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National Employers Skills Survey 2007: Main Report

May 2008

Of interest to everyone involved in improving skills and learning opportunities in the workforce across England

The National Employers Skills Survey 2007 (NESS07) provides detailed information on the incidence, extent and nature of skills problems facing employers, in terms of both recruitment and skills gaps within their existing workforce. It explores employers' activities and expenditure in relation to training.

NESS07 was produced by the Learning and Skills Council in partnership with the Department for Innovation, Universities and Skills and the Sector Skills Development Agency.

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Preface

The National Employers Skills Survey 2007 (NESS07) is the fourth national employers skills survey commissioned by the Learning and Skills Council (LSC) together with the Department for Innovation, Universities and Skills (DIUS) and the Sector Skills Development Agency (SSDA). NESS07 shares the aims of the previous NESS studies conducted in 2003, 2004 and 2005, namely to provide detailed analysis at a national, regional and sector level of the extent and nature of employers' recruitment problems, skills gaps and training activity. Like NESS05, NESS07 also involved detailed follow-up work, assessing employer expenditure on training and development, something not covered in NESS03 or NESS04, and results on this topic are reported in Section 7.

In order to provide longitudinal data on core measures, the questionnaire used for the survey closely matches those used in the previous NESS studies, though additional questions were asked in 2007 on awareness of and involvement in Train to Gain, recruitment of apprentices and reasons for offering or not offering Apprenticeships, key employer requirements of government in regard to recruitment and training, and the perceived performance of government on these measures.

The report has been produced by IFF Research Ltd. IFF Research has a long tradition of work for government and its agencies on England's skills needs. We undertook the Skills Needs in Britain surveys during the 1990s, the Employer Skills Survey in 1999 and 2001, and we were lead contractor on the NESS03, NESS04 and NESS05 studies, authored the 2005 and 2004 NESS reports and co-authored the 2003 report.

This report presents the findings emerging from the research. However, as in previous years, we hope that this is a starting point for much more extensive analysis and discussion, and further mining of the survey data.

Mark Winterbotham

Jan Shury

Katie Carter

Stefan Schäfer

Foreword

It is with great pleasure that I introduce the National Employer Skills Survey (NESS) 2007.

With increasing international competition, it is more important than ever to understand the skills issues facing employers. Only then can we work with companies to help them address their skills and recruitment needs, thereby enabling the British economy to remain competitive within the global market. The National Employer Skills Survey (NESS) gathers and analyses data on the issues employers face in terms of recruitment, skills gaps and training.

NESS is the most comprehensive survey of its kind, with the 2007 study involving over 79,000 interviews with employers of different sizes across different sectors and localities in England. It is produced by the Learning and Skills Council (LSC) in collaboration with the Department for Innovation, Universities and Skills (DIUS) and the Sector Skills Development Agency (SSDA).

The survey is an essential comprehensive tool for organisations with a role in helping to meet the skills needs of learners and employers. In addition to the information contained within the report, there is a rich source of data that lies behind the results, which can be accessed and analysed on our website (http://researchtools.lsc.gov.uk). We would encourage other organisations to make full use of this resource.

The NESS series has been undertaken in its present form since 2003 and builds on earlier surveys dating back to 1999. The skills gap has continued to fall steadily since 2001 (from 23 per cent in to 15 per cent in 2007). There has been a steady increase in employers providing training for at least some of their staff (67 per cent in 2007 compared with 59 per cent in 2003). Employers' investment in training totalled £38.6 billion for the 12 months prior to NESS07 an increase of 16 per cent on the 2005 study (10 per cent in real terms when inflation is taken into consideration).

All of this is encouraging but we recognise that we must do more to accelerate the pace of change if we are to meet the challenges set out in Lord Leitch's report for achieving economic success. The introduction of a system that responds to employer demand and the significantly increased investment in Train to Gain – our service to employers to give them the training they need to improve the skills of their workforce - will be key to closing the skills gap further and to meeting the economic and social challenges we face as a country.

Christopher N Banks CBE
Chairman, Learning and Skills Council

Acknowledgements

Many individuals and organisations have been involved in the design and execution of NESS07.

IFF Research was the lead contractor on the study and had overall responsibility for its day-to-day management as well as inputting into the design, managing the data reduction, weighting and analysis process and writing this report. Fieldwork was conducted by three research agencies, BMG, IFF and GfK NOP. All three have been involved in the fieldwork for each of the previous NESS studies.

At the Learning and Skills Council (LSC), Tracy Mitchell was the project manager for the study.

A Steering Group chaired by the LSC oversaw the overall direction of the study and guided on specific technical issues. Membership of the Steering Group comprised:

Tracy Mitchell, LSC National Office

Rob Cirin, LSC National Office

David Swales, LSC West Midlands Region

John Doherty, DIUS

Richard Garrett and Chris Lawton, SSDA

Tony Clarke at the Department for Children, Schools and Families (DCSF) also assisted greatly with the analysis of the Cost of Training study.

1 Executive Summary

The National Employers Skills Survey 2007 (NESS07) was commissioned by the Learning and Skills Council (LSC), the Department for Innovation, Universities and Skills (DIUS) and the Sector Skills Development Agency (SSDA) to provide comprehensive, definitive and up-to-date information on the recruitment, skills and workforce development issues and challenges facing employers in England.

Over 79,000 establishments provided information on their recruitment, skill needs and training behaviour. In addition to providing a comprehensive national picture, the size of the study enabled robust analyses by region, sector and size of employer.

NESS07 is the fourth in the NESS series (it was previously conducted in 2003, 2004 and 2005), and throughout the report the 2007 results are compared with these earlier studies, particularly with the 2005 findings, in order to assess how employer skill needs and challenges are changing over time.

Recruitment problems

A relatively small proportion of employers are affected by hard-to-fill vacancies (7 per cent) and skill-shortage vacancies, defined as those proving hard-to-fill because of a shortage of candidates with the required skills, qualifications or experience (5 per cent). The proportion reporting these recruitment problems at the time of interview is unchanged from 2005, and slightly down from 2004 (each by one percentage point).

Trends in recruitment difficulties 2004–2007

	2004	2005	2007
% of establishments with any hard-to-fill vacancies (HtFVs)	8%	7%	7%
% of establishments with any skill-shortage vacancies (SSVs)	6%	5%	5%
Total employment	21,583,800	21,505,000	22,259,600
Number of vacancies	616,800	573,900	619,700
Number of hard-to-fill vacancies	227,200	203,600	183,500
Number of skill-shortage vacancies	145,500	143,100	130,000
HtFVs as a proportion of vacancies	37%	35%	30%
SSVs as a proportion of vacancies	24%	25%	21%
SSVs as a proportion of HtFVs	64%	70%	71%

Numeric results rounded to the nearest hundred

Continuing the trend from 2004, the number of hard-to-fill vacancies and skill-shortage vacancies has fallen in 2007 compared with 2005 (despite an increase in the number of vacancies). The proportion of vacancies which are hard-to-fill (30 per cent) and which are hard-to-fill because of skills issues (21 per cent) is lower than in 2005 or 2004. That is, employers are experiencing fewer difficulties filling vacancies and where vacancies exist they are less likely to be caused by a lack of available skills in the labour market.

Small firms are disproportionately affected by vacancies and specifically those caused by skills shortages. The smallest employers (those with two to four staff) employ 9 per cent of the workforce but account for 19 per cent of all vacancies; and as many as a quarter of all skill-shortage vacancies (24 per cent) are found among these employers. Similarly, those with five to 24 staff employ 23 per cent of the workforce and account for 30 per cent of all vacancies, but report well over a third of all skill-shortage vacancies (36 per cent).

In occupational terms, associate professional and skilled trades are, as in previous surveys, the occupations for which the largest numbers of skill-shortage vacancies are reported. The density of skill-shortage vacancies (i.e. the number of skill-shortage vacancies as a proportion of employment) is far higher in associate professional and skilled trades occupations (both 14 per 1,000 staff) than is the average across all occupations (6 per 1,000). A considerably higher number of skill-shortage vacancies was reported among professionals than was the case in 2005 (19,675 compared to 11,250 in 2005), although there was only a small increase in the density of skill-shortage vacancies in this occupation – from 6 per cent to 7 per cent.

The largest volume of hard-to-fill and skill-shortage vacancies is found in London and the South East. While this is partly a factor of the size of the workforce, in London the number of skill-shortage vacancies is also high relative both to vacancies as a whole (SSVs form 26 per cent of all vacancies in the region, compared to 21 per cent nationally) and to employment (8 per 1,000 staff, compared with 6 per 1,000 nationally).

By SSC, employers covered by Skillset, ConstructionSkills and e-skills UK have a particularly high density of skill-shortage vacancies (i.e. a high number relative to the level of employment in these sectors). In sheer volume terms, larger numbers of skill-shortage vacancies are reported by ConstructionSkills and People 1st employers than by any other SSC sector: they account for 11 and 10 per cent of all skill-shortage vacancies respectively, higher than their share of all employment (5 and 7 per cent respectively). Almost three in ten skill-shortage vacancies are reported by employers not covered by an SSC.

Skills gaps

Skills gaps exist where employers consider that employees are not fully proficient at their job. A minority of employers are affected by skills gaps (15 per cent) and most of the workforce is considered fully proficient: only 6 per cent are considered by employers to have skills gaps.

The proportion of employers affected by skills gaps has decreased slightly compared with 2005, continuing the downward trend which has occurred since 2003. After decreasing year on year between 2003 and 2005 the proportion of the workforce lacking proficiency has remained stable at 6 per cent.

Skills gaps 2003–2007

	NESS03	NESS04	NESS05	NESS07
All establishments:				
Percentage of establishments with a skills gap	22	20	16	15
Percentage of staff described as having a skills gap	11	7	6	6

Lower-level occupations, where skill requirements are ostensibly lower, continue to be those where proficiency problems are most likely to be experienced, in both volume and density terms. That is, a greater proportion of the workforce in sales (9 per cent), elementary (8 per cent), machine operative (6 per cent) and personal service occupations (6 per cent) lack proficiency than in the more senior occupations (managers – 4 per cent, professional occupations – 5 per cent). Over a third of all the staff described as lacking proficiency work in sales or elementary positions (36 per cent) despite these occupations accounting for only just over a quarter of employment (28 per cent).

Where staff are described as not being fully proficient this is most commonly caused by a lack of experience or 'time served'. However, a fifth of all skills gaps are attributed to a lack of training or development in the organisation and a similar proportion are attributed – at least in part – to the inability of the workforce to keep up with change. In 2005, larger proportions of employers with skill gaps cited these causes (around a quarter for each).

The serious implications of having staff lacking proficiency are evident in that over a quarter of employers with skills gaps report increased operating costs as a result; a fifth had lost business or turned business away; and around one in six had delayed developing new products or services.

Where proficiency problems are reported a wide range of skills is lacking, spanning both hard skills (technical and practical skills) and soft skills (with team working, customer handling, oral communication and team working skills at a particular premium). Predictably the skills lacking vary widely by occupation. In some occupations skills gaps are quite concentrated in particular skills areas. For example, in three out of four cases where managers lack proficiency, they specifically lack the management skills that the employer requires; in over two-thirds of cases where skilled trades lack proficiency they lack technical and job-specific skills; and in just under two-thirds of cases where sales staff lack proficiency they are seen as lacking customer handling skills.

London is the only region with a higher than average proportion of staff not fully proficient (7 per cent) and hence the region accounts for a higher proportion of the country's skill gaps (21 per cent) than of its workforce (18 per cent).

By sector, Government Skills, People 1st, Cogent, Improve Ltd, Skillsmart Retail and Lifelong Learning UK sectors have an incidence and density of skill gaps which is higher than average.

Among e-skills UK, Skillset and Skillfast-UK employers the incidence of skills gap is average or below average, but the density (the proportion of staff not fully proficient) is above average, indicating that skills issues are particularly 'concentrated' where they exist.

Apprenticeships and the recruitment of young people

Two-fifths of employers (40 per cent) had taken on staff aged 16 to 24 in the previous 12 months; and just over a quarter (26 per cent) had recruited someone under 24 to their first job on leaving education, a small but statistically significant increase on 2005 (24 per cent).

Employers who take on young recruits direct from education generally believe them to be well prepared for work, particularly in the case of HE graduates. Overall, employers' opinions of young recruits' work-readiness has improved slightly since 2005. However, just over a quarter of those recruiting 16-year-old school leavers (27 per cent), a fifth of those recruiting 17- or 18-year-old school or college leavers (21 per cent) and one in ten recruiting HE graduates (10 per cent) considered them to be poorly prepared for work.

Around one in seven employers offer Apprenticeships (14 per cent): 8 per cent have had staff undertake Apprenticeships in the previous 12 months, while 6 per cent have recruited 16- to 24-year-olds to start Apprenticeships in the previous 12 months. Those employers not offering Apprenticeships most commonly put this down to their staff being fully trained already, to Apprenticeships not being relevant to their business and to not needing staff to be trained to the level an Apprenticeship provides.

Small employers are taking on to Apprenticeships a disproportionately large number of both 16- to 18-year-old and 16- to 24-year-old recruits. The smallest establishments (with two to four staff) recruited 20 per cent of all young apprentices taken on in the past 12 months but account for only 9 per cent of employment. Employers with 200 staff or more account for 31 per cent of employment but recruited only 12 per cent of the young apprentices taken on in the previous 12 months.

In absolute terms, and excluding employers not covered by an SSC, the largest recruiters of young people to Apprenticeships in the 12 months prior to NESS 2007 were ConstructionSkills (taking on 11 per cent of the total while employing 5 per cent of workforce), People 1st (7 per cent of the total, in line with its share of employment), Semta (7 per cent of the total, slightly higher than Semta employers' 5 per cent share of the workforce) and Automotive Skills (7 per cent of the total, markedly higher than the sector's 2 per cent of the workforce).

Training and workforce development

Compared with 2005, there has been:

- An increase in the proportion of employers providing training (67 per cent in 2007 compared with 65 per cent in 2005 and 64 per cent in 2004);
- An increase in the number of employees receiving training. Employers provided training for 14.0 million workers over the previous 12 months, the equivalent of 63 per cent of the employed workforce. In 2005 13.1 million employees were trained, 61 per cent of the workforce;
- An increase within firms that train in the proportion of staff to whom training has been provided (equivalent in 2007 to 72 per cent of the workforce they employ, compared with 70 per cent in 2005).

These increases have been driven by increases in on-the-job training. The proportion of employers providing off-the-job training has remained unchanged from 2004 and 2005 (46 per cent).

Employers funded or arranged a total of 218 million days of training over the previous 12 months, equivalent to 9.8 days of training a year for every worker in the country or 15.6 days for each employee in receipt of training. These measures have all increased compared with 2005 (162m days overall, 7.5 days and 12.3 days respectively).

A belief that all staff are already fully proficient is the predominant reason for not providing training, and was mentioned by nearly two-thirds of non-trainers. Relatively few non-trainers (5 per cent) cite issues relating to problems of training supply, such as the courses they require not being available locally, dissatisfaction with the quality of the courses or providers locally, or the dates or times of courses not being convenient for their needs.

In numeric terms, more managers and professionals receive off-the-job training than any other occupational group, and nearly two-fifths of all staff trained off-the-job in the previous 12 months were in managerial or professional occupations. However, relative to the numbers employed in each occupation, professionals are much more likely to receive training than are managers; over half (52 per cent) of all professionals have received off-the-job training in the previous 12 months compared with just over a third (35 per cent) of managers. Those employed in personal service and associate professional positions are also more likely than average to have received off-the-job training in the previous 12 months (52 per cent and 44 per cent respectively).

Overall just over a quarter (26 per cent) of employers that train, equivalent to 17 per cent of all employers, had used a further education (FE) college to deliver some of their training in the past 12 months. This is lower than found in 2005, when the comparative figures were 28 per cent and 18 per cent respectively. The great majority of employers were satisfied with the service they received from FE colleges (84 per cent) and only 6 per cent were dissatisfied (the remainder either answered that they were neither satisfied nor dissatisfied, or did not give a satisfaction rating). These results are an improvement compared with 2005, when 82 per cent were satisfied with the training provided by FE and 8 per cent were dissatisfied. Particularly positive is the increase in the proportion of employers who were very satisfied (48 per cent in 2007 compared with 43 per cent in 2005).

Employer expenditure on training and workforce development activities

The survey estimates employer expenditure on training in the 12 months prior to NESS07 fieldwork to be £38.6bn (including labour costs). This represents an increase of £5.3bn (16 per cent) from the NESS05 figure. Factoring in inflation this is equivalent to an increase in real terms of £3.5bn (an increase in real terms of 10 per cent).

The increase in overall training expenditure is predominantly a result of an increase in spending on on-the-job training (an increase of 23 per cent from the 2005 figure); the increase in spending for off-the-job training was comparatively modest (9 per cent). Overall more was spent by employers in 2007 on on-the-job training (£20.3bn) than off-the-job training (£18.4bn), whereas in 2005 there was a roughly even split between the two.

