



Department  
for Education

# **Employer Skills Survey 2019: Summary report**

**Research report**

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## Introduction

The Employer Skills Survey (ESS) has run biennially since 2011, providing a vital source of intelligence on the skills issues employers face. ESS traditionally has an inward-looking focus assessing the current skills position and skills needs of employers. It has sat alongside the Employer Perspectives Survey, which is primarily outward-looking, covering provision engagement with the wider skills system. In ESS 2019, the two surveys were, in effect, merged, by incorporating EPS questions as modules.<sup>1</sup> In total, 81,013 respondents across England, Northern Ireland and Wales responded to the survey. In addition, a separate follow-up survey explored the investment employers had made in providing training to employees in the previous 12 months (the “Investment in Training Survey”).

This report compiles a summary of findings from across the ESS 2019 survey. It attempts to provide accessible and short-form insights into the key themes of the research. Each of the themes elaborated upon within this summary report are covered in more detail in the core report and the thematic reports that will be published by the Department for Education (DfE) on the gov.uk website alongside this report. These reports cover:

- **ESS 2019 Core Report:** presenting headline finding on skills shortages, skills gaps and training;
- **ESS 2019 Skills Needs Report:** presenting more detailed findings regarding where current skills bottlenecks are, which skills are lacking among applicants and the workforce, how skills shortages are addressed and what employers see as being their future skills requirements;
- **ESS 2019: Training and Workforce Development:** findings relating to the amount and types of training provided, and employer investment in training;
- **ESS 2019: Developing the skills pipeline report:** detailing findings about employer views regarding the recruitment of education leavers and older workers, as well as their preparedness for work, under-utilisation of skills, work placements, work inspiration and T Levels; and

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<sup>1</sup> Prior to the 2019 survey, the ESS survey, along with its sister survey the UK EPS ran across the UK on alternate years. This means that comparisons over time refer to different survey years depending on whether the measure being referred to originated from the ESS or EPS survey prior to 2019. The report commonly refers to the last two waves of these surveys (i.e. ESS 2015 and 2017 and EPS 2014 and 2016).

- **ESS 2019: Apprenticeships and traineeships report:** providing findings relating to engagement with apprenticeships, number of apprentices, routes into apprenticeships, awareness and provision of traineeships and awareness and impacts of apprenticeship policy reforms.

For further details of the methodology informing the study, please consult the technical report, which will also be published by the DfE on their gov.uk website.

## Skills needs

### Where are the current skills bottlenecks?

Overall, 5% of employers reported that they had skill-shortage vacancies (vacancies which are hard to fill because of a lack of the required skills, qualifications or experience) and 13% of employers reported that they had skills gaps among their workforce. These figures were in line with levels in 2017 regarding skills gaps (13%), but represented a slight decrease since 2017 regarding skill-shortage vacancies (6%).

Although there was a slight decrease in the proportion of employers reporting skill-shortage vacancies, and despite a decrease in the number of vacancies compared with 2017, there was an increase in the number of skill-shortage vacancies, with these skill-shortage vacancies comprising a larger proportion of all vacancies than in 2017 (24%, up from 22%). Similarly, the proportion of the workforce that were considered to be lacking in full proficiency (i.e. to have a skills gap) had also risen, albeit slightly, since 2017 (4.5%, up from 4.3%). This marks a reversal of the gradual decrease in skills gap density from 2011 to 2017 (the figure was 5.5% in 2011). These slight increases in skill-shortage vacancy and skills gap densities were driven by rises in England.

In terms of where these skills needs are felt most sharply, skill-shortage vacancy density was highest in the Construction and Manufacturing sectors, where 36% of vacancies were proving hard-to-fill because of applicants lacking the appropriate skills, qualifications or experience (compared to the 24% average). By occupation, employers faced the greatest challenges in finding suitably skilled candidates for Skilled Trades positions, with nearly half of vacancies in these roles being skill-shortage vacancies (48%). This occupational group also had the largest increase in skill-shortage vacancy density compared with 2017 (up 6 percentage points).

A wide range of skills were lacking among applicants. Over four-fifths (84%) of skill-shortage vacancies were at least partially caused by a lack of technical or practical skills (a small decrease from a figure of 88% in 2017); often a lack of specialist skills or knowledge needed to perform the role (63%). Two-thirds (66%) of skill-shortage vacancies were at least partially caused by a lack of people and personal skills, much lower than in 2017 (75%). The most common skill of this type lacking was the ability to manage one's own time and prioritise tasks (45%). Just under a third (30%) of skill-shortage vacancies involved a lack of digital skills.

