



Department  
for Education

# **Continuing vocational training survey: CVTS 5**

**Research Brief  
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# 1. Introduction

1. Continuing Vocational Training (CVT) is recognised both by the European Union and European national governments as a key contribution to competitiveness and productivity, to adaptation of workforces to changing patterns of production and work organisation, and to social cohesion.
2. To monitor progress and change in the delivery of the CVT supplied by employers across Europe, the European Union commissions a regular survey of employers to assess their CVT practices.
3. This brief summarises the results of the fifth round of the EU Continuing Vocational Training Survey (CVTS5) undertaken in the UK between June 2016 and October 2016, and covering the reference period of the 2015 calendar year. The research was administered by BMG Research on behalf of the Department for Education (DfE).
4. This round (CVTS5) followed previous surveys carried out in 1995, 2000, 2005 and 2010, and formed part of a wider investigation spanning more than 30 European countries<sup>1</sup>. The survey has been carried out so that it conforms to the requirements of the European Union's Continuing Vocational Training Survey (CVTS5).
5. The Statistical Office of the European Commission (Eurostat) undertook co-ordination of the study and will publish results in late 2017, allowing a comparison of the UK against other European countries.
6. The overarching aim of the research project was to conduct a survey of UK employers to explore the nature and extent of the vocational training that they provide.
7. Important research issues for which CVTS data were needed include:
  - The organisation and management of CVT in enterprises;
  - the role of social partners;
  - assessment of skill/training needs;
  - volume of CVT and possible interaction with IVT;
  - incentives for enterprises to provide CVT;
  - costs and financing of CVT in enterprises; obstacles for enterprises in providing CVT;

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<sup>1</sup> The full list of participating countries can be found in the Appendix.

- the costs and financing of CVT in enterprises;
- and the provision of IVT (Initial Vocational Training or Apprenticeships as it is better known).

## 2. Methodology

1. The survey was targeted at enterprises with at least 10 employees across particular industry sectors. The survey excluded agriculture and related sectors and those in which public sector organisations predominate (A, O, P and Q<sup>2</sup>).
2. The target population was defined by the European Community to fulfil the regulation and ensure comparability with the sample design and results in the other participating countries.
3. Industry sector was defined using NACE Rev. 2<sup>3</sup> definitions in order to ensure consistency with other participating EU and non-EU nations. NACE Rev. 2 and the UK Standard Industrial Classification 2007 (SIC 2007) exactly match<sup>4</sup>. The industry sectors included in the survey are summarised in the table below:

NACE	SIC 2007	NACE/SIC description <sup>5</sup>
<b>B05-B09</b>	5-9	Mining and quarrying and support activities
<b>C10-C12</b>	10-12	Manufacture of food products, beverages and tobacco
<b>C13-C15</b>	13-15	Manufacture of textiles and textile products Manufacture of leather and leather products
<b>C17-C18</b>	17-18	Manufacture of pulp, paper and paper products, Printing of newspapers
<b>C19-C23</b>	19-23	Manufacture of coke oven products Manufacture of flat glass
<b>C24-C25</b>	24-25	Manufacture of basic iron and steel and of ferro-alloys Manufacture of metal structures and parts of structures
<b>C26-C28 and C33</b>	26-28, 33	Manufacture of electronic components, Repair of fabricated metal products Manufacture of engines and turbines, except aircraft,

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A 01-03 Agriculture, forestry, fishing  
 O 84 Public administration  
 P 85 Education  
 Q 86-88 Human health and social work

<sup>3</sup> For full explanation of NACE Rev 2 please see Glossary and Definition of terms towards the end of this report

<sup>4</sup> Source: UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007): Structure and Explanatory Notes Office for National Statistics, December 2009

<sup>5</sup> "The UK SIC is based exactly on NACE but, where it was thought necessary or helpful, a fifth digit has been added to form subclasses of the NACE four digit classes." UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007): Structure and Explanatory Notes. Office for National Statistics, December 2009