Labour costs of those receiving training and of those delivering or organising training account for the great majority of total training expenditure (47 per cent and 37 per cent respectively). In comparison, fees to external providers represent 7 per cent of total training expenditure. Although there has been a large increase in total training expenditure since 2005, there has been little change in the composition of the total cost of training.

The average annual cost of providing training is equivalent to £1,750 per employee in the workforce (up from £1,550 in 2005) and £2,775 per person trained (up from £2,550 in 2005). Hence while part of the increase in total expenditure is a result of more employers training and more employees being trained than in 2005, there has also been an increase in the amount spent per person trained.

Large employers spend far less per trainee than small employers: the average spend per trainee amongst the smallest employers (with fewer than five staff) is approximately £6,125 compared with £925 among those with 500 or more staff. Part of the explanation for this will be the economies of scale and greater 'purchasing power' of larger employers.

By region, training spend per employee is highest in London, the North West and the North East, at around £2,000 per employee, and lowest in the East Midlands (£1,350 per employee).

In those sectors covered by an SSC, spend was highest for employers covered by People 1st (£4.0bn), Skillsmart Retail (£2.8bn) and ConstructionSkills (£2.8bn). Generally, the distribution of training expenditure by SSC sector quite closely reflects the employment distribution in the sector. However, average training expenditure per employee was noticeably higher in the following SSC sectors: Lantra, Energy & Utility Skills, ConstructionSkills, SummitSkills, People 1st, and Asset Skills; and lower among employers covered by Improve Ltd, Skillfast-UK, GoSkills and Skills for Logistics SSCs.

2 Introduction

Background

Through the Learning and Skills Act 2000, the LSC is committed to the creation of *national and local* strategies founded on sound analysis of the labour market needs of employers and individuals.

In this context, the LSC – along with its partners, the Department for Innovation, Universities and Skills (DIUS, formerly part of the Department for Education and Skills (DfES) and the Sector Skills Development Agency (SSDA) – commissioned a National Employers Skills Survey in 2003 (NESS03), 2004 (NESS04) and 2005 (NESS05) which explored skills shortages and workforce development activity among approximately 72,000, 27,000 and 75,000 employers respectively across England. This built upon the series of employer surveys designed to assess and monitor skills issues which included the Employers Skill Survey (ESS) commissioned by the DfES in 1999, 2001 and 2002.

The National Employers Skills Survey 2007 (NESS07) further develops this trend data on skills issues. It incorporates responses from just over 79,000 employers and thus represents by far the largest and most comprehensive source of information on current skills issues affecting employers in England. Its importance to policy-makers charged with raising the country's skill levels lies not just with its scale, but also in the following:

- It is a key source of labour market information on skill-shortage vacancies, skills gaps and workforce development activity, and is a crucial part of the evidence to inform skills policy. Results from NESS05, for example, were quoted extensively in the Leitch report '*Prosperity for all in the global economy – world class skills'* published in 2006.

- The partnership approach developed by the LSC, DIUS and SSDA allows the key agencies involved in skills policy to develop a shared understanding of skill deficiencies and workforce development issues through the use of one overarching survey with widely accepted terminology and definitions.

- The survey has been sampled by sector skills council (SSC). The sector skills councils have been charged with "primary responsibility for gathering and disseminating labour market intelligence, within a common framework"[1]. The survey, in reporting regionally and by SSC sector, can inform: regional strategic plans being drawn up by regional partners to identify priority areas; the sector skills agreements being developed by the SSCs to identify sector priorities and to influence the supply of learning and training to meet employer needs; and, at a national level, policy papers such as the 2005 White Paper on education and skills.

[1] *Leitch review of skills: Prosperity for all in the global economy – world class skills.* Final report HM Treasury, 2006

Aims and objectives

The overarching aim of NESS is to provide the LSC and its partners with robust and reliable information from employers in England on skills deficiencies and workforce development to serve as a common basis to develop policy and assess the impact of skills initiatives.

Against this aim, NESS07 has been designed specifically to provide robust measures, by sector and at local and regional level, of:

- how many employers have difficulty finding suitably skilled new recruits to fill vacant positions; how many vacancies remain unfilled because of skill shortages among applicants in each of the major occupational categories; and which skills are in short supply. A new area for NESS05 was the recruitment and quality of young people taken on straight from education, (school, college or higher education), and this was surveyed again in NESS07.

- how many employers face skills deficiencies among their workforce; how many (and which) employees are affected; and the nature of the skills challenges they face.

- the extent to which employers develop the skills and assess the skills needs of their workforce; and the extent to which such activities are a feature of wider strategic planning.

- the extent of employer expenditure on training and development (these data are gained through a follow-up survey with a subset of employers who participated in the initial NESS interview).

- employer use of (and satisfaction with) FE colleges and other sources of workforce development.

- Recruitment of apprentices and the reasons for and barriers to involvement with Apprenticeships (new to NESS07).

The scope of the survey

The survey was designed to incorporate employers across all sectors of business activity in England.

Reflecting the need for information that reflects how skills challenges impact differently in different parts of the country, 'employers' were defined as establishments (individual sites) rather than enterprises; hence some enterprises may be represented in the survey by more than one of their sites.

All establishments with at least two people working in them were within the scope of the sample, but single-person establishments were excluded.

Data measuring this population were established through the Office of National Statistics (ONS), based on the Inter-departmental Business Register (IDBR) counts for March 2006. These indicated a total population of 1.45 million employers, with 22.3 million people working within them.

Key methodological details

The sample design was created using a three-dimensional grid defined by sector of business activity and size of establishment within local Learning and Skills Council (local LSC) area. In summary, the key elements of the design were that the target number of interviews was distributed between regions in proportion to the number of establishments within each region; and then within each region again distributed proportionately to the number of establishments within each local LSC. Within each local LSC, the allocated target number of interviews was divided between sectors as defined by the SSC footprints (described in more detail in Annex D), half in proportion to the number of establishments within each sector, and half evenly across each sector. Then the targets within each sector were distributed across six size bands in proportion to the number of people working in establishments of that size within that sector.

The sample was drawn from Experian. The targets set as described above were subject to a final check against the available Experian sample, and where the initial target number of interviews exceeded the available sample, the target was adjusted down accordingly.

The overall response rate achieved from the sample was 35 per cent, slightly lower than for NESS05 and NESS03 (43 per cent and 42 per cent respectively) though a slight improvement on NESS04 (33 per cent).

Survey fieldwork

During the main NESS fieldwork, 79,018 interviews were conducted using computer-aided telephone interviewing (CATI) technology.

Interviews were conducted with the most senior person at the site with responsibility for human resource and personnel issues.

Fieldwork took place between April and July 2007. The survey questionnaire is included as A7 within Annex A of this report.

After the main NESS07 fieldwork, a follow-up survey was conducted among employers who indicated that they had funded or arranged training in the previous 12 months. Respondents at establishments providing training were re-contacted, subject to their permission, to take part in a further survey investigating the costs of providing training.

Those agreeing to take part were provided by fax, email or post with a datasheet to complete, detailing their training costs, and this information was then collected by telephone using CATI technology.

A total of 7,190 interviews were completed for this second stage of fieldwork, undertaken by IFF Research from May to August 2007. A copy of the datasheet questionnaire is included as B6 within Annex B.

Structure of the National Employers Skills Survey 2007 report

The remainder of this report is in five main sections:

- Section 3: Recruitment Problems
- Section 4: Skills Gaps
- Section 5: Recruitment of Young People to Employment and Apprenticeships
- Section 6: Training and Workforce Development
- Section 7: Training Expenditure.

Section 3 explores the scale and nature of recruitment problems facing employers, and looks at the causes of recruitment difficulties, with particular focus on the incidence, number, distribution and density of vacancies caused at least in part by a lack of skills, experience or qualifications among those applying (skill-shortage vacancies (SSVs)). This analysis looks at SSVs overall, and their distribution by occupation as well as by size, sector and region of employer. It also examines the impact of hard-to-fill vacancies and the response of employers experiencing recruitment difficulties.

Section 4 examines the incidence of skills gaps within the workforce, both in terms of the frequency with which employers have staff that are not fully proficient at their job, and the proportion of staff described as lacking in proficiency. The incidence and density of skills gaps are analysed overall and by occupation and other demographic variables. Section 4 also explores the main causes of skills gaps and the skills that are described as lacking among the workforce in England.

Section 5 investigates the extent to which employers have recruited young people into their first job over the past 12 months, and explores employers' perceptions of the work-readiness of these recruits and which skills, if any, are found to be lacking.

Section 6 turns to training and development, and explores the extent, nature and volume of training and workforce development activity, including: the proportion of establishments that provide on- and off-the-job training; the number and occupation of staff for whom this activity has been provided; the amount of training provided in terms of training days; the subject areas in which training has been provided; and the extent of engagement and satisfaction with FE colleges and other training providers. The section also explores the extent to which employers plan and budget for training, and examines the factors that influence training activity. The reasons employers give for not providing training are also discussed. New to NESS07 were questions on awareness of and involvement with Train to Gain.

Section 7 examines employer expenditure on training, breaking down the various costs that employers face in providing or arranging training, including indirect costs (e.g. trainee and trainer labour costs) as well as direct costs (e.g. fees to external providers and the costs of in-house training facilities). Results are derived from a follow-up survey of almost 7,200 telephone interviews among employers who took part in the main NESS07 study and who indicated that they had provided training in the previous 12 months.

Through each of these sections, the focus is first on the 2007 picture nationally and how this compares with any trend data that exist, going back to NESS 2004 and sometimes to earlier studies. The reporting then seeks to describe differences and trends against key variables, in particular region, sector, size of establishment and occupation.

Statistical reliability for analysis based on these individual variables is presented in Annex G.

The characteristics of and relationships between employers and employment by region, sector and size are explored in Annex F, which is intended to help contextualise the survey findings by highlighting key features of the regional and sectoral economies. As one would anticipate, this analysis confirms that the regions differ more in scale than in composition (with the exception of London), while sectors show both more extreme differences in scale and more marked variations in profile.

'Occupation' is not a demographic variable in the same sense as region, size or sector. Most importantly, there are no population data available for occupational employment that lend themselves to structuring or weighting an employer survey such as NESS. In particular, while the Labour Force Survey (LFS) may be considered the principal source for ascertaining the occupational profile of the workforce, LFS data come from information supplied directly by individuals about their jobs. This could not be expected to match the occupational profile derived through an employer survey for two main reasons. First, in larger establishments, the NESS survey respondent is unlikely to know the exact detail of all jobs within that site. Secondly, for reasons of simplicity within the questionnaire, rather than listing the occupations employed verbatim, respondents on NESS are asked to classify their workforce into nine (first digit) Standard Occupational Classification (SOC) categories. Any system requiring respondents to make such classifications will yield differences compared with one in which this classification is carried out post-interview, based on verbatim information on job role.

Methodological note on comparisons

NESS07 is intended – among other things – to illustrate how skills deficiencies facing employers in England are changing over time. Accordingly, comparisons are made throughout this report with findings from NESS05, NESS04 and NESS03 and the Employer Skills Surveys (ESS) of 2001 and 1999 where appropriate. The methodological approach of each of the surveys is summarised below.

- ESS1999 involved interviews with around 27,000 establishments, 4,000 of which were conducted face to face. The survey design excluded those establishments with fewer than five employees and those in the agriculture sector.

- ESS2001 was similar to ESS1999 in sample size (around 27,000 interviews) but extended the sample design to cover all establishments with more than one employee.

- NESS03 was a far larger survey, covering over 72,000 establishments. The sample coverage was comparable to ESS2001, in that all establishments with more than one employee were eligible for interview.

- NESS04 returned to the smaller sample size of just over 27,000 establishments. Unlike previous surveys in the series, the survey was employment rather than employee based, with all establishments with two or more staff being eligible for interview.

- NESS05 involved interviews with just under 75,000 establishments and had an identical sample design to NESS04. The follow-up survey investigating training expenditure involved 7,059 interviews.

- NESS07 involved interviews with just over 79,000 establishments and had an identical sample design to NESS04 and NESS05. The follow-up survey investigating training expenditure involved 7,190 interviews.

Some care needs to be taken in drawing time series comparisons. The implications of the methodological variations outlined above are discussed in Annex C.

3 Recruitment Problems

Section summary

The proportion of employers reporting vacancies, hard-to-fill vacancies and skill-shortage vacancies (those proving hard -to -fill due to a shortage of candidates with the required skills, qualifications or experience) has changed little in recent years.

Difficulties filling vacancies are experienced by a small minority of employers – 7 per cent report hard-to-fill vacancies (in line with 2005, and down slightly on 8 per cent in 2004) and 5 per cent report skill-shortage vacancies (again unchanged from 2005 and slightly down on 6 per cent in 2004).

There have been more substantial changes, though, in terms of the number of vacancies these employers report. The number of vacancies has increased since 2005, but the number of hard-to-fill and skill-shortage vacancies has fallen. Hence the proportions of vacancies which are hard-to-fill (30 per cent) and which are hard-to-fill because of skills issues (21 per cent) have fallen since 2005 (35 per cent and 25 per cent respectively).

Although the proportion of establishments reporting recruitment difficulties is considerably higher amongst larger establishments (those with 100 or more staff), the greatest volume of recruitment difficulties – in terms of the absolute number of vacancies – are experienced by smaller companies.

In occupational terms, associate professional, skilled trades and professional positions – key areas of difficulty in 2005 – continue to be the occupations for which the largest volume of skill-shortage vacancies (SSVs) are reported. Relative to the total number of vacancies within the occupation, skilled trades vacancies are markedly more likely to be hard-to-fill because of skill shortages (37 per cent) than are others. As a proportion of employment, the density of SSVs is far higher in associate professional and skilled trades occupations (14 per 1,000 staff) than is the average for all vacancies (6 per 1,000).

The largest volume of hard-to-fill and skill-shortage vacancies is found in London and the South East. This is partly driven by the larger number of people employed in these regions. However in London the number of skill-shortage vacancies is also high relative to both vacancies as a whole (SSVs form 26 per cent of all vacancies in the region) and employment (equivalent to 8 per 1,000 staff). These are also amongst the regions in which hard-to-fill vacancies and SSVs are most common relative to the number of vacancies in the area.

By sector, employers covered by Skillset, ConstructionSkills, Lantra and e-skills UK report the largest number of skills-related vacancies relative to the total number of vacancies within the sectors. Excluding those employers not covered by an SSC, the largest volume of skills-related hard-to-fill vacancies are reported by ConstructionSkills employers, followed by People 1st employers.

Introduction

In this section we look at the extent to which employers experience difficulty filling vacancies, and the nature of these difficulties. In particular we concentrate on vacancies which employers are finding hard to fill due to a lack of candidates with the required skills, work experience or qualifications. We look at the incidence, number, distribution and density of these skill-shortage vacancies, as well as identifying which particular skills employers believe to be in short supply.

The section first looks at national trends in recruitment problems from 2004 to 2007 and then investigates what impact these problems are having on businesses and what actions businesses are taking to overcome them. We then examine how findings vary by region and by SSC sector.

A note on the definition of hard-to-fill vacancies and skill-shortage vacancies

Hard-to-Fill Vacancies (HtFVs) are those vacancies described by employers as being hard-to-fill. Reasons often include skills-related issues, but can simply involve such aspects as poor pay or conditions of employment, or the employer being based in a remote location.

Skill-Shortage Vacancies (SSVs) are those HtFVs which result from a lack of applicants with the required skills, work experience or qualifications.

For the 2007 survey – as in 2005 and 2004 – SSVs were measured initially through an unprompted question asking for the reasons for vacancies being hard to fill, and then through a follow-up prompted question asked if skills, experience or qualifications were not spontaneously mentioned. This report focuses on the overall measure of SSVs, combining prompted and unprompted responses.

Trends in recruitment difficulties since 2004

Trends in three key measures of recruitment difficulty are shown in Table 3.1. These are establishment-level measures showing the proportion of establishments reporting at least one vacancy, hard-to-fill vacancy and skill-shortage vacancy at the time of the interview.

Table 3.1: Trends in incidence of vacancies and recruitment difficulties 2004–2007.

	2004	2005	2007
Unweighted base (employers)	*27,172*	*74,835*	*79,018*
% of establishments with any vacancies	18	17	18
% of establishments with any HtFVs	8	7	7
% of establishments with any SSVs	6	5	5

Source: NESS07, NESS05, NESS04
Base: All employers.

The proportion of establishments with vacancies, hard-to-fill vacancies and skill-shortage vacancies has changed little since 2004. The proportion reporting any vacancies has gone up by 1 percentage point since 2005, returning to the level seen in 2004 (18 per cent). The proportion of establishments reporting hard-to-fill vacancies and the proportion reporting skill-shortage vacancies has remained static since 2005 at 7 per cent and 5 per cent respectively, both down 1 per cent since 2004.

