*	35,410	3
Don't know	756	2	20,638	2
Arrange training for all categories of staff employed	26,124	63	714,095	52
Arrange training for some categories of staff employed	15,485	37	647,154	48
Weighted base	*41,608*		*1,361,249*	
Unweighted base	*2,263*		*66,916*	

Source: Labour Force Survey (ONS, 2010b)
Base: All establishments providing training
** suppressed due to base size <25*

Table 4.18 illustrates the proportion of employees receiving training by occupation. The occupational groups most likely to receive training are skilled trades (71 per cent in *Government Services*, 55 per cent overall), professional occupations (63 per cent in *Government Services* and 61 per cent overall) and personal service occupations (59 per cent *Government Services* and 70 per cent overall). The occupational groups least likely to receive training in the *Government Services* sector are sales and customer service occupations (46 per cent), and process, plant and machine operatives (45 per cent).

Table 4.17: Employees receiving training by occupational group, Government Services

	Government Services		All economy	
	Number	%	Number	%
Managers, Directors and senior officials occupations	181,566	58	2,413,145	45
Professional occupations	162,548	63	1,904,780	61
Associate professional and technical occupations	138,229	57	1,022,510	56
Administrative and secretarial occupations	227,357	52	1,607,984	45
Skilled trades occupations	48,288	71	1,041,373	55
Personal service occupations	131,854	59	1,606,254	70
Sales and customer service occupations	38,556	46	1,937,670	55
Process, plant and machine operatives	15,269	45	902,782	47
Elementary occupations	59,807	49	1,938,793	48
Other	*	*	100,845	n/a
All occupations	1,004,867		14,476,137	
Weighted base	*1,004,867*		*14,476,137*	
Unweighted base	*107,833*		*1,517,802*	

Source: Labour Force Survey (ONS, 2010b)

Base: All employees receiving training

Tables 4.19 and 4.20 show sectoral shares of employees who received training in the four and thirteen weeks prior to the survey respectively. The share of Government Services employees who received training within the thirteen-week window diminished from 43 per cent in 2002 to 37 per cent in 2010. However, alongside other largely public services sectors, Government Services is still in the top four sectors for the proportion of employees who received training in the preceding 13 weeks and stands seven percentage points above the average for all sectors.

The picture is similar for the four week period. The proportion of employees receiving training declined from 22 per cent in 2002 to 18 per cent in 2010. However, Government Services remains in the top four sectors for the proportion of employees who received training in the preceding four weeks.

Table 4.18: Percentage of employees receiving training in last 4 weeks, 2002-2010 (UK)

Sector	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Agriculture, forestry and fishing	16	14	14	14	12	10	13	15	11
Energy production and utilities	17	14	15	13	14	15	13	14	11
Manufacturing	11	11	10	11	10	10	10	9	10
Construction, building services, engineering and planning	16	16	16	16	16	16	14	13	14
Wholesale and retail trade	13	13	12	12	11	11	11	9	10
Transportation and storage	12	12	12	10	10	9	10	9	9
Hospitality, tourism and sport	16	15	14	14	13	12	12	11	14
Information and communication technologies	16	15	14	14	12	12	11	13	11
Creative media and entertainment	17	16	16	16	15	14	13	11	12
Financial, insurance & other professional services	21	20	20	18	17	17	16	17	17
Real estate and facilities management	19	18	18	16	17	16	15	11	10
Government Services	22	22	21	21	19	20	20	20	18
Education	24	24	23	23	22	22	22	20	22
Health	27	28	29	27	26	25	25	25	27
Care	27	28	29	27	26	25	25	22	25
All economy	18	17	17	17	16	16	16	15	16
Weighted base (000s)	*4,284*	*4,217*	*4,242*	*4,202*	*3,972*	*3,909*	*3,846*	*3,630*	*3,705*
Unweighted base (000s)	*14.992*	*14.137*	*13.569*	*13.14*	*12.016*	*11.724*	*11.207*	*12.305*	*11.962*

Source: Labour Force Survey (ONS, 2010b)

Table 4.19: Percentage of employees receiving training in last 13 weeks, 2002-2010 (UK)

Sector	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Agriculture, forestry and fishing	30	29	30	24	25	24	26	34	24
Energy production and utilities	37	33	32	31	31	29	27	27	25
Manufacturing	24	22	22	22	21	21	20	18	20
Construction, building services, engineering and planning	32	32	32	32	31	31	30	28	28
Wholesale and retail trade	25	24	23	23	22	21	20	18	19
Transportation and storage	26	25	25	24	23	21	22	20	22
Hospitality, tourism and sport	28	27	26	25	25	22	22	22	23
Information and communication technologies	32	30	28	28	27	25	24	25	24
Creative media and entertainment	32	32	30	31	30	28	27	25	22
Financial, insurance & other professional services	40	38	37	37	34	34	32	33	33
Real estate and facilities management	36	35	35	34	34	31	31	22	18
Government Services	43	43	42	42	39	39	38	39	37
Education	47	46	44	44	44	43	43	40	42
Health	50	51	52	52	51	47	48	49	50
Care	50	51	52	52	51	47	48	44	48
All economy	34	34	33	33	32	31	31	30	30
Weighted base (000s)	*8,244*	*8,199*	*8,122*	*8,253*	*7,975*	*7,630*	*7,528*	*7,231*	*7,181*
Unweighted base (000s)	*28.953*	*27.505*	*26.094*	*25.956*	*24.275*	*23.049*	*22.078*	*24.365*	*22.089*

Source: Labour Force Survey (ONS, 2010b)

Table 4.21 shows that geographical disparities in the provision of training. The percentage of sector employees who received training in the four weeks is lower than average in Wales (by around four percentage points) and Northern Ireland (by ten percentage points).

Table 4.20: Percentage of employees receiving training in last 4 weeks, 2010 (all nations)

Sector	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	11	12	*	*	*
Energy production and utilities	11	11	15	*	*
Manufacturing	10	9	11	9	13
Construction, building services, engineering and planning	14	13	16	16	*
Wholesale and retail trade	10	10	11	11	8
Transportation and storage	9	9	8	*	*
Hospitality, tourism and sport	14	14	14	23	*
Information and communication technologies	11	11	*	*	*
Creative media and entertainment	12	12	*	33	*
Financial, insurance & other professional services	17	16	23	26	*
Real estate and facilities management	10	10	10	*	*
Government Services	18	19	17	13	7
Education	22	22	23	20	11
Health	27	29	21	19	14
Care	25	25	23	31	*
All economy	16	16	16	16	10
Weighted base (000s)	*3,705*	*3,124*	*344*	*176*	*61*
Unweighted base (000s)	*4.959*	*4.149*	*0.472*	*0.230*	*0.108*

Source: Labour Force Survey (ONS, 2010b)

**Sample size too small for reliable estimate*

Table 4.22 presents data for training provision in the 13 weeks preceding the LFS. Again, England and Scotland are at par with UK-wide levels of training for Government Services, Wales is slightly lower by around three percentage points and Northern Ireland again substantially lower by 11 percentage points

Table 4.21: Percentage of employees receiving training in last 13 weeks, 2010 (all nations)

Sector	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	24	26	*	*	*
Energy production and utilities	25	23	30	*	*
Manufacturing	20	20	21	18	19
Construction, building services, engineering and planning	28	28	29	26	17
Wholesale and retail trade	19	19	19	16	14
Transportation and storage	22	23	22	*	*
Hospitality, tourism and sport	23	23	22	30	*
Information and communication technologies	24	24	29	*	*
Creative media and entertainment	22	22	*	43	*
Financial, insurance & other professional services	33	32	37	40	23
Real estate and facilities management	18	18	23	*	*
Government Services	37	38	36	33	25
Education	42	42	43	37	28
Health	50	52	46	43	38
Care	48	49	44	48	24
All economy	30	30	31	29	22
Weighted base (000s)	*7,181*	*6,065*	*668*	*312*	*137*
Unweighted base (000s)	*9.729*	*8.132*	*0.934*	*0.414*	*0.249*

Source: Labour Force Survey (ONS, 2010b)

**Sample size too small for reliable estimate*

Barriers to training

Barriers to training across the *Government Services* sector are illustrated in Table 4.23. The majority of establishments who cite a reason for not providing training state that this is because their staff are already fully proficient (51 per cent). Funding is the next most commonly cited reason (12 per cent), followed by ‘no training available in relevant subject area’, at ten per cent. This last figure rises to 21 per cent in Northern Ireland, where ten per cent of establishments also state that employees are too busy for training.

Establishments within the sector are more likely to think that their staff are fully proficient and have no need for training (64 per cent in *Government Services* compared to 51 per cent in all sectors), that training is not a priority (nine per cent compared to four per cent), and that there is no training available (six per cent in Government Services compared to ten per cent).

Table 4.22: Barriers to training within sector

	UK		England		Northern Ireland	
	Number	%	Number	%	Number	%
All our staff are fully proficient / no need for training	6,510	51	5,433	49	205	46
No money available for training	1,545	12	1,332	12	49	11
Training is not considered to be a priority for the establishment	564	4	564	5	0	0
No training available in relevant subject area	1,240	10	1,120	10	94	21
Managers have lacked the time to organise training	461	4	443	4	18	4
Learn by experience/Learn as you go	132	1	110	1	17	4
External courses are too expensive	122	1	81	1	0	0
Small firm/training not needed due to size of establishment	418	3	418	4	0	0
Employees are too busy to undertake training and development	105	1	32	**	44	10
Employees are too busy to give training	47	**	34	**	0	0
Business not operating long enough/New business	111	1	111	1	0	0
Trained staff will be poached by other employers	89	1	89	1	0	0
I Don't know what provision is available locally	23	**	23	**	0	0
The start dates or times of the courses are inconvenient	0	0	0	0	0	0
The courses interested in are not available locally	36	**	36	**	0	0
No new staff (only train new staff)	7	**	7	**	0	0
The quality of the courses or providers locally is not satisfactory	0	0	0	0	0	0
Difficult to get information about the courses available locally	0	0	0	0	0	0
Other	1,721	14	1,562	14	54	12
No particular reason	757	6	670	6	38	8
Don't know	233	2	213	2	0	0
Weighted base	12,649		11,039		443	
Unweighted base	318		256		29	

*Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012) Base: All establishments that do not provide training,** Denotes a figures of greater than 0% but less than 0.5%. Data for Wales and Scotland suppressed as unweighted establishment base < 25 (<50 for Scotland). NB Column percentages sum to more than 100 since multiple responses allowed.*

Investment in training

Government departments have invested heavily in skills development (National Audit Office, 2011). Government estimates expenditure on formal training, including salary costs of departmental learning and development staff, was £275 million in 2009-10 (around £547 per head), around half of which related to ‘generic’ skills. However, it is likely that the true expenditure on skills development is significantly higher, given that the figures exclude informal learning and development activities, the value of time of staff attending courses and spend on profession-specific and technical training.

Evidence from the Skills for Justice Employer Skills Survey (2011) provides further information on funding issues. Over the 12 months prior to the survey, almost 94 per cent of employers across the sector funded off-the-job training for employees whilst slightly fewer employers (89 per cent) funded on-the-job training. Those employers which did not fund external training provided a variety of reasons, most commonly lack of funds (mentioned by 78 per cent of those who did not provide funding). Around 96 per cent of all employers believed that their training budget would be reduced over the next 12 months, and 72 per cent believed it would be reduced significantly. Only three per cent of employers felt that their training budget would increase.

Funding changes will have both organisational and individual impacts. Impacts of reductions in training budgets could include:

- only essential training will be undertaken and pressure will increase on internal training delivery
- generic training may now be delivered by a central civil service learning supplier
- the focus will shift to more blended methods of delivery
- productivity and performance may suffer following reductions in the number of staff with specialist skills
- ability to carry out core functions could be impaired.
- increased use of e-learning platforms and new training methods
- staff morale may become impaired if what they want/need cannot be provided
- members of staff may feel inadequately skilled and struggle with their performance
- there may be fewer opportunities for staff to obtain qualifications and to develop for future roles.

4.3 Skills and sectoral performance

Effective and efficient skills systems which link education to high quality technical training, technical training to labour market entry and labour market entry to continuous workplace and lifelong learning can help the UK sustain productivity and translate growth into more and better jobs. Funding changes will potentially have both organisational and individual impacts within the *Government Services* sector.

Government Service employers have to balance the need to have a fully-trained workforce, the need to operate with financial prudence, and the need to deliver a fit for purpose service. It can be difficult for public sector organisations to prove they provide ‘value for money’, as it can be difficult to cost the services provided. However, return on investment includes social as well as economic impacts. The Open Public Services White Paper states that ‘spending decisions need to take into account economic and financial considerations but cannot ignore the wider social impact’ (Cabinet Office, 2011).

Organisations across all sectors and particularly in the *Government Services* sector cannot afford to neglect their investment in skills as this investment is inextricably linked to sectoral performance.

5. Extent of skills mismatch

Summary

Government Services accounts for 11 per cent of all employment across the UK, six per cent of all vacancies and three per cent of all establishments with vacancies.

The *Government Services* sector ranks sixth out of all sectors for skills shortage vacancies, with a total of 5,938. The sector accounts for six per cent of hard to fill vacancies and six per cent of Skills Shortage vacancies.

The occupations within the *Government Services* sector with the highest number of vacancies are in caring, leisure and other services and associate professionals.

The impact of hard to fill vacancies is most frequently stated as increased workload for other staff, followed by difficulties in meeting customer services objectives, delays in developing new products or services, and experiencing increased operating costs. In response, employers are most likely to spend more on job adverts and adopt more novel recruitment methods

Some 15 per cent of establishments in the sector report skills gaps (covering five per cent of all employees), similar to the rate across the whole economy. Within the *Government Services* sector, skills shortages are particularly concentrated within the administrative and clerical group. Some seven per cent of this group have skills gaps, which equates to almost 20,000 staff. The occupational group with the greatest percentage of staff with skills gaps is machine operatives (23 per cent), which equates to almost 8,000 staff. Altogether, almost 95,000 employees have skills gaps.

The top three areas of skills shortage are job specific, customer handling and oral communication skills Under-employment is also an issue, with more than half of *Government Services* establishments having employees who are over qualified and over skilled (some 14 per cent of all sector employees).

Characteristics of Skills Mismatches

A key indicator of skills mismatches is the proportion of vacancies that are difficult to fill. Over a quarter of all vacancies in *Government Services* are hard to fill. The major impact on establishments with hard to fill vacancies is the extra pressure that is placed on remaining staff. In an era where efficiency savings are high on the agenda, in the public sector this may be particularly important.

The UK Commission (2011) defines underemployment as of individuals being either over-qualified or over-skilled for their job. Someone is as being over-qualified if the qualifications they have are at a higher level than the qualifications needed to get their job. Someone is over-skilled if they have little opportunity to use their past experience, skills or abilities in their job.

There is a clear need to address both internal and external skill mismatches if a better alignment of skills supply and demand within the public sector is to be assured. Addressing internal skill mismatches involves resolving skill gaps and underemployment.

Younger people entering the sector usually posses better skills and qualifications than older workers approaching retirement age. As older workers retire over the next five to ten years, there will be an overall improvement of the skills profile of the *Government Services* workforce, with higher proportions holding Level 4 and 5 qualifications.

5.1 Extent and nature of vacancies

Information on job vacancies provides important insight about labour market dynamics. It can give an early indication of the demand for labour and can help identify downturns in recruitment and subsequently workforce size.