Among the current workforce, skills gap density remained highest among the Hotels and Restaurants and Manufacturing sectors (6.9% and 5.8% respectively), with both having similar skills gap densities to levels seen in 2017. In terms of occupation, Elementary staff experienced the greatest increase in skills gap density compared with 2017 (a 1.7 percentage point increase) and were the occupations with the highest skills gap density (8.0%).

Skills lacking among the existing workforce tended to match those discussed as lacking among recruits. In terms of **technical and practical skills**:

- Specialist skills or knowledge required to perform the job role was the most prevalent specific skill lacking among staff (a factor in 53% of all skills gaps);
- The same proportion of skills gaps were partly due to a lack of operational skills (53%); and
- A lack of proficiency in complex analytical skills contributed to just under half of all skills gaps (47%).

The most common **people and soft skills** lacking among the workforce were:

- Self-management skills (72% of all skills gaps), including the inability among staff to manage their own time or prioritise tasks (60% of all skills gaps) or to manage their feelings and the feelings of others (49%);
- A lack of management and leadership skills were also a factor for approaching three-fifths (57%) of skills gaps.
- A lack of digital skills was a factor in around two-fifths of skills gaps (38%).

There was wide variation in the skills lacking among applicants and the current workforce by sector and occupation, reflecting very different skills challenges.

Employers in the Manufacturing sector, a sector with high skill-shortage vacancy density, were substantially more likely to cite a lack of skills to do with adapting to new equipment or materials among applicants (32%) than employers overall (21%). By occupation, Skills Trades had the highest density of skill-shortage vacancies, with applicants to these positions being disproportionately reported to lack skills such as specialist skills or knowledge needed to perform the role (contributing to 72% of skill-shortage vacancies compared with 63% overall), and manual dexterity (36%, compared with 18% overall).

The profile of skills lacking within occupations classified as Elementary Staff, the occupation with the highest density of skills gap, was broadly similar to the profile of skills lacking overall, although a notably lower proportion of skills gaps related to Complex analytical skills (39%) and Digital skills (25%) than the overall profile (47% and 38% respectively). By sector, Hotels and Restaurants had the highest skills gap density, and among these employers a far higher proportion of skills gaps were related to sales and customer skills (71%) and a slightly higher proportion were caused by management and leadership (62%) than the average (50% and 57% respectively). Skills gaps in this sector were far less likely to have been caused by digital skills (21%) compared to the overall picture (38%), however.

## Addressing skills shortages

Although transient factors (such as staff having been recruited who are not yet fully trained or experienced in their new role) regularly contributed to skills gaps (79%), they were rarely the exclusive cause of them (20%). Consequently, skills gaps were not exclusively caused by factors that would be expected to alleviate over time, and this was reflected in the fact that many employers actively took steps to address skills needs.

Unsurprisingly, there were key differences in terms of the steps establishments had taken to address skill-shortage vacancies and skills gaps: generally action was directed externally to address skill-shortage vacancies, and internally to address skills gaps. Consequently, the most common actions taken to overcome skill-shortage vacancies were to utilise new recruitment methods or channels (37%) and to increase advertising or recruitment spend (37%). Contrastingly, establishments tried to overcome skills gaps in their workforce most often by increasing training activity (64%), supervising staff more (55%), conducting more appraisals (46%) or implementing a mentoring scheme (45%).

New analysis for 2019 shows employers with skill-shortage vacancies tended to:

- Place more importance on each factor that they considered when recruiting staff than those that did not have skill-shortage vacancies; and
- Were also more likely to utilise each different recruitment method and strategy during their recruitment process.

Employers with skills needs were also more likely to indicate that they had engaged with national skills policy initiatives, including taking on apprentices, trainees and expressing interest in offering work placements through the T-Levels scheme.

## **Future skills requirements**

Around two-thirds of employers anticipated the requirement to develop the skills of their workforce in the coming year (64%). The most common reasons for expecting to need to upskill their staff were in response to new legislative or regulatory requirements (42%), because of the introduction of new technologies or equipment (41%), due to the development of new products and services (35%) and the introduction of new working practices (35%).



# Training and workforce development

## Incidence of training and workforce development

Three-fifths (61%) of employers had funded or arranged training for any of their employees over the previous 12 months. This is lower than found previously in the ESS series from 2011 to 2017, when two-thirds of employers (65%-66%) had provided training over the previous 12 months.

The decrease in the proportion of employers providing training was driven by results in England and Northern Ireland, where the proportion of training employers had decreased by 5 percentage points and 4 percentage points respectively compared with 2017. In contrast, the proportion of employers providing training in Wales remained stable (62%).