Table 3.2 shows how the number and density of vacancies, hard-to-fill vacancies and skill-shortage vacancies have changed since 2004.

Table 3.2: Trends in the number of vacancies and recruitment difficulties 2004-2007 .

	2004	2005	2007
Unweighted base (employers)	*27,172*	*74,835*	*79,018*
Total employment	21,583,788	21,504,975	22,259,634
Number of vacancies	616,800	573,900	619,675
Number of HtFVs	227,175	203,550	183,475
Number of SSVs	145,475	143,125	130,000
Vacancies as proportion of all employment	2.9	2.7	2.8
HtFVs as a proportion of vacancies	37	35	30
SSVs as a proportion of vacancies	24	25	21
SSVs as a proportion of HtFVs	64	70	71

Source: NESS07, NESS05, NESS04
Base: All employers.
Note: Vacancies figures rounded to the nearest 25.

In absolute terms, the number of vacancies has increased from around 575,000 in 2005 to just under 620,000 in 2007. This is broadly in line with the increase in the total workforce since 2005 and the ratio of vacancies to employment is up only slightly at 2.8 per cent as compared with 2.7 per cent in 2005. This figure stood at 2.9 per cent in 2004.

The number of hard-to-fill vacancies, however, has continued to fall from around 227,000 in 2004, to around 203,500 in 2005, then to around 183,500 in 2007. As a proportion of all vacancies this represents a fall of 7 percentage points from 2004 (where 37 per cent of all vacancies were hard-to-fill), and a fall of 5 percentage points from 2005 (35 per cent).

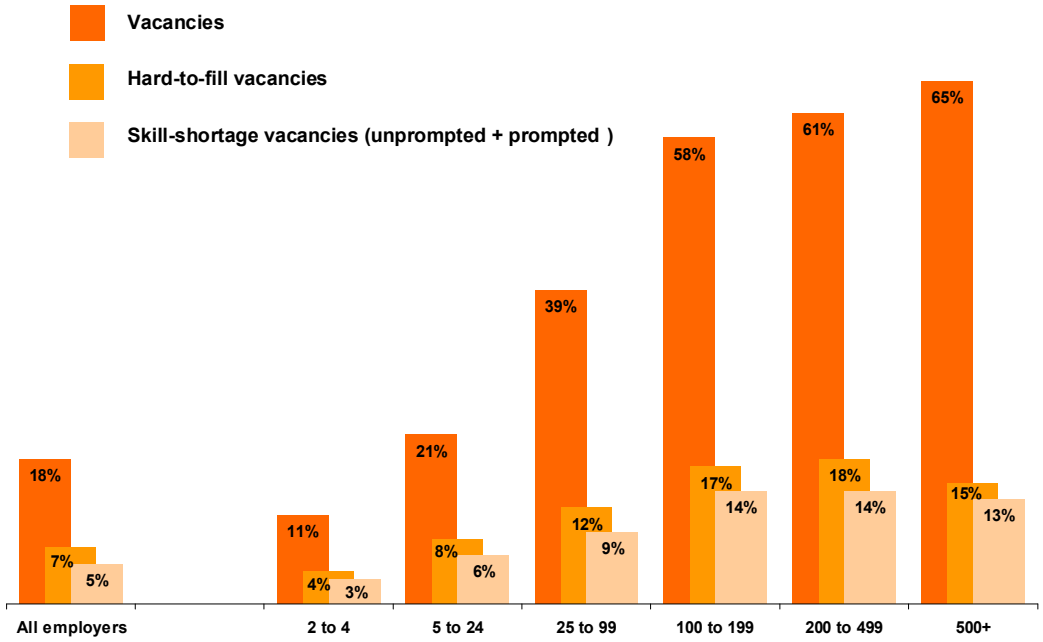
The number of skill-shortage vacancies has also fallen since 2004 from around 145,000 to around 143,000 in 2005 and now stands at 130,000 in 2007. When looked at as a proportion of vacancies this translates into a fall to 21 per cent in 2007 as compared with 24 per cent and 25 per cent in 2004 and 2005. So overall, compared with 2005 there are fewer SSVs in 2007 in absolute terms and a lower proportion of vacancies are proving hard-to-fill because of skill shortages.

However, given that HtFVs as a whole have fallen too, skill-shortage vacancies in fact form a slightly larger share of all HtFVs (71 per cent) than was the case in 2005 (70 per cent) and in 2004 (64 per cent). This indicates that where vacancies are proving hard-to-fill, skills-related reasons remain as common in 2007 as they were in 2005.

Incidence, number and density of vacancies, hard-to-fill and skill-shortage vacancies by size of establishment

Figure 3.1 illustrates the relationship between establishment size and the incidence of vacancies, HtFVs and SSVs.

Figure 3.1: Incidence of vacancies, hard-to-fill and skill-shortage vacancies by establishment size.



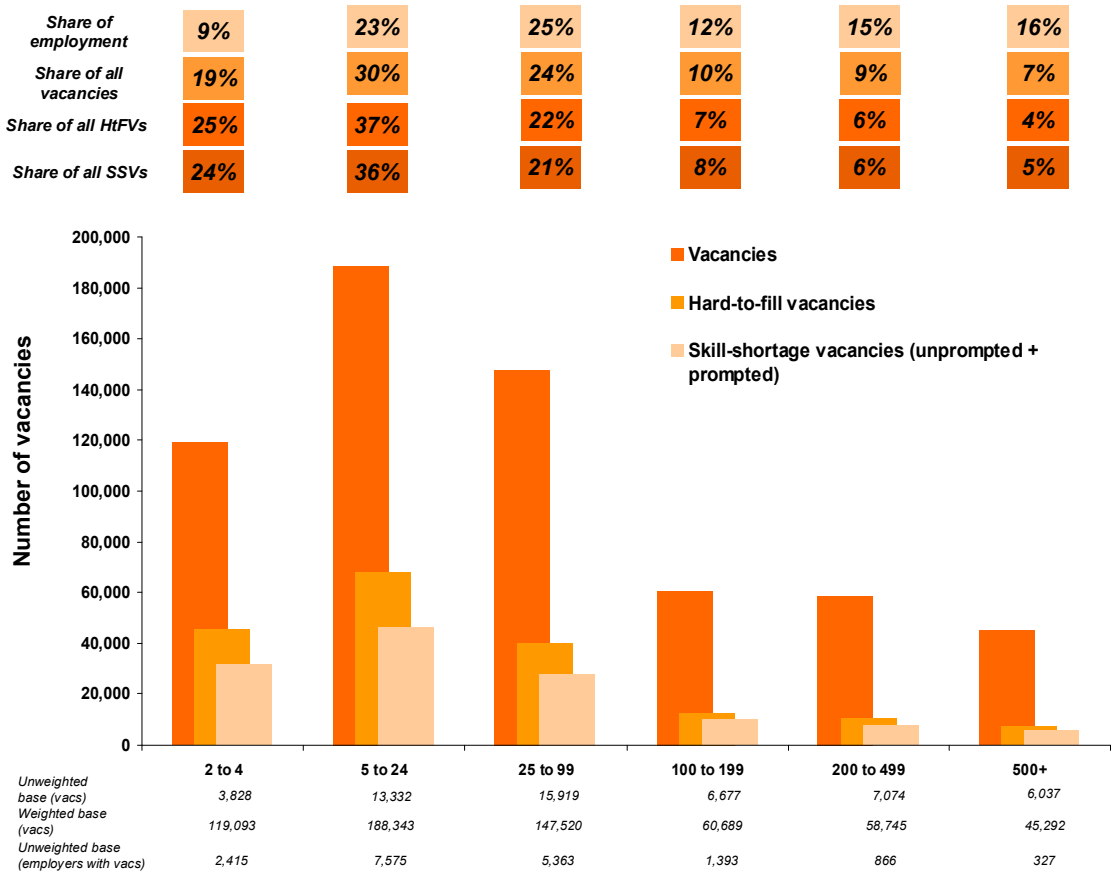
	All employers	2 to 4	5 to 24	25 to 99	100 to 199	200 to 499	500+
Unweighted base	*79,018*	*24,084*	*36,778*	*13,830*	*2,424*	*1,407*	*495*
Weighted base	*1,451,507*	*777,049*	*520,326*	*122,361*	*18,407*	*9,703*	*3,661*

Base: All employers.

As in previous years, the likelihood of reporting vacancies increases with size. Two-thirds of the largest establishments (with 500 staff or more) reported at least one vacancy (65 per cent) compared with just 11 per cent of micro establishments (with between two and four staff). The incidence of HtFVs and SSVs, however, was highest amongst establishments with between 100 and 499 staff, with the largest establishments marginally less likely to report recruitment difficulties.

Figure 3.2 shows the number of vacancies, hard-to-fill vacancies and skill-shortage vacancies in absolute terms for establishments of different sizes. It also shows how the proportion of vacancies and recruitment problems accounted for by establishments of different sizes compares with the share of employment represented by these establishments.

Figure 3.2: Number and share of vacancies, hard-to-fill vacancies and skill-shortage vacancies by size of establishment.



Base: All vacancies.

Establishments with fewer than 25 staff account for a disproportionately large share of all vacancies (50 per cent) when compared with their share of employment (32 per cent). These smaller establishments account for even larger proportions of all hard-to-fill and skills-shortage vacancies (62 per cent and 60 per cent respectively). These findings indicate, therefore, that smaller establishments experience a disproportionate degree of difficulty when recruiting. This pattern by size is similar to that found in 2005, when establishments with fewer than 25 staff accounted for a similar share of employment and vacancies and slightly smaller shares of HtFVs (59 per cent) and SSVs (58 per cent) than in 2007.

Although establishments with 100 or more staff are the most likely to report vacancies and recruitment difficulties, the actual volume of vacancies, HtFVs and SSVs experienced by these establishments is low, both relative to their share of employment and in absolute terms.

Table 3.3 summarises the volume and density of SSVs by size of establishment. Two different measures for density are shown. The first shows the percentage of all vacancies which are due to skill shortages. This indicates the likelihood of establishments encountering skills-related difficulties when recruiting. The second shows the total number of SSVs being experienced per thousand employees, which gives an indication of how the volume of SSVs experienced relates to the total employment represented by all employers in each size band.

Table 3.3: Volume and density of skill-shortage vacancies by size of establishment.

	Vacancies	SSVs	% of vacancies that are SSVs	SSVs per 1,000 employees
Unweighted base	*52,867*	*10,399*		
All England	*619,675*	*130,000*	**21**	**6**
Size of establishment				
2 to 4	*119,100*	*31,550*	**26**	**16**
5 to 24	*188,350*	*46,775*	**25**	**9**
25 to 99	*147,520*	*27,900*	**19**	**5**
100 to 199	*60,700*	*10,025*	**17**	**4**
200 to 499	*58,750*	*7,800*	**13**	**2**
500+	*45,300*	*5,950*	**13**	**2**

Base: All vacancies.
Note: Weighted figures rounded to the nearest 25.

Just over a fifth (21 per cent) of vacancies are attributed to skill shortages among applicants.

Small establishments are much more likely to describe encountering skill shortages in applicants and around a quarter of all vacancies among establishments with fewer than 25 staff are hard-to-fill because of a lack of skills, experience or qualifications.

That said, the situation for the smallest establishments (with two to four staff) shows a marked improvement on 2005, when the proportion of vacancies that were SSVs stood at 33 per cent. Falls in other size bands were less marked.

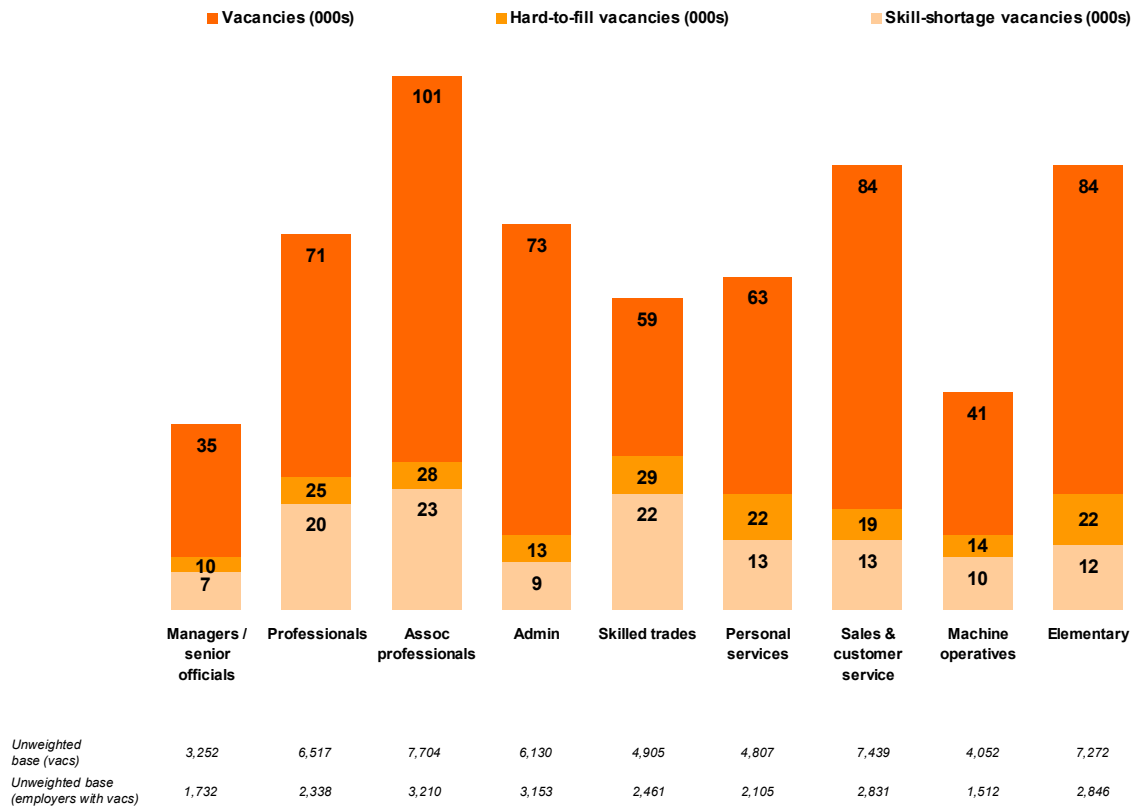
The evidence that a lack of skills among applicants is a greater problem for smaller establishments than larger ones is even more apparent when density is examined on an employment base. Establishments with fewer than five staff experience 16 SSVs per 1,000 employees, whereas those establishments with 200 or more staff experience two SSVs per 1,000 employees.

The pattern of recruitment difficulties by occupation

Figure 3.3 illustrates how vacancies and recruitment difficulties differ by occupation, showing the numbers of vacancies, HtFVs and SSVs reported for each occupational group.

Table 3.4 shows the prevalence of SSVs by occupation in terms of employment density (SSVs per 1,000 employees) and in relation to recruitment activity (as a proportion of all vacancies).

Figure 3.3: Overall numbers of vacancies HtFVs and SSVs



Unweighted base (vacs)	*3,252*	*6,517*	*7,704*	*6,130*	*4,905*	*4,807*	*7,439*	*4,052*	*7,272*
Unweighted base (employers with vacs)	*1,732*	*2,338*	*3,210*	*3,153*	*2,461*	*2,105*	*2,831*	*1,512*	*2,846*

Base: All vacancies.

Table 3.4: Vacancies and SSVs by occupation.

	Vacancies	SSVs	% of vacancies that are SSVs	SSVs per 1,000 employees
Unweighted base	*52,867*	*10,399*	%	N
All England	*619,675*	*130,000*	**21**	**6**
Managers and senior officials	*35,300*	*7,250*	**21**	**2**
Professionals	*71,150*	*19,675*	**28**	**7**
Associate professionals	*100,800*	*22,600*	**22**	**14**
Administrative and secretarial	*72,925*	*8,900*	**12**	**3**
Skilled trades	*58,775*	*21,925*	**37**	**14**
Personal service	*62,700*	*13,325*	**21**	**8**
Sales and customer service	*83,875*	*12,525*	**15**	**4**
Machine operatives	*41,375*	*9,800*	**24**	**7**
Elementary occupations	*84,275*	*12,250*	**15**	**4**

Base: All vacancies.
Note: Weighted figures rounded to the nearest 25.

Employers report the greatest volume of SSVs and HtFVs in professional, associate professional and skilled trades occupations. These three occupations account for approximately half of all SSVs (49 per cent) as compared with 26 per cent of employment.

Among all three occupational groups, the proportion of vacancies where skill shortages were encountered was above average, but it was particularly high for skilled trades positions where SSVs represented 37 per cent of all vacancies.

Skilled trades and associate professional positions are also characterised by a high density of SSVs in relation to employment in these occupations. For both, there are 14 SSVs for every 1,000 existing members of staff in these groups, as compared with an average of six SSVs per 1,000 staff overall.