Table 5.1 shows that, although the *Government Services* sector accounts for 11 per cent of employment across the UK, it accounts for just three per cent of all establishments with vacancies across all sectors. Establishments with hard-to-fill vacancies (HTF) in the *Government Services* sector account for just two per cent of all establishments with HTF vacancies across all sectors. Just two per cent of establishments with skills shortage vacancies (SSV) are in the *Government Services* sector.

Table 5.1 Employers with vacancies, hard-to-fill vacancies and skills shortage vacancies (2010)

	Vacancies		HTF vacancies		SSV			
	Number	%	Number	%	Number	%	*Weighted base*	*Unweighted base*
Agriculture, Forestry & Fishing	8,285	3	4,141	5	2,660	4	*110,220*	*1,547*
Energy Production & Utilities	1,783	1	635	1	532	1	*12,610*	*1,614*
Manufacturing	17,423	6	7,684	8	6,040	9	*130,709*	*7,776*
Construction, Building Services Engineering and Planning	22,972	8	11,596	13	9,607	14	*306,403*	*8,961*
Wholesale & Retail Trade	50,681	18	13,499	15	9,778	14	*470,200*	*16,150*
Transportation and Storage	13,036	5	4,127	5	2,662	4	*122,058*	*4,735*
Hospitality, Tourism and Sport	32,674	12	11,656	13	7,435	11	*220,055*	*11,318*
Information and Communication Technologies	9,146	3	3,596	4	3,386	5	*72,281*	*2,510*
Creative Media & Entertainment	16,182	6	5,506	6	4,746	7	*143,772*	*3,762*
Financial, Insurance & other Professional Services	21,794	8	5,310	6	4,556	7	*170,887*	*5,343*
Real Estate & Facilities Management	17,403	6	4,651	5	3,956	6	*166,486*	*3,424*
Government Services	8,185	3	1,877	2	1,204	2	*54,687*	*2,605*
Education	14,466	5	3,220	4	2,386	4	*64,540*	*5,439*
Health	9,577	3	2,820	3	1,842	3	*52,370*	*3,398*
Care	15,589	6	3,956	4	2,054	3	*87,899*	*4,763*
Not in scope	15,583	6	6,497	7	5,121	8	*114,744*	*4,227*
Total	274,779	100	90,771	100	67,965	100	*2,299,921*	*87,572*

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012) Base: All employers

Nature of vacancies

Table 5.2 shows volumes and shares of vacancies across different sectors. The number of vacancies is highest for the *Wholesale and Retail Trade* sector, whilst the *Government Services* sector ranks eighth with just under 36,000 vacancies.

The majority of hard-to-fill (HTF) vacancies are in the *Construction, Building Services Engineering and Planning* sector. The *Government Services* sector is ranked sixth in terms of the number of hard-to-fill vacancies with 9,330 vacancies. This means that over a quarter of all vacancies in *Government Services* are hard to fill.

Skills shortage vacancies (SSVs) are a subset of hard-to-fill vacancies. Typically, these vacancies are linked to situations where there are a low number of applicants with the required skills, work experience or qualifications for a specific role (UKCES, 2010b). Table 5.2 shows that the sector with the highest volume of skills shortage vacancies is the *Wholesale and Retail Trade* sector, whilst the *Government Services* sector ranks sixth with a total of 5,938 SSVs.

Vacancies as a proportion of employment are lowest for establishments in the *Education* and *Health* sectors (one per cent each). By contrast, establishments in the *ICT* sector reported the highest density (five per cent) of vacancies relative to employment. For the *Government Services* sector, the density is two per cent.

The density of hard-to-fill vacancies relative to all vacancies is highest for establishments in the *Agriculture* sector where 40 per cent of all vacancies are hard to fill. At 14 per cent, the *Education* sector has the lowest density of hard-to-fill vacancies. In the *Government Services* sector, 17 per cent of all vacancies are skills shortage vacancies.

Table 5.2: Profile of vacancies by sector

Sector	Volume			%				
	Vacancies	HTF vacancies	SSV (prompted and unprompted)	Vacancies as a % employment	HTF vacancies as a % vacancies	SSV as a % vacancies	*Weighted base*	*Unweighted base*
Agriculture, Forestry & Fishing	14,641	5,785	4,238	3	40	29	466,870	19,506
Energy Production & Utilities	9,343	1,590	1,236	3	17	13	333,050	47,228
Manufacturing	40,252	11,834	9,711	2	29	24	2,541,188	291,593
Construction, Building Services Engineering and Planning	47,241	19,103	12,394	2	40	26	2,235,270	150,111
Wholesale & Retail Trade	95,390	17,441	12,619	2	18	13	4,674,684	514,820
Transportation and Storage	25,734	4,739	3,182	2	18	12	1,320,126	114,658
Hospitality, Tourism and Sport	73,886	18,245	11,179	3	25	15	2,313,487	258,524
Information and Communication Technologies	29,361	5,449	4,937	5	19	17	614,641	53,681
Creative Media & Entertainment	37,885	6,824	5,502	3	18	15	1,086,978	87,953
Financial, Insurance & other Professional Services	58,847	11,732	10,623	3	20	18	2,052,039	112,945
Real Estate & Facilities Management	31,155	5,773	4,252	3	19	14	1,183,601	91,204
Government Services	35,917	9,330	5,938	2	26	17	1,780,058	223,796
Education	34,684	4,984	3,729	1	14	11	2,538,545	387,221
Health	27,811	5,281	3,330	1	19	12	2,004,436	219,765
Care	37,494	5,924	3,335	2	16	9	1,504,729	157,681
Not Within Scope	36,266	9,533	7,248	4	26	20	897,422	86,007
Total	635,907	143,564	103,453	2	23	16	27,547,123	2,816,693

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012) Bases: Vary.

Vacancies as a % of employment based on all employment. Hard-to-fill vacancies as a % of vacancies based on all vacancies SSVs as a % of vacancies based on all vacancies

Vacancy densities vary by sector and across nations (see Table 5.3). Within the *Government Services* sector, the share of vacancies relative to employment is similar across all four nations, with a range of between one and two per cent. The proportions of vacancies which are hard-to-fill in the *Government Services* sector in Wales and Northern Ireland are much higher than average (46 per cent and 43 per cent respectively). This compares to England (25 per cent) and Scotland (ten per cent). Only four per cent of vacancies in Wales are SSVs, while in Northern Ireland, 36 per cent of all vacancies fall into this category.

Table 5.3: Profile of vacancies by sector and nation

	Vacancies as a % employment				HTF vacancies as a % vacancies				SSV as a % vacancies			
	England	Scotland	Wales	NI	England	Scotland	Wales	NI	England	Scotland	Wales	NI
Agriculture, forestry & fishing	3	†4	2	0	36	†45	87	0	28	†22	85	0
Energy production & utilities	2	7	4	1	11	22	32	49	9	17	22	25
Manufacturing	2	1	2	2	28	39	30	33	23	36	27	29
Construction, Building Services Engineering and Planning	2	2	2	1	42	29	41	27	26	24	34	16
Wholesale & retail trade	2	2	2	2	18	17	23	32	13	10	12	18
Transportation and Storage	2	2	3	1	17	6	48	60	12	3	29	11
Hospitality, Tourism and Sport	3	3	4	2	23	25	56	29	13	17	41	23
Information and Communication Technologies	5	†5	3	3	18	†35	19	13	16	†28	17	13
Creative media & entertainment	3	†2	5	11	20	†1	18	7	16	†0	16	4
Financial, Insurance & other Professional Services	3	2	2	11	19	7	12	44	17	6	12	44
Real estate & facilities management	3	†1	2	1	18	†29	17	0	14	†22	12	0
Government services	2	1	2	2	25	10	46	43	17	5	4	36
Education	1	2	1	1	16	6	6	16	12	2	5	11
Health	2	1	1	1	19	19	17	27	12	9	13	27
Care	3	1	3	3	16	19	20	13	9	16	13	3
Total	2	2	2	2	22	20	36	44	16	14	22	22
Weighted base	*23,198,476*	*2,381,601*	*1,182,314*	*784,732*	*545,064*	*45,749*	*25,542*	*19,552*	*545,064*	*45,749*	*25,542*	*19,552*
Unweighted base	*2,345,213*	*201,868*	*178,922*	*90,690*	*43,960*	*3,186*	*2,999*	*1,759*	*43,960*	*3,186*	*2,999*	*1,759*

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Bases vary. Vacancies as a % of employment based on all employment. Hard-to-fill vacancies as a % of vacancies based on all vacancies. SSVs as a % of vacancies based on all vacancies. † Treat figures with caution due to small establishment base size of 50-99 in Scotland.

It is also possible to drill further down to sector-specific vacancy densities by occupational groups. Table 5.4 shows the profile of vacancies within the *Government Services* sector.

Table 5.4: Profile of vacancies by occupation within the Government Services sector

Occupational groups	Volume								
	Vacancies	HTF vacancies	SSV	HTF vacancies as a % vacancies	SSV as a % vacancies	Weighted base (number of vacancies)	Unweighted base (number of vacancies)	Weighted base (establishments reporting vacancies)	Unweighted base (establishments reporting vacancies)
Managers	1,196	187	183	16	15	1,196	80	776	43
Professionals	5,433	1,617	1,361	30	25	5,433	470	1817	130
Associate professionals	9,284	2,793	2,655	30	29	9,284	879	2282	173
Administrative/ clerical staff	4,975	516	119	10	2	4,975	463	2112	176
Skilled trades occupations	*	*	*	*	*	*	*	*	*
Caring, leisure and other services staff	10,377	3,856	1,592	37	15	10,377	728	2080	142
Sales and customer services staff	*	*	*	*	*	*	*	*	*
Machine operatives	*	*	*	*	*	*	*	*	*
Elementary staff	837	164	0	20	0	837	72	438	33
Unclassified staff	*	*	*	*	*	*	*	*	*
Total	35,893	9,329	5,940	26	17	35,893	3,011	10,295	774

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Bases: All vacancies.

Establishment bases provided for suppression reasons.

** Data suppressed as unweighted establishment base < 25*

Caring, leisure and other services occupations had the largest volume of vacancies, with 37 per cent of these classed as HTF. There are also high incidences of HTF vacancies in both professional (30 per cent HTF) and associate professional occupations (30 per cent), with SSV rates of 25 per cent and 29 per cent respectively. The lowest incidence of vacancies was in elementary staff occupations (837 vacancies with 20 per cent HTF) and the lowest proportion of HTF vacancies was in administrative and clerical staff (ten per cent out of 4,975 vacancies).

Certain factors contribute to difficulty in filling vacancies. Key problems include:

- low number of applicants with the required skills
- lack of work experience required by the employer
- low number of applicants with the required attitude, motivation or personality
- lack of qualifications required by the employer
- low number of applicants generally.

The impact of hard to fill vacancies on organisations are varied and can be severe. Table 5.6 below indicates that within the *Government Services* sector, the major impact on establishments with hard to fill vacancies is the extra pressure that is placed on remaining staff (93 per cent of affected employers reported this as an issue). Other impacts are focused on service delivery, quality of service and operating costs. Hard-to-fill vacancies also limit the abilities of the workforce to meet customer service expectations. In addition to this, establishments also reported that such vacancies and their inability to fill them resulted in loss of business opportunities to major competitors. (The data is restricted to England and the UK as the base sizes for the other three nations are too small for detailed analysis).

Table 5.6: Impact of having hard-to-fill vacancies within the Government Services sector

Impact	UK		England	
	Number	%	Number	%
Increase workload for other staff	1,741	93	1,502	93
Have difficulties meeting customer services objectives	1,068	57	917	57
Lose business or orders to competitors	504	27	462	29
Delay developing new products or services	795	42	725	45
Experience increased operating costs	794	42	696	43
Have difficulties meeting quality standards	778	41	674	42
Have difficulties introducing new working practices	513	27	439	27
Outsource work	561	30	512	32
Withdraw from offering certain products or services altogether	545	29	513	32
Have difficulties introducing technological change	440	23	408	25
None	46	2	38	2
Don't know	0	0	0	0
Weighted base	1,877		1,614	
Unweighted base	121		100	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All vacancies.

** Data suppressed for Scotland, Wales and Northern Ireland as unweighted establishment base sizes < 25 (<50 for Scotland)*

Employers adopt different approaches to mitigating the impacts of hard-to-fill vacancies. Most employers in the *Government Services* sector focus on advertising and recruitment strategies, spending more money on job adverts or adopting novel recruitment methods (Table 5.7)

Table 5.7: Measures taken by employers to overcome hard-to-fill vacancies – Government Services

Measures	UK		England	
	Number	%	Number	%
Increasing advertising / recruitment spend	1,025	55	909	56
Using NEW recruitment methods or channels	845	45	756	47
Redefining existing jobs	248	13	163	10
Increasing the training given to your existing workforce	125	7	109	7
Increasing / expanding trainee programmes	148	8	132	8
Being prepared to offer training to less well qualified recruits	142	8	126	8
Bringing in contractors to do the work, or contracting it out	47	2	47	3
Increasing salaries	72	4	55	3
Recruiting workers who are non-UK nationals	20	1	20	1
Making the job more attractive e.g. recruitment incentives, enhanced T&Cs, working hours	20	1	20	1
Other	31	2	13	1
Nothing	141	7	129	8
Don't know	29	2	29	2
Weighted base	*1,877*		*1,614*	
Unweighted base	*121*		*100*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Bases: All vacancies.

** Data suppressed for Scotland, Wales and Northern Ireland as unweighted establishment base size < 25 (<50 for Scotland)*

Staff retention

Another influence on the level of vacancies is the ability of employers to retain staff. Table 5.8 shows which sectors in which nations (excluding Scotland) have the greatest difficulties in retaining staff. Across the UK as a whole, five per cent of establishments experience retention problems. The proportion is the same in the *Government Services* sector. Within the sector, retention problems are experienced more frequently by employers in Wales (eight per cent of establishments; two percentage points higher than the whole economy average for Wales).

Table 5.8: Employer has retention problems, by sector and geography - All nations

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
Agriculture, Forestry & Fishing	4,954	5	4,236	5	360	3	358	5
Energy Production & Utilities	555	5	484	5	62	8	9	2
Manufacturing	6,493	5	5,883	5	433	8	177	5
Construction, Building Services Engineering and Planning	10,569	4	9,710	4	722	5	138	1
Wholesale & Retail Trade	18,192	4	16,682	4	891	4	619	4
Transportation and Storage	5,676	5	5,240	5	321	8	115	5
Hospitality, Tourism and Sport	18,345	9	16,670	9	1,126	10	548	9
Information and Communication Technologies	3,084	4	2,948	4	57	3	79	7
Creative Media & Entertainment	5,303	4	4,891	4	306	7	106	5
Financial, Insurance & other Professional Services	6,271	4	5,876	4	339	6	55	2
Real Estate & Facilities Management	5,826	4	5,649	4	139	5	38	2
Government Services	2,496	5	2,200	5	208	8	88	4
Education	2,925	5	2,493	5	267	8	165	5
Health	3,297	7	2,961	7	249	9	87	6
Care	5,134	6	4,615	6	327	7	191	6
Not within scope	6,810	6	6,476	6	247	6	87	3
Whole Economy	105,929	5	97,014	5	6,054	6	2,860	4
Weighted base	*2,124,807*		*1,960,298*		*98,952*		*65,558*	
Unweighted base	*85,069*		*75,053*		*6,012*		*4,004*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

Base: All establishments in England, NI, Wales (question not asked in Scotland)

Recruitment channels

One source of potential recruits is young people. Table 5.9 sets out recruitment patterns of young people by sector and nation. Across the UK (excluding Scotland), around half a million young people were recruited, of whom just over two per cent were recruited into the Government Services sector. In Scotland, the corresponding figures were just over 40,000 and just under six per cent were recruited into the sector. One of the reasons that recruitment of young people is relatively low in the sector is the fact that some occupations have minimum age requirements (such as Policing & Law Enforcement and Fire & Rescue Services).