Results varied by sector, with training most common among employers in Education and Public Administration (each mentioned by approaching nine in ten employers), while only around half of establishments in Information and Communications and the Construction sectors provided training.

Incidence of training increased substantially as establishment size increased; less than half (46%) of employers with 2 to 4 employees had provided training, compared with three-quarters (75%) of those with 5 to 24 employees, and almost all (92%) of those with 25 or more employees. Employers were more likely to have provided on-the-job training than off-the-job training in the previous 12 months (49% and 43% respectively); three in ten (31%) had provided both.

## Number and profile of staff trained

Employers trained a total of 16.5m staff over the previous 12 months, very similar to the 16.4m figure reported in 2017. However, due to a 4% increase in the total workforce from 2017 to 2019, the proportion of the workforce trained has fallen from 62% in 2017 to 60% in 2019.

The overall decrease in the proportion of the workforce trained was driven by a decline in England (60%, down from 62% in 2017). In contrast, the proportion of the workforce trained in Northern Ireland (62% vs. 60% in 2017) and Wales (65% vs. 58%) had increased.

The proportion of staff trained increased as establishment size increased, ranging from a third (36%) of staff among establishments with 2 to 4 employees, to two-thirds (67%) among establishments with 250 or more staff.

In terms of sector, the proportion of staff trained was highest in the Health and Social Work (76%), Education (75%) and Public Administration (72%) sectors. In contrast, less than half of staff in the Manufacturing and Construction sectors received training (each 48%).

By occupation, Caring, Leisure and Other Services occupations remained the most likely to have been trained (75%), although the proportion had decreased since 2017 (80%). Fewer staff had also been trained compared with 2017 among Elementary occupations (54%, compared to 59% in 2017), Machine Operatives (47% vs. 52%) and Managers (46% vs. 49%). In contrast, the proportion of Associate Professionals receiving training has risen since 2017 (66% vs. 62%).

## Training days

Employers provided 99m training days over the previous 12 months, equivalent to 6.0 days per annum per trainee and 3.6 days per employee. Despite a slight increase (1%) in the number of staff trained, the total number of training days undertaken was 6% lower than in 2017. As a result, the number of training days per person trained (i.e. 'per trainee') and per employee were also lower than in 2017 (6.4 days per trainee and 4.0 days per employee). Despite a higher proportion of employers training than in 2017, Wales saw the biggest decrease in training days per trainee (down to 5.1 days, compared with 6.2 in 2017 and 7.2 in 2015).

In line with historical patterns, training days per trainee reduced as establishment size increased, falling from 8.8 days per trainee among establishments with 2 to 4 staff to 4.7 days among establishments with 250 staff or more.

The Public Administration and Hotels and Restaurants sectors provided the most training days per trainee over the last 12 months (8.2 and 8.0 days respectively), although both had decreased on 2017 levels (9.8 and 8.9 days respectively). The Education and Transport and Storage sectors, which have historically ranked low on this measure, provided the lowest number of days training to their trainees (4.6 and 4.9 days respectively), although the Transport and Storage sector was one of the few sectors to report an increase since 2017 (4.5 days per trainee).

## Investment in training

Employers had invested around £42.0bn in training over the previous 12 months, slightly less in real terms than in 2017 (down 0.5%). This was equivalent to a spend of £2,540 per trainee and £1,530 per employee (1% and 5% decreases respectively on 2017). Training spend per trainee per annum was higher in England (£2,570) than in Northern Ireland (£2,190) and Wales (£2,130).

By sector, the largest increase in total training expenditure occurred in the Business Services sector, from £9.4bn in 2017 to £11.4bn in 2019 (an increase of 21%), however spend per trainee per annum was highest in Construction (£4.4k), despite decreasing from the 2017 average (£4.8k).

The overall composition of training expenditure shifted slightly compared to previous years, with off-the-job and on-the-job training each accounting for half of overall spend, compared with 55% spent on off-the-job training in 2017. Off-the-job training expenditure decreased in real terms by around £2.3bn compared with 2017, whereas on-the-job training expenditure increased by around £2.1bn.

## Types of training provided

The most common type of training provided in the last 12 months was job specific training (mentioned by 84% of training employers). Health and safety or first aid training and basic induction training for new staff were also both provided by the majority of employers that had trained (71% and 60% respectively), although incidence for both of these types of training had decreased since 2017 (by 3 percentage points and 5 percentage points respectively).

Results show an increase in the use of online training and e-learning. Overall, 56% of training employers funded or arranged online training or e-learning (up from 51% in 2017). Increases were reported across all nations, though training employers in Northern Ireland remained the least likely to utilise online methods (42%).