Large volumes of HtFVs and SSVs were also reported in personal service and elementary occupations. For professional occupations, the proportion of SSVs is high relative to the total number of vacancies (28 per cent) indicating vacancies in these occupations are particularly likely to encounter skills difficulties. For personal service occupations, the proportion is in line with the average (21 per cent) though, and in elementary occupations the proportion is just 15 per cent. This means that relative to the totality of recruitment within this occupation, SSVs are not a large problem.

For sales occupations, the number of vacancies is high but the proportion of these where skill shortages are encountered (15 per cent) is below average.

Skill shortages were least common for vacancies for administrative occupations (12 per cent) and were also low in absolute terms.

The volume of vacancies, hard-to-fill vacancies and skill-shortage vacancies was lowest for managerial positions. This is despite the fact that managers are the occupational group which forms the largest share of the workforce (18 per cent). One interpretation of this could be that managerial posts are more likely to be filled internally rather than being advertised externally.

The pattern seen in the distribution of vacancies, hard-to-fill vacancies and skill-shortage vacancies by occupation is broadly similar to that seen in 2005. However, relative to the total number of vacancies, SSVs have dropped in all occupational groups except professionals, and have fallen substantially in associate professional and skilled trades occupations.

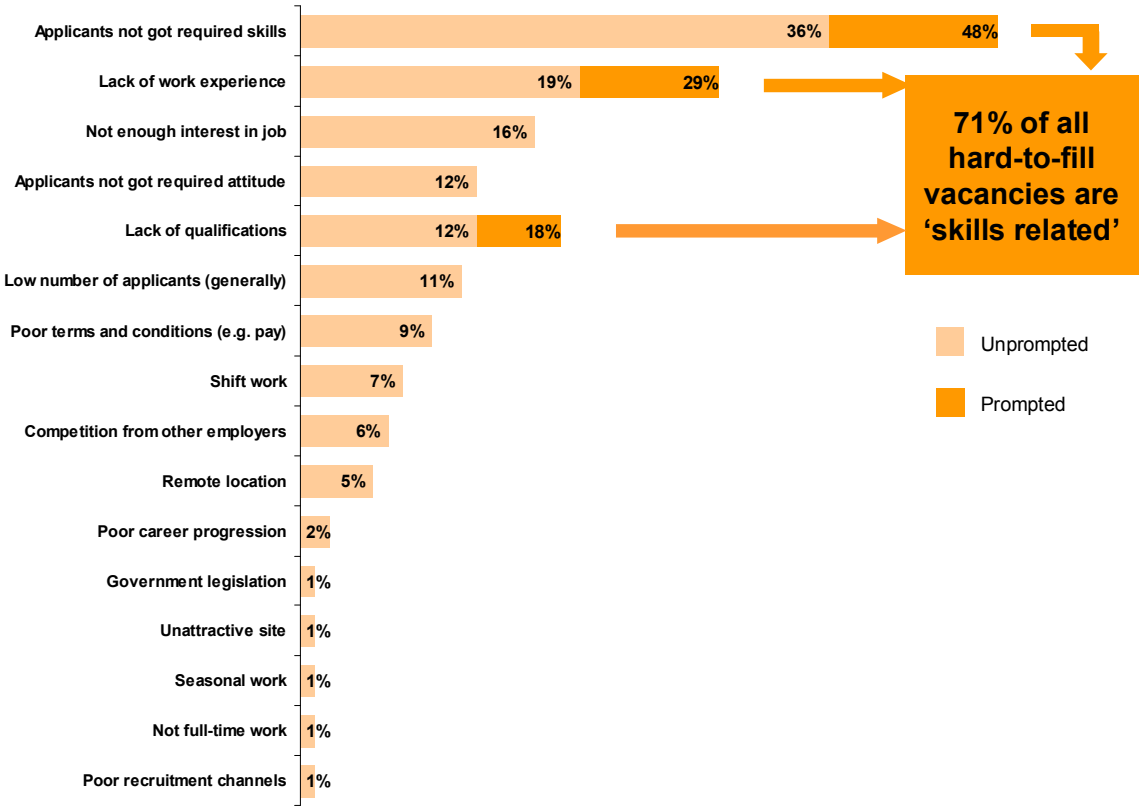
Reasons for hard-to-fill vacancies

So far in this section we have considered the incidence, number and distribution of HtFVs and SSVs.

We next look at the reasons behind employers considering vacancies hard-to-fill, and investigate the balance within SSVs between lack of skills, qualifications and experience

Figure 3.4 shows the reasons given by employers for considering individual vacancies hard-to-fill. The results are based on the number of hard-to-fill vacancies and not on the number of employers with such vacancies. Employers were first asked to give their reasons spontaneously. Any employers not mentioning skills-related issues were then asked if any of their HtFVs were proving hard-to-fill due to a lack of skills, experience or qualifications on a prompted basis. Employers were able to record more than one reason for each HtFV.

Figure 3.4: Reasons for hard-to-fill vacancies (prompted and unprompted).



Base: All hard-to-fill vacancies (weighted=183,472; unweighted=14,595; unweighted employer base=6,323).

When answering spontaneously, skills shortages in the labour market remain the single most common cause of hard-to-fill vacancies. Over a third (36 per cent) of all HtFVs were spontaneously attributed – at least in part – to the fact that applicants for the vacancy in question do not have the required skills.

The proportion of HtFVs attributed to a lack of skills on an unprompted basis has significantly increased since 2005 (by 5 percentage points from 31 per cent in 2005). There has also been a rise of 2 percentage points (also statistically significant) in the proportion of HtFVs spontaneously attributed to a lack of work experience (from 17 per cent to 19 per cent). Overall, 12 per cent of HtFVs were spontaneously described as difficult to fill due to applicants lacking the relevant qualifications (13 per cent in 2005). This rise in spontaneous identification of skills-related reasons for vacancies being hard-to-fill could indicate a growing awareness among employers of skills issues and their bearing on recruitment difficulties. And this awareness could be attributable to an increase in publicity about the importance of skills.

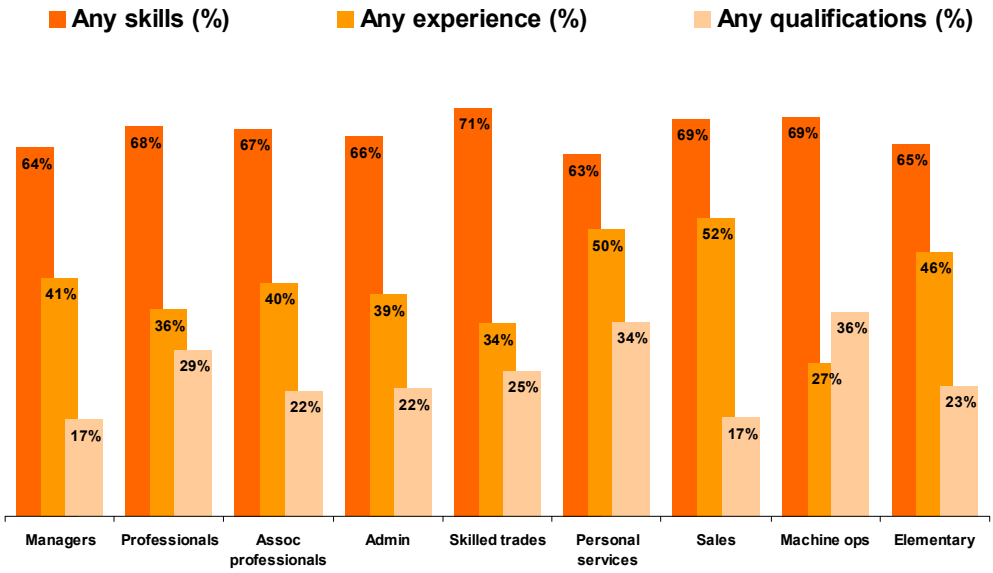
When prompted responses are also taken into account, almost half of all hard-to-fill vacancies are caused, at least in part, by a lack of skills amongst applicants (48 per cent). A lack of work experience explains, at least in part, three in 10 HtFVs (29 per cent) and a lack of qualified applicants two in 10 HtFVs (18 per cent). This balance is little changed from 2005 when 49 per cent of HtFVs involved a lack of skills, 28 per cent a lack of work experience and 19 per cent a lack of qualifications.

Overall, 71 per cent of hard-to-fill vacancies are problematic as a result of skills-related reasons (a lack of the required qualifications, skills or experience), a figure which is virtually unchanged since 2005.

Employers in 2007 are, in general, no more likely than in 2005 to report skills shortages amongst the reasons for HtFVs, but where they do report them they are more likely than was the case previously to mention them spontaneously.

Figure 3.5 shows how the balance of the component factors of SSVs – a lack of skills, experience or qualifications – varies by occupation. Figures show prompted and unprompted responses combined.

Figure 3.5: Extent to which occupational skill-shortage vacancies are attributed to a lack of skills, a lack of experience and/or a lack of qualifications.



Unweighted base (skill-shortage vacancies in occupation)	*620*	*1,830*	*1,647*	*681*	*1,772*	*812*	*1,062*	*968*	*897*
Weighted base (skill-shortage vacancies in occupation)	*7,250*	*19,680*	*22,602*	*8,898*	*21,935*	*13,333*	*12,519*	*9,807*	*12,238*
Unweighted base (employers with skill-shortage vacancies in occupation)	*407*	*748*	*863*	*469*	*947*	*394*	*478*	*372*	*402*

Base: All skill-shortage vacancies.

A lack of skills is more common than a lack of qualifications and work experience across all occupational groupings. The proportion of SSVs that are caused by a lack of skills shows little variation by occupational group (ranging from 63 per cent among personal service SSVs to 71 per cent of skilled trades SSVs).

Relative to other occupations, a lack of experience amongst applicants is most likely to be the cause of skill-shortage vacancies in personal service and sales occupations. In both cases around half of all SSVs are reported to be due at least in part to a lack of experience (50 per cent and 52 per cent respectively). Conversely, only around a quarter (27 per cent) of all SSVs for machine operatives are deemed to be due to a lack of experience, with employers being more likely to attribute SSVs for this occupational group to a lack of relevant qualifications among applicants (over a third – 36 per cent – of machine operative SSVs were connected with qualifications). The hierarchy of the three component factors of SSVs is different for machine operative SSVs than for such vacancies in any other occupational group.

Machine operative SSVs are the ones that employers are most likely to associate with an inability to find applicants with the necessary qualifications: these are the only SSVs for which lack of qualifications is more commonly cited as a cause than lack of experience. In part the need for candidates for machine operative roles to be qualified could be a reflection of the regulatory requirements for certain roles within the occupational group. The proportion of personal services SSVs attributed to a lack of qualifications is also high (34 per cent). While the proportion of personal services SSVs associated with a lack of qualifications was similarly high in 2005 (36 per cent), the proportion of equivalent machine operative SSVs has risen significantly by 10 percentage points from 2005 (26 per cent).

SSVs for managers and sales staff were the least likely to be related to a lack of qualifications (17 per cent in both cases). For sales and customer service occupations this is broadly in line with 2005 (18 per cent). For managerial SSVs, however, this represents a significant decrease of 14 percentage points from 31 per cent in 2005. Otherwise, there have been no significant changes on the 2005 pattern across occupations.

Skills lacking in connection with skill-shortage vacancies

The NESS series asks employers which particular skills they found difficult to obtain where skill-shortage vacancies were reported. Figure 3.6 shows results based on *all SSVs* (not *establishments with SSVs*). This includes both SSVs reported spontaneously and those reported on a prompted basis.

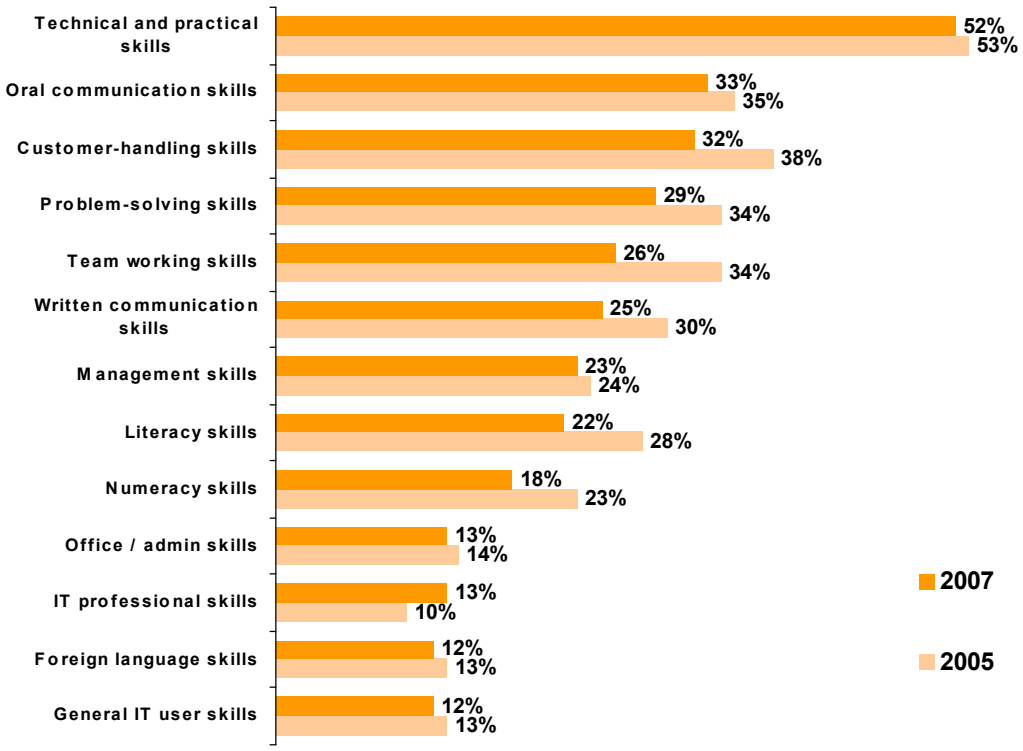
Technical, practical and job-specific skills continue to be the most frequently mentioned problem, lacking in just over half of all instances of SSVs (a similar proportion to that seen in 2005). Oral communication skills and customer-handling skills were cited in connection with around a third of all SSVs (33 per cent and 32 per cent respectively).

There has been some movement in the hierarchy of skills lacking compared with previous NESS surveys, with significant decreases in several 'softer' skills being reported as lacking in the external labour market: for example, customer handling (32 per cent in 2007, 38 per cent in 2005), problem solving (29 per cent in 2007, 34 per cent in 2005) and team working (26 per cent in 2007, 34 per cent in 2005).

There has also been a decrease in the reporting of literacy and numeracy as lacking in connection with SSVs (literacy is mentioned in connection with 22 per cent of SSVs in 2007 compared with 28 per cent in 2005, and numeracy in connection with 18 per cent in 2007 compared with 23 per cent in 2005).

The only notable rise has been in the proportion of SSVs attributed to a lack of IT professional skills, which was cited in connection with 13 per cent of SSVs in 2007 compared with 10 per cent in 2005.

Figure 3.6: Skills lacking in connection with skill-shortage vacancies.



Base: All skill-shortage vacancies (2007: weighted=130,004; unweighted=10,399; unweighted employer base=4,588, 2005: weighted=143,124; unweighted=11,326; unweighted employer base=4,846).

The skills lacking among applicants vary by occupation. The findings highlighted in dark orange in Table 3.5 indicate the occupations in which particular skills are at a premium (rather than highlighting the skills most commonly lacking in each occupation).

Table 3.5: Main skills lacking by occupation where skill-shortage vacancies exist.

Column percentages	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary	Overall
Unweighted base (SSVs)	*620*	*1,830*	*1,647*	*681*	*1,722*	*812*	*1,062*	*968*	*897*	*10,399*
Weighted base (SSVs)	*7,250*	*19,680*	*22,602*	*8,898*	*21,935*	*13,333*	*12,519*	*9,807*	*12,238*	*130,004*
Unweighted base (establishments with SSVs in occupation)	*407*	*748*	*863*	*469*	*947*	*394*	*478*	*372*	*402*	*4,588*
	%	%	%	%	%	%	%	%	%	%
Technical and practical skills	**59**	**53**	52	41	**65**	34	46	**54**	40	52
Oral communication skills	28	26	**37**	30	28	**39**	**47**	20	35	33
Customer-handling skills	32	22	29	**36**	26	**36**	**49**	28	**35**	32
Problem-solving skills	25	25	28	26	**33**	28	**35**	19	28	29
Team working skills	24	15	24	21	**33**	**39**	25	21	**32**	26
Written communication skills	24	23	24	30	20	**35**	**35**	**36**	17	25
Management skills	**47**	26	25	17	19	23	26	10	20	23
Literacy skills	19	16	15	29	18	**33**	**32**	20	**36**	22
Numeracy skills	16	11	12	21	18	20	**27**	17	**24**	18
Office/admin skills	18	8	13	**29**	8	10	18	5	12	13
IT professional skills	11	16	**19**	**20**	13	5	14	5	5	13
Foreign language skills	**15**	10	9	12	13	13	13	7	**17**	12
General IT user skills	12	11	12	**25**	9	11	**19**	7	8	12

Base: All skill-shortage vacancies.
Note: Percentages do not sum to 100 since multiple responses were allowed. Dark orange cells indicate particularly high values.