Apprenticeships can help organisations to establish new talent and apprentices can learn on the job, build up their knowledge and acquire useful skills. The Army has the largest apprenticeship programme in the UK, with about 75 per cent of new soldiers taking part each year (British Army Website, 2012).

Table 5.9: Recruitment of young people by sector and nation (number and % who have recruited one or more young person over last 3 years

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry & fishing	21,769	20	14,815	19	†2,725	†20	1,183	11	3,046	43
Energy production & utilities	2,660	21	2,080	21	322	25	197	24	61	11
Manufacturing	31,047	24	26,304	23	2,442	26	1,437	27	863	23
Construction, building services engineering and planning	66,741	22	55,108	21	6,498	30	2,973	23	2,161	20
Wholesale & retail trade	120,702	26	101,878	25	9,862	28	5,297	25	3,665	26
Transportation and storage	18,432	15	16,069	15	1,496	19	476	11	391	17
Hospitality, tourism and sport	70,608	32	59,071	33	6,164	28	3,583	32	1,789	31
Information and communication technologies	14,960	21	13,659	21	†794	†22	241	12	266	24
Creative media & entertainment	31,843	22	28,704	23	†1,573	†14	1,082	23	484	24
Financial, insurance & other professional services	37,955	22	34,274	22	1,679	20	1,230	21	773	23
Real estate & facilities management	23,229	14	21,827	15	†699	†6	475	16	229	12
Government services	10,268	19	8,375	19	1,084	20	378	14	431	21
Education	28,641	44	24,132	45	1,812	41	1,450	45	1,247	38
Health	13,817	26	11,547	26	938	29	822	29	510	34
Care	26,557	30	22,175	31	1,955	23	1,481	34	947	29
All economy	552,385	24	467,925	24	43,211	25	23,664	24	17,584	27
Weighted base	*2,124,807*		*1,960,298*		*175,115*		*98,952*		*65,558*	
Unweighted base	*85,069*		*75,053*		*2,503*		*6,012*		*4,004*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: all establishments.

NB: Scottish employers were asked a slightly different question; results cannot be compared directly to UK, England, Wales, or Northern Ireland figures. Scottish employers have not been included in the UK base. † Treat figures with caution due to small base size of 50-99 establishments in Scotland

The Employer Skills Survey conducted by Skills for Justice (2012) suggested employers also look for:

- professional qualifications for certain roles
- work based tests and presentations
- in Northern Ireland, the provision of evidence against the Northern Ireland Civil Service (NICS) grade competencies
- research, analytical and report writing skills.

This survey found that up to 30 per cent of organisations had taken on new graduates within the last 12 months, while 42 per cent indicated that they did not employ new graduates. The proportion of employers which did not recruit new graduates was 71 per cent in Northern Ireland, 52 per cent in Wales. 49 per cent in Scotland and 44 per cent in England.

The UK Commission found that 84 per cent of employers recruiting recent graduates found them to be generally well prepared (UKCES, 2010b).

5.2 Extent and nature of skills issues

Skills mismatches result in skills shortages and/or gaps when there is an excess of demand, and in unemployment and under-employment when there is insufficient demand. These imbalances lead to various responses depending on the sector affected, which may include changes in rates of pay, vacancies, unemployment, over-qualification and under-employment, under-qualification and migration flows.

Extent of skills shortages and gaps

A skills shortage occurs when the labour market lacks a pool of adequately skilled individuals with the type of skills being sought for respective roles (NSTF, 1998). Often, this situation leads to recruitment difficulties.

A number of factors can mean that employers are unable to recruit staff with the type of skills they require. These include:

- very low levels of unemployment
- geographical imbalances in the supply of skilled personnel
- introduction of new technologies or changes in technology due to industry changes
- significant changes in the attitudes of candidates towards industries

- strong growth in demand
- emergence of specialised skill needs
- under-investment in training
- relatively low wages
- inflexibility in the labour market
- inadequate information on the future demand for skills
- demographic dynamics (e.g. fewer younger people).

Skill shortages also emerge when people accept a low-skilled job while continuing to search for a better one, for instance when options are limited for personal or family reasons.

Skills gaps exist where there is a qualitative mismatch between availability of human resources and the requirements of the labour market (NSTF, 1998). It is a scenario where employers feel that their existing workforce lacks adequate skills types and levels to enable them meet business objectives.

According to the National Audit Office (NAO, 2011), 40 per cent of Senior Civil Servants reported their staff have ‘very’ or ‘fairly significant’ ICT skills gaps and a further 44 per cent reported ‘minor’ gaps. Over half (54 per cent) of staff had ‘very’ or ‘fairly’ significant skills gaps in programme and project management skills and 39 per cent had gaps in financial management skills.

Table 5.10 sets out the key areas of skills lacking in skills shortage vacancies. The top three areas are:

- job specific skills (66 per cent of all skills shortage vacancies)
- technical or practical skills (46 per cent)
- planning and organisation skills (41 per cent).

Table 5.10: Skills lacking in Skills Shortage Vacancies (whole economy)

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Basic computer literacy / using IT	16,832	16	13,842	16	514	8	2,001	35	476	11
Advanced IT or software skills	21,988	21	18,190	21	1,160	18	1,976	35	661	15
Oral communication skills	39,113	38	33,997	39	1,910	30	1,993	35	1,213	28
Written communication skills	33,859	33	28,515	33	2,659	41	1,381	24	1,305	30
Customer handling skills	41,349	40	33,863	39	3,056	47	2,977	53	1,453	33
Team working skills	33,728	33	27,092	31	1,877	29	3,315	59	1,444	33
Written Welsh language skills	1,574	2	0	0	0	0	1,574	28	0	0
Oral Welsh language skills	1,680	2	0	0	0	0	1,680	30	0	0
Foreign language skills	16,773	16	14,601	17	1,451	22	385	7	336	8
Problem solving skills	37,882	37	32,338	37	2,453	38	2,209	39	882	20
Planning and Organisation skills	42,431	41	35,377	41	2,867	44	2,372	42	1,815	41
Strategic Management skills	29,853	29	24,828	29	2,122	33	1,564	28	1,340	31
Numeracy skills	26,775	26	23,194	27	1,866	29	1,149	20	567	13
Literacy skills	30,151	29	25,002	29	1,674	26	2,490	44	985	22
Office admin skills	17,559	17	15,320	18	967	15	797	14	475	11
Technical or practical skills	47,992	46	40,313	46	3,711	57	2,571	46	1,397	32
Job specific skills	68,385	66	56,716	65	5,064	78	4,401	78	2,204	50
Experience/lack of product knowledge	1,668	2	1,523	2	135	2	9	0	0	0
Personal attributes (e.g. motivation, work ethos, common sense, initiative, reliability, commitment, punctuality, flexibility	2,743	3	2,385	3	314	5	17	0	26	1
Other	911	1	835	1	0	0	13	0	62	1
No particular skills difficulties	7,129	7	5,588	6	148	2	135	2	1,258	29
Don't know	3,777	4	3,459	4	102	2	124	2	93	2
Weighted base	*103,453*		*86,950*		*6,463*		*5,650*		*4,390*	
Unweighted base	*7,197*		*5,959*		*367*		*482*		*389*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012) Base: All skills shortage vacancies.

The profile of skills lacking across the *Government Services* sector is different to the whole economy picture (Table 5.11). The top three areas of skills shortage identified by *Government Services* establishments are job specific skills (32 per cent of vacancies), customer handling skills (29 per cent), and oral communication skills (27 per cent).

Comparative analysis by nation shows England generally has lower shares of people in *Government Services* lacking specific skills. In the Northern Ireland *Government Services* sector the skills lacking are concentrated in: oral communication skills; written communication skills; customer handling skills; and team working skills. The incidence of these skills shortages is significantly higher than the incidence for the whole economy.

Table 5.11: Skills lacking in Skills Shortage Vacancies, Government Services sector

	UK		**England**		**Northern Ireland**	
	Number	%	Number	%	Number	%
Basic computer literacy / using IT	576	10	576	11	0	0
Advanced IT or software skills	572	10	539	10	0	0
Oral communication skills	1,631	27	1,199	23	388	70
Written communication skills	1,506	25	947	18	482	87
Customer handling skills	1,725	29	1,139	22	482	87
Team working skills	1,193	20	651	13	482	87
Written Welsh language skills	0	0	0	0	0	0
Oral Welsh language skills	0	0	0	0	0	0
Foreign language skills	338	6	338	7	0	0
Problem solving skills	663	11	553	11	0	0
Planning and Organisation skills	1,161	20	652	13	415	75
Strategic Management skills	798	13	798	15	0	0
Numeracy skills	799	13	755	15	0	0
Literacy skills	1,336	22	844	16	415	75
Office admin skills	438	7	410	8	0	0
Technical or practical skills	918	15	904	17	0	0
Job specific skills	1,909	32	1,725	33	27	5
Experience/lack of product knowledge	22	**	22		0	0
Personal attributes (motivation, work ethos, common sense, initiative, reliability, commitment, punctuality, flexibility)	423	7	423	8	0	0
Other	14	**	14		0	0
No particular skills difficulties	2,426	41	2,375	46	10	2
Don't know	374	6	341	7	33	6
Weighted base	*5,938*		*5,188*		*551*	
Unweighted base	*470*		*418*		*37*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

*Base: All skills shortage vacancies. *Data suppressed for Scotland and Wales as unweighted base sizes < 25 (<50 for Scotland). ** Denotes a figures of greater than 0% but less than 0.5%.*

Table 5.12 summarises the incidence of skills gaps by sector. Within the *Government Services* sector, 15 per cent of establishments report skills that need improvement, affecting five per cent of employees (equivalent to the incidence for the whole economy)

Table 5.12: Employers and employees with skills gaps by sector

	Employers with skills gaps				**Employees with skills gaps**			
	Number	%	*Weighted base*	*Unweighted base*	Number	%	*Weighted base*	*Unweighted base*
Agriculture, Forestry & Fishing	10,665	10	*110,220*	*1,547*	20,149	4	*466,870*	*19,506*
Energy Production & Utilities	2,000	16	*12,610*	*1,614*	17,250	5	*333,050*	*47,228*
Manufacturing	21,520	16	*130,709*	*7,776*	148,007	6	*2,541,188*	*291,593*
Construction, Building Services Engineering & Planning	31,925	10	*306,403*	*8,961*	99,184	4	*2,235,270*	*150,111*
Wholesale & Retail Trade	72,233	15	*470,200*	*16,150*	300,344	6	*4,674,684*	*514,820*
Transportation and Storage	11,540	9	*122,058*	*4,735*	55,391	4	*1,320,126*	*114,658*
Hospitality, Tourism and Sport	43,000	20	*220,055*	*11,318*	193,549	8	*2,313,487*	*258,524*
Information and Communication Technologies	6,647	9	*72,281*	*2,510*	34,775	6	*614,641*	*53,681*
Creative Media & Entertainment	9,155	6	*143,772*	*3,762*	41,091	4	*1,086,978*	*87,953*
Financial, Insurance & other Professional Services	20,954	12	*170,887*	*5,343*	92,599	5	*2,052,039*	*112,945*
Real Estate & Facilities Management	13,185	8	*166,486*	*3,424*	64,302	5	*1,183,601*	*91,204*
Government Services	7,980	15	*54,687*	*2,605*	94,735	5	*1,780,058*	*223,796*
Education	12,304	19	*64,540*	*5,439*	94,884	4	*2,538,545*	*387,221*
Health	9,776	19	*52,370*	*3,398*	101,986	5	*2,004,436*	*219,765*
Care	14,886	17	*87,899*	*4,763*	78,458	5	*1,504,729*	*157,681*
Whole economy	300,941	13	*2,299,921*	*87,572*	1,489,540	5	*27,547,123*	*2,816,693*

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

Base: All establishments and all employees

Government Services sector-specific skills shortages vary across nations and different occupational groups (Tables 5.13 and 5.14 below). Table 5.13 shows that at the establishment level, the incidence of skills gaps is higher in Scotland than the average for the UK (18 per cent versus 15 per cent). Skills gaps in England, Wales and Northern Ireland are below the UK average at 14 per cent, 14 per cent and 13 per cent respectively. When the data for employees with skills gaps is analysed, the picture changes. The figure for England (six per cent) is one percentage point above the UK average, and Scotland (three per cent), Wales (two per cent) and Northern Ireland (three per cent) are all below the UK average.

Table 5.13: Employers and employees with skills gaps by nation within the Government Services sector

	UK		**England**		**Scotland**		**Wales**		**Northern Ireland**	
	Number	%	Number	%	Number	%	Number	%	Number	%
Employers with skills gaps	7,980	15	6,310	14	1,010	18	389	14	271	13
Employees with skills gaps	94,735	5	85,164	6	6,034	3	1,849	2	1,687	3
Employer weighted base	*54,687*		*44,402*		*5,544*		*2,700*		*2,041*	
Employer unweighted base	*2,605*		*2,078*		*163*		*188*		*176*	
Employment weighted base	*1,780,058*		*1,448,381*		*174,100*		*94,827*		*62,750*	
Employment unweighted base	*223,796*		*172,874*		*28,174*		*14,458*		*8,290*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012)

Base: All establishments and all employees

Table 5.14 below gives the breakdown of skills gaps by occupation within the *Government Services* sector. Skills shortages are particularly concentrated within administrative and clerical staff: seven per cent of this group have skills gaps, which equates to almost 20,000 staff. The occupation with the greatest percentage of staff with skills gaps is machine operatives (23 per cent, equating to almost 8,000 staff). Altogether, almost 95,000 sector employees have skills gaps. The occupation with the lowest number of employees with skills gaps is skilled trades, with just over 3,000 staff falling into this category. The occupation with the lowest proportion of employees with skills gaps is professionals, at three per cent.

Table 5.14: Skills gaps by occupation within the Government Services sector

	Total employment	Number with skills gaps	% with skills gaps
Managers	313,713	14,188	5
Professionals	258,750	8,742	3
Associate professionals	242,419	15,759	7
Administrative/clerical staff	434,056	19,920	5
Skilled trades occupations	68,283	3,263	5
Caring, leisure and other services staff	221,637	12,297	6
Sales and customer services staff	84,045	6,401	8
Machine operatives	34,040	7,962	23
Elementary staff	123,156	6,203	5
Weighted base	*1,780,058*	*94,735*	*5*
Unweighted base	*223,796*	*14,072*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All employees

A wide range of issues trigger skills gaps within the sector (Table 5.15).

Table 5.15 Top ten causes of skills gaps (Government Services)

	Number	%
They are new to the role	33,633	36
Their training is currently only partially completed	37,024	39
Staff lack motivation	21,048	22
They have been on training but their performance has not improved sufficiently	19,100	20
The introduction of new working practices	21,456	23
They have not received the appropriate training	18,289	19
Unable to recruit staff with the required skills	11,208	12
The introduction of new technology	15,099	16
The development of new products and service	9,625	10
Problems retaining staff	7,056	7

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All employees

The reported impact of skills gaps within *Government Services* mirrors in part the impacts caused because of unfilled vacancies. Table 5.16 below illustrates this.