Use of online methods increased with employer size: under half (45%) of employers with 2 to 4 employees that trained had made use of these, compared with approaching nine in ten (86%) of those with 250 or more employees.

By sector, at least three-quarters of training employers had arranged online training in Education, Financial Services, Public Administration Health and Social Work. In contrast, it was only provided by a quarter of training employers in the Primary Sector & Utilities, and by a minority of those that trained in the Manufacturing, Transport and Storage and Construction sectors (each 38-40%).

There was no change compared to 2017 in the proportion of training employers offering other self-learning (i.e. besides online or e-learning) where the employee does the learning at a time of their own choosing (42%). Subgroup patterns were similar to those reported for online training.

More than two-fifths (43%) of training employers had trained staff towards a nationally recognised qualification in the last 12 months. This represents a reduction of 3-4 p.p. compared with previous ESS waves since 2011. In total 2.9m employees across England, Wales and Northern Ireland had been trained to nationally recognised qualifications compared with 3.2m in 2017 and 3.4m in 2015.

Overall results suggest that 18% of the workforce trained over the previous 12 months had trained towards a qualification, comparable with 2017 (19%) but lower than in 2013 and 2015 (21%). A fifth (19%) of training employers had arranged or funded training designed to lead to a recognised vocational qualification (VQ) in the last 12 months, equating to 11% of all employers.

## **Barriers and limits on training**

Nearly half (45%) of employers that provided training over the last 12 months would have liked to provide more training than they did. The main barriers for these employers were not being able to spare more staff time (50%) and lacking funds (48%). The main reason for not training was staff being fully proficient (70%).

Despite fewer employers training, the proportion of employers that were in 'training equilibrium', meaning that they had no desire to undertake more training over the previous 12 months, had increased slightly to 61% (up from 59% in 2017). This was driven by an increase in non-training employers showing no desire for training (75%, compared with 69% in 2017). Just over half (53%) of training employers felt the amount of training they conducted was sufficient, similar to levels reported in 2017.

## **Seeking information, advice and other practical help on skills and training**

More than a fifth (22%) of all employers had sought information, advice or other practical help on skills and training related issues in the last 12 months, lower than levels in 2016 (28%). A further 7% of employers had experienced skills or training-related issues which might have required external help but had not sought or received advice; this equates to a quarter (23%) of all employers experiencing these types of issues that had not sought any help to address them. The most common sources of advice used were professional bodies (10% of all employers) and commercial training providers (10%).

## Developing the skills pipeline

### New labour market entrants

Three in ten employers (30%) had recruited an education leaver in the last 2 to 3 years, in line with 2016 and 2014 (both 31%). Establishments had most commonly recruited school leavers in the last 2-3 years (16%), with recruitment of school leavers aged 17 or 18 (12%) more common than recruitment of school leavers aged 16 (9%). One in seven employers (14%) had recruited a university leaver, and 12% had recruited an FE college leaver.

Likelihood to have recruited an education leaver in the last 2 to 3 years increased with employer size, from 17% among establishments with 2 to 4 employees to 87% of establishments with 250 or more employees, reflecting the fact that larger employers were more likely to recruit overall. By sector, recruitment of education leavers was most common in Education (48%) and Hotels and Restaurants (43%, up from 36% in 2016).

More than half of employers who had recruited any education leavers in the last 2-3 years felt that these recruits were prepared for their job role, with the proportion rising in line with the level of educational achievement. Although school leavers continued to be regarded as less prepared than college or university leavers, there were increases in the proportions of employers feeling their school leavers were prepared for work for both 16-year-old (56%, up from 51% in 2016) and 17-18-year-old school leavers (64%, up from 58% in 2016, and 60% in 2014). However, there was a small but significant decrease in the proportion of employers describing university leavers as prepared for their job role (78%, down from 80% in 2016).

### The existing workforce

One in three (31%) of all recruiting employers had recruited someone aged 50 or over in the 12 months prior to being surveyed, the same proportion as in 2016. As in previous years, recruiting employers in Northern Ireland were less likely to have recruited an older worker (25%) than those in England (31%) and Wales (33%).

Also in line with previous years, likeliness to have recruited an older worker aged 50 or more increased with the size of establishment, rising from less than a quarter of those with fewer than five employees (23%) to three-quarters (75%) of those with 100 or more employees. By sector, recruiting employers most commonly took on workers aged 50 plus in Public Administration (60%), Transport and Storage (53%, an increase on 44% in 2016) and Health and Social Work (47%). The majority of recruiting employers (95%) found older recruits were prepared for their job role, while just 3% felt they were poorly or very poorly prepared.