NACE	SIC 2007	NACE/SIC description <sup>5</sup>
		vehicle and cycle engines
<b>C29-C30</b>	29-30	Manufacture of motor vehicles, Building of ships and floating structures
<b>C16+C31-C32</b>	16, 31, 32	Sawmilling and planing of wood, Manufacture of office and shop furniture, Striking of coins
<b>D-E</b>	35-39	Electricity, gas, steam and air conditioning supply, Water supply; sewerage, waste management and remediation activities
<b>F</b>	41-43	Construction
<b>G45</b>	45	Sale of cars and light motor vehicles
<b>G46</b>	46	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
<b>G47</b>	47	Retail trade in non-specialised stores with food, beverages or tobacco predominating
<b>H</b>	49-53	Transportation and storage
<b>I</b>	55-56	Accommodation and food service activities
<b>J</b>	58-63	Information and communication
<b>K64-K65</b>	64-65	Financial and insurance activities, Life insurance
<b>K66</b>	66	Administration of financial markets
<b>L + M + N + R + S</b>	68-82, 90-96	Real estate, renting and business activities, Professional, scientific and technical activities, Administrative and support service activities, Arts, entertainment and recreation, Other service activities

4. The in scope NACE Rev. 2/SIC 2007 sectors account for approximately 82% of UK enterprises with 10 or more employees. Thus, one in six UK enterprises that are classified within NACE Rev. 2/SIC 2007 codes A, O, P and Q are excluded from the survey.
5. Throughout the report, NACE Rev. 2 sectors have been grouped to provide larger, more robust sample sizes and to enable clearer, more concise comparisons between similar sectors in tables and charts. These groupings are as follows:
  - B05-B09, D-E: BDE Mining, Utilities
  - C10-C33: C Manufacturing
  - F41-F43: F Construction
  - G45-G47: G Wholesale, Retail

- H49-H53: H Transport, Storage
  - I55-I56: Accommodation, Food services
  - J58-J63: Information, Communication
  - K64-K66: Finance, Insurance
  - LMNRS (68-82, 90-96): Business, Technical, Admin. Arts and Other Services
6. The European standard questionnaire was used as the basis for the survey with additional questions added in this UK survey. This was in order to maximise the opportunity to obtain key data on the total number of hours worked by employees and the total labour costs within an organisation and to ensure coverage of employer practice with regard to apprenticeships. Some questions were re-worded in order that they might be clearer and more relevant to UK employers. The questionnaire used in the survey is available separately.

## Sample completed

7. In total, 3,315 interviews were conducted. The majority of interviews were completed using Computer-Assisted Telephone Interviewing (CATI). On average, interviews took 26 minutes to complete. However, the average interview length varied for training and non-training organisations, with interviews with non-training organisation taking considerably less time because of the substantial number of questions on training practices which were not relevant to these latter companies. A small number of online questionnaires were completed.
8. Interviews were conducted with the most senior person at the site in charge of training policy. This was further defined as the person who decides what training providers to use or who has the best knowledge of what vocational training is carried out across all sites within the organisation.
9. The sample structure was calculated to specifications designed by the Statistical Office of the European Community (Eurostat) to ensure consistency of approach across all participating countries. It was based on population data, as provided by IDBR (ONS).
10. The CVTS5 Manual, issued by Eurostat, provided detailed instructions for determining the sample structure and target numbers. This is included in the Technical Report which is available separately.
11. Based on the pre-determined number of contacts issued (as laid down by Eurostat's specifications), a response rate of 25% was achieved overall. Based

only the 'contacted' sample, where someone in the respondent organisation was spoken to and a definitive call outcome was obtained, the response rate was 37%.

## Non-response

12. The survey aimed at obtaining many numeric responses and was challenging in terms of the demands it made on respondents. Non-response to specific questions was anticipated in the design and in certain circumstances responses were imputed in order to ensure as comprehensive a dataset as possible. Full details of data imputations, both the rules governing imputing data and the extent to which data was imputed, are available in the technical report that is published separately. This process followed guidance given in the CVTS5 Manual.

13. The following variables were deemed to be key to the survey findings and were those in which imputation was permitted:

14. A3	15. Total number of persons employed at end of 2015
16. A4	17. Total number of hours worked in 2015 by persons employed
18. A5	19. Total labour costs (direct and indirect) of all persons employed in 2015
20. C1tot	21. Total CVT course participants
22. C3tot	23. Paid working time (in hours) spent on all CVT courses
24. C7sub	25. CVT costs sub-total
26. C7tot	27. Total costs CVT
28. PAC	29. Personal absence costs

30. In addition imputations were allowed and were carried out on the following variables (reference in questionnaire in Annex to this report):

A2m, A2f, A3tot, A4, A5, B2a, B2b, B2c, B2d, B2e, B5a, b5b, C1tot, C2m, C2f, C3tot, C3i, C3e, C4, C7a, C7b, C7c, C7d, C7sub, C7tot, PAC, F1tot

31. It should be noted that the process of imputation and the fact that some respondents could only estimate some characteristics of their training (such as its costs or the amount of time which employees spent in training) introduces a margin



of error into the data (over and above normal sampling error). Some estimates in the survey should, therefore, not be read as having pinpoint accuracy but as general indications of employer behaviour.