The most common impacts across the UK are:

- increased workload for other staff (reported by 82 per cent of establishments)
- difficulties introducing new working practices (reported by 47 per cent)
- difficulties meeting quality standards (reported by 45 per cent).

The impacts are similar for England (the base sizes for Wales, Scotland and Northern Ireland are not large enough for reporting).

Table 5.16: Impact of skills gaps - Government Services

	UK		**England**	
	Number	%	Number	%
Increase workload for other staff	4,373	82	3,544	80
Increase operating costs	1,714	32	1,477	33
Have difficulties meeting quality standards	2,387	45	2,044	46
Have difficulties introducing new working practices	2,490	47	2,087	47
Lose business or orders to competitors	570	11	494	11
Delay developing new products or services	1,222	23	1,063	24
Outsource work	447	8	409	9
No particular problems / None of the above	395	7	328	7
Don't know	15	**	15	**
Weighted base	*5,343*		*4,433*	
Unweighted base	*382*		*312*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All employers with skills gaps who have taken steps to improve the proficiency or skills of these staff, or have plans to do so

**Data suppressed for Wales, Scotland and Northern Ireland as unweighted base sizes < 25 (>50 for Scotland).*
*** Denotes a figures of greater than 0% but less than 0.5%.*

Tables 5.17 and 5.18 below provide information on how employers tackle skills gaps, both across the wider economy (Table 5.17) and in the *Government Services* sector (Table 5.18). There is considerable similarity between employers in the *Government Services* sector and those in the wider economy. Almost all employers take the approach of increasing training activity whilst more than half also increase supervision, increase appraisals/performance reviews or provide mentoring.

Table 5.17: Steps employers have taken to overcome skills gaps - whole economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase training activity / spend or increase/expand trainee programmes	185,527	82	155,451	82	3,822	79	18,002	83	8,253	86
More supervision of staff	139,442	62	116,865	62	3,186	66	13,381	62	6,009	62
More staff appraisals / performance reviews	123,245	55	103,336	55	2,939	61	12,001	55	4,968	51
Implementation of mentoring / buddying scheme	113,645	50	94,041	50	2,350	49	12,376	57	4,878	51
Reallocating work	76,053	34	62,381	33	1,952	41	7,876	36	3,844	40
Changing working practices	69,850	31	59,408	31	1,499	31	6,406	29	2,537	26
Increase recruitment activity / spend	33,319	15	28,747	15	762	16	2,386	11	1,424	15
Recruiting workers who are non-UK nationals	21,589	10	18,782	10	572	12	1,373	6	862	9
Other	3,156	1	2,742	1	125	3	221	1	69	1
Nothing	3,541	2	2,736	1	36	1	617	3	152	2
Don't know	348	**	322	0	0	0	0	0	25	0
Weighted base	*225,379*		*189,191*		*21,730*		*9,650*		*4,807*	
Unweighted base	*16,506*		*14,313*		*655*		*1,074*		*464*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All employers with skills gaps who have taken steps to improve the proficiency or skills of these staff, or have plans to do so

*** Denotes a figures of greater than 0% but less than 0.5%*

Table 5.18: Steps employers have taken to overcome skills gaps - *Government Services* sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase training activity / spend or increase/expand trainee programmes	5,596	85	4,463	85	*	*	749	88	*	*
More supervision of staff	4,372	66	3,558	68	*	*	551	65	*	*
More staff appraisals / performance reviews	3,923	60	3,126	60	*	*	508	60	*	*
Implementation of mentoring / buddying scheme	3,697	56	3,043	58	*	*	439	52	*	*
Reallocating work	2,842	43	2,271	43	*	*	322	38	*	*
Changing working practices	2,411	37	2,105	40	*	*	192	23	*	*
Increase recruitment activity / spend	651	10	558	11	*	*	42	5	*	*
Recruiting workers who are non-UK nationals	501	8	485	9	*	*	15	2	*	*
Other	111	2	83	2	*	*	0	0	*	*
Nothing	27	**	18	0	*	*	0	0	*	*
Don't know	11	**	11	0	*	*	0	0	*	*
Weighted base	*6,577*		*5,253*		*		*276*		*	
Unweighted base	*472*		*381*		*		*25*		*	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All employers with skills gaps who have taken steps to improve the proficiency or skills of these staff, or have plans to do so

Data suppressed as unweighted establishment base size > 25 (>50 for Scotland). Denotes a figures of greater than 0% but less than 0.5%*

The type of training most commonly funded or arranged by employers is job specific training. The pattern of training types in the *Government Services* sector mirrors that for the economy as a whole (see Table 5.19)

Table 5.19: Type of training funded or arranged for employees

	Government services		All economy	
	Number	%	Number	%
Job specific training	36,315	87	1,149,860	84
Health and safety/first aid training	29,291	70	970,183	71
Induction training	21,433	52	702,846	52
Training in new technology	19,598	47	641,023	47
Management training	17,789	43	457,763	34
Supervisory training	16,174	39	437,577	32
Personal Development Training*	2,421	6	45,451	3
Other	243	1	4,101	**
None of these	187	**	8,809	1
Don't know	168	**	2,412	**
Weighted base	41,608		1,361,249	
Unweighted base	2,263		66,916	

*Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All establishments providing training. ** denotes a figure greater than 0% but less than 0.5%*

Employers responding to the Skills for Justice Employer Skills Survey identified the following key skills shortage areas (Table 5.20):

Table 5.20: Key Areas of Skills Shortage across the Sector

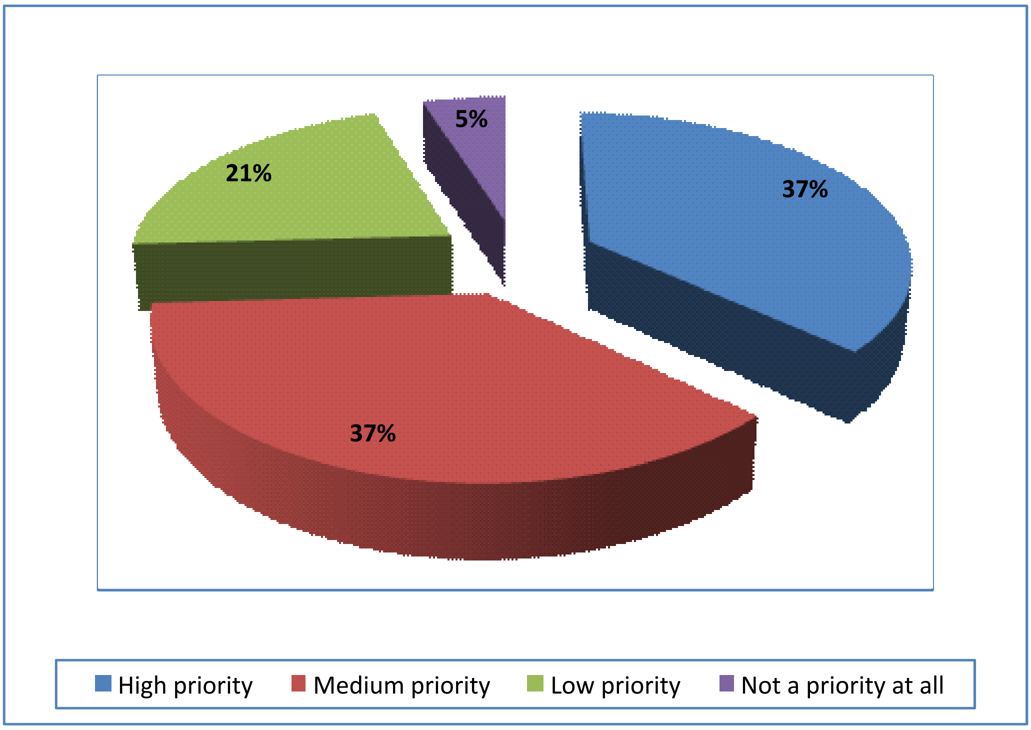
Area of Shortage	**Incidence of Skills Shortage (%)**
Managerial and leadership functions	14
Literacy skills set	12
Information Technology	12
Report writing functions	6
General communication skills	5
People skills	4
Business and process management	3
Knowledge of legal procedures	3
Customer services	2
Equality and Diversity	2
Forensic experience	2
Business and process management	3
Human Resource Business Partners/ Consultants	2
Basic administrative skills	1
Detectives	1
Non operational skills for part time staff	1

Source: Skills for Justice, Employer Skills Survey (2011)

The areas of greatest skills shortage were identified as managerial and leadership functions, literacy skills and information technology skills. Employers were also asked in the survey to rate specific skills of their workforce across five generic themes including: Equality and Diversity; leadership and management; customer services; achieving more for less; and working with children and young people. Around 40 per cent of respondents rated leadership and management skills as less than good. Approximately 23 per cent also rated skills relating to working with children and young people as less than good, and 16 per cent of respondents rated customer services skills as less than good.

Respondents recognised that skills shortages need to be tackled, and 74% of employers reported they were addressing shortages in skills with a medium to high level of urgency (see Figure 5.4).

Figure 5.4: Level of Urgency being Used to Address Skills Shortages.



Source: Skills for Justice, Employer Skills Survey (2011)

Some of the strategies being employed were:

- targeted training and key skills training
- learning interventions for managers and leaders
- in-house management of learning and qualifications
- establishment of career development path
- comprehensive internal induction

- coaching
- use of outreach teams to ensure that potential applicants are aware of the skills required in the role
- development of e-learning modules
- development of new customer service ethos and strategies.

5.3 Extent of under-employment

The UK Commission defines under-employment as individuals being either over-qualified (i.e. their qualifications are higher than those needed to get into the job) or over-skilled for the jobs that they do (i.e. they lack the opportunity to use their full experience, skills or abilities). Over half of establishments (54 per cent) in *Government Services* sector have employees who are over-qualified and over-skilled (the second highest proportion behind *Hospitality, tourism and sport* and five percentage points higher than average. In total, 14 per cent of sector employees are over-qualified and over-skilled (two percentage points below the whole economy average (Table 5.21).

Table 5.21: Extent to which workforce is 'over qualified' and 'over skilled' by sector

	Employers with employees who are over qualified and over skilled				Employees who are over qualified and over skilled			
	Number	%	*Weighted base*	*Unweighted base*	Number	%	*Weighted base*	*Unweighted base*
Agriculture, Forestry & Fishing	42,111	38	*110,220*	*1,547*	88,613	19	*466,870*	*19,506*
Energy Production & Utilities	5,458	43	*12,610*	*1,614*	43,319	13	*333,050*	*47,228*
Manufacturing	56,009	43	*130,709*	*7,776*	252,633	10	*2,541,188*	*291,593*
Construction, Building Services Engineering and Planning	129,922	42	*306,403*	*8,961*	369,923	17	*2,235,270*	*150,111*
Wholesale & Retail Trade	241,146	51	*470,200*	*16,150*	846,216	18	*4,674,684*	*514,820*
Transportation and Storage	61,038	50	*122,058*	*4,735*	202,809	15	*1,320,126*	*114,658*
Hospitality, Tourism and Sport	131,526	60	*220,055*	*11,318*	566,562	24	*2,313,487*	*258,524*
Information and Communication Technologies	33,764	47	*72,281*	*2,510*	93,637	15	*614,641*	*53,681*
Creative Media & Entertainment	66,845	46	*143,772*	*3,762*	205,573	19	*1,086,978*	*87,953*
Financial, Insurance & other Professional Services	76,826	45	*170,887*	*5,343*	312,906	15	*2,052,039*	*112,945*
Real Estate & Facilities Management	81,744	49	*166,486*	*3,424*	217,791	18	*1,183,601*	*91,204*
Government Services	29,384	54	*54,687*	*2,605*	256,006	14	*1,780,058*	*223,796*
Education	34,623	54	*64,540*	*5,439*	341,455	13	*2,538,545*	*387,221*
Health	23,566	45	*52,370*	*3,398*	225,183	11	*2,004,436*	*219,765*
Care	47,114	54	*87,899*	*4,763*	258,385	17	*1,504,729*	*157,681*
Whole economy	1,118,691	49	*2,299,921*	*87,572*	4,456,192	16	*27,547,123*	*2,816,693*
Weighted base	2,299,921				27,547,123			
Unweighted base	87,572				2,816,693			

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Bases: vary. "Employers" columns based on all establishments. "Employees" columns based on all employment

5.4 Impact of mismatches: wages and migration

Wages

The gender pay gap in the public sector is smaller than in the private sector. A study by the Institute for Fiscal Studies showed that women working in the public sector earnt 11.3 per cent more than those in the private sector (The Independent, 2012). In Scotland, this difference rose to 19.9 per cent, compared with 5.6 per cent for men.

Average hourly wages have risen by £0.66 since 2008, an increase of 4.7 per cent. The largest rise in monetary terms was witnessed in the *Health* sector with a rise of £1.48 (a 9.8 per cent increase). The only sector to experience a decrease in earnings over the two year period was *Agriculture, forestry and fishing,* with hourly wage rates falling by £0.04 (a decrease of 0.38 per cent). Average hourly wages in the *Government Services* sector rose by £1.22 (£0.56 above average), a 8.5 per cent increase. Table 5.22 illustrates the average earnings by hour across all sectors.

Table 5.22: Average hourly wage by sector (£) (UK)

	2008	2009	2010
	£	£	£
Agriculture, forestry and fishing	10.42	11.18	10.38
Energy production and utilities	15.93	16.41	16.62
Manufacturing	13.86	14.28	14.37
Construction, building services, engineering and planning	14.66	15.29	15.39
Wholesale and retail trade	11.00	11.27	11.36
Transportation and storage	12.44	13.16	13.21
Hospitality, tourism and sport	9.14	9.35	9.52
Information and communication technologies	20.05	20.26	20.40
Creative media and entertainment	17.14	17.29	17.50
Financial, insurance & other professional services	21.06	21.45	21.99
Real estate and facilities management	11.36	11.64	11.71
Government Services	14.40	14.87	15.62
Education	14.67	15.39	15.71
Health	14.97	15.79	16.45
Care	10.21	10.30	10.49
All economy	13.94	14.39	14.60

Source: Labour Force Survey (ONS, 2010b)

Migration

Where skills needed exceed skills available, employers either need to invest in re-skilling their own workforce, lobby for investment in up-skilling, or look for external sources of labour in the national or international labour market. The Migration Advisory Committee (MAC) advises the government on migration issues and is responsible for compiling the Tier 2 shortage occupation list. Highly skilled migrants from outside the European Economic Area (EEA) seeking to work in the UK must apply for visas via this route. Employers can only bring someone into the UK under Tier 2 if the job is on the shortage occupation list or if they pass a resident labour market test (no suitable resident workers apply after advertising the job in the UK first for four weeks).

Occupations in the *Government Services* sector on the Tier 2 Shortage Occupation List include Social workers (SOC 2442), especially those in children's and family services. Other relevant occupations include Physicists, geologists and meteorologists (SOC 2113), Civil engineers (SOC 2121) and Engineering professionals not elsewhere classified (SOC 2129)

5.5 Extent to which skills deficiencies are hampering growth

The consequences of skill mismatch are not limited to the individual level. Employing organisations suffer from skill mismatches in diverse ways. Over-education can potentially result in low job satisfaction and disengaged employees, and skills shortages may compromise firms' productivity and competitiveness.

Some implications of skills mismatches include:

- limited productivity growth, with a subsequent negative effect on living standards
- labour shortages of skilled workers
- damage to the international competitiveness of the economy
- lower innovation
- higher labour turnover costs for firms
- lower real wages, with reduced tax revenues
- higher business costs (UKCES, 2010).