The pattern of skills lacking by occupation is broadly similar to that observed in previous years; however there have been some changes within occupations as to the proportion attributed to a lack of specific skills.

In line with the significant decreases in several 'softer' skills being reported as lacking at an overall level, there have been decreases from 2005 of between 13 and 20 percentage points (in each case) in the proportion of skill-shortage vacancies for personal service, sales and elementary occupations being associated with a lack of oral communication, customer-handling and team working skills.

The same is true for literacy skills in relation to SSVs in sales and personal services occupations: deficiencies are mentioned in connection with around a third of SSVs in both occupational groups but the problem is less severe than was the case in 2005 (48 per cent and 41 per cent respectively). Such a decrease was not seen in elementary occupations – the other occupation where literacy problems have historically been commonly reported: for this group the proportion of SSVs associated with a lack of literacy skills was little changed from 2005 to 2007.

Technical, practical and job-specific skills (other than IT) continue to particularly affect skilled trades and machine operative occupations. However, employers reported that these skills were now just as likely to be lacking for SSVs reported for managerial and professional occupations, representing significant increases from 2005.

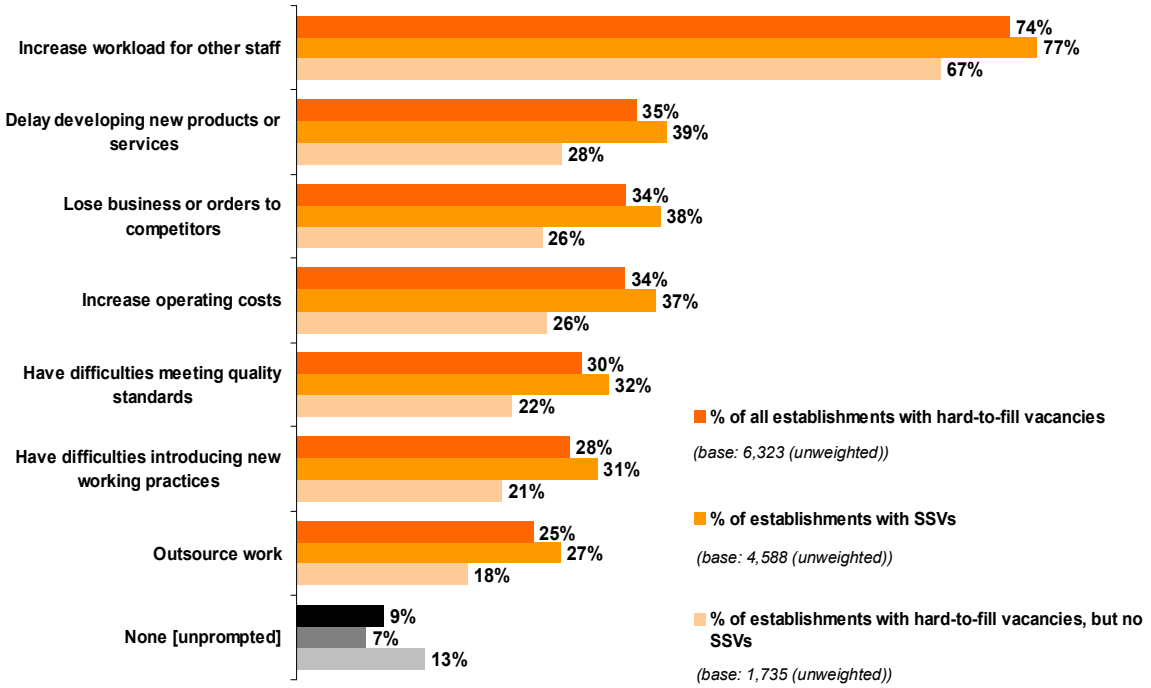
Although IT professional skills were most commonly reported in connection with administrative occupations (as in 2005), they were significantly more likely to be mentioned as lacking in relation to SSVs for skilled trades and associate professional occupations in 2007 as compared with 2005 (an increase of 7 and 9 percentage points respectively).

Impacts of hard-to-fill and skill-shortage vacancies

Employers who reported at least one HtFV were asked what impact these vacancies were having on their establishment.

Figure 3.7 presents the nature of the impacts experienced by all employers reporting HtFVs, and also separates these into those with and without (at least some) skills-related HtFVs.

Figure 3.7: Impact of hard-to-fill vacancies.



Base: All employers with hard-to-fill vacancies (weighted=94,569; unweighted=6,323).

By far the most commonly mentioned impact of having difficulty filling vacant posts is an increased workload for other staff, reported by 74 per cent of employers with HtFVs. Other impacts are reported by broadly similar proportions of employers with hard-to-fill vacancies: around a third of establishments report a delay developing new products or services, loss of business to competitors and increased operating costs; a quarter mentioned having to outsource work.

The hierarchy of impacts is similar to that seen in 2005.

As seen in 2005, each of the impacts discussed is more common where some or all HtFVs are skills-related (that is, where the establishment has SSVs). Correspondingly, those with SSVs are also less likely to report that their hard-to-fill vacancies are having no impact at all.

Establishments with SSVs experience a greater number of different impacts than those with non-skills-related HtFVs: those with SSVs reported an average of three impacts, as compared with an average of two impacts for those with hard-to-fill vacancies but no skill-shortage vacancies.

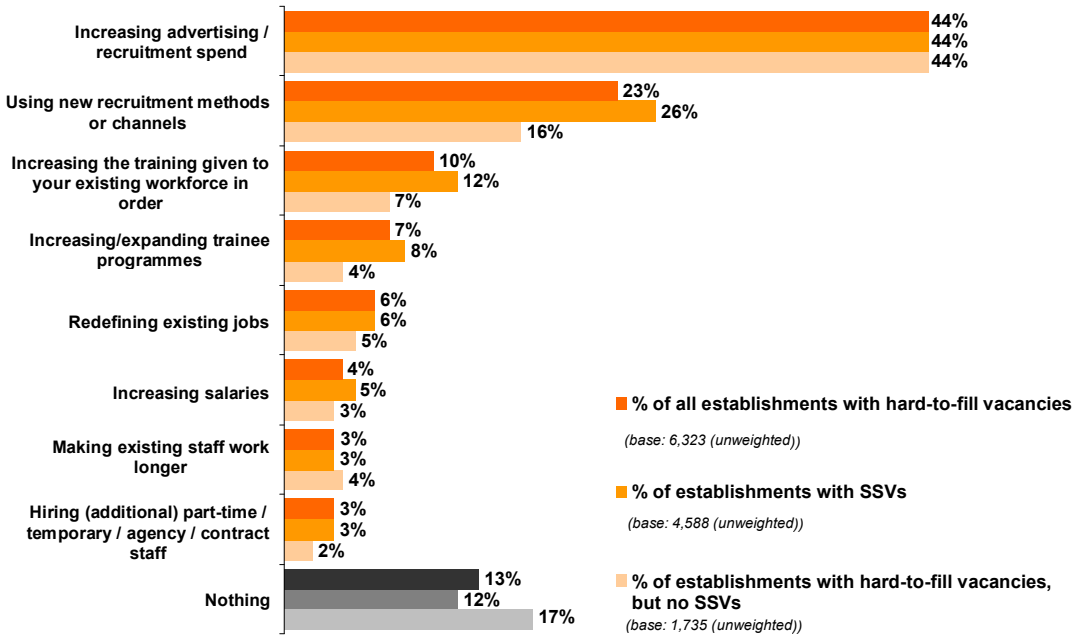
Actions taken to overcome hard-to-fill vacancies

The most common actions taken by employers to overcome recruitment difficulties remain; increasing advertising and recruitment spend (44 per cent) and using new recruitment methods or channels (23 per cent). On the whole, employers were more likely to take the former approach to adapting their recruitment strategy compared with 2005 and less likely to opt for trying new methods or channels.

A significant minority of employers still take no action in response to HtFVs or SSVs. Approaching a fifth (17 per cent) of employers with vacancies which are hard to fill for non-skills-related reasons do nothing to tackle the problem. This falls to around one in eight of those who struggle to find applicants with the required skills, qualifications or experience (12 per cent).

Where at least some of an employer's HtFVs are skills-related, they are more likely than employers where no HtFVs are skills-related to have tried almost all of the actions listed in Figure 3.8 to overcome their problem.

Figure 3.8: Actions taken to overcome hard-to-fill vacancies.

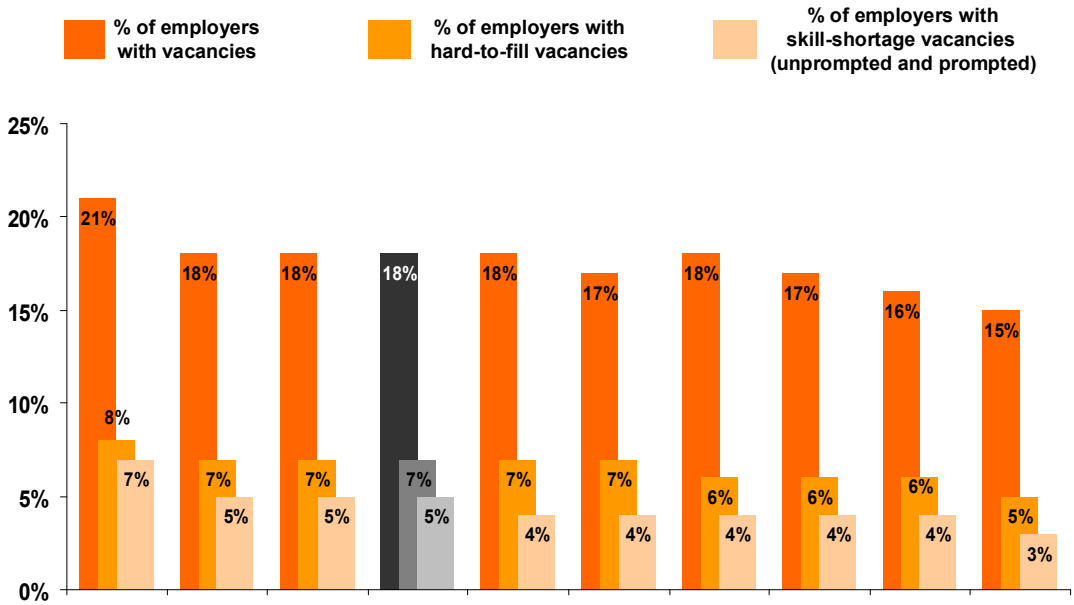


Base: All employers with hard-to-fill vacancies (weighted=94,569; unweighted=6,323).

The regional picture of recruitment difficulties

The following section examines the variation in the incidence and density of recruitment difficulties across regions. Figure 3.9 shows the proportion of establishments in each region experiencing vacancies, HtFVs and SSVs.

Figure 3.9: Incidence of vacancies, hard-to-fill and skill-shortage vacancies by region.



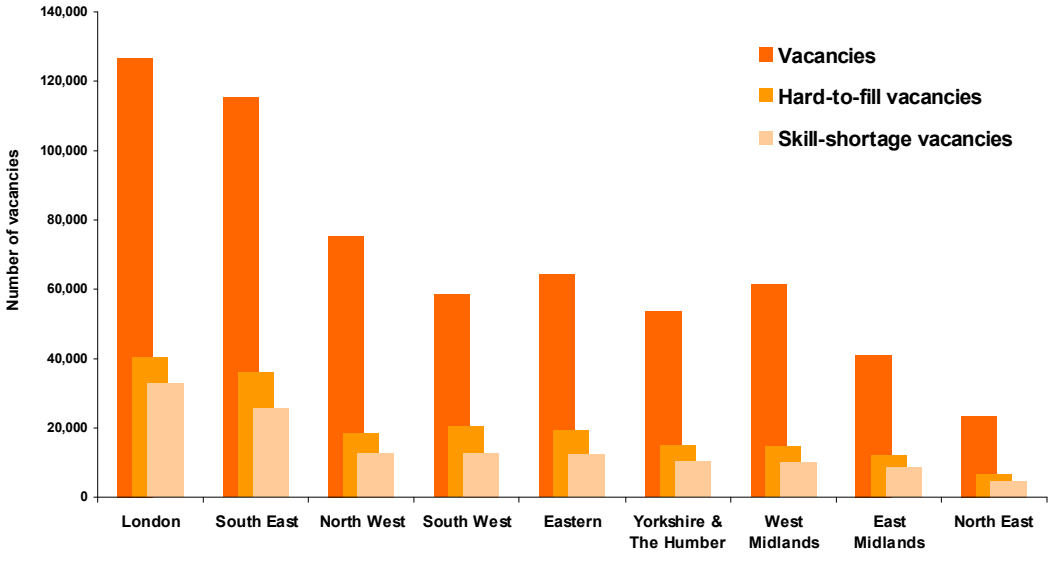
	London	North East	South East	All employers	Eastern	South West	Yorkshire & the Humber	North West	West Midlands	East Midlands
Unweighted base: All employers	*12,077*	*5,608*	*12,219*	*79,018*	*8,454*	*8,454*	*7,709*	*8,838*	*8,047*	*7,612*
Weighted base: All employers	*231,199*	*56,320*	*252,169*	*1,451,507*	*165,008*	*162,978*	*135,602*	*180,327*	*147,130*	*120,774*

Base: All employers.

London establishments are the most likely to be experiencing recruitment problems, with 8 per cent reporting HtFVs and 7 per cent reporting SSVs. Establishments in the East Midlands region are the least likely to report that they have vacancies that are proving hard-to-fill (5 per cent do so) or that they currently have SSVs (3 per cent). Otherwise, on these measures employers in all other regions are within one percentage point of the national average.

A more marked regional pattern emerges when comparing the *total numbers* of vacancies, HtFVs and SSVs reported by establishments, as shown in Figure 3.10 (represented by the columns of data). In order to highlight whether a particular region is experiencing a disproportionate share of recruitment difficulties, Figure 3.10 also details the proportion of vacancies, HtFVs and SSVs accounted for by each region against that region's share of national employment (shown in boxes above the chart).

Figure 3.10: Number and distribution of vacancies and hard-to-fill vacancies by region.



	London	South East	North West	South West	Eastern	Yorkshire & The Humber	West Midlands	East Midlands	North East
Share of all employment	18%	16%	13%	10%	10%	10%	10%	8%	5%
Share of all vacancies	20%	19%	12%	9%	10%	9%	10%	7%	4%
Share of all HtFVs	22%	20%	10%	11%	11%	8%	8%	7%	4%
Share of total SSVs	25%	20%	10%	10%	10%	8%	8%	7%	4%
Unweighted base (vacs)	10,199	9,483	5,764	5,153	5,768	4,506	4,840	3,797	3357
Weighted base (vacs)	126,872	115,447	75,227	58,582	64,216	53,602	61,352	40,977	23,408
Unweighted base (employers with vacs)	3,197	2,857	1,950	1,872	2,033	1,768	1,566	1,457	1,244

Base: All vacancies.

Reflecting the fact that London establishments account for the largest share of overall national employment, the largest total number of SSVs reported are to be found in London. In contrast to the situation in 2005 when the capital's share of recruitment problems was relatively low, London establishments now account for a greater proportion of vacancies (20 per cent) than the region's share of total employment (18 per cent). One quarter of all SSVs reported nationwide are being experienced by establishments based in London, pointing to high levels of competition for skilled workers in the capital.

This effect extends to the wider South East region, where again the proportion of SSVs (20 per cent), and HtFVs (20 per cent) exceed the region's share of employment (16 per cent). Establishments in the South East and London have by far the highest levels of recruitment activity, with many more total vacancies reported than in the other regions, both in absolute terms and relative to employment.

Across the other regions the proportion of vacancies, HtFVs and SSVs experienced by establishments are roughly in line with their share of employment. Recruitment difficulties would appear to be least acute in the North West region, where the share of national HtFVs (10 per cent) and SSVs (10 per cent) is below what would be expected given the region's share of overall employment (13 per cent). Although the region's overall recruitment activity is in line with the volume of employment, the vacancies that do exist are relatively unlikely to be described as hard-to-fill or skills-related.

There have been quite noticeable changes in the regional patterns of recruitment activity since 2004. Table 3.6 shows comparative vacancy density measures for 2004 and 2005 alongside 2007.

Table 3.6: Vacancies and hard-to-fill vacancies as a proportion of employment by region – 2004, 2005 and 2007 comparison.