32. There were varied response rates across sector and size categories. As a result some sector and size categories would be over-represented and some under-represented in the data. Particularly, since large organisations are fewer in number in the population, to obtain a statistically robust sub-sample of these organisations a higher proportion of the population was interviewed than of the vastly larger population of small organisations. By applying weighting factors to the data, the responses of larger organisations were scaled down in the calculation of whole-sample statistics so that these are not biased by over-representation of large-firm views. Thus, the employer population estimates from IDBR were used to both determine the sample structure and to weight the data to represent the population structure. Weighting factors are based on the business population and not on the distribution of employment. These factors are presented in the Technical Report which is available separately.

## Statistical significance

33. Based on a reported statistic of 50%, the overall sample of 3,315 for this survey is subject to a standard sampling error of +/-1.7%. Thus, there is 95% confidence that the reported statistic would fall within a range of 48.3% to 51.7%.

34. A table which presents the level of standard error for a range of statistics, based on the total sample and key sub-samples, is included in the Technical Report which is available separately.

35. Unless otherwise stated, discussion of comparisons between sub-samples and between the results of CVTS5 and results from previous CVT surveys is confined to differences which are statistically significant at a 95% confidence level.

36. Significantly higher figures are indicated on tables and charts by bold font. When this is indicated, it highlights the fact that the statistic reported is statistically significantly higher than the average statistic minus the sub-sample tested. Thus, where a statistic is significantly higher than average amongst 500+ employers, the average referenced (which is not shown) has been recalculated on those employing between 10 and 499 employees.

## Note on rounding

37. Throughout this report percentages have been rounded to the nearest whole integer. Further, average cost and cost per hour figures have been rounded to the nearest 10. The exceptions to rounding concern hourly costs and values for hours

spent in training. These have been reported to two decimal points (in the case of figures that are based on £ sterling) and to one decimal point (in the case of figures that relate to parts of hours). This enables the reporting of small differences between sample groups.

## Comparisons with previous surveys

38. Findings from CVTS5 and previous surveys are compared where possible and appropriate. Reliable comparisons between surveys have to be on a like-for-like basis. That is to say, the samples that are being compared are similarly structured and weighted and the question wording has to be substantially similar. For the purposes of comparisons with CVTS5, data from CVTS4 has been filtered so that only NACE/SIC codes included in CVTS5 have been included in CVTS4 data (see paragraph 57). As in CVTS4, CVTS3 data included additional sectors but since CVTS3 data was unavailable for re-analysis, like-for-like comparisons with this survey (and earlier surveys) was not possible.

## Definitions

39. The definitions, below, of Continuing Vocational Training and Initial Vocational Training, should be noted before reading the remainder of this report. The definitions of other terms used in the survey questionnaire are included in the Appendix.

## Definition of Continuing Vocational Training

40. Before being asked questions about training within the organisation, respondents were given the definition of Continuing Vocational Training as follows:

- Continuing Vocational Training (or simply, Vocational Training) is training that would have been arranged for employees in advance, it would have been organised with a specific goal of developing new or existing competences and skills, and it would have been fully or at least partly funded by your organisation. Funding would include the paid time at work employees were involved in the training. Vocational Training would normally be delivered by a trainer or a coach and if not, a piece of equipment, such as a computer, would be used for the training.
- Vocational Training does not include training for apprentices or new employees. Trainees, people working on a training contract and inductions are not included in Vocational Training.

## Definition of Initial Vocational Training

41. Initial Vocational Training (IVT) can be defined as follows. It is:

- Training intended to prepare an individual for entry to an occupation via study or training towards to a formal qualification.
- Within CVTS5, coverage was limited to information regarding the employment of individuals on a Government recognised apprenticeship programme leading to a formal qualification.