6. Drivers of change and their skills implications

Summary

There are seven key drivers of change for the sector:

- regulation and multi-level governance
- demographic and population change
- environmental change
- economics and globalisation
- technological change
- changing values and identity
- changing consumer demand

Government regulation is key to the sector. The 2010 Comprehensive Spending Review set out a programme of public service reform, changing the way services are delivered. In response local government is increasing the freedom of local authorities to manage their own budgets and make more local decisions.

Demographic drivers will also have an impact. Employees are likely to work for longer following the introduction of a higher pensionable age. Increased migration will affect the workforce as well as demand for services. The sector will play a leading role in addressing the impacts of climate change. Economic drivers are currently causing significant reductions in public funding and the need for savings is likely to continue for some years.

Changing values and identities might affect the labour supply through choices about worklife balance, type of work and demand for ongoing development. Changing consumer demand is likely to be expressed through rising expectations about service quality and flexibility.

New technology will potentially help the sector cope with some of these challenges. There is also likely to be an increasing drive to standardisation and automation.

6.1 Drivers of change

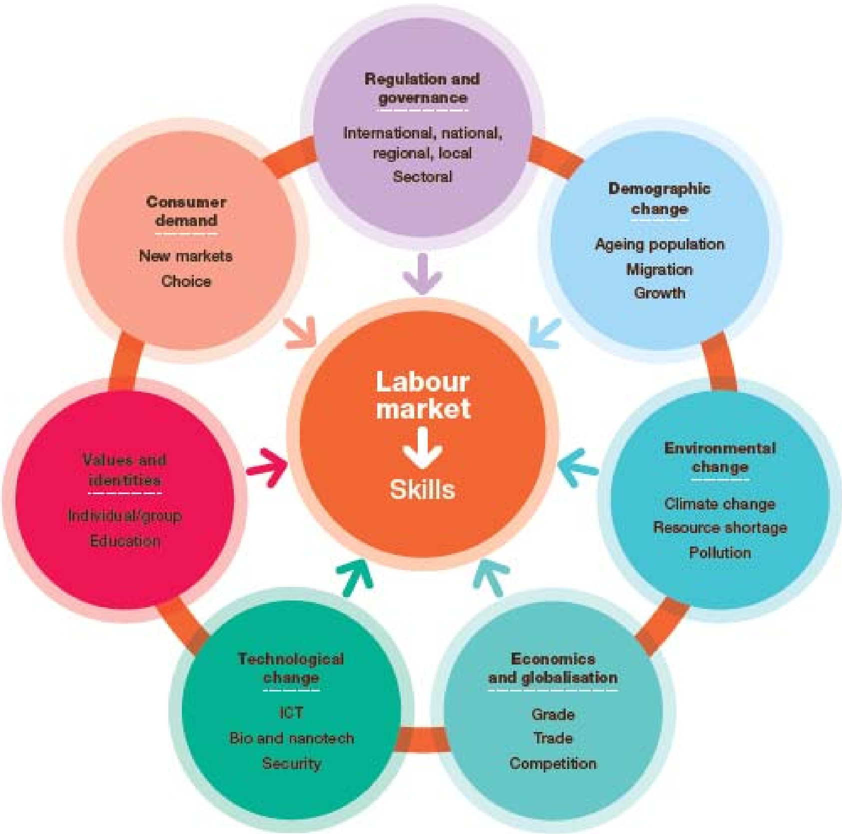
Demand for skills is driven by a variety of factors including economic, political, social, technological and environmental changes. This section considers how they impact on the *Government Services* sector.

The seven drivers of change (UKCES, 2010f) are:

- regulation and multi-level governance
- demographic and population change
- environmental change
- economics and globalisation
- technological change
- changing values and identity
- changing consumer demand.

Each is addressed in turn below.

Figure 6.1: The major drivers of change



Source: The National Strategic Skills Audit for England 2010, UKCES

Sector employers will need effective management and leadership at all levels, focussing on change management, performance assessment and risk response. More focus will be needed on business and performance management skills to enable better commissioning, procurement, and improved accountability. Multi-agency working skills will become increasingly important. Employers will need to ensure that people are equipped with the right skills at the right level. Developing skills at associate professional level (the largest occupational group in the sector) is particularly important.

Regulation and Governance

The current and future skills needs of the sector are primarily determined by the domestic policy agenda, legislation and the regulatory powers of the state.

The 2010 Comprehensive Spending Review in October 2010 argued that growth was too dependent upon public expenditure. The policy directions set out in the CSR will drive change across the *Government Services* sector, at least in the medium-term. The public sector workforce will reduce in numbers, and resources will be limited. However, better delivery, smarter ways of working and improved cost effectiveness are expected.

Legislation will affect the quantity and skill levels of the labour supply through the raising of the retirement age, young people remaining in education or training until the age of 17 in 2013 and 18 in 2015, local pay settlements, and changes to pension provision. Legislation will also greatly affect demand for training, product development and improved service standards. Driving up standards will require increased skills levels. Issues around procurement and workforce competency will also force up demand for skills.

The localism agenda is a key priority. It seeks to increase decision-making power locally elected council representatives on the basis that local citizens are best informed on how to spend money in their areas. These political drivers are further compounded by the issue of devolution. For instance, in Scotland, legislative changes, such as the Licensing Bill, Disclosure +, Vulnerable Witness and the Equality Bill, are likely to impact on skills and training priorities (Skills for Justice, 2010). This may require changes to the way practitioners operate, such as understanding and applying the new disclosure requirements.

Legislation and Governance will continue to be the over-arching driver of change in *Government Services* sector. Employers across the whole of the sector will need to change way they deliver services in response to issues such as national and regional commissioning of services, reducing bureaucracy, ensuring accountability, multi-agency working, information and data sharing and increasing efficiencies.

Demographic Change

Demographic changes will also impact on the sector. Changes in the age profile, migration rates and life expectancy will affect demand for services as well as the supply of labour.

By 2020, the population is expected to increase by eight per cent in England, by six per cent in Northern Ireland and by five per cent each in Scotland and in Wales (ONS, 2011). These changes are the results of more births than deaths, increases in both younger and older (65+) population groups, and net inward migration. Alongside these changes, the abolition of the compulsory retirement age at 65 and an increase in the age at which the state pension is payable mean that there will be larger numbers of people in the active workforce for a longer period.

The last decade has seen a substantial increase in the movement of people among countries, both within Europe and on a global scale, with 230 million people of the world's total population expected to live outside their country of origin by 2050 (UKCES, 2010c). The impacts of migration depend primarily on the skills of migrants, the skills of existing workers and the characteristics of the economy. Research suggests that migration has a small impact on average wages of existing workers but this varies across the wage distribution (Ruhs, 2011)

Irrespective of migrants' skills levels, migration to the UK results in an increasingly diverse population. There is a role for the *Government Services* sector in helping migrants integrate into their new communities and play a productive role in UK society. There is also a role for the sector in helping those communities welcome and adapt to their new members.

These changes will be of particular resonance in the public sector both from a demand and supply perspective. The sector will need its workforce to be as representative of the population as possible, to take into account sensitivities around migration and to be able to deliver public services that meet public demand. Equality and diversity concerns will be critical in terms of recruitment and workforce skills and knowledge.

Environmental change

Economic activity, social behaviours, politics and governance all play their part in environmental depletion. The *Government Services* sector needs to play a key role in addressing climate change, the development of a low-carbon economy, and minimising pollution.

In order to reduce environmental degradation and reverse it where possible, it is imperative to understand how and why change is occurring. The underlying causes of change and the way they are embedded in services provided by organisations within the sector are sometimes driven by the way members of the public live their lives (Skills for Justice, 2010).

There will be an increasing need for the sector to interpret and apply global and European regulation and to communicate policy direction clearly to the general public. Amongst *Government Services* employers, sub-sectors such as Fire and Rescue and Policing and Law Enforcement will need to have the skills to manage processes around environmental issues, play an increasing 'policing' role relating to new legislation, and provide front-line staff to deal with emergencies such as floods. In addition, changes to waste management operations, where landfill tax and recycling obligations may increase costs for local authorities.

Economics and globalisation

Economic drivers continue to have a significant impact on the skills needs and operations of organisations across the sector. The UK's fiscal deficit and reductions in public funding are two of the main economic drivers. As public funding is reduced, there is a need for more efficient use of resources, both material and human. More will have to be done by effective collaboration and better utilisation of technology.

The public sector will need to be able to both shape and meet the economic challenges that the UK faces. As well as leading by example through efficiency savings and financial prudence, the sector will need to have the skills in place to help guide the economy out of recession and into growth.

Following the 2010 Comprehensive Spending Review, budgets across the sector have faced significant reductions. Citizens, communities and independent service providers are expected to play greater roles in the way public services are shaped. Significant cost savings need to be made across the sector. Budget reductions across the *Government Services* sector will affect workloads and, potentially, learning and skills development. In the short term, vacancies will be easier to fill as there are fewer job vacancies in other sectors. However, as the economy improves recruitment and retention may become more difficult.

It is likely that improved negotiating and brokering skills will be in demand in order for the UK to compete in a global market and secure inward investment. The public sector workforce, particularly in the Justice sector, will also need to rise to changes such as increased poverty and an associated increase in acquisitive crime. The workforce will need to be equipped to deal with this with decreased levels of staff and resource.

Economic drivers will compel the public sector to demonstrate efficiencies. Managers within *Government Services* will need the skills to strategically plan, address challenges, use integrated approaches, and enhance their ability to deliver and prove results. Partly in response to budgetary pressures, inter-agency working will become increasingly important. This will result in closer integration, including through information and data sharing, sharing of knowledge and experience, and co-operation between public, private and third sector providers

Technological change

With rapidly advancing technological innovations, the significance of technology for the sector has become more important. Leveraging appropriate technologies can help improve operations by enhancing access to high quality information, speeding up services and saving energy.

Using information technology is not only about doing the same things better. It is about recognizing the commonality between different agencies' programmes, eliminating redundancy and embracing a customer-centric view. Technology makes it easier to move, manage and manipulate information. The challenge is not just technological, but also working across different agencies to support sector customers.

Government Services sector managers will need to embrace standardisation and integration of operations. They will need to reframe service delivery around the customer and support consumers to use new technology. Sector employees will need to keep abreast of technical developments and emerging tools and equipment. As well as newly emerging job roles requiring new skills, there are a number of emerging areas which are require more specialist skills to deal with technological and operational change (Skills for Justice, 2010).

There will be a demand for higher level skills particularly in research and development and digital communications. The adoption of new systems will impact across the sector, particularly in areas concerned with quick response such as the Police and Fire and Rescue. Retraining of current staff or recruitment of suitably skilled staff will be required in order to meet the skills needs of the sector. The *Government Services* sector will need to address the needs of an ageing population and the expectations of those who are IT literate. Form filling will require simplification and good communication skills will be vital.

Transformational government includes improving services by leveraging the benefits from technological investment through business process re-engineering and re-design. The *Government Services* sector is dealing with the legacy of complex high profile IT project failures. In addition, many existing systems are old, bespoke, use obsolete technologies and are relatively costly to maintain by modern standards. Amendment and replacement of these systems and fundamental redesign and simplification of business processes are required.

Changing values and Identity

Changing individual and societal values will also affect the sector. These changes could include:

- changing family structures and values
- levels of esteem and respect invested in government structures
- understandings of citizenship
- religious issues.

Values and identities also impact on individual attitudes towards education, training and employment. They may influence the labour supply through new work patterns, choices about work/life balance, type and conditions of work, and demand for education and training. *Government Services* sector employers will need to track, monitor and respond to such changes.

Changing values might also affect occupational and working time preferences, possibly stimulating increased interest in self-employment and preference for careers with a stronger social purpose. The impact of this is uncertain, but it may increase demand for skills in areas where supply is sub-optimal as a result of occupational choice or poor market conditions.

The increasing number of volunteers is also having an impact. Volunteers are already supporting a range of agendas, such as the prevention of anti-social behaviour and crime.

Changing consumer demand

The development of niche consumer markets, consumer preferences for tailored goods and services and rising consumer expectations about service quality may lead to skills needs within a variety of segments of the service sector (UKCES, 2010c). Meeting rising demand for services will place increasing pressure on technological solutions too.

There has been a shift from the *Government Services* sector *doing things* for the general public to a sector increasingly selective about what it *wants and expects* from public services. There is a greater expectation from the public that *Government Services* sector employers will provide a level of service comparable to that of the private sector in terms of service, personalisation and choice. There will also be increased demand for more flexible provision.

6.2 Scale of drivers

Table 6.1 below summarises the scale and impact of the drivers.

Table 6.1: scale and impact of drivers

Nature of driver and impact	Level of impact	Impact on skills supply/demand
Regulation and multi-level governance		
Reductions in public sector spending.	Likely to increase	Shift from growth to decline in employment numbers, move to smarter ways of working and increased cost effectiveness
Devolution of responsibility to nation states and local authorities	Likely to increase	Will increase demand for generic and specific skills
Demographic and population change		
Ageing population leads to increased supply of older workforce	Likely to increase	Will increase demand for skills retraining of the older workforce especially with regard to IT skills Will increase supply of skills
Modest population growth and raised school leaving age may affect availability of younger workers	Likely to increase	Decrease in supply from a younger workforce in general
Inward migration creates need for inclusion and culturally-sensitive practices	Likely to increase	Will raise demand for skills relating to cultural awareness and knowledge as well as language, communications and inter personal skills
Environmental change		
Climate change requires green practices and awareness	Likely to increase	Will raise demand for skills relating to awareness and knowledge of new areas
Waste management is increasingly complex	Likely to increase	Will raise demand for skills related to waste management and contractor management
Economics and globalisation		
Fewer funds available and increase in costs requires more efficient operations	Likely to increase	Will raise demand for skills relating to management, leadership, change and utilisation of available resources
Shifts in attractiveness of the sector	Uncertain	Globalisation means that highly skilled individuals may be more likely to seek work overseas. However, traditionally recessions make the public sector more attractive which could lead to better quality applicants for jobs
Spillover effects of economic downturn	Likely to increase	Rise in demand for occupations in the criminal justice workforce

Nature of driver and impact	Level of impact	Impact on skills supply/demand
Technological change		
Exploiting new technology to deliver services	Likely to increase	Will raise demand for skills for leadership, management and change as well as communications, interpersonal, IT and major project management skills
Changing values and identity		
Increased diversity of cultures due to inward migration	Likely to increase	Will raise demand for skills relating to cultural awareness and knowledge as well as language, communications and inter personal skills
Increased number of volunteers	Likely to increase	Will raise demand for skills to train the volunteers Will increase supply of skills via the volunteer workforce
Search for social purpose	Likely to increase	Uncertain, may raise demand for jobs in the public sector and therefore skills supply.
Changing consumer demand		
Increased demand for personalised accessible support	Likely to increase	Will raise demand for skills to provide personalised and flexible delivery
Increased expectations from consumers for better quality of service	Likely to increase	Will raise demand for skills relating to management and leadership, communications, interpersonal, IT and delivery skills

6.3 Differences in drivers across the nations

The above drivers of change identified across the Government Services sector will, to a large extent, be applicable across all nations of the UK. However, there are other nation-specific drivers that will impact on skills and operations within *Government Services*. This section considers some of these key drivers.

Northern Ireland

Regulation and multi-level governance

The NI Assembly has published its Programme for Government (NI Executive, 2012). This sets out five priorities, one of which (Priority 5) addresses delivering high quality and efficient services. It includes commitments to reduce the number of councils from 26 to 11, and to improve online access to government services. Reduced Government spending presents a real challenge in terms of skills development for the public sector.