Turning to the existing workforce more broadly, around a third (34%) of establishments reported that they had at least one employee with both qualifications and skills more advanced than required for their current job role, equating to 2.2 million workers, or 8% of the workforce, having under-utilised skills. Both the incidence and density of under-utilised staff had decreased slightly since 2017, when a third (34%) of establishments reported under-utilised skills, affecting 2.3 million staff (8.6% of the workforce), although both proportions remained higher than those reported in 2015. At a sectoral level, as in previous years, density of skills under-use was greatest in the Hotels and Restaurants (14%) and Arts and Other Services (12%) sectors.

## **Nurturing the skills pipeline: placements and work inspiration**

Just over a third (35%) of employers provided work placements in the 12 months prior to the survey, down from 38% in 2016. Levels of each broad type of placement declined, with 27% offering placements for individuals in education, down from 30% in 2016; 12% offering broad adult placements, down from 15% in 2016; and 6% offering paid or unpaid internships, down from 7% in 2016.

The overall decrease in work placements was driven by decreases in England and Northern Ireland, with the latter seeing the most substantial drop: the proportion of employers in Northern Ireland offering any work placement fell from nearly half (48%) in 2016 to just over a third (36%) in 2019.

As we might expect, likelihood to provide work placements increased with the size of establishment, from just under a quarter (24%) of those with 2 to 4 employees to close to eight in ten (79%) establishments with 100 or more staff. In addition, the decline in offering placements since 2016 was driven by smaller businesses, with the proportion of establishments with 2 to 4 staff offering any placements falling from 28% in 2016 to 24% in 2019, and the proportion of establishments with 5 to 24 employees falling from 45% to 43%.

Typical durations of placements varied widely. Generally, the length of education placements increased with the level of education, with 84% of university placements and 75% of college placements lasting for two weeks or more, compared with 45% of placements for people at school.

The majority of employers offering each type of placement indicated that the placements were all unpaid, aside from placements with a more direct benefit to the employer: placements aimed at potential new recruits (paid by 82% of employers) and internships (paid by 62% of employers). Among education placements, placements for younger students were more likely to be unpaid, with 79% of employers offering school placements saying none were paid, compared with 64% of those offering placements for college students, and 52% of those offering placements for people at university.

Across all placement types, three in ten employers (30%) offering placements had taken on an individual into a permanent or long-term role, illustrating that the majority are not using work placements with a view to offering long-term employment.<sup>2</sup> This figure is a decrease since 2016 (33%) and represents a return to the level seen in 2014 (31%).

Separate to offering work placements, one in nine employers (11%) had also engaged with educational institutions to offer work inspiration activities in the 12 months preceding the survey, up from one in ten (10%) in 2016.

Among employers that had provided work placements or work inspiration activities, two-thirds (67%) said they did so for altruistic reasons, just over a third (35%) mentioned a benefit to their own business, and only a small proportion (8%) stated that they had offered placements due to circumstantial reasons.

Among employers who had neither offered a work placement in the last 12 months nor provided work inspiration activities to students, the main reason given for this lack of engagement was that the business had no suitable roles (36%), followed by not having the time or resource to manage placements (21%) and placements not being suitable due to the size of the establishment (11%). A further 11% stated that they had not been approached by anyone.

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<sup>2</sup> The survey did not capture *the number* of individuals whom employers had taken on into a permanent or long-term role, simply whether employers had taken any into such roles.



## Nurturing the skills pipeline: T Levels (England only)

T Levels are a new technical qualification due to be introduced in September 2020. Designed to sit as one of three options for students at level 3 (alongside A Levels and Apprenticeships), courses will last for two years and include a work placement of at least 315 hours, or approximately 45 days.

Just over a third (36%) of employers stated some level of interest in providing industry placements to T Levels students, although only 8% stated that they were very interested. Unsurprisingly, employers already offering any education placements were more likely to be interested in offering T Levels (56%), as were those who already offered work inspiration activities (60%). Interest in providing T Level placements was also higher among establishments with current or recent skills issues: over three-fifths (64%) of employers with skill-shortage vacancies said they were interested, compared with 35% of those with no skill-shortage vacancies, while over half (54%) of employers with skills gaps in their current workforce were interested, compared with a third (33%) of those with no skills gaps.