## 3. Findings

### Provision of Continuing Vocational Training

1. Continuing Vocational Training (CVT) are training measures or activities which have, as their primary objectives, the acquisition of new competences or the development and improvement of existing ones and which must be financed at least partly by the enterprises for their persons employed who either have a working contract or who benefit directly from their work for the enterprise such as unpaid family workers and casual workers. The training measures or activities must be planned in advance and must be organised or supported with the special goal of learning. Random learning and initial vocational training (IVT) are explicitly excluded. Persons receiving training on an apprenticeship or training contract are not considered as receiving CVT.
2. 86% of employers provided their staff with some form of CVT in 2015.
3. 67% of employers provided CVT *courses*, as opposed to less formal forms of CVT (such as workshops, job-rotation, on-the-job training, or self-directed learning).
4. The provision of all forms of CVT was more frequent in larger employer organisations, but the increase is particularly pronounced with regard to the provision of CVT *courses*.
5. 44% of employers provided CVT courses internally to their organisation. 57% provided CVT courses delivered by an external provider. The likelihood of having provided both increases with employer size. Smaller employers, particularly, were more likely to have provided external than internal courses and not to have provided both types.
6. Where external provision was used, private training companies were the main source (84%) and these were used significantly more often than publicly-funded colleges or universities (39%).
7. Of the less formal methods of CVT, guided on-the-job training was, by a wide margin, the most significant, being provided by 63% of all employers.
8. There was an increase in the provision of CVT between 2010 and 2015; from 80% to 86% of all 10+ employers providing some form of CVT. There has been particular growth in the propensity to report self-directed learning (26% in 2010 and 34% in 2015).

## Participation in Continuing Vocational Training

9. Three in ten employees (30%) participated in CVT courses in 2015. This compares with 31% in 2010. Thus, there has been no significant change in this statistic over the last five years.
10. The average number of hours in total spent on CVT courses by organisation (across all employees) during 2015 was 1,100, which compares with 600 in 2010.
11. In relation to hours worked, hours on CVT courses accounted for less than 1%.
12. The average number of hours spent on CVT courses per employee was 9.2 hours, above the average of 7.7 hours in 2010.
13. The average number of hours spent on CVT courses per participant was 30, above the average of 26 in 2010. The conclusion is that slightly fewer employees participated in training but participants spent longer periods training in 2015 than in 2010.
14. 36% of all hours on CVT courses were devoted to mandatory training, such as that related to health and safety (26% in 2010).
15. 31% of all hours on CVT courses were on courses leading to a nationally-recognised qualification (30% in 2010).
16. Technical, practical and job-specific skills were the most important focus of CVT courses.

## Costs of Continuing Vocational Training Courses

17. Employers' average total training expenditure on CVT courses in 2015 was around £31,300. This is higher than in 2010 (£17,300)<sup>6</sup>.
18. Average course expenditure varies from £9,200 in organisations with between 10 and 49 employees to around £671,000 in organisations with 500 or more employees.
19. The average cost per participant relating to CVT courses was £1,320, which indicates an increase since 2010, when it was £765.
20. The average cost of CVT courses per hour was £44 but with significant variation between sectors. It was lowest, at £31, in the Accommodation and Food Services

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<sup>6</sup> It should be noted that inflation is not factored into comparisons between 2010 and 2015.

sector and highest at £70 in the Mining/Utilities sector. There has been an increase in this figure since 2010, when it was reported at £30.

21. The average cost of CVT courses per employee (that is, averaged across all employees in the organisation whether they participated or not) was £400. As with cost per participant, this was lower in larger organisations than in smaller ones. It compares with £235 per employee in 2010.
22. Indirect costs (which include trainee absence from their work station and for travel and subsistence) accounted for a substantial proportion (33%) of the average cost of CVT courses. Direct costs in the form of fees and payments accounted for 30%, labour costs of internal training staff for 20%, and training facilities for 10%.
23. 17% of employers paid a training levy or contributed to collective or other funds for Vocational Training activities. Collective funds include funds or grants managed by a trade, industry or sector association that may have responsibility for arranging qualifications and training at a trade, industry or sectoral level. The average contribution was £10,600 (per contributing organisation).
24. 14% of employers received payments from collective funds. The average receipt was £8,000 (per receiving organisation). Government subsidies were the most frequent source of receipts, closely followed by receipts from training funds.