Demographic and population change

Population ageing and a static or declining birth rate may reduce supply of young people but increase supply of older workers in the labour market. As over 75 per cent of the 2020 workforce have already completed their compulsory school education (DELNI, 2011), there must be a renewed focus on the up-skilling or re-skilling of these people.

Economics and globalisation

The proportion of those in employment with qualifications at Level 4-8 will need to rise to 52 per cent in 2020 (DELNI, 2011). At the same time, projections show the number of 18-20 year olds is expected to decrease by 13.5 per cent over the next ten years. Compared with the UK average, Northern Ireland has significantly more working age people with low level skills.

The Northern Ireland Skills Strategy also covers skills barriers to employment for disadvantaged or marginalised groups. There is a desire to enable those moving into work from unemployment to be trained and gain qualifications. This will help job retention but also help individuals move up the skills ladder.

Where there are insufficient skills, the immigration of suitably skilled people will be required. In the two years post- EU enlargement, Northern Ireland moved from experiencing almost no net in-migration to net in-migration running at around 10,000 per year. More recently, the number of migrants has dropped as a result of a decrease in employment opportunities and the unfavourable Euro/Sterling conversion rate. This could lead to a shortage of people with high level skills.

Northern Ireland experiences outward migration of skilled workers, especially potentially high-skilled young people, many of whom leave to pursue higher education options and who subsequently do not return. In addition, others who undertake higher education in Northern Ireland subsequently leave following graduation. The impact of the recession may increase these outflows and demand for skills may increase as a function of reduced supply.

Northern Ireland must find ways of ensuring the production of skills are closely related to the current and future needs of the economy. Improving the quality and relevance of education and training is key to the skills strategy. There will be an increasing need for people with higher level skills (Levels 4-8 on the qualifications frameworks) within the workforce. Forecasts predict that degree subject requirements will become more skewed towards physical sciences, mathematical and computer sciences, engineering and technology, law.

Technological change

Exploiting new technology across the economy will require entrepreneurship, management and leadership skills, which will increase in impact and be widespread in scale, which again will increase demand for skills. In regards to cyber-crime, skills in crime prevention and use of technology to reduce loss are needed, which will be an increasing issue for business. The impact will affect the whole economy but most particularly for smaller organisations.

Values and identity

In relation to equality and diversity, a strategic Equality Impact Assessment (EQIA) has been carried out on the Northern Ireland Programme for Government. It will be used to inform the delivery, and where necessary, any review of the Programme for Government. This is a continuing issue in Northern Ireland given its history, and its current experience of inward migration.

Scotland

Regulation and Governance

In Scotland, a key driver has been new legislation as a result of the Christie Commission Report (Commission on the Future Delivery of Public Services, Scottish Government, 2011), which has provided a challenging vision for all those working within the nation's public sector. This will hugely impact on employers, raising the demand for skills and placing mandatory training requirements in areas such as working with victims of crime. Evidence submitted to the Christie Commission demonstrated that despite significant growth in public spending since devolution, inequalities have remained the same or become more pronounced. Tackling these fundamental inequalities and focussing resources on preventative measures must be a key objective of public service reform.

Government services sector employers across Scotland are encouraged to maximise scarce resources by implementing new inter-agency training to reduce silo mentalities, drive forward service integration and build a common public service ethos. Working closely with individuals and communities they need to understand their needs, maximise talents and resources, support self reliance, and build resilience. A great deal of emphasis is placed on preventative measures to reduce demand and lessen inequalities, and delivering integrated services through a partnership approach. There is also a focus on outcomes, improved performance, and cost reduction including greater transparency around major budget decisions.

Specific Christie Commission recommendations include:

- introducing a new set of statutory powers and duties, common to all public service bodies, focussed on improving outcomes.
- making provision in the proposed Community Empowerment and Renewal Bill to embed community participation in the design and delivery of services

- forging a new agreement between the Scottish Government and local government to develop joined-up services, backed by funding arrangements requiring integrated provision
- implementing new inter-agency training to reduce silo mentalities, drive forward service integration and build a common public service ethos
- devolving competence for job search and support to the Scottish Parliament to achieve the integration of service provision in the area of employability
- applying commissioning and procurement standards consistently and transparently to achieve competitive neutrality between suppliers of public services.

The drive for interagency training will encourage the creation of a systematic and coordinated approach to workforce development which should:

- consider how the educational and development infrastructure across the different elements of the public service could be better coordinated
- bring together leadership and management development into a single cross public service development programme
- develop a competency framework to apply to all public service workers which focuses on the skills required for delivering outcomes in collaboration with delivery partners and service users
- ensure inter-disciplinary training and development modules are included in all professional training for public service employees.

Demographic change

Scotland has an ageing population and a declining birth rate that may reduce supply of young people. This could increase skills demands. A later departure from the labour market will increase labour supply but older workers are likely to have retraining needs. Trying to ensure agencies are representative of the communities they serve remains a challenge.

Wales

Regulation and governance

Regulatory drivers in Wales will increase the impact on and the demand for skills across the nation. Firstly, the increased emphasis on skill levels and training provision as an evaluation criterion in public sector procurement will particularly affect Local Authorities, contractors and training providers. The Welsh Language Measure has increased skills demand particularly in certain areas of the country. The Welsh Language Board has been removed and a new Welsh Language Commissioner has been appointed with increased powers to enforce the rights of individuals in Wales to use Welsh Language to access services. Employers currently struggle to recruit individuals with Welsh Language skills in some regions and therefore training is continually required to meet requirements.

Demographic change

Basic skills within the population have been improving, but remain a significant issue as a high proportion of the working population have below average basic skill levels. In terms of immigration, West Wales has experienced a rise in people moving to the region (mainly from Poland), and Swansea and Cardiff have much more mixed ethnic groups.

In terms of regional labour differences, the increase in older, retired individuals moving to Wales and migration of younger individuals out of Wales has resulted in some de-skilling. The impact is potentially high unless young people with high talent levels can be retained.

Economics and globalisation

Economics and globalisation drivers will challenge Wales as developing economies may absorb migrant labour, compounding the migration of talented Welsh individuals out of the nation. Demand for skills may increase as a function of reduced supply.

Organisational agility and innovation is required for competitive advantage in export markets; climate. Employers currently face an increased demand for ‘business acumen’, ‘problem-solving’, and ‘commercial’ skills. The sector demands high skill levels in order to deliver the high quality standards.

Environmental change

Issues around rurality also impact on Wales**.** The drive to a low-carbon economy is hampered by fuel demands for transport in order to access rural areas and provide public services to individuals who live in these areas. However, there has been an increase in the use of web-conferencing facilities in order to address a reduction in fuel use. Therefore, there is an increased need for skills to utilise this technology.

Technological change

As in the rest of the UK, the challenge to combat cyber-crime is also leading to the increased demand for skills and the impact expected to rise as more employers engage with new technology.

England

Regulation and governance

Regulatory drivers in England impact on the demand for skills and for the most part are contained within the previous section on UK drivers. However, there are some drivers that are either England-only or whose impact will be felt to a greater degree in England than the rest of the Nations.

New legislation in the public sector is focusing on choice and competition, with Payment by Results a key development. There is an increasing emphasis in victim-centred justice and the push for new ways of working will require up-skilling of employees to deal with cultural shifts in treatment of victims, offenders, addicts and those with mental health and learning disorders.

Localism and overall devolution of power is of particular significance in England, where regional differences can be significant. In terms of skills, this might support locally focussed and geographically relevant training and qualifications needed by specific sectors. This will be especially relevant where there are clusters of industry, but could lead to fragmentation of delivery against national priorities.

Business-led Local Enterprise Partnerships were introduced by the coalition to replace regional development agencies and the government has recently added £270m to the £500m Growing Places fund to improve local infrastructure.

Demographic change

Social mobility, especially amongst young people, will also drive workforce skills issues. These issues will require solutions based in aspects of careers advice, funding, career pathways, access and migration choices. The all-age National Careers Service across England seeks to provide information, advice and guidance to help individuals make decisions on learning, training and work opportunities. From 2013, young people will be required to remain in education and training until they are 17, and from 2015 until they are aged 18.

Some of the other key drivers that will impact on England include:

- the drive to engage and support employers to take on apprentices
- the impact of social unrest and riots
- the impetus towards directly elected mayors
- public sector cuts in general (because of the numbers of staff living and working in England).

7. Future skills needs

Summary

Average budget cuts of 19 per cent in the sector over the period to 2015 will have a considerable impact on output and employment. Organisational restructuring and reconfiguration of the ways in which services are delivered will be a difficult task when resources are limited. Fewer permanent staff and potentially limited in-house expertise will most likely drive the need for increased skills in change management and project management.

F**uture skills priorities** include:

- better management and leadership skills, particularly for managing professionals, financial management and change management
- increased skills to deal with performance targets, indicators and other accountability issues
- improved skills across all staff levels to meet the demands of the more for less agenda
- skills which promote greater cross-agency work.
- better skills utilisation by improving management and leadership, or by aligning skill development with investment in technological infrastructure

This section covers employment forecast for 2010-2020 and provides a wider analysis of future skills issues for the sector. The UK economy is not isolated or immune from global financial turbulence and as a result, future predictions carry a degree of uncertainty.

Future occupational profile

Across the economy as a whole, tmployment is predicted to rise slowly but steadily from 2010 to 2020. In addition to new jobs, vacancies will be created by people who leave the labour market through retirement and/or for family reasons (replacement demand). There will be almost eight times as many replacement demand opportunities (i.e.12 million) as new jobs over the period 2010-2020, equivalent to almost two fifths of current employment. Employment growth is expected across higher skilled, white collar occupations, including managers, professionals and associate professional roles.

Continuing sharp declines in employment are expected for skilled and semi-skilled manual roles including in skilled trade occupations and process, plant & machine operatives. These will be offset to a degree by replacement demand, and lower skilled jobs will remain a significant feature of the labour market. Overall, the projections indicate that the demand for skills as measured by formal qualifications will increase between 2010-2020

Across the whole economy (see Table 7.1), managers, directors and senior officials will see continued growth in the next decade. There will also be continued growth in associate professional and technical occupations and in caring, leisure and other service occupations. Administrative and secretarial occupations are projected to decrease, as will skilled trades occupations and process, plant and machine operative occupations. The development of new opportunities in call centres, fast food outlets, etc, looks set to reverse the long term decline in employment in elementary occupations. The number of jobs in sales and customer service occupations is expected to remain steady.

Table 7.1: Workplace job growth by occupation within the whole economy, UK (2010-2020)

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	3,016	3,279	3,560	9.9	10.6	11.1	544
Professional occupations	5,843	6,189	6,712	19.2	20.1	21.0	869
Associate professional and technical	3,926	4,138	4,476	12.9	13.4	14.0	551
Administrative and secretarial	3,698	3,466	3,312	12.1	11.2	10.3	-387
Skilled trades occupations	3,526	3,389	3,295	11.6	11.0	10.3	-230
Caring, leisure and other service	2,719	2,801	3,032	8.9	9.1	9.5	313
Sales and customer service	2,608	2,555	2,610	8.6	8.3	8.2	2
Process, plant and machine operatives	1,950	1,829	1,737	6.4	5.9	5.4	-213
Elementary occupations	3,173	3,209	3,274	10.4	10.4	10.2	101
All occupations	30,458	30,855	32,008	100.0	100.0	100.0	1,550

Source: Wilson and Homenidou (2011)

Table 7.2 shows the net change in employment across the *Government Services* sector. Net losses are predicted in all occupational groups, with the exception of managerial, professional and caring occupations.

Table.7.2: Workplace job growth by occupation within the Government sector, UK (2010-2020)

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	135	132	148	7.5	8.3	8.7	13
Professional occupations	353	341	386	19.7	21.3	22.8	32
Associate professional and technical	556	504	535	31.0	31.6	31.6	-21
Administrative and secretarial	518	411	399	28.9	25.8	23.6	-119
Skilled trades occupations	37	31	31	2.0	1.9	1.8	-5
Caring, leisure and other service	57	61	74	3.2	3.8	4.4	17
Sales and customer service	48	42	45	2.7	2.6	2.7	-3
Process, plant and machine operatives	22	18	18	1.2	1.1	1.1	-4
Elementary occupations	65	56	57	3.6	3.5	3.3	-8
All occupations	1791	1597	1693	100.0	100.0	100.0	-98

Source: Wilson and Homenidou (2011)

This pattern reflected across all UK nations (see Table 7.3 to 7.6). Total employment in the sector is predicted to fall by 5.4 per cent across the UK as a whole (and for England); to be a little higher in Scotland (5.8 per cent); decline by seven per cent in Wales; and decline by four per cent in Northern Ireland.

Table.7.3: Workplace job growth by occupation within the Government Services sector, England (2010-2020)

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	116	114	128	7.8	8.6	9.1	12
Professional occupations	299	289	327	20.1	21.8	23.2	28
Associate professional and technical	463	420	445	31.1	31.7	31.6	-18
Administrative and secretarial	426	338	328	28.7	25.5	23.3	-98
Skilled trades occupations	29	24	24	1.9	1.8	1.7	-5
Caring, leisure and other service	47	50	61	3.2	3.8	4.4	14
Sales and customer service	39	35	37	2.7	2.6	2.6	-2
Process, plant and machine operatives	17	14	14	1.1	1.0	1.0	-3
Elementary occupations	51	43	43	3.4	3.2	3.1	-8
All occupations	1,486	1,327	1,407	100	100	100	-80

Source: Wilson and Homenidou (2011)

Table.7.4: Workplace job growth by occupation within Government Services, Scotland

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	9	8	9	6.3	6.5	7.0	0
Professional occupations	23	21	24	17.0	17.1	18.5	1
Associate professional and technical	41	37	40	29.7	30.1	30.7	-1
Administrative and secretarial	43	35	34	31.5	28.8	26.7	-9
Skilled trades occupations	4	4	4	3.0	2.9	2.9	0
Caring, leisure and other service	3	3	3	1.9	2.2	2.4	0
Sales and customer service	4	4	4	2.9	2.9	3.0	0
Process, plant and machine operatives	3	2	2	2.0	1.9	1.9	0
Elementary occupations	8	9	9	5.8	7.4	7.1	1
All occupations	137	122	129	100	100	100	-8

Source: Wilson and Homenidou (2011)

Table 7.5: Workplace job growth by occupation within Government Services, Wales

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	6	6	7	6.4	7.1	7.5	1
Professional occupations	19	18	21	19.1	21.3	23.1	2
Associate professional and technical	30	27	29	29.9	31.1	31.3	-1
Administrative and secretarial	30	22	21	29.9	25.6	22.7	-9
Skilled trades occupations	2	2	2	2.4	2.5	2.6	0
Caring, leisure and other service	4	5	6	4.4	5.3	6.0	1
Sales and customer service	3	2	2	2.7	2.6	2.6	0
Process, plant and machine operatives	2	1	1	1.8	1.6	1.5	0
Elementary occupations	3	3	2	3.4	3.0	2.7	-1
All occupations	99	86	92	100	100	100	-7

Source: Wilson and Homenidou (2011)

Table.7.6: Workplace job growth by occupation within Government Services, Northern Ireland

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	4	4	4	6.3	6.5	6.8	0
Professional occupations	12	12	14	18.3	19.7	21.4	1
Associate professional and technical	23	20	22	33.2	33.4	33.1	-1
Administrative and secretarial	19	16	16	28.3	26.1	24.1	-4
Skilled trades occupations	1	1	1	2.0	1.7	1.6	0
Caring, leisure and other service	3	3	4	4.3	5.5	6.4	1
Sales and customer service	2	2	2	2.6	2.6	2.7	0
Process, plant and machine operatives	*	*	*	*	*	*	*
Elementary occupations	3	2	2	3.7	3.4	3.1	-1
All occupations	68	61	65	100	100	100	-3

Source: Wilson and Homenidou (2011)

Changes in the sector

Non-market services is the broad sector which covers *Government Services*. It comprises public administration and defence, as well as health and education services.