A third (33%) of employers felt it would be very or fairly easy to offer T Levels placements, while three-fifths (61%) believed it would be difficult, with a third (34%) feeling it would be very difficult. There was clear correlation between employers' interest in offering T Level placements and the level of difficulty they perceived would be involved. While the majority (71%) of those who thought offering placements would be easy also said they would be interested in offering placements, less than a fifth (18%) of employers who felt offering placements would be difficult had said they would be interested in doing so.

As well as having higher levels of interest in offering T Level placements, employers who were already providing education placements or work inspiration activities were more likely to feel offering T Level placements would be very or fairly easy: around half of those offering education placements (50%) and those offering work inspiration activities (49%) felt it would be easy, rising to 57% among employers offering both.

# Apprenticeships

## Engagement with apprenticeships

Overall, nearly one in five establishments reported that they *either* currently have apprentices at their site (10%), *or* that they offer apprenticeships but do not have anyone undertaking one currently (8%). This is consistent with the figure seen in 2016. However, the profile of employers offering apprenticeships has seen considerable change, in particular in relation to the size of establishment. Medium and large establishments (25 or more staff) were much more likely to report that they currently offer apprenticeships in 2019 than they were in 2016 or 2014. Over the same period the proportion of smaller establishments (fewer than 25 staff) doing so was much reduced.<sup>3</sup>

The most common reasons for offering apprenticeships were to do with acquiring talent, both for the establishment and for the industry. Overall half (50%) of establishments that had recently started offering apprenticeships gave this as a reason. Approaching a quarter (23%) gave altruistic reasons for offering apprenticeships and a fifth (21%) saw apprenticeships as a good way of nurturing talent.

Financial reasons were mentioned by 9% of employers that offered apprenticeships, however this rose to 36% among those with 100 or more staff. This was specifically with regards to the introduction of the levy, suggesting that among this group one of the impacts of the apprenticeship funding reforms is that the financial motivators for offering apprenticeships now take precedence over the need to acquire talented people and over the desire to do “a good thing” for the young people involved.

Among employers that did not use apprenticeships, the reasons for not providing apprenticeships that were most commonly expressed were that the establishments did not believe they were suitable for their size of establishment (20%, this was mainly among small establishments) or that they were not planning to take on new staff (18%).

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<sup>3</sup> This mirrors changes in apprenticeship starts in England ([Apprenticeships in England by Industry Characteristics 2018/19 Academic Year](#)).

Among those who had apprentices, the majority (60%) had just one, but a small minority of around 3% reported having 10 or more. Looking at apprentices as a proportion of employees shows there were 47 apprentices for every 1,000 employees in establishments with apprentices, and 18 apprentices per 1,000 employees across the economy as a whole.<sup>4</sup> In large employers the number of apprentices per 1,000 employees had almost doubled since 2016, showing that not only are more engaging with apprenticeships but they are also offering them to more people than previously.

In terms of using apprenticeships as a means to recruit staff, overall 62% of employers that had recruited people specifically as apprentices in the last three years had retained at least one of their apprentices onto a permanent contract once their apprentices finished. Of the 25% who had not taken on any, it was most commonly the apprentice's decision not to stay, although some also said it was because the apprentice was not capable enough in their role.

## Routes into apprenticeships

Most establishments offering apprenticeships (88%) offered them to young people (for the purposes of this section "young people" is taken to mean anyone under the age of 25). This was lower than seen in 2016 (93%). Apprenticeships are also available for those aged 25 or over, and 57% of establishment offering apprenticeships had at least one apprentice in this age group; this was higher than in 2016 (48%).

The majority of employers that offered apprenticeships (87%) offered them to new employees who they recruited specifically as apprentices. Nearly half (46%) offered apprenticeships *only* to this group (i.e. they did not also offer them to existing staff). Around half of employers offering apprenticeships (52%) did so to existing employees, and one-in-ten (10%) offered apprenticeships *only* to this group. This was most common among large establishments, with 100 or more staff, with the proportion of establishments offering apprenticeships to existing staff increasing almost 1.5 times, from around a half to around three-quarters in establishments in this size band. This suggests that in order to utilise their levy payments to their own benefit, they are increasing the number of existing employees they offer apprenticeships to.

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<sup>4</sup> Note that all volumetric data covered in this report reflect the number of *current apprentices* reported at the time of interview based on survey data, collected at *establishment* level across England, Wales and Northern Ireland. Administrative data on apprenticeship *starts* at enterprise level by academic year in England can be found here: DfE: [Apprenticeships in England by industry characteristics 2018 to 2019](#).

Among employers that currently offer apprenticeships to new recruits, almost two-fifths (37%, equivalent to around a third (32%) of all employers offering apprenticeships) had used work experience placements to determine whether an individual would be suitable for an apprenticeship prior to recruiting them as an apprentice

## **Traineeships**

The Governments of both England and Wales have traineeship schemes designed to improve employability among young people. The schemes are separate from each other, so are introduced and reported upon separately below.