## Training policies and management processes

25. Provision of CVT is generally associated with having supportive *infrastructure*, such as a training centre or a specific person or department with responsibility for staff training, and supportive *processes*, such as having formal planning of training and training budgets.
26. Employers most frequently identified team-working skills, job-specific skills, and customer handling skills as skills which would be important to the future development of their organisation.
27. 51% of employers reviewed skill needs regularly as part of their overall planning process; 41%, reviewed needs on an 'as and when needed' basis. 8% did not assess their skill needs. There has been a significant increase in the propensity to review skill needs since 2010. Five years ago, 43% reviewed skill needs regularly; 42% on an 'as and when needed' basis, and 14% did not assess their skill needs. Overall, 92% of employers reviewed skill needs in 2015, compared with 86% in 2010.
28. The most vast majority of employers secured the skills they needed through a range of approaches, including training existing staff (93%); reallocating

responsibilities to other staff (91%); recruiting new staff that already have the skills, competences and qualifications needed (85%) and recruiting staff who they then provide with specific training (83%).

29. 14% of employers reported that provision of CVT in their organisation was regulated by a written agreement involving government, local area or trade associations, and/or trade unions.
30. 26% of employers reported that staff representation was involved in the management of their CVT provision.
31. Planning of CVT leading to a written training plan or programme was more frequent in 2015 than in 2010 (47%, compared with 42%).

## Quality assurance of Continuing Vocational Training

32. 66% of employers supplying CVT formally assessed CVT outcomes.
33. Of all employers that assessed training outcomes, 74% used certification after written or practical tests; 71% assessed participants' behaviour or performance in relation to training objectives; 66% assessed or measured the impact of training on performance within the organisation; and 57% undertook a satisfaction survey among participants

## Barriers to provision of Continuing Vocational Training

34. Where employers did not supply CVT *at all*, the main barriers were that they saw no need for training – their staff were fully skilled – or they preferred to recruit to obtain the skills they needed. 'Supply-side' barriers, which concern the availability of suitable and affordable external training provision, were much less frequent though 19% said CVT courses were too expensive and the same proportion that suitable courses were not available.
35. When employers who supplied CVT were asked to identify barriers to providing *more* training, many (84%) said they had no need for more, fewer that they preferred to recruit (71%), and/or that staff workloads precluded more training (56%).

## Initial Vocational Training

36. Initial Vocational Training (IVT) is training intended to prepare an individual for entry to an occupation via study or training towards to a formal qualification. To determine the extent of a particular form of IVT, organisations were asked to

provide information on the number of people employed on a Government-recognised apprenticeship leading to a qualification during 2015.

37. 24% of employers employed apprentices in 2015. Most of these did so in order to secure their organisation's future skills base.
38. Just over two-fifths of organisations that employed any apprentices in 2015 (43%) paid fees to a training provider for the cost of training them. The proportion was significantly higher within Production/Construction organisations than within those in Service sectors (51%, compared with 39%).
39. Organisations were most likely to have paid fees for apprentices aged 19-24 (74%), while least likely to have done so for 25+ year olds (19%). Around half paid fees for 16-18 year old apprentices (51%).
40. The average fee paid to training providers for each apprentice was highest with regard to those aged 16-18 years (£2,600), followed by those aged 19-24 years (£2,200), falling to £2,000 for each apprentice aged 25+ years.
41. Around half of all organisations (53%) reported that they plan to offer Apprenticeships in the future. This proportion increased with organisation size to more than four-fifths of organisations with 250 or more apprentices (82% of organisations with 250-499 employees; 87% of those with 500+ employees).
42. The proportion was higher among Production/Construction than Services organisations (65%, compared with 49%), particularly within Construction (71%) and Manufacturing (62%).
43. Organisations that provided any CVT to employees in 2015 were significantly more likely to expect to offer apprenticeships in the future (56%, compared with 34% of organisations that did not provide any) as were organisations that contributed to collective funds in 2015 (69%, compared with 49%).
44. The vast majority of those already offering apprenticeship (91%) plan to in the future. This compared with 41% of those not offering them in 2015 and 36% of those that have never done so.
45. The pattern of interest in apprenticeships reflects past employment of apprentices to a great extent but in all cases also exceeds it. It implies scope for growth in take up of apprenticeship initiatives, but chiefly within types of organisations already predisposed to offering them.
46. Where employers did not employ apprentices, this was most frequently because they did not see them as relevant to their organisation (43%); 16% said there were



no vacancies/need for new staff; 12% said that apprenticeships were not available or suitable for their type of activity.