Some of the key headlines for the sector are as follows:

- average budget cuts of 19 per cent in the sector over the period to 2015 will have a considerable impact on output and employment in public administration and defence.
- employment in much of the sector will decline in the short-term, due to public expenditure cuts

- employment in non-market services as a whole is expected to decline only slightly over the coming decade (by around 100 thousand in total, just over -0.1 per cent per annum)
- within this broad grouping, most of the projected job losses are accounted for by public administration and defence.
- GVA in non-market services is expected to fall by 0.4 per cent per annum over 2010-15 before returning to growth of more than 2.5 per cent per annum over 2015-20.

Non-market services account for 27 per cent of total jobs in the UK. The decline in total employment in the non-market services and public administration and defence in 2010 Q2 is as a result of the civil service recruitment freeze announced by the government in May 2010. Employment in this sector is expected to fall by one per cent per annum over 2010-15, but to return to growth after that. However, over 2015-20 employment is expected to increase by only 0.8 per cent per annum, historically low growth. Overall, over 2010-20 the sectoral share of total jobs will fall by two percentage points, to around 25 per cent.

Some examples of the impact across the sector are:

- the Ministry of Justice is to reduce staff numbers by 15,000 and reduce total administrative spending by a third
- the introduction of payment by results schemes for probation and prisoner rehabilitation is likely to result in a transfer of jobs from the public to the private sector
- the police are to experience a 14 per cent reduction in government funding and a reduction in officer numbers is likely to follow as a consequence
- 42,000 jobs are scheduled to be lost in the armed forces and Ministry of Defence.

These scheduled job losses are reflected in the short-term forecast for employment in public administration and defence. This will result in a long-term redistribution of resources from the public to private sector, as the private sector replaces jobs lost in central and local government and also takes on a range of activities previously carried out by the state.

Moderate growth is forecast for productivity in non-market services between 2010 and 2020. A growth rate of 0.6 per cent per annum is expected between 2010 and 2015, rising to 1.8 per cent per annum between 2015 and 2020.

Future skill needs

The future of the Civil Service (a key employer in the *Government Services* sector) will be in part defined by the expectation that a greater number of jobs will be "customer facing" and require a broad range of people skills. While the current trend of a mature and experienced workforce is predicted to continue, developments are expected in the way the Civil Service is structured and operates.

Research was conducted into likely future skills needs predicted through scenarios of how the Civil Service may develop over 2012-2019 (Government Skills, 2010). The lead scenario assumed that current trends in the Civil Service extend into the future for public services, as the technology, personalisation, openness and efficiency agendas continue to drive reform in the sector. It suggests that there will be a 2.4 per cent reduction in employment levels between 2008 and 2013, and a slightly smaller decline of 1.8 per cent from 2013 to 2018. Over this period, the greatest falls are in the administrative occupations, and in those qualified to Level 1. Key skills needs identified in this scenario are better partnership working due to pressures for efficiency, strong IT and technology links between internal and external partners, and leadership, communication and networking skills to enable flexible working across departments and agencies.

The scenario work led to a number of initial conclusions about the likely future skills requirements for the Civil Service:

- leadership skills, particularly for senior staff, to prepare for and motivate in periods of change, lead relationships with stakeholders internally and externally and have the ability to prioritise action
- innovation and entrepreneurship skills: the ability to recognise opportunities to make things better for citizens, understanding what is possible and translating this into ideas for change
- information technology skills to implement and also effectively use existing and new technologies and systems, across all professions and grades
- management skills to translate effectively strategy into delivery though people, ensuring value for money, programme and project outcomes, processes and risk management
- commercial understanding to become a better customer, working more effectively with suppliers and achieving the best outcome from internal and external projects

- data handling and analysis skills and systems to instil public confidence and to translate information into intelligence and answers
- communication and customer facing skills and openness with citizens, across all professions, to work with society, gather and share knowledge and communicate the exchange between government and citizens
- influencing behaviour and attitudes to drive change, through relationships, knowledge sharing and support
- partnership, network and relationship building and leveraging to achieve the best outcome across diverse organisational and individual networks, particularly in periods of downturn
- service, system and organisational design to pull together and effectively join up services and decentralised systems.

Skills for Jobs – Today and Tomorrow (UKCES, 2011) identifies corporate managers and a range of specific management skills as a high priority area with critical importance in a number of key sectors, one of which is public administration. Management and leadership cover a range of different roles and different core activities and behavioural competences. These include: leadership; change management; people management; financial management; risk management; and procurement skills.

Alongside management skills, a further set of occupations were identified as being high priority (important rather than critical). This list included procurement, commissioning and financial management within key parts of the public sector including central and local government.

Paraprofessional roles in the public sector (e.g. Police Community Support Officers) were identified as a medium priority area for action as were those public sector worker responsible for change management as an occupation able to optimise the capability of staff, support organisational reputation and ensure long-term staff retention, and improved service delivery.

The largest occupational groups within Government Services (see Table 7.3) are Police Officers and Civil Services Administrative Officers, both accounting for seven per cent of the overall sector workforce. Along with Local Government Clerical officers, the three occupations make up almost one fifth of the overall sector workforce (Table 7.2). None of the occupations within Government Services appear in the largest occupational groups across all sectors.

Table 7.2: Largest occupational groups within all sectors, UK (2010)

Rank	Occupation	000s	% workforce
1	7111 Sales and retail assistants	1,209	4
2	6115 Care assistants and home carers	711	3
3	4150 General office assistants or clerks	640	2
4	9233 Cleaners, domestics	523	2
5	1132 Marketing and sales managers	512	2
6	4122 Accnts wages clerk, bookkeeper	502	2
7	6124 Educational assistants	492	2
8	3211 Nurses	465	2
9	2314 Secondary education teaching professionals	426	2
10	2315 Prim & nurs education teaching professionals	404	1
11	1121 Prod. works & maintenance managers	393	1
12	1163 Retail and wholesale managers	376	1
13	9223 Kitchen and catering assistants	360	1
14	9149 Other good handling & storage occup	346	1
15	2132 Software professionals	315	1
	Other occupations	20,038	72
	Total workforce	27,712	100
	Unweighted base (000s)	*38.027*	

Source: Labour Force Survey (ONS, 2010b)

Table 7.3 Largest occupational groups within Government Services UK (2010)

Rank	Occupation	000s	% workforce
1	3312 Police officers (sergeant and below)	155	7
2	4112 Civil Serv admin officers and assists	153	7
3	4113 Local gov clerical officers & assists	99	5
4	4150 General office assistants or clerks	70	3
5	3311 NCOs and other ranks	66	3
6	4111 Civil Service executive officers	65	3
7	4122 Accnts wages clerk, bookkeeper	52	2
8	2411 Solicitors & lawyers, judges & coroners	41	2
9	4215 Personal assists & other secretaries	39	2
10	3314 Prison service officers (below princ off)	38	2
11	2444 Clergy	37	2
12	3313 Fire serv officers (leading off & below)	36	2
13	3561 Public service associate professionals	34	2
14	3231 Youth and community workers	33	2
15	2421 Chartered and certified accountants	30	1
	Other occupations	1,211	56
	Total workforce	2,158	100
	Unweighted base (000s)	*3.006*	

Source: Labour Force Survey (ONS, 2010b)

A summary of future skills priorities that will be required by the sector is given below:

- increased skills to deal with performance targets, indicators and other accountability issues which will all be under increasing scrutiny in the current economic climate
- skills across all staff levels to meet the demands of the more for less agenda
- better management and leadership skills, particularly for managing professionals, financial management and change management
- skills which promote greater cross-agency work.
- aligning skill development with investment in technological infrastructure

8. Priority areas for action

Summary

Employers need to make the best use of resources to deliver greater value for money. The emphasis is on improved partnership working and researching and consulting on options for working more efficiently. Some of the priority areas for action are:

- the development of skills to be integrated with day-to-day operations
- adoption of Skills Audits to assess skill gaps and shortages
- actions to encourage effective performance
- further increases in flexible working
- investment in the provision of improved procurement and commissioning
- moving from risk management to exploring potential and innovation
- greater outsourcing
- adoption of new Information Technology and E-learning tools
- evaluation of service provision and evidence of social value
- Workplace Learning and Partnership Working
- greater collaboration across traditional working boundaries.

Government Services organisations will need to tread carefully in their attempts to secure efficiencies alongside delivering on public expectations. Addressing these areas of action will not be easy in the current climate, and skills will play an important part in reconciling competing pressures.

The following recommended actions for the *Government Services* sector are an articulation of employer and other stakeholder views. They are arranged in priority order.

Priority Areas for Action

High Priority

The development of skills needs to be integrated into day-to-day operations and the role of managers in developing staff needs to be sufficiently exploited. Emphasis needs to shift from classroom-based learning to on-the-job training.

Collaboration **-** this will be critical for the *Government Services* sector. It can bring about positive results including mutual benefits, cost savings and commonalities

Barriers to Collaboration **-** when organisations work in silos they tend to take a more singular approach to work which could be alleviated by shared learning and training. Leadership development tends to focus on technical skills rather than collaboration skills. Funding mechanisms often dictate that collaborative working is project based which limits its potential and produces short term results. Successful collaboration can be helped through the actions of a neutral party/mediator to help form equal relationships, manage vested interests and maintain focus on the bigger picture.

Skills audits will be necessary to assess shortages of the necessary expertise. There is a huge opportunity for training and development to help enhance the skills and career opportunities for existing workers in the public sector.

Commissioning bodies need to invest in the provision of improved *procurement and commissioning* skills (and an understanding of developmental commissioning) at national and local level to maintain standards and secure effective and sustainable delivery. This should be complemented by upgrading skills in tendering and securing funding.

Multi-agency working **-** the need to make efficiency savings in a short period of time has given shared services extra impetus. This might be an area of particular interest for Police Forces, Fire and Rescue Services and Local Government.

Information Technology **-** there are considerable opportunities to reduce costs and share knowledge and data within the *Government Services* sector that can be realised through better use of IT tools. However, workforces need the technical skills and improved understanding to maximise the benefit. Prioritising this up-skilling of existing employees will be cost-efficient in the longer term. Recruitment of young people will bring the necessary knowledge and skills into organisations reducing the initial training requirements.

Evaluation and evidence **-** for organisations to invest in workforce skills and competence across *Government Services* they must be convinced of the benefits. There are a number of options available to employers from Apprenticeships and qualifications to business development tools and training programmes. Employers need information and guidance to ensure that they invest in the most appropriate methods of development. Evaluation is a key component of any activity but it is often done poorly. This may be because it is not always easy to measure impact or perhaps the organisation lacks the skills to implement appropriate and comprehensive evaluative methods.

Medium priority

Work Experience and Apprenticeships **-** government policy has provided a number of incentives to encourage employers to take on Apprentices. One action required is to identify good practice examples that are transferable across the sector. This could be comparable benefits of a generic and/or national approach versus a more tailored approach to developing frameworks. Examples of a generic/national approach would help to ensure consistency and transferability examples of a more tailored approach would provide valuable learning for specific organisations within the sector.

E-learning **-** increasingly, institutions are moving towards distance learning courses/modules and this should be an objective of employers in Government Services. Making good use of e-learning as a development tool can keep down costs, reduce time away from the office and share resources and knowledge across organisations where commonalities exist.

Increasing workforce flexibility - organisations can reduce costs and improve efficiency through a multi-skilling route where staff are trained to be more flexible

Organisations might consider 'delayering' **-** this takes out (mid) management layers, but it can be extended to cut across traditional functions or departmental divisions by designing management around an organisation's core services. Various benefits can accrue: faster decision making, improved intra-departmental cooperation, employee empowerment and some cost savings.

Integrating management teams **–** some organisations, particularly local councils are, or are considering, sharing chief executives and management teams to reduce costs and protect frontline services. Shared management teams can prepare the ground for higher efficiency savings through greater integration. Benefits include financial savings from smaller management teams, greater opportunities for efficiency from shared services, savings from joint procurement, a higher profile for both councils and sharing expertise from both councils.

Outsourcing **-** as well as the traditional private and voluntary sector suppliers, organisations could consider employee 'buyouts' of services, mutuals, cooperatives and social enterprises.

Evaluation and development of existing and new tools for business improvement to assess their value in transforming service delivery and delivering more with less **-** in terms of business tools such as Investors in People (IiP) help ensure that employers are able to make informed decisions, based on robust evidence. Larger organisations across the sector are better positioned to utilise development tools and smaller organisations would benefit from more support to address this deficit. Employers should consider adopting techniques such as LEAN, Six Sigma and BPR which are simplifying and standardising processes, using best practice models as internal benchmarks.

Workplace Learning and Knowledge Partnership Working **-** colleges and universities are shifting their focus to measures of employability which has naturally led to an increase in qualifications requiring work experience and including softer skills such as work ethics, into the syllabus.

Lower priority

Moving from risk management to exploring potential – there needs to be a change in management focus from managing risk to exploring potential to innovate. Traditionally this has not been a priority and public sector leaders have not been quick to exploit the talents of their workforce. They will need to do this in the future.

Learning Styles **-** people respond to different learning styles and therefore, will take greater benefit from some methods of learning than others. A variety of learning styles and solutions can help to improve the performance of employees.

Talent management **-** this is particularly important when organisations are experiencing a recruitment freeze or are reducing staff and redeploying employees within their business. Employers should explore talent identification, talent management and ways in which employee talent can be better utilised.

Transparency for transformation **-** transparency of career pathways and progression routes encourages commitment to personal development. Organisational change requires an understanding of the goals of the organisation and the value of the individual's contribution.

Directly involving employees in transformational change is empowering and inspires employee ‘buy in’.

Language, communication and trust **-** positive framing in a climate of nervousness and uncertainty is vital and therefore the communication skills of leaders will be particularly important within the public sector. Open communication will help to build trust and raise aspirations.

Sharing …

- knowledge to address skills gaps, assist multi-agency working and enhance cross-sector development and understanding.
- resources to support joined up working and cost efficiencies.
- learning and training can reduce costs and increase cross-sector understanding. It can also strengthen consistency within organisations and across whole sectors.

The sector is facing significant challenges, but there are a number of mechanisms that can support sector employers in addressing skills needs and providing excellent service.

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Annex 1: Technical appendix

The provision of core data

To ensure consistency and comparability across all 15 SSA reports, data from core labour market information sources was centrally collected, processed and formatted. It was then distributed by the UK Commission to Sector Skills Councils for inclusion within the reports. Core data was centrally produced from the following sources:

- The Labour Force Survey
- The UK Employer Skills Survey 2011
- Working Futures 2010-2020
- Regional Accounts (information on Gross Value Added)
- Mid Year Population Estimates
- European Continuing Vocational Training Survey
- Business Demography Statistics

Data from the Labour Force Survey, regional accounts and mid-year population estimates was collated, processed and formatted by Cambridge Econometrics and the Institute for Employment Research (IER), Warwick.

Data from the UK Employer Skills Survey 2011 was collated and processed by IFF Research and formatted by the UK Commission.

Data from Working Futures was collated, processed and formatted by IER.