In England, through a traineeship, young people can gain the skills and experience that employers are looking for. They last a maximum of six months and have been open to 16- to 24-year-olds since 2013. In England, approaching half (45%) of employers reported that they were aware of Traineeships, although around two-fifths (43%) of those aware (equivalent to 20% of all employers) did not know anything more than the name. The proportion that had had someone undertake a Traineeship in the previous 12 months was 3%, up from 1% in 2016.

In Wales, traineeships are for young people aged 16-18 in Wales not engaged in post-16 education or employment. The primary objective of the programme is to equip people with the skills, qualifications and experience to enable them to progress to further learning or to employment, including an Apprenticeship. In Wales, just over a quarter (28%) said they had heard of the Traineeship programme in Wales, and 2% had taken someone on as part of the Traineeship programme in Wales.

## **Awareness and impacts of apprenticeship policy reforms**

Approaching two-fifths (37%) of all employers were aware of the introduction of the levy payment. Awareness of the finer details of the levy payment among those who had heard of it were mixed, however. Around six-in-ten (58%) were aware that it applies to employers with a wage bill of £3m or higher and 52% were aware the amount levied was 0.5% of the wage bill. Two-thirds (68%) of employers that had heard of the levy in England (the only country this element of the reforms affects) were aware the levy money can be used to offset an employer's own apprenticeship costs.

In England, the proportion aware of the requirement to contribute 5% towards the cost of an apprenticeship was lower than awareness of the levy, with just over a quarter (27%) of those aware of apprenticeships were aware that this was the case.

Fewer than a quarter (22%) were aware that training providers receive a premium for recruiting apprentices from deprived areas; and 35% knew that a minimum of 20% of the apprentices' paid hours needed to be allocated to off-the-job training.

Awareness of the levy reforms was higher among the larger establishments across the board, particularly with regards to the levy payment.

Just under a quarter (23%) of employers that were aware of any of the recent reforms and also currently offered apprenticeships said there had been changes in the apprenticeship offering at the site. This was most commonly changes to the proportion of apprenticeship starts at the site that were undertaken by existing employees (14%), and the overall number of apprentices at the site (12%). In the majority of cases this change had been an increase, although a few had stopped offering or decreased their apprenticeship numbers.

## **Future engagement in apprenticeships**

Of those that had any apprentices or offered apprenticeships at the time of interview, the majority (87%) said they planned to continue offering apprenticeships, and approaching a fifth (18%) of establishments that did not offer them planned to do so in the future. This equates to 30% of all employers having planned to offer apprenticeships in the future. It is known from previous editions of the Employer Perspectives Survey series that employers' stated intentions for offering apprenticeships in the future do not necessarily materialise, at least not to their fullest extent; furthermore, employer intentions will likely have been affected by the Covid-19 pandemic.<sup>5</sup> Nevertheless it is useful to be able to identify the potential number of employers interested in offering apprenticeships and to identify the characteristics of these employers.

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<sup>5</sup> Given that survey fieldwork took place some months prior to the Covid-19 pandemic, results that present a picture of employers' future intentions in relation to apprenticeships are likely to have changed radically. Caution should therefore be taken in interpreting these findings, particularly in terms of the scale of employers' intentions. However, the results provide a useful picture of how future intentions at the time had changed compared with 2016 and provide a pre-Covid 19 baseline on which to compare future survey findings.

Three-in-ten (30%) employers that offered apprenticeships and planned to continue doing so had expected the number of apprentices at their site to increase in the next two years, most commonly due to business growth. This compares with just 4% who expect the number to decrease; the main reason given by these employers was that they were not looking to take on any new staff.

Hotels and Restaurants (50%) and Public Administration (46%) establishments were more likely to have expected an increase, matching patterns reported in 2016. By size, smaller employers with 2 to 4 staff were less likely to expect an increase in apprentice numbers compared with 2016.

## Conclusions

The UK economy saw sustained economic growth after emerging from the recession of the late 2000s, and this continued between the last wave of Employer Skills Survey (ESS) in 2017 and the latest survey in 2019. ONS data shows that at the second quarter of 2019, when ESS 2019 fieldwork began, job creation was at its highest level since records began (an employment rate of 76.1%).<sup>6</sup> Despite this, UK productivity is still behind most other G7 countries. In the second quarter of 2019 output per hour fell by 0.5%, the largest quarterly fall in productivity in five years.<sup>7</sup> This underlies why developing a more proficient, skilled workforce is such a high priority for government. The Employer Skills Survey is a key tool to measure the incidence, nature and impact of skills issues facing employers, and how these skills needs are changing over time.