## **Characteristics of enterprises in the survey**

47. As a result of weighting, the structure of the survey sample used in the analysis reflects the sector and size breakdown of the national base of employers with 10 or more employees.
48. 57% of the workforce of the weighted sample was male, 43% was female.
49. On average, surveyed organisations employed 80 people.
50. On average, employees in surveyed organisations worked for 37 hours per week.
51. The average labour cost per employee in surveyed organisations was £22,200 per year in 2015.
52. The average labour cost per hour for all employees in surveyed organisations was £12.82.

## 4. Conclusions

### Overview

1. The survey identifies a number of positive trends in employer training activity which are encouraging for public policies which seek to stimulate increased levels of skills in the UK's workforce as a key driver of better productivity and competitiveness.
2. However, it was observed that there was a higher proportion of training related to health and safety in the latter year. This form of training is essential but does not necessarily increase a company's average output per worker. In addition, one of the positive indicators was an increase in average training expenditure per trainee, but some of increase was the result of increased training costs – not all of the increased investment per trainee represents added value in the training which was delivered.
3. In respect of organisation size, a number of survey findings reflect those which have been consistently found in many other surveys (such as the national Employer Skills Surveys) over many years. Generally, smaller firms were less likely than larger ones to provide most forms of CVT than larger ones and to systematically plan such training as they do provide; and they are substantially less likely to offer apprenticeship training.
4. However, in other respects the survey reveals that smaller and larger firms do not greatly differ. As above, lower proportions of smaller firms offered training to their employees. However, when they did train, they tended to train a higher proportion of their workforces – with the overall result that the overall likelihood of an employee in a small firm being trained was similar to that of an employee in a large one. In addition, the proportion of training time which was directed to mandatory training or towards nationally-recognised qualifications does not differ between smaller and larger firms; and smaller firms spent as much per trainee as did larger ones.
5. In respect of organisations' sectors, the survey shows that firms in some sectors (including construction, ICT, and financial services) show, across a range of indicators, a high level of frequency of engagement in training activity; whilst firms in some other sectors (particularly wholesale and retail, transport, and hospitality) show relatively low frequency of engagement.
6. Broadly, such differences are likely to reflect a mix of the different characteristics of sectors, including the average size of firms in the sectors, the complexity of the functions and tasks which are performed by and within the sectors, and the associated average skill levels which are required. In addition, other factors, such

as sectors' average rates of staff turnover (affecting the volume of induction training), the extent to which sectors are subject to statutorily-regulated training, and, in the construction sector case, have an industry-wide levy system in place, are also likely to be relevant.

7. In respect of barriers to employer engagement in training, the survey shows (again as other UK skills surveys have consistently shown) that much the most frequent barriers to engagement are 'demand-side' ones (particularly the perception that training is not needed or that recruitment to meet skill needs is preferable to the alternative of up-skilling existing staff) rather than 'supply-side' ones such as the unavailability or inadequacy of training provision. It is suggested that the former type of barrier represents the principal challenge to public policy which seeks to encourage greater employer investment in skills development.

## Key trends in detail

8. In general terms, public policy sees a positive linkage between increases in national productivity and increases in workers' skill levels<sup>7</sup>. As the training activity provided or sponsored by employers comprises one of the main routes by which skill levels are raised, there is a corresponding interest from government in increasing employer investment in training.<sup>8</sup> On this basis, key metrics of the 2015 survey, show a positive direction of travel:
  - More organisations had a training budget (32% in 2015, 30% in 2010).
  - More organisations used written training plans (47% in 2015, 42% in 2010).

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<sup>7</sup> For examples see quotation '*What is the purpose of the skills system and skills policy? Primarily it is to boost productivity, however defined, upon which the UK's prosperity ultimately depends. There is a wealth of evidence that points to rising investments in education and training over recent decades bringing about a productivity dividend. The economic evidence points unequivocally to increased investments in skills and improved productivity growth going hand-in-hand*' from The UK skills system: how well does policy help meet evolving demand?, Government Office for Science, 2016; or quotation '*The general policy thrust over the past 30 years has been to engineer a 'skills revolution', with publicly-funded improvements in the supply of skills seen as key to international competitiveness, productivity growth and improved social mobility*' from Economic and Social Research Council at <http://www.esrc.ac.uk/news-events-and-publications/evidence-briefings/delivering-an-efficient-skills-policy/>