Data from the European Continuing Vocational Training Survey and Business Demography Statistics was collated, processed and formatted by the UK Commission.

All data was quality assured by contractors, the UK Commission and by Sector Skills Councils.

It has been necessary to suppress some data within the reports to adhere to official guidelines regarding data quality. The details of suppression strategies applied to data from specific sources are described in more detail below. Data for Scotland, Wales and Northern Ireland for the three smallest SSA sectors is most likely to be suppressed. These are:

- Agriculture, forestry and fishing
- Energy production and utilities
- Information and communication technologies.

Methodological information for core labour market information sources

Method used to derive estimates of gross value added (GVA) per employee job by SSA sector and nation

No official estimates are currently available for the level of productivity by sector and UK nation. The figures presented in this report have therefore been estimated by the UK Commission using the following process.

Levels of workplace gross value added at current basic prices by SIC 2007 Section were derived from the official estimates published by the Office for National Statistics as part of its Regional Accounts series. Levels of employee jobs were taken from the Business Register and Employment Survey for 2009.

The sectoral “footprint” definitions used as the basis for the SSA reports are not coterminous with SIC Sections, however, and in some cases draw on 2-digit SIC divisions. At present the official GVA estimates for nations and regions are only available at a SIC section level.

To overcome this an approach was adopted which has been developed by Welsh Government to derive gross value added estimates for its priority sectors. This approach was applied to the UK and all four nations. Approximate estimates of GVA at 2-digit level are available for much of the economy from the Annual Business Survey (ABS). These were used to allocate GVA at the 2-digit level with the results being constrained to the official GVA totals by SIC section taken from the Regional Accounts. For those areas of the economy not covered by the ABS, shares of employment at the 2-digit level were used instead, taken from the Annual Population Survey.

Labour Force Survey

About the survey

One of the key data sources used within this report is the Office for National Statistics' (ONS) Labour Force Survey (LFS). The LFS is a survey of households living at private addresses (plus in NHS accommodation and student halls of residence) in the UK.

The survey is conducted on a quarterly basis. The sample is made up of around 41,000 responding (or imputed) households in Great Britain every quarter, and around 1,600 households in Northern Ireland. The LFS uses a rotational sampling design which means that, once selected, a household[4] is kept in the sample for a total of five consecutive quarters.

Interviewers can take answers to questions by proxy if a respondent is unavailable. This is usually from another related adult who is a member of the same household. About a third of LFS responses are collected by proxy. Information on individuals aged 16 – 19 most likely to be obtained by proxy.

Full user guidance can be accessed here: http://www.ons.gov.uk/ons/guide-method/user-guidance/labour-market-statistics/index.html

Preparation of LFS data for this report

The UK Commission provided report authors with a core set of tables based on LFS data for mandatory inclusion within Sector Skills Assessment reports. The data within these tables was prepared by two contractors: Cambridge Econometrics (CE) and Warwick Institute for Employer Research (IER).

Data was prepared in three stages:

1. The original survey data was gathered and coded by IER to the categories and classifications required for the SSA tables. This was then sent to CE
2. CE used the data prepared by IER and derived the indicators and aggregated the data to the dimensions required for the tables
3. The UK Commission checked tables and distributed to report authors

Annual data presented within this report is based on an average of four consecutive quarters of data. Data prior to 2009 is based on SIC2003 and data for 2009 and 2010 is based on SIC2007 codes.

Reporting of LFS data

In line with ONS convention, annual LFS data presented within this report has been suppressed if individual cell sizes fall below 6,000. This is because cell sizes of fewer than 6,000 are deemed to be low quality estimates.

[4] Note, it is the address that is selected and not necessarily the particular people who live there.

Analysis of employment uses all four categories of employments status within the LFS: employee, self-employed, government scheme & unpaid family worker.

Please note, some tables present a total for *All sectors* while others present a total for *Whole economy*. The values for these totals are different because the *Whole economy* total includes the 'Not within scope' category (i.e. sectors that don't fall within an SSA sector), whereas *All sectors* is the total for just the 15 SSA sectors.

UK Commission's Employer Skills Survey 2011

The UK Commission's Employer Skills Survey 2011 (UK Commission's ESS 11) was the first large-scale economy-wide employer skills survey to be conducted across the whole of the UK. The survey was managed by the UK Commission for Employment and Skills and was conducted by three contractors: IFF Research, BMG Research and Ipsos Mori (Davies et al, 2012). The project steering group included representatives from all four nation governments, the Alliance of Sector Skills Councils, the Department for Work and Pensions and the Skills Funding Agency.

Fieldwork was carried out from March to July 2011. Two waves of interviews were conducted. The main survey involved telephone interviews with approximately 87,600 employers and a follow-up survey focusing on investment in training was undertaken with over 11,000 respondents. The data presented within this report draws only on information gathered from the main survey.

The table below provides information on the number of employers interviewed by sector and nation for the main survey.

SSA sector	England	Scotland	Wales	NI	UK
Agriculture, forestry and fishing	1,270	99	133	45	1,547
Energy production and utilities	1,306	106	133	69	1,614
Manufacturing	6,774	182	470	350	7,776
Construction	7,538	300	660	463	8,961
Wholesale and retail trade	13,919	333	1,129	769	16,150
Transportation and storage	4,078	152	300	205	4,735
Accommodation, food and tourism activities	9,630	324	909	455	11,318
Information and communication	2,262	56	111	81	2,510
Creative media and entertainment	3,301	99	227	135	3,762
Financial, insurance & other professional services	4,525	146	391	281	5,343
Real estate and facilities management	3,113	85	133	93	3,424
Government	2,078	163	188	176	2,605
Education	4,597	164	391	287	5,439
Health	2,912	107	242	137	3,398
Care	4,028	101	338	296	4,763
Not within scope	3,722	86	257	162	4,227

SSA sector	England	Scotland	Wales	NI	UK
Total	75,053	2,503	6,012	4,004	87,572

UK Commission's ESS 11 is a quota survey. Quotas were set on a size by sector within nation / English region basis. In Northern Ireland and Wales, where more interviews were carried out than the required minimum to get national representation, they were predominately distributed in proportion to the population.

In order to include the maximum number of questions without extending the overall length of the interview, the sample was randomly split in half for some sections, and one set of employers were asked one module of questions, and the other half of the sample different questions.

The survey is a local unit (establishment) survey. This means that for large multi-site organisations several branches/ locations may have been interviewed. The establishment level sampling reflects that the survey asks employers about issues that need to be answered by people with day-to-day contact with employees rather than head office.

Respondents are those who have the best overview of HR and training within the establishment. This will tend to be HR or training managers in large establishments and owner/managers or senior managers within small establishments.

The valid population of establishments being used in UK Commission's ESS 11 is all establishments with the exception of sole traders (this means that establishments with one employee and no working proprietors (for e.g. flower stall at a station, where there is one person working but they don't own it themselves) are included). In addition, establishments with multiple working proprietors but no employees are also included.

Sampling error for the survey results overall and for different sub-groups by which analysis is presented in the report is shown in the table below. Sectoral figures are presented for the 14 SIC 2007 sections which were used for the survey sampling approach.

Figures have been based on a survey result of 50 per cent (the 'worst' case in terms of statistical reliability), and have used a 95 per cent confidence level. Where the table indicates that a survey result based on all respondents has a sampling error of +/- 0.32 per cent, this should be interpreted as follows: 'for a question asked of all respondents where the survey result is 50 per cent, we are 95 per cent confident that the true figure lies within the range 49.68 per cent to 50.32 per cent'.

As a note, the calculation of sampling error has taken into account the finite population correction factor to account for cases where we are measuring a significant portion of the population universe (i.e. even if two sample sizes are the same, the sampling error will be lower if in one case a far higher proportion of the population was covered).

These confidence intervals are based on the assumption of a normal distribution of responses.

Sampling error (at the confidence 95 per cent level) associated with findings of 50 per cent

	Population	Number of interviews	(Maximum) Sampling Error
Overall	**2,299,921**	**87,572**	**+/-0.32**
By country			
England	1,960,298	75,053	+/-0.35
Northern Ireland	65,559	4,004	+/-1.5
Scotland	175,114	2,503	+/-1.94
Wales	98,950	6,012	+/-1.22
By size of establishment			
1-4	1,466,397	18,955	+/-0.99
5-24	648,446	47,770	+/-0.61
25-99	147,319	15,951	+/-1.03
100-249	25,945	3,270	+/-2.27
250+	11,814	1,626	+/-3.12
By sector			
Agriculture	98,458	939	+/-3.18
Mining & Quarrying	2,222	188	+/-6.84
Manufacturing	128,255	7,704	+/-1.08
Electricity, Gas and Water	10,583	1,426	+/-3.35
Construction	241,429	6,654	+/-1.18
Wholesale and Retail	441,365	15,340	+/-0.78
Hotels & Restaurants	167,215	8,471	+/-1.04
Transport and Communications	210,801	7,885	+/-1.08
Financial Services	52,381	1,881	+/-2.22
Business Services	551,612	14,488	+/-0.80
Public Administration	26,058	1,617	+/-2.36
Education	65,499	5,439	+/-1.27
Health and Social Work	140,269	8,161	+/-1.05
Community, Social and Personal Services	163,774	7,379	+/-1.11

Looking specifically at sampling error for SSA sectors at national level, Agriculture in Scotland provides an illustrative example. 99 interviews were completed for this sub-group. Applying the assumptions outlined above, this gives a maximum sampling error of around +/-10 percentage points. This demonstrates the indicative nature of the detailed survey estimates for smaller sectors.

Within the report, data based on unweighted bases of less than 25 have therefore been suppressed for quality reasons. In addition, data based on unweighted bases of between 25 and 50 have been marked as indicative. More stringent thresholds have been applied in Scotland because of the lower total number of interviews that were conducted than in other nations. Estimates based on unweighted bases of fewer than 50 have been suppressed, whilst estimates based on bases of 50-99 are marked as indicative in the relevant tables.

Finally, occupations within the survey are defined by 2010 Standard Occupational Classification codes and sectors are defined by 2007 Standard Industrial Classification codes.

Please visit the UK Commission's Employer Surveys website for further information including the full survey report and questionnaire. https://ness.ukces.org.uk/default.aspx

Skills for Justice Employer Skills Survey 2011

Between October 2010 to January 2011, Skills for Justice deployed a sector-wide cross-sectional survey aimed at exploring issues around employee skills and workforce development. The survey sought to provide information to better position and equip employers to meet the demands of a rapidly changing economy as they continue to aspire to deliver ever improving services in the face of financial pressures, targets and public expectations.

In order to be as representative as possible, all employers across the UK Justice and Community Safety sector were given an equal chance of being chosen to participate in the survey. This randomisation approach was important in order to prevent unintentional bias as to who to question.

The sector employs a large workforce at different cadres and with varying responsibilities. In order to further ensure that the sample is truly representative of the population, a sampling technique called stratification was used. In the stratification procedure, it was decided that the sub-categories of the population targeted should be statistically significant in relation to the aim of the survey. The survey was therefore targeted at people within the sector who have responsibility for issues around training, qualifications, Human Resource Management (HRM) and research as well as those with a wider strategic remit.

List of previous publications

Executive summaries and full versions of all these reports are available from www.ukces.org.uk

Evidence Report 1
Skills for the Workplace: Employer Perspectives

Evidence Report 2
Working Futures 2007-2017

Evidence Report 3
Employee Demand for Skills: A Review of Evidence & Policy

Evidence Report 4
High Performance Working: A Synthesis of Key Literature

Evidence Report 5
High Performance Working: Developing a Survey Tool

Evidence Report 6
Review of Employer Collective Measures: A Conceptual Review from a Public Policy Perspective

Evidence Report 7
Review of Employer Collective Measures: Empirical Review

Evidence Report 8
Review of Employer Collective Measures: Policy Review

Evidence Report 9
Review of Employer Collective Measures: Policy Prioritisation

Evidence Report 10
Review of Employer Collective Measures: Final Report

Evidence Report 11
The Economic Value of Intermediate Vocational Education and Qualifications

Evidence Report 12
UK Employment and Skills Almanac 2009

Evidence Report 13
National Employer Skills Survey 2009: Key Findings

Evidence Report 14
Strategic Skills Needs in the Biomedical Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 15
Strategic Skills Needs in the Financial Services Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 16
Strategic Skills Needs in the Low carbon Energy generation Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 17
Horizon Scanning and Scenario Building: Scenarios for Skills 2020

Evidence Report 18
High Performance Working: A Policy Review

Evidence Report 19
High Performance Working: Employer Case Studies

Evidence Report 20
A Theoretical Review of Skill Shortages and Skill Needs

Evidence Report 21
High Performance Working: Case Studies Analytical Report

Evidence Report 22
The Value of Skills: An Evidence Review

Evidence Report 23
National Employer Skills Survey for England 2009: Main Report

Evidence Report 24
Perspectives and Performance of Investors in People: A Literature Review

Evidence Report 25
UK Employer Perspectives Survey 2010

Evidence Report 26
UK Employment and Skills Almanac 2010

Evidence Report 27
Exploring Employer Behaviour in relation to Investors in People

Evidence Report 28
Investors in People - Research on the New Choices Approach

Evidence Report 29
Defining and Measuring Training Activity

Evidence Report 30
Product strategies, skills shortages and skill updating needs in England: New evidence from the National Employer Skills Survey, 2009

Evidence Report 31
Skills for Self-employment

Evidence Report 32
The impact of student and migrant employment on opportunities for low skilled people

Evidence Report 51
Sector Skills Insights: Energy

Evidence Report 52
Sector Skills Insights: Health and Social Care

Evidence Report 53
Sector Skills Insights: Retail

Evidence Report 54
Research to support the evaluation of Investors in People: Employer Survey

Evidence Report 55
Sector Skills Insights: Tourism

Evidence Report 56
Sector Skills Insights: Professional and Business Services

Evidence Report 57
Sector Skills Insights: Education

Evidence Report 58
Agriculture, Forestry & Fishing: Sector Skills Assessment 2012

Evidence Report 59
Evaluation of Investors in People: Employer Case Studies

Evidence Report 60
An Initial Formative Evaluation of Best Market Solutions

Evidence Report 61
UK Commission's Employer Skills Survey 2011: Northern Ireland National Report

Evidence Report 62
Energy Production and Utilities: Sector Skills Assessment 2012

Evidence Report 63
Creative Media and Entertainment: Sector Skills Assessment 2012

Evidence Report 64
Information and Communication Technologies: Sector Skills Assessment 2012

Evidence Report 65
Construction, Building Services Engineering and Planning: Sector Skills Assessment 2012

Evidence Report 66
Real Estate and Facilities Management: Sector Skills Assessment 2012

Evidence Report 67
Transportation and Storage: Sector Skills Assessment 2012

Evidence Report 68
Hospitality, Tourism and Sport: Sector Skills Assessment 2012

Evidence Report 69
Care: Sector Skills Assessment 2012

Evidence Report 70
UK Skill levels and international competitiveness

Evidence Report 71
Education: Sector Skills Assessment 2012

Evidence Report 72
Health: Sector Skills Assessment 2012

Evidence Report 73
Wholesale and Retail Trade: Sector Skills Assessment 2012

Evidence Report 74
UK Commission's Employer Skills Survey 2011: Wales Results

Evidence Reports present detailed findings of the research produced by the UK Commission for Employment and Skills. The reports contribute to the accumulation of knowledge and intelligence on skills and employment issues through the review of existing evidence or through primary research..

Produced by Skills for Justice for the UK Commission for Employment and Skills

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