	Vacancies as a % of employment			HtFVs as a % of employment			HtFVs as a % of vacancies[2]		
	2004	2005	2007	2004	2005	2007	2004	2005	2007
	%	%	%	%	%	%	%	%	%
All England	**2.9**	**2.7**	**2.8**	**1.1**	**0.9**	**0.8**	**37**	**35**	**30**
Region									
Eastern	2.5	2.6	2.8	1.0	0.9	0.8	39	34	30
East Midlands	2.8	2.3	2.3	1.1	0.7	0.7	39	30	30
London	2.3	2.3	3.3	0.5	0.7	1.0	21	28	32
North East	2.7	2.5	2.3	1.0	0.9	0.7	36	36	30
North West	3.1	3.0	2.6	1.3	1.3	0.6	40	42	25
South East	3.3	2.8	3.2	1.3	1.1	1.0	39	39	31
South West	3.0	3.0	2.7	1.2	0.9	0.9	39	31	35
West Midlands	2.8	2.5	2.6	1.2	1.0	0.6	42	39	24
Yorkshire and the Humber	3.0	3.1	2.4	1.2	1.1	0.7	39	37	28

Source: NESS07, NESS05, NESS04
Base: All employment.

Mirroring the national pattern, establishments in the Yorkshire and Humber, North West and South West regions currently report a lower number of vacancies in comparison to total employment than they did in 2005, suggesting a slowdown in recruitment in these areas. In contrast, London and South East regions now have a greater density of vacancies relative to total employment compared to 2005. London is now the region with the highest overall density of vacancies as a percentage of employment.

[2] Throughout this chapter this measure is calculated using the total number of vacancies followed up in detail during the interview, rather than the total number of vacancies reported. Having given the total number of vacancies, respondents were asked to break this number down by occupation for a maximum of six occupations (this we describe as the number of vacancies followed up). In a small number of cases, respondents had vacancies across more than six occupations, hence the total number of vacancies followed up is less than the total number of vacancies. HtFVs were asked at the (up to six) occupational level, not overall; hence the proportion of vacancies that are hard-to-fill is calculated using the number of vacancies followed up.

In London there has also been a large rise in the number of hard-to-fill vacancies as a proportion of both employment and vacancies, while both these density measures have fallen in most regions. There have been very marked falls in 2007 compared with both 2004 and 2005 in the proportion of vacancies which are hard-to-fill in Yorkshire and the Humber, the West Midlands, North West, South East and North East.

Table 3.7 gives the density of SSVs for each region, showing the ratio between the total number of SSVs experienced by employers and the total number of vacancies and employees in that region.

Again the findings reveal a high density of skills-related recruitment problems in London and to a lesser extent the South East, where 26 per cent and 22 per cent of all vacancies respectively were proving hard-to-fill due to skill shortages in applicants.

Table 3.7: Skill-shortage vacancy density measures by region.

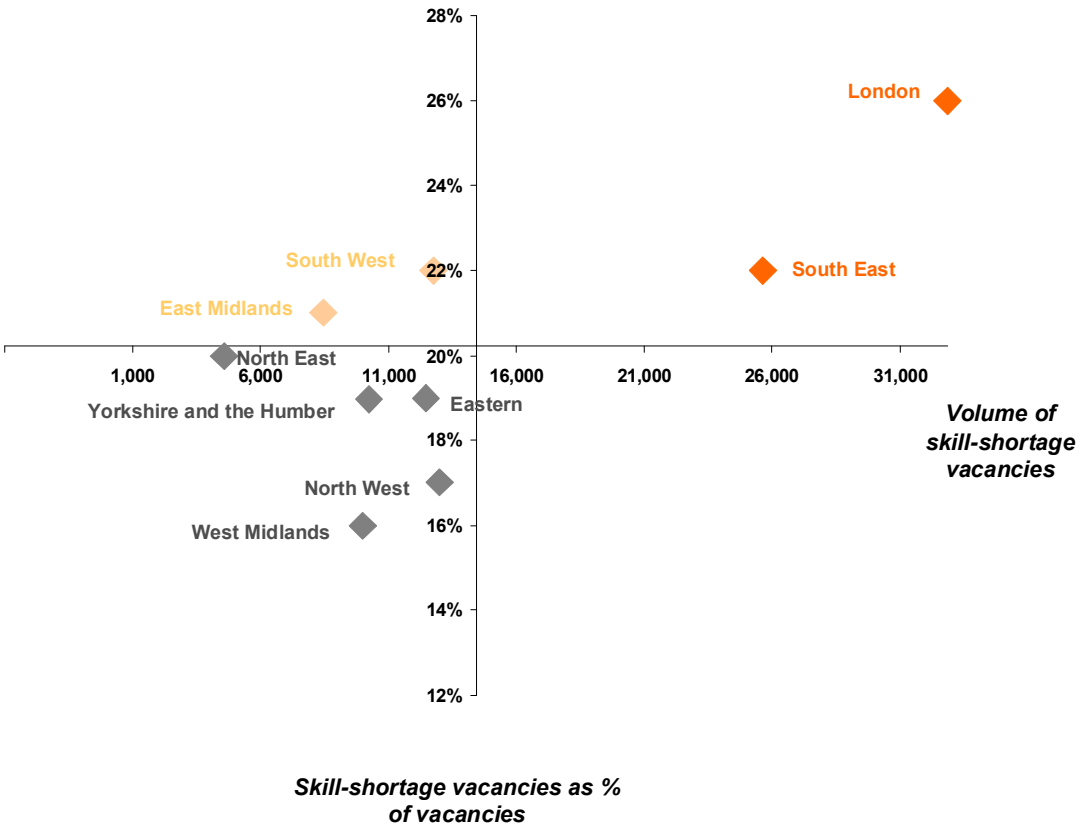
	Vacancies	SSVs	% of vacancies that are SSVs	SSVs per 1,000 employees
Unweighted base		*10,399*		
Overall	*619,675*	*130,000*	**21**	**6**
Region				
Eastern	*64,225*	*12,475*	**19**	**5**
East Midlands	*40,975*	*8,450*	**21**	**5**
London	*126,875*	*32,850*	**26**	**8**
North East	*23,400*	*4,600*	**20**	**5**
North West	*75,225*	*13,000*	**17**	**4**
South East	*115,450*	*25,650*	**22**	**7**
South West	*58,575*	*12,750*	**22**	**6**
West Midlands	*61,350*	*9,975*	**16**	**4**
Yorkshire & The Humber	*53,600*	*10,250*	**19**	**5**

Base: All employment.
Note: Vacancy and SSV figures rounded to the nearest 25.

The number of SSVs when looked at in relation to employment shows much lower densities in the West Midlands and North West (4 per 1,000 in each) than in other regions. The relationship between the volume of SSVs and their density (using density in terms of the proportion of all vacancies that are SSVs) is shown in Figure 3.11. The point at which the axes cross represents the average SSV density for the country as a whole and an average 'region share' of all SSVs.

This presentation of the SSV figures highlights London as the most distinct region, with by far the largest volume of SSVs and also the highest proportion of vacancies that are skills-related. Figure 3.11 also shows that whilst the South West has a relatively low number of SSVs overall compared to London and the South East, skill shortages are comparable to those in the South East if one takes SSVs as a proportion of all vacancies.

Figure 3.11: Summary of skill-shortage vacancies by region.



Base: All vacancies.

When assessing the severity of recruitment difficulties experienced by employers in different regions, it is important to assess the negative impact that any HtFVs are having, as well as simply the overall incidence of these vacant positions. Table 3.8 details the proportion of employers, by region, with hard-to-fill vacancies reporting specific impacts of the recruitment problem.

Table 3.8: Impact of hard-to-fill vacancies by region.

	Unweighted base	*Weighted base*		Increased workload for other staff	Delays developing new products or services	Loss of business or orders to competitors	Increased operating costs	Difficulties meeting quality standards	Difficulties introducing new working practices	Need to outsource work	None
Overall	***6,323***	***94,569***	**%**	**74**	**35**	**34**	**34**	**30**	**28**	**25**	**9**
Region											
Eastern	*702*	*10,963*	%	82	37	38	40	35	34	29	6
East Midlands	*479*	*6,313*	%	63	26	28	22	20	18	16	13
London	*1,207*	*19,069*	%	81	45	41	40	38	37	33	6
North East	*471*	*3,898*	%	87	42	39	38	33	34	32	5
North West	*649*	*10,401*	%	81	38	38	40	33	36	27	7
South East	*1,021*	*16,893*	%	65	30	27	28	25	21	19	13
South West	*699*	*10,959*	%	66	26	30	28	25	20	18	12
West Midlands	*511*	*8,119*	%	63	24	28	28	19	19	20	13
Yorkshire and the Humber	*584*	*7,954*	%	81	45	40	40	30	33	27	5

Base: All employers with hard-to-fill vacancies.

The general hierarchy of reported impacts was similar across regions, but there are some interesting variations, specifically:

- Employers in the East Midlands, West Midlands, the South West and the South East are the least likely to consider HtFVs to be problematic, and were less likely than others to perceive any impact on the workload of existing staff, the need for outsourcing or any associated problems when it comes to introducing new working practices.

- Employers in London, the North East and Yorkshire and Humber were more likely than those in other regions to report that they have had delays developing new products and services that have been down to HtFVs.

- Increased operating costs come higher up the list of impacts of recruitment problems reported by employers in the North West, West Midlands and Eastern regions.

Regionally, there were relatively few differences in terms of the actions employers have taken to overcome HtFVs, although there was a greater willingness amongst employers in London and the North East to look at new types of recruitment channels: 32 per cent and 30 per cent of employers with HtFVs in these regions respectively have looked to develop new recruitment strategies.

Table 3.9: Actions taken to overcome hard-to-fill vacancies, by region.

	Unweighted base	*Weighted base*		Increasing advertising/recruitment spend	Using new recruitment methods or channels	Increasing the training given to your existing workforce in order to fill the vacancies	Increasing/expanding trainee programmes	Redefining existing jobs	Increasing salaries	Making existing staff work longer hours	Nothing
Overall	***6,323***	***94,569***	**%**	**44**	**23**	**10**	**7**	**6**	**4**	**3**	**13**
Region											
Eastern	*702*	*10,963*	**%**	45	24	9	7	5	2	4	15
East Midlands	*479*	*6,313*	**%**	46	18	11	6	7	5	2	13
London	*1,207*	*19,069*	**%**	41	32	12	6	6	3	2	12
North East	*471*	*3,898*	**%**	38	30	12	8	6	4	5	15
North West	*649*	*10,401*	**%**	47	21	10	11	7	4	5	13
South East	*1,021*	*16,893*	**%**	48	15	11	8	7	6	4	12
South West	*699*	*10,959*	**%**	46	20	9	7	7	5	4	13
West Midlands	*511*	*8,119*	**%**	38	19	13	7	5	6	4	15
Yorkshire and the Humber	*584*	*7,954*	**%**	43	27	6	6	4	3	3	18

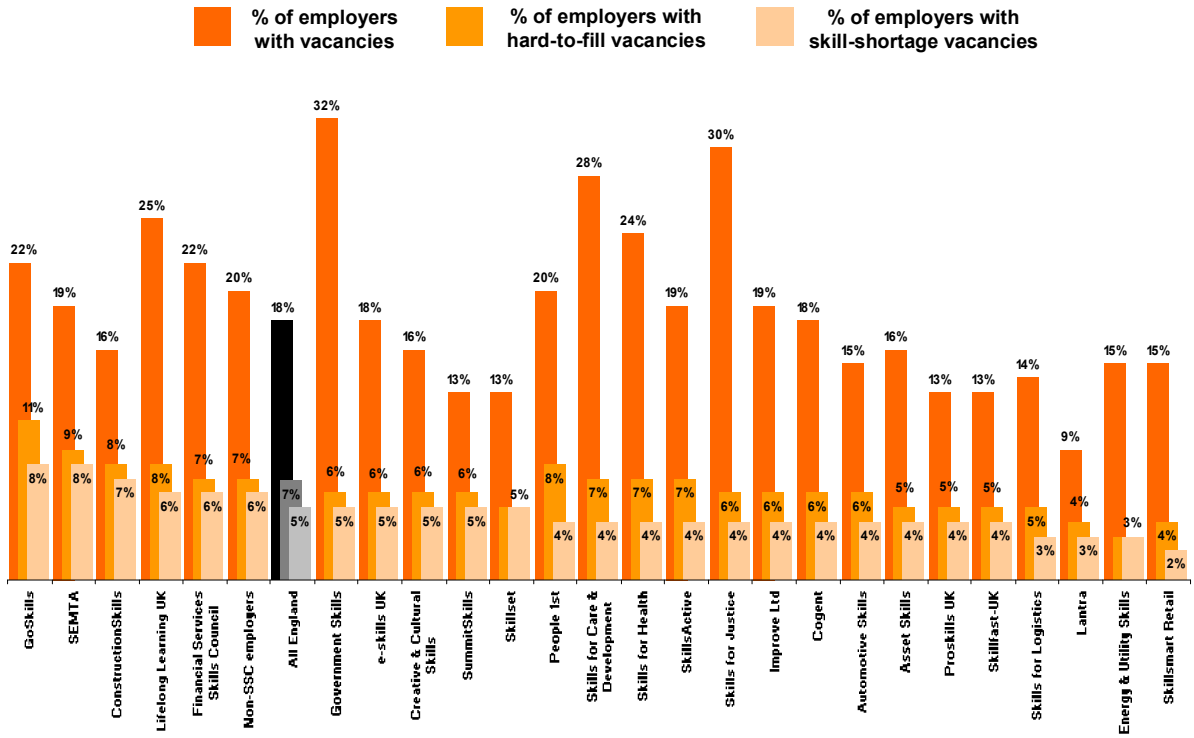
Base: All establishments with hard-to-fill vacancies.

The sectoral picture of recruitment difficulties

As seen in previous NESS surveys, there is substantial variation in the incidence of vacancies, HtFVs and SSVs across different industry sectors. Figure 3.12 shows the proportion of establishments currently experiencing vacancies, HtFVs and SSVs, by SSC industry sectors[3]. Sectors have been ordered left to right in terms of decreasing incidence of SSVs.

A description of the sector each SSC covers and a definition in terms of Standard Industrial Classification (SIC) can be found in Annex D.

Figure 3.12: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by SSC sector.



Base: All employers (weighted=1,451,507; unweighted=79,018).

Employers in SSC sectors largely composed of public sector establishments which are most likely to report vacancies, with between one quarter and a third of establishments covered by the Government Skills (32 per cent), Skills for Justice (30 per cent) Skills for Care & Development SSC (28 per cent) and Skills for Health SSCs reporting vacancies (24 per cent). Employers covered by the Lifelong Learning sector were also particularly likely to be experiencing vacancies (25 per cent). This matches the pattern found in 2005.

Higher than average levels of vacancies were also found amongst establishments covered by GoSkills and Financial Services SSCs, with just over one fifth (22 per cent) of employers reporting vacancies in each case.

As well as reporting amongst the highest levels of vacancies overall, establishments covered by GoSkills SSC were also the most likely to state that they have vacancies that are proving hard-to-fill – 11 per cent compared to 7 per cent across all employers. The other SSC sectors with the highest incidence of HtFVs are Semta (9 per cent of establishments), ConstructionSkills, Lifelong Learning UK and People 1st (all 8 per cent).

The proportion of establishments reporting SSVs is highest in the sectors covered by GoSkills, Semta and ConstructionSkills SSCs.

In general, the relationship between the incidence of SSVs and HtFVs is relatively stable across sectors, although there are sectors in which the proportion of employers reporting SSVs is higher or lower than expected, given the incidence of HtFVs. In the People 1st and SkillsActive sectors, the incidence of establishments reporting SSVs is slightly lower than average while the incidence of reporting HtFVs is average or slightly above average: where these employers are experiencing difficulties in filling vacancies, this is less likely to be due to skill shortages than is the case in other sectors. The same is true for the Skills for Health and Skills for Care and Development sectors.

In contrast, establishments represented by Skillset, which are likely to require staff with advanced technical and IT skills, are more likely to experience SSVs than would perhaps be expected from their incidence of HtFVs: indeed all of those experiencing recruitment difficulties in this sector are reporting skills issues for at least some of their vacancies.

We have already reported that the incidence and density of SSVs varies by size of establishments. Because establishments covered by different sectors have very different size profiles (see Annex G for details), it is important to distinguish between the effects of size and sector on recruitment activity and on recruitment difficulties. To this end, the following section presents density measures, which examine recruitment and recruitment difficulties as a proportion of employment. Table 3.10 presents these density measures. SSCs are ordered according to where the 'core' of each one's sector coverage falls in the Standard Industrial Classification system. This runs from primary industries, through manufacturing activities, to service sectors.

[3] 'Non-SSC employers' describe those sectors currently not covered by an SSC. Estimates for April 2007 suggest that 89 per cent of the workforce were covered by an SSC. A process of sector integration is taking place in the Skills for Business network where sectors currently outside the network are agreeing coverage by a SSC. The process of integration will increase the Skills for Business network's coverage of the UK workforce to an estimated 95 per cent.

Table 3.10: Vacancies and HtFVs as a proportion of employment by SSC.