<sup>8</sup> For example see quotation '*Companies invest in skills and training for their own staff .... A modern industrial strategy can help create the right framework to incentivise business to invest in skills alongside public investment*' from Building our Industrial Strategy, Green Paper, HM Government, January 2017

- More organisations provided CVT (86% in 2015, 80% in 2010).
  - The average hours of training per employee rose from 7.7 in 2010 to 9.2 in 2015.
  - Average training expenditure per trainee increased from £765 in 2010 to £1,320 in 2015.
9. However, against these indicators of the greater commitment of UK employers to training, two cautionary points are made.
10. First, the proportion of training hours spent on mandatory training in health and safety rose from 26% in 2010 to 36% in 2015, whilst the proportion of hours spent on courses leading to nationally-recognised qualifications rose only marginally (from 30% to 31%). Whilst health and safety training is, of course, essential, it does not necessarily increase output.
11. And second, whilst the increase in expenditure per trainee indicates rising employer willingness to invest in training, some of the increase (of 73% in training expenditure per trainee between 2010 and 2015) was accounted for by rising costs (of 47% per trainee hour over the same period).

## Training in smaller and larger organisations

12. Over many years, many surveys of employers, undertaken at national and various sub-national levels, have shown differences in the skills-related behaviours and attitudes of smaller and larger employers<sup>9</sup>. Generally these suggest smaller organisations as being less likely to train staff, less likely to approach training in a formal or structured way, and less likely to engage with public initiatives (such as apprenticeship) designed to stimulate training. Many of such differences result simply from 'smallness' – with fewer staff, small organisations' recruitment and associated training needs may be less frequent and they may have less resource to learn about public initiatives or to negotiate the administrative complexities which engagement with these initiatives can bring. Attitudinally and culturally, they may see recruitment as a way to avoid training costs and may be suspicious of external intervention in their business.

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<sup>9</sup> See for example, successive biennial UK-wide Employer Skills Surveys from 2003 to 2015; As a particular example: *'The likelihood of providing training increased with employer size. Among the smallest sites employing 2-4 staff, half had provided any training (51 per cent). This increased to over three-quarters (78 per cent) among those with 5 to 24 staff. Provision of any training was almost universal in larger establishments (93 per cent among those with 25-99 staff and 96 per cent among those with 100 or more employees)'*, quotation from Employer Skills Survey 2015:UK Results, Evidence Report 97, UKCES, May 2016, .

13. Thus, some headline survey findings are :

- Small (10-49 employee) organisations are somewhat less likely to provide CVT (84% did so in 2015) than organisations larger than that (94% did so).
- Small (10-49 employee) organisations are less likely to provide formal internal CVT courses (40% did so in 2015) than organisations larger than that (62% or more did so).
- Small (10-49 employee) organisations are less likely (by margins of around 10% or greater) to provide each of a range of forms of CVT other than formal courses.
- Small (10-49 employee) organisations are less likely than larger ones to have written training plans (44% compared with 61% plus) and to have training budgets (27% compared with 55% plus).

14. These differences evidently distinguish small firms as less likely, as organisations, to provide formal, planned training. However, other survey statistics show more complexity:

- Though, as above, larger organisations are more likely than smaller ones to provide CVT, the likelihood of an individual being trained in smaller and larger organisations does not differ greatly. Thus , the proportion of total workforce which was trained, at around 30%, is broadly constant across all sizes of organisation – implying that while, as above, a lower proportion of small organisations supply training, when they do train, they train a compensatory higher proportion of their workforces.
- Second, there are no great differences between different sizes of firms in the proportion of total training time which is devoted to mandatory training or towards nationally-recognised qualifications.
- Third, as above, smaller organisations are less likely to use most sources of external training provision. However, in terms of all the training hours provided by different sizes of organisations, external training is proportionally used more by smaller organisations than larger ones (which are likely to have greater capacity for internal training).
- And, lastly, smaller firms' training costs per participant are at least equal to those of larger firms – when smaller firms train they commit as much resource to that training on a per-participant basis as do large ones.

15. A key point in observing the training behaviours of small firms and larger ones is that a 'small firms train less' assumption is not a wholly valid one (although it may be more valid if micro businesses with fewer than 10 employees had been included in the survey) – small firms train the same proportion of their workforces and spend as much on their trainees as larger ones.