Despite positive trends in job creation, the economic landscape remained uncertain at the time survey fieldwork was conducted (June and December 2019) as the UK negotiated an EU withdrawal deal. The 2019 survey serves as a watershed in the ESS series, and the last undertaken before the UK's official withdrawal from the EU in January 2020.

The level of recruitment activity is a general indicator of the buoyancy of the labour market, and the extent to which vacancies are hard to fill are a signifier of its relative tightness. ESS 2019 found fewer employers had vacancies than in 2017, and fewer vacancies were reported, but the number of hard-to-fill vacancies, the number of vacancies hard to fill for skills-related reasons and the proportion of all vacancies where skill shortages were encountered were all slightly higher than in 2017. This suggests skills problems when recruiting are persisting, indeed, given the lower vacancy numbers, becoming more 'concentrated.' These skills challenges when recruiting have remained high in certain sectors, particularly Construction, and have become more acute in others (notably Manufacturing). In both of these sectors, over a third of current vacancies were proving hard-to-fill due to skill-related issues.

Skill-shortage vacancies have also proven a persistent challenge for certain occupations. In line with previous iterations of ESS, skill shortages were most likely to be encountered when recruiting for Skilled Trades occupations, and skill-shortages in this occupation have more acute since 2017, as it also had for Professional, Caring and Leisure Services, Manager and Elementary occupations.

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<sup>6</sup> [ONS, \*Labour Market Overview: June 2019 \(2019\)\*](#)

<sup>7</sup> [ONS, \*Labour productivity, UK: April to June 2019, \(2019\)\*](#)

In the wake of the Covid-19 pandemic, both the labour market and the pipeline of skills available to employers are likely to look very different. Young people and those not in work may face additional challenges in trying to enter the workforce, while for employers it will be more important than ever to ensure that productivity is maximised and in this regard the pipeline of skills available to employers will also be critical, alongside the proficiency of the labour market and the workforce.

Between 2014 and 2019, a period of rising employment, the proportion of employers that had recruited an education leaver stayed consistent at just under a third. The preparedness of education leavers for work is likely to be a critical factor when it comes to this group successfully gaining entry to the workforce. There have been important gains in employers' perceptions of how prepared school leavers are for work. At the same time, although the majority of employers did continue to view their recruits from university as prepared for their role, a small but significant decrease in those rating university leavers as prepared for work is a possible cause for concern.

With work placements an important tool to ensure that education leavers are better prepared for the workplace, it will be essential that, despite very challenging times, businesses are able to increase the volume of placements on offer, as well as increasing the duration of placements to ensure maximum benefit for participants. In this regard, therefore, the overall decrease in work placements detected may be some cause for concern, particularly in light of the Covid-19 pandemic. Government policy is, however, already geared towards increasing the number and quality of work placements for young people, particularly with the introduction of T Levels and the recently announced Kickstart Scheme.

The Employer Skills Survey 2019 also provides a first look at the initial impact of the apprenticeship funding reforms that came into effect in 2017 for the ESS/EPS series. Whilst the overall proportion of establishments offering apprenticeships remained consistent between 2016 and 2019, the profile of employers offering them changed substantially. Smaller establishments became slightly less likely to offer them than in 2016; as in previous years this was mainly because they didn't feel apprenticeships were suitable for their size of establishment but this group were also more likely to cite cost as a barrier than larger establishments.



The big change however was among larger establishments. Survey data shows that four-in-five establishments with 250 or more staff now offer apprenticeships, up from three-in-five in 2016, and there has also been a significant increase among those with 100-249 staff. A lot of this increase seems to have been in the form of employers offering apprenticeships to existing staff – the proportion doing so is up nearly 50% among large employers. It looks probable that employers are using their apprenticeship levy money to give skills and qualifications to current staff rather than because they think that apprenticeships are the best option for their staff or new recruits.

Awareness of the reforms is reasonably high for such a new initiative suggesting the message is permeating.

Future potential for apprenticeships appears strong. Most employers that offered them at the time of the survey intended to continue to do so, and nearly a fifth of those that didn't were considering it. Stated intentions, of course, do not always materialise into action, furthermore Covid-19 is already having a detrimental impact on the number of apprenticeship starts and as such this will be an area to further monitor in the future.<sup>8</sup>

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<sup>8</sup> [Department for Education, \*Apprenticeships and Traineeships, England: update June 2020.\*](#)

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