	Base = All employment		Total number of vacancies	Vacancies as a % of employment	Total number of HtFVs	HtFVs as a % of employment	HtFVs as a % of vacancies
	Unweighted	*Weighted*		%		%	%
Overall	***2,277,027***	***22,259,634***	***619,675***	**2.8**	**183,472**	**0.8**	**30**
Lantra	*32,481*	*309,946*	*8,450*	**2.7**	3,962	**1.3**	**47**
Cogent	*57,900*	*389,517*	*6,650*	**1.7**	1,993	**0.5**	**30**
Proskills UK	*44,270*	*273,723*	*3,975*	**1.5**	1,382	**0.5**	**35**
Improve Ltd	*51,664*	*354,802*	*5,300*	**1.5**	984	**0.3**	**19**
Skillfast-UK	*28,353*	*206,757*	*3,875*	**1.9**	1,364	**0.7**	**35**
Semta	*159,511*	*1,179,842*	*23,200*	**2.0**	8,820	**0.7**	**38**
Energy & Utility Skills	*15,542*	*244,940*	*6,100*	**2.5**	!	**!**	**!**
ConstructionSkills	*118,171*	*1,018,391*	*36,700*	**3.6**	18,805	**1.8**	**51**
SummitSkills	*22,914*	*227,444*	*8,075*	**3.6**	2,312	**1.0**	**29**
Automotive Skills	*59,548*	*464,702*	*11,200*	**2.4**	4,042	**0.9**	**36**
Skillsmart Retail	*248,701*	*2,315,664*	*52,675*	**2.3**	12,621	**0.5**	**24**
People 1st	*140,147*	*1,557,244*	*67,725*	**4.3**	20,818	**1.3**	**31**
GoSkills	*40,175*	*403,779*	*10,825*	**2.7**	3,626	**0.9**	**33**
Skills for Logistics	*88,698*	*640,931*	*11,000*	**1.7**	3,147	**0.5**	**29**
Financial Services Skills Council	*73,426*	*888,812*	*30,450*	**3.4**	5,757	**0.6**	**19**
Asset Skills	*75,267*	*797,499*	*24,725*	**3.1**	7,162	**0.9**	**29**
e-skills UK	*54,113*	*647,381*	*22,650*	**3.5**	7,320	**1.1**	**32**
Government Skills	*30,431*	*358,608*	*9,750*	**2.7**	!	**!**	**!**
Skills for Justice	*37,212*	*307,759*	*3,900*	**1.3**	!	**!**	**!**
Lifelong Learning UK	*147,510*	*802,136*	*19,500*	**2.4**	3,905	**0.5**	**20**
Skills for Health	*156,016*	*1,647,445*	*30,500*	**1.9**	7,892	**0.5**	**26**
Skills for Care & Development	*93,774*	*867,385*	*29,800*	**3.4**	8,047	**0.9**	**27**
Skillset	*16,652*	*125,125*	*7,075*	**5.6**	3,197	**2.6**	**45**
Creative & Cultural Skills	*46,311*	*220,655*	*7,325*	**3.3**	2,282	**1.0**	**31**
SkillsActive	*45,330*	*275,054*	*7,000*	**2.5**	2,017	**0.7**	**29**
Non-SSC employers	*392,910*	*5,734,093*	*171,275*	**3.0**	49,035	**0.9**	**29**

Base: All employment.
Note: Findings based on fewer than 25 interviews are replaced by "!".Vacancies figures rounded to the nearest 25. Dark orange cells indicate particularly high values; grey cells indicate particularly low values.

The total number of vacancies reported by establishments nationally represents 2.8 per cent of total employment.

There are a few SSC sectors in which establishments report much higher levels of recruitment activity which are very high compared to total employment. For instance, employers covered by Skillset report a total of 7,075 vacancies, which is equivalent to more than one vacancy for every 20 employees covered by that sector. Employers covered by People 1st also have a high number of vacancies in total as a proportion of employment (4.3 per cent).

In contrast, the density of recruitment activity was much lower than average for those employers involved in manufacturing industries covered by Proskills UK (1.5 per cent), Improve Ltd (1.5 per cent) and, as in 2005, primary industry employers covered by Cogent (1.7 per cent).

As well as reporting a high density of vacancies relative to employment, Skillset employers also report a particularly high density of HtFVs, equivalent to 2.6 per cent of employment and 45 per cent of all vacancies. HtFV density is also high amongst employers covered by ConstructionSkills and Lantra, where around half of all vacancies are perceived as being hard-to-fill. These two sectors were also amongst those experiencing the highest density of recruitment problems relative to both employment and total vacancies in 2005 whereas employers covered by Skillset did not report particularly high density in 2005, suggesting that this is an emerging trend in their sector.

Recruitment difficulties are fewer for employers in the Improve Ltd, Skillsmart Retail, Skills for Logistics and Skills for Health sectors, where vacancy numbers are low in comparison to employment, and where the density of HtFVs is below average (between 0.3 and 0.5 per cent of employment). Whilst employers covered by the Financial Services Skills Council now have an above-average density of vacancies compared to employment (below the national average in 2005), the proportion of vacancies that are HtFVs has remained below average, at 19 per cent.

As seen in 2005, employers covered by Lantra and Semta sectors have a lower than average density of vacancies to employment (2.7 per cent and 2.0 per cent respectively compared with the national average of 2.8 per cent) but have comparatively high HtFV densities, with both reporting above-average HtFV proportions as a percentage of all vacancies. In other words, while they have relatively low numbers of vacancies as a proportion of employee numbers, the vacancies that do exist are more likely than average to be hard-to-fill.

In order to further investigate the sector profile of recruitment problems, Table 3.11 shows the number of SSVs occurring in each SSC sector, and the density of these SSVs in comparison to total vacancies and employment.

Table 3.11: Number and density of vacancies by SSC

	Vacancies	*SSVs*	% of vacancies that are SSVs	SSVs per 1,000 employees
Unweighted base	*52,867*	*10,399*		
All England	*619,675*	*130,000*	**21**	**6**
Lantra	*8,450*	*2,475*	**29**	**8**
Cogent	*6,650*	*1,400*	**21**	**4**
Proskills UK	*3,975*	*950*	**24**	**3**
Improve Ltd	*5,300*	*550*	**10**	**2**
Skillfast-UK	*3,875*	*975*	**25**	**5**
Semta	*23,200*	*7,150*	**31**	**6**
Energy & Utility Skills	*6,100*	*500*	**8**	**2**
ConstructionSkills	*36,700*	*14,625*	**40**	**14**
SummitSkills	*8,075*	*2,000*	**25**	**9**
Automotive Skills	*11,200*	*2,975*	**27**	**6**
Skillsmart Retail	*52,675*	*7,250*	**14**	**3**
People 1st	*67,725*	*12,675*	**19**	**8**
GoSkills	*10,825*	*2,475*	**23**	**6**
Skills for Logistics	*11,000*	*2,075*	**19**	**3**
Financial Services Skills Council	*30,450*	*4,725*	**16**	**5**
Asset Skills	*24,725*	*5,125*	**21**	**6**
e-skills UK	*22,650*	*6,275*	**28**	**10**
Government Skills	*9,750*	*1,475*	**15**	**4**
Skills for Justice	*3,900*	*275*	**7**	**1**
Lifelong Learning UK	*19,500*	*2,625*	**13**	**3**
Skills for Health	*30,500*	*3,850*	**13**	**2**
Skills for Care & Development	*29,800*	*4,700*	**16**	**5**
Skillset	*7,075*	*2,900*	**41**	**23**
Creative & Cultural Skills	*7,325*	*1,650*	**23**	**8**
SkillsActive	*7,000*	*1,375*	**20**	**5**
Non-SSC employers	*171,275*	*36,875*	**22**	**6**

Notes: Figures rounded to the nearest 25.
"!" is used where the base size was less than 25. Figures in italics denote base sizes of 25 to 49 and should be treated with caution.
Dark orange cells indicate particularly high values; grey cells indicate particularly low values.

The large group of employers not currently covered by an SSC account for the most vacancies and skill-shortage vacancies overall (just over a quarter of each). Aside from this group, two SSCs dominate in terms of the absolute number of vacancies and skill-shortage vacancies. Employers covered by ConstructionSkills and People 1st account for more than 27,000 SSVs – nearly a fifth of those for the country as a whole (21 per cent), and a substantial rise from around 25,000 across these two sectors in 2005.

The density figures showing SSVs as a proportion of all vacancies again indicates SSVs to be a particular problem for employers in the ConstructionSkills and Skillset sectors, where two-fifths of vacancies (40 per cent and 41 per cent respectively) involve skill shortages amongst applicants, compared to 21 per cent across all sectors.

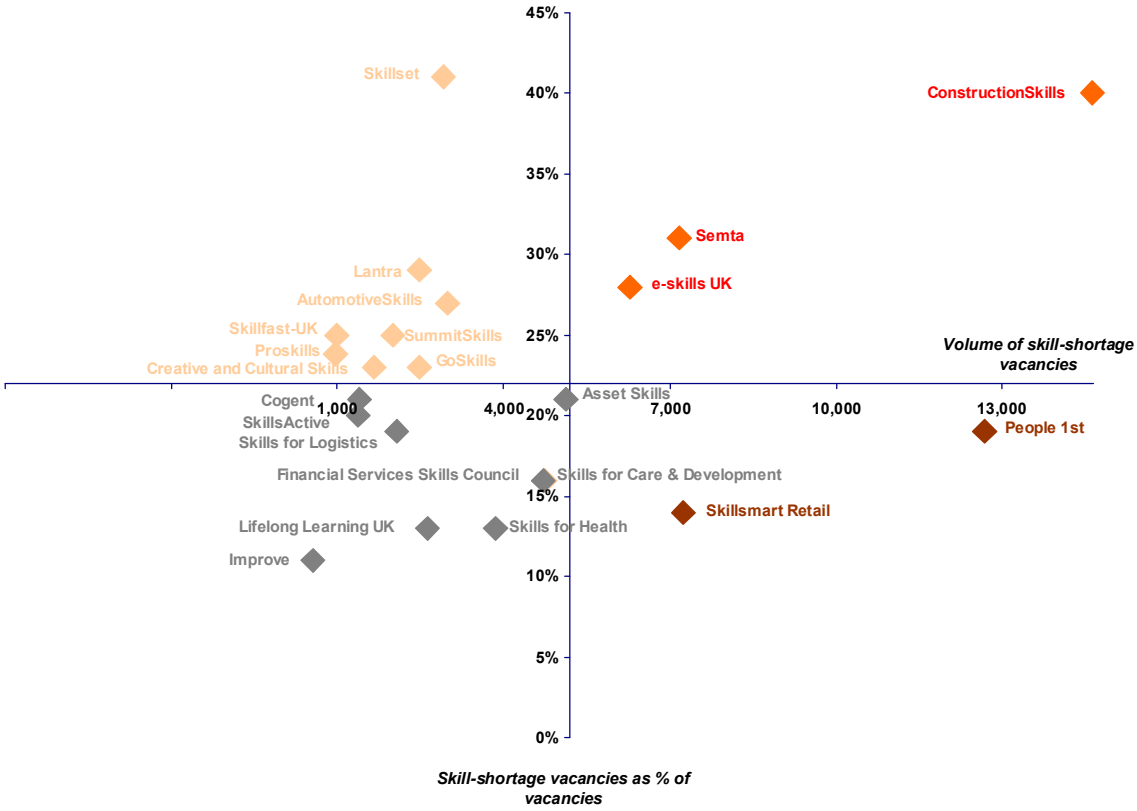
Although the People 1st sector accounts for a large number of SSVs overall, the proportion of vacancies which remain open because of skill shortages is below average.

Aside from employers covered by ConstructionSkills, the density of SSVs is also relatively more acute in the Lantra and e-skills UK sectors, where around three in 10 vacancies involve skill shortages. Reflecting the problems with HtFVs felt by employers in this sector, employers covered by Semta SSC report a correspondingly large number of SSVs in volume terms, and have a high density of SSVs relative to total vacancies (31 per cent).

Employers covered by Improve Ltd, Lifelong Learning UK and Skills for Health have far fewer problems in finding suitably skilled candidates for vacancies arising, although even in these sectors at least one in 10 vacancies is proving hard-to-fill because of a lack of appropriate skills in the labour market.

The discussion above points to two types of 'problem' sector in terms of skills and the external labour market: those where the sheer volume of recruitment activity means that a large number of SSVs are found in these sectors; and those where vacancies are particularly likely to be hard-to-fill for skill-related reasons even if the overall volume is relatively low. Figure 3.13 explores the relationship between these two types of problems by plotting SSV numbers against skill-shortage densities. The point at which the axes cross represents the average SSV density for the SSC sectors as a whole and an average 'SSC share' of all SSVs. The figure excludes non-SSC employers, which have by far the largest volume of all SSVs.

Figure 3.13: Summary of skill-shortage vacancies by SSC



Base: All skill-shortage vacancies.
Notes: Energy & Utility, Skills for Justice and Government Skills sectors have base sizes of less than 25 to 49 and are therefore not shown. Employers not covered by an SSC are also not shown.

Figure 3.13 makes clear that relatively few sectors are experiencing a high volume of SSVs and a high proportion of vacancies that are hard-to-fill for skill-related reasons. Rather, the concentration of SSCs is in the bottom left quadrant, where the absolute number of skill shortages and the density of SSVs is relatively low.

Density and volume of SSVs combine as a problem amongst employers represented by Semta and, in particular, by ConstructionSkills. This was also the case in 2005. Employers covered by e-skills UK are also suffering both high volumes of SSVs and a higher than average proportion of vacancies which involve skill-shortages.

The top left quadrant of the figure contains those industries where the density of SSVs is high but a relatively low number of vacant positions mean that the absolute number of skill shortages is low. The industries in this quadrant particularly affected by a high density of SSVs are those covered by Skillset, Lantra, Automotive Skills, SummitSkills, and Skillfast UK.

The bottom right quadrant contains industries experiencing a relatively low density of SSVs but where the sheer number of vacancies means that the volume of skill shortages is relatively high. The employers experiencing problems of this nature are those covered by People 1st and Skillsmart Retail, as also seen in 2005. Whereas previously employers covered by Skills for Care & Development also came into this quadrant, a drop in the overall number of SSVs reported by this sector indicates that their recruitment problems have eased.

In order to get a more in-depth picture of the skill shortages within each sector, the next section looks at the distribution of SSVs by occupation. Table 3.12 shows the occupational breakdown of SSVs for each sector. SSC sectors have been grouped to reflect the quadrant of Figure 3.13 into which each industry falls, the coloured markers next to each SSC identifying its quadrant.

Table 3.12: Profile of skill-shortage vacancies by occupation within SSC sector

Row percentages	Base: all SSVs Unweighted	Weighted		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary	Unclassified
Overall	***10,399***	***130,004***	**%**	**6**	**15**	**17**	**7**	**17**	**10**	**10**	**8**	**9**	**1**
Lantra	*195*	*2,472*	%	6	8	6	2	42	9	1	7	18	0
Proskills UK	*119*	*956*	%	2	3	15	6	30	0	16	25	3	0
Skillfast-UK	*127*	*980*	%	3	1	3	6	30	0	20	26	11	0
SummitSkills	*211*	*2,007*	%	4	2	5	5	79	0	1	*	4	0
Automotive Skills	*290*	*2,982*	%	2	1	4	6	57	0	18	9	3	0
GoSkills	*282*	*2,486*	%	3	1	12	9	5	1	1	67	1	0
Skillset	*187*	*2,909*	%	4	1	63	2	25	0	3	*	1	*
Creative & Cultural Skills	*245*	*1,660*	%	16	8	41	10	5	1	12	2	6	*
Cogent	*226*	*1,405*	%	10	21	9	3	9	0	14	26	6	1
Improve Ltd	*83*	*560*	%	8	0	16	9	38	0	10	12	5	1
Skills for Logistics	*267*	*2,076*	%	3	2	3	9	4	0	4	66	9	1
Financial Services Skills Council	*337*	*4,734*	%	8	7	23	35	2	0	20	0	1	5
Asset Skills	*401*	*5,122*	%	10	19	13	12	4	3	17	1	21	*
Lifelong Learning UK	*356*	*2,613*	%	4	39	27	13	2	5	6	0	3	1
Skills for Health	*301*	*3,855*	%	5	5	29	11	1	41	2	0	3	2
Skills for Care & Development	*433*	*4,705*	%	3	8	19	2	3	58	1	1	4	1
SkillsActive	*206*	*1,372*	%	5	0	26	4	5	48	2	0	10	*
Semta	*755*	*7,161*	%	6	15	13	2	41	0	4	17	2	1
ConstructionSkills	*1,384*	*14,636*	%	6	31	11	3	34	0	2	9	4	*
e-skills UK	*598*	*6,277*	%	4	55	17	7	5	*	11	*	1	*
Non-SSC employers	*1,824*	*36,877*	%	5	17	23	7	9	20	7	6	6	1
Skillsmart Retail	*546*	*7,251*	%	7	1	8	5	11	*	59	2	6	0
People 1st	*882*	*12,667*	%	5	2	3	3	23	4	4	3	47	6

Legend:
(Corresponding to quadrants of Figure 3.13)

Lower than average volume, higher than average density of SSVs
Lower than average volume, lower than average density of SSVs
Higher than average volume, higher than average density of SSVs
Higher than average volume, lower than average density of SSVs

Base: All skill-shortage vacancies.
Notes: Percentages sum to 100 across each row (subject to rounding).
'' denotes a figure greater than 0 per cent but less than 0.5 per cent.*
Notes: Energy & Utility, Skills for Justice and Government Skills sectors have base sizes of less than 25 to 49 and are therefore not shown. Employers not covered by an SSC are also not shown.