16. However, in one other respect, the disparity between the proportion of small firms (10-49 employees) which employed a government-recognised apprentice in 2015 and larger firms was very substantial (20% for small firms compared with 38% for those with 50 to 249 employees and over 60% for those with 250 or more employees). In seeking to develop publicly-supported training, such as apprenticeships, across the size spectrum of businesses, the challenge is to make such programmes fit the training needs and perspectives of smaller organisations not to overcome their resistance to training per se – which, as above, is, in some respects, not markedly greater in the small-firm case.

## Sector variation in training

17. The complexity of the relationship between organisation size and different aspects of training behaviour was recognised above. This complexity is increased by recognition that the size distributions of firms in different sectors are not the same. For example, the wholesale and retail and hospitality sectors have above-average proportions of small (10-49 employee) firms whilst manufacturing has above-average proportions of firms with 50 or more employees. Some of the relationship between size of firm and training behaviour may be explained by the training demanded by sector-specific characteristics rather than solely by the size of the business.

18. In this light, recognition of the sector distribution of different aspects of training behaviour is important and may allow inferences as to why particular patterns can be observed. The table below sets out some key sector variations.

**Sectors which, on various indicators, had noticeably high or low proportions of organisations conforming with each indicator**

HIGH	LOW
<b>Provided internal CVT courses</b>	
Construction ICT Financial services	Wholesale retail Transport Hospitality
<b>Provided external CVT</b>	
Construction Financial services	Wholesale/retail Hospitality
<b>Proportion of workforce trained</b>	
Construction Financial services	Hospitality

HIGH	LOW
<b>Average number of CVT hours per employee</b>	
Construction ICT Financial services Business and other services	Hospitality
<b>Average number of CVT hours per CVT participant</b>	
ICT	Wholesale/retail Transport Hospitality
<b>Proportion of CVT hours in health and safety training</b>	
Mining and related Construction Transport	Business services
<b>Proportion of CVT hours in CVT to nationally recognised qualifications</b>	
Construction Transport	ICT Financial services
<b>CVT expenditure per participant</b>	
Construction Information/Communication	Wholesale/retail Hospitality
<b>Organisations which use written training plans</b>	
Construction Financial services	Wholesale/retail Hospitality
<b>Organisations with formal training budgets</b>	
Financial services	Transport Hospitality

19. Some key variations in sectors' training behaviours are indicated:

- The construction sector, partially as a consequence of the industry's levy system<sup>10</sup>, is shown as 'high' performer on virtually all CVT measures.

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<sup>10</sup> See <http://www.citb.co.uk/levy/how-levy-helps-industry/> for more information

- Two 'technical' sectors, ICT and financial services, with heavy use of IT systems, are also high-training sectors – but they are more likely to train to specific internal standards than to national awards.
- Two sectors, wholesale/retail and hospitality, are consistently identified by CVT indicators as low-training sectors. It was noted earlier that these sectors have above-average proportions of small workplaces. The contributions of 'smallness', the nature of activities in these sectors, and the associated proportions of lower-skilled workers in the sectors to the relatively low rates of training activity are not easily separable.

20. The general point is that differences in training behaviour between sectors emphasise that demand for training is not a phenomenon dependent solely, say, on the perspectives of individual business managements but has rational bases in the functions which sectors perform and the skill needs which associate with those functions. In seeking to encourage training activity, public policy needs to recognise and work with these underlying structural characteristics of training.

## Barriers to training

21. This point is emphasised by the survey's analysis of barriers to training in UK businesses.

22. Thus, whilst there were supply-side barriers for some organisations (for example, 19% of non-training organisations said there was a lack of suitable courses), the key barriers were the perception that current skill levels in the business were adequate (89%) or that recruitment could be used as an alternative to training (73%).

23. Reasons why organisations which trained did not train more were similar: 84% said they had trained as much as necessary or could recruit the skills they needed (71%) whilst a much smaller proportion (21%) said they could not get the CVT courses they needed. These findings on the barriers to training are consistent both with the corresponding statistics reported in the 2010 CVTS survey and with those produced by many other UK skills surveys (such as the national Employer Skills Surveys)

24. The final overview point deriving from this analysis is that, while government will continue to encourage skills development as one key requirement of increased productivity and national growth, and (as this report has shown) employers are responding with increased training activity, there are often finite constraints on training volumes placed by employers' perceptions of the adequacy of their workers' skill levels (or that they can circumvent skills gaps by recruitment) which may continue to challenge public aspirations and targets for substantial growth in employers' training investment levels and in work-based training.





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