This occupational breakdown suggests that the SSC sectors experiencing large volumes or a high density of SSVs are likely to be doing so because of skill shortages amongst applicants for vacancies in particular occupational groups. As highlighted earlier in this section, at a national level skills shortages are most likely to occur when employers are looking to recruit into skilled trades and professional occupations. Employers represented by ConstructionSkills, the SSC with the highest volume and density of SSVs, are much more likely than the average to be having problems recruiting both professionals and skilled trades people. Similarly, the high levels of SSVs experienced by employers represented by e-skills UK and Semta can be largely attributed to problems recruiting professionals and skilled trades staff respectively.

Several of those SSC sectors experiencing below average numbers but high densities of skill shortages (shaded orange in Table 3.12) are also particularly likely to be looking to recruit people engaged in occupations classed as skilled trades. This applies to employers covered by SummitSkills, Automotive Skills, Lantra, and Proskills and represents a continuing trend from 2005.

Where industries are experiencing a large number of SSVs but where these account for a relatively small proportion of vacant positions (those shaded in green in Table 3.12), the SSVs tend to be concentrated in one particular sector-specific occupational group. SSVs among employers covered by Skillsmart Retail mostly occur when they are trying to fill positions for sales and customer service staff. Almost half of SSVs experienced by the hospitality, leisure and tourism employers covered by People 1st are for low skilled, elementary level positions.

A number of sector-based differences are apparent when analysing the perceived impact that all HtFVs have on employers. As illustrated in Table 3.13, sectors with an above-average density of SSVs to vacancies were more likely to describe some impact of recruitment problems: 94 per cent of employers represented by ConstructionSkills did so, along with 95 per cent of those covered by Lantra. Employers in these two sectors were particularly likely to say that the consequences of HtFVs had been a greater need to outsource and, in the case of Lantra, increased operating costs.

Negative impacts of HtFVs were also particularly likely to be felt by employers covered by SummitSkills, especially with regard to creating extra work for existing staff, increased operating costs, loss of business to competitors and difficulties in developing new products or ways of working. These types of effects were also commonly reported by employers within Skillfast UK and Semta sectors who have had vacancies that have been proving hard to fill.

Other variations in the impact of HtFVs across the sectors included e-Skills UK and Creative and Cultural Skills feeling the most impact in terms of delays in developing new products, and employers represented by Automotive Skills more likely to be concerned about loss of business orders to their competitors.

Table 3.13: Impact of hard-to-fill vacancies by SSC

	Unweighted	*Weighted*		Increased workload for other staff	Delays developing new products or services	Loss of business or orders to competitors	Increased operating costs	Difficulties meeting quality standards	Difficulties introducing new working practices	Need to outsource work	None
Overall	***6,323***	***94,569***	**%**	**74**	**35**	**34**	**34**	**30**	**28**	**25**	**9**
Lantra	*190*	*2,946*	%	73	36	37	41	29	32	34	5
Cogent	*118*	*842*	%	76	29	27	38	25	25	20	11
Proskills UK	*114*	*886*	%	70	34	37	35	28	25	23	7
Improve Ltd	*69*	*441*	%	68	34	27	34	21	24	18	19
Skillfast-UK	*113*	*924*	%	72	41	42	41	27	33	32	9
Semta	*386*	*4,446*	%	74	44	40	42	26	26	33	8
ConstructionSkills	*643*	*9,319*	%	77	37	38	37	25	26	34	6
SummitSkills	*135*	*1,483*	%	81	49	48	47	31	37	35	3
Automotive Skills	*240*	*2,946*	%	73	32	47	37	29	31	22	9
Skillsmart Retail	*402*	*7,859*	%	71	29	28	23	29	26	17	12
People 1st	*606*	*10,790*	%	74	28	28	30	33	26	16	11
GoSkills	*173*	*1,429*	%	64	28	48	34	33	30	29	8
Skills for Logistics	*127*	*1,444*	%	69	29	35	39	30	34	35	12
Financial Services Skills Council	*162*	*2,366*	%	72	41	33	30	30	31	9	10
Asset Skills	*236*	*4,239*	%	84	41	40	38	33	37	28	6
e-skills UK	*249*	*2,995*	%	71	55	35	29	32	25	27	10
Lifelong Learning UK	*204*	*1,554*	%	69	43	30	36	28	33	27	10
Skills for Health	*222*	*3,198*	%	68	20	21	34	23	21	19	13
Skills for Care & Development	*328*	*3,569*	%	72	29	15	37	28	28	22	12
Skillset	*69*	*534*	%	66	35	46	43	37	29	24	11
Creative & Cultural Skills	*195*	*1,529*	%	82	53	39	36	35	29	42	9
SkillsActive	*164*	*1,113*	%	66	35	26	35	33	27	22	17
Non-SSC employers	*1,125*	*26,891*	%	75	36	37	34	31	30	25	8

Base: All employers with hard-to-fill vacancies (weighted=94,569; unweighted=6,323).
Note: Findings are not shown for Energy & Utility Skills, Skills for Justice and Government Skills sectors as unweighted bases are below 25. Dark orange cells indicate particularly high values; grey cells indicate particularly low values.

The actions employers covered by the different SSC sectors have taken to overcome HtFVs are presented in Table 3.14 below.

Table 3.14: Actions taken to overcome hard-to-fill vacancies by SSC sector

	Unweighted	*Weighted*		Increasing advertising/recruitment spend	Using new recruitment methods or channels	Increasing the training given to your existing workforce in order to fill the vacancies	Increasing/expanding trainee programmes	Redefining existing jobs	Increasing salaries	Making existing staff work longer hours	Nothing
Overall	***6,323***	***94,569***	**%**	**44**	**24**	**10**	**7**	**6**	**4**	**3**	**13**
Lantra	*190*	*2,946*	**%**	34	18	11	6	9	6	4	15
Cogent	*118*	*842*	**%**	45	17	12	8	4	5	3	19
Proskills UK	*114*	*886*	**%**	38	26	6	5	10	7	1	16
Improve Ltd	*69*	*441*	**%**	37	23	13	5	5	2	0	16
Skillfast-UK	*113*	*924*	**%**	43	23	6	8	5	4	2	16
Semta	*386*	*4,446*	**%**	37	29	12	9	4	6	4	13
ConstructionSkills	*643*	*9,319*	**%**	40	27	11	8	7	4	2	12
SummitSkills	*135*	*1,483*	%	39	24	17	13	5	2	3	10
Automotive Skills	*240*	*2,946*	**%**	41	18	14	7	3	5	5	15
Skillsmart Retail	*402*	*7,859*	**%**	52	21	9	4	4	3	4	16
People 1st	*606*	*10,790*	**%**	45	21	9	4	6	5	4	15
GoSkills	*173*	*1,429*	**%**	44	16	10	2	6	6	2	15
Skills for Logistics	*127*	*1,444*	%	40	23	10	11	5	6	1	18
Financial Services Skills Council	*162*	*2,366*	**%**	45	26	8	6	6	3	2	16
Asset Skills	*236*	*4,239*	**%**	48	26	7	6	6	3	5	11
e-skills UK	*249*	*2,995*	**%**	43	26	9	6	5	3	1	14
Lifelong Learning UK	*204*	*1,554*	**%**	47	27	18	9	6	5	3	7
Skills for Health	*222*	*3,198*	**%**	53	24	5	7	7	6	2	10
Skills for Care & Development	*328*	*3,569*	**%**	50	20	10	6	7	4	3	9
Skillset	*69*	*534*	**%**	41	19	12	13	4	1	4	14
Creative & Cultural Skills	*195*	*1,529*	**%**	40	27	12	6	10	3	2	9
SkillsActive	*164*	*1,113*	**%**	45	18	16	12	6	3	3	11
Non-SSC employers	*1,125*	*26,891*	**%**	45	22	11	8	6	4	5	14

Base: All employers with hard-to-fill vacancies (weighted=94,569; unweighted=6,323).
Note: Findings are not shown for Energy & Utility Skills, Skills for Justice and Government Skills sectors as unweighted bases are below 25. Dark orange cells indicate particularly high values; grey cells indicate particularly low values

As in 2005, the main strategies employers have used to overcome recruitment problems have been to increase advertising or recruitment spend, and to explore new recruitment methods or channels. This is true across all sectors. There were, however, some differences in the extent to which these and other strategies were used.

- Employers covered by Lantra were more reluctant than those in other sectors to react to HtFVs by increasing their financial outlay on advertising and recruitment generally.

- Fewer establishments covered by GoSkills and Cogent SSCs have explored new recruitment methods or channels in response to recruitment problems, when compared with the national average. Employers covered by Semta, on the other hand, have been much more ready to expand their search to encompass new channels when faced with HtFVs.

Establishments covered by SkillsActive and SummitSkills are the most likely to have increased the training given to new recruits or to existing staff in order to make up for a lack of skills exhibited by applicants for vacancies.

4 Skills Gaps

Section summary

Skills gaps exist where employers consider that employees are not fully proficient at their job. Only a minority of employers are affected by skills gaps (15 per cent): most of the workforce is fully proficient, with only 6 per cent considered by employers to have skills gaps.

The proportion of employers affected by skills gaps has decreased slightly compared with 2005, continuing the downward trend which has occurred every year since 2001. After decreasing year on year between 2003 and 2005, the proportion of the workforce lacking proficiency has levelled off.

Where staff are described as not being fully proficient this is most commonly a temporary or interim problem, caused by a lack of experience or 'time served' (and/or related recruitment and staff turnover difficulties). These skills gaps would be expected to reduce with time. But there is more employers could do to speed up this process, given that a fifth of all skills gaps are attributed to a lack of training or development and a similar proportion are attributed – at least in part – to the inability of the workforce to keep up with change.

The impact of skills gaps on an establishment follows a broadly similar pattern to that seen with external deficiencies. By far the most common impact is increased workload for other staff. But beyond that, over a quarter of employers with skills gaps report increased operating costs, a fifth lost business or turned business away, and around one in six had to delay developing new products or services.

Occupationally, 'lower level' occupations (where demand for skills is theoretically lower) continue to be more likely to suffer proficiency problems in both volume and density terms. That is, a higher proportion of the workforce in sales (9 per cent), elementary (8 per cent), machine operative (6 per cent) and personal service occupations (6 per cent) lack proficiency than in the more senior occupations (managers – 4 per cent, professional occupations – 5 per cent). Overall, over a third of all staff described as lacking proficiency work in sales or elementary positions (36 per cent) despite those occupations accounting for just over a quarter of employment (28 per cent).

Where proficiency problems are reported a wide range of skills is lacking, spanning both hard skills (technical and practical) and soft skills (with customer handling, oral communication and team working skills at a particular premium).

Employers most commonly react to skills gaps by increasing the amount and / or the spend on training activity, yet almost one in ten employers with skills gaps had done nothing to attempt to resolve them.

Introduction

Section 3 discussed the extent to which skill shortages are affecting employers in their recruitment activity. This section looks at the extent to which employers are experiencing skills deficiencies or gaps[4] among their existing workforce, and focuses on the incidence, number, distribution, profile, causes and impacts of skills gaps, and the range of skills described as lacking. It also examines the impacts that skills gaps are having and the actions employers are taking to overcome them. Finally, the section explores regional and sector-based patterns of skills gaps.

We look first at trend information on the incidence of skills gaps. It should be noted that the survey categorises staff as either fully proficient or not. While from a policy perspective there is clearly interest in raising the skill levels of the workforce, survey data can only identify changes year on year in the proportion of staff identified as *fully* proficient, not improvements in the skills levels of staff who remain below full proficiency.

Trends since 1999 in the incidence and number of skills gaps

Fifteen per cent of establishments in 2007 reported that they employed staff whom they considered not fully proficient, amounting to fewer than 1.4 million workers or 6 per cent of the total workforce in England.

The proportion of establishments reporting that they employ staff lacking proficiency has fallen year on year from the 2001 figure of 23 per cent to the current 15 per cent.

Among only those establishments with five or more staff[5] the pattern is even more marked, with the proportion reporting skills gaps falling from 56 per cent in 1999 to 23 per cent in 2007.

There has been less movement in the proportion of those employed who are reported as lacking proficiency: after a year on year fall from 2003 to 2005, in 2007 the proportion of the workforce reported as lacking proficiency has remained at the 2005 level of 6 per cent.

[4] Skills gaps are defined in terms of staff not being fully proficient. In the survey, respondents were asked to indicate for each major standard occupational category (SOC) where they employed staff (defined at first digit SOC level) how many were fully proficient at their job. If respondents asked for clarification, then a proficient employee was described as 'someone who is able to do their job to the required level'. Implications of this are discussed in Annex D.

[5] As discussed in Section 3, only companies with five or more employees were surveyed in 1999, and so comparisons can only be established on this base.

Some caution is needed when comparing NESS data with the earlier ESS surveys, particularly in regard to the numbers of staff with skills gaps, because ESS1999 and ESS2001 obtained information on skills gaps in a slightly different way to the NESS studies.[6] However, overall, the indication is that the **incidence of skills gaps** (that is the proportion of employers reporting any gaps) continues to decline, while the **density of skills gaps** (that is the overall proportion of the workforce that are not fully proficient at their job) remains at its lowest level since the ESS series started in 1999.

Table 4.1: Skills gaps, 1999–2007

	ESS 1999	ESS 2001	NESS03	NESS04	NESS05	NESS07
All establishments:						
Percentage of establishment with a skills gap	n/a	23	22	20	16	15
Percentage of staff described as having a skills gap	n/a	9	11	7	6	6
Establishments with 5+ employees:						
Percentage of establishment with a skills gap	56	50	39	31	26	23
Percentage of staff described as having a skills gap	11	10	11	7	6	6

Source: ESS1999 and ESS2001 (DfES); NESS03, NESS04, NESS05 and NESS07 (LSC).
Base: First and third row all establishments; second and fourth rows all employment.
Note: ESS1999 and ESS2001 figures for the percentage of staff lacking proficiency are best regarded as estimates (as discussed in footnote 3).

The overall fall since 2005 in the proportion of employers reporting any skills gap is not consistent across all sizes of employer. It is being driven by a decrease in the incidence of skills gaps among employers with 5–99 staff, with the largest decrease seen among those in the 25–99 size band (from 35 per cent in 2005 to 30 per cent in 2007).

Among the largest employers (with 500 or more staff) the proportion reporting a skills gap has actually increased since 2005, returning to approximately 2004 levels (47 per cent in 2004, 41 per cent in 2005, 48 per cent in 2007).

[6] The 1999 and 2001 studies asked respondents if they would regard all, nearly all, over half, some but under half, very few or none of each occupation group they employed as being fully proficient in their current job. The number of staff not fully proficient was not asked directly, but was derived by assigning a median score within each occupation where not all staff were fully proficient. For example, where a response was given within an occupation that 'nearly all staff' were fully proficient, then 85 per cent of staff were taken to be fully proficient and 15 per cent to have skills gaps. Although the median scores assigned to each semantic response were determined as a result of research undertaken during the course of the ESS1999 study, the number of staff described as having a skills gap from the ESS surveys is best regarded as an estimate. By comparison, the NESS surveys asked respondents directly how many within each occupational group they would describe as fully proficient, hence meaning the number of staff with a skills gap could be determined directly.

The incidence, number and density of skills gaps in 2007

The incidence of skills gaps increases with the size of establishment (Table 4.2, column A). Among establishments employing fewer than five people around one in twelve have any staff that are not fully proficient (8 per cent). This rises sharply to just over a fifth among establishments with 5 to 24 staff (21 per cent) and up again to three in ten of those where 25 to 99 staff are employed (30 per cent). Among those with 100–499 staff approximately two-fifths have skills gaps and almost half (48 per cent) of the largest employers, with 500 or more staff, report at least one skills gap.

The proportion of staff described as having a skills gap (Table 4.2, column C) also increases with size of employer (with a greater variation than that observed in 2005): 4 per cent of the workforce employed by the smallest establishments are described as not fully proficient compared with 8 per cent among the largest employers.

It follows that while across most size bands the share of skills gaps (Table 4.2, column E) is more or less in line with the proportion of the workforce employed (Table 4.2, column D), large employers account for a disproportionate share of skills gaps with the effect most marked among those with 500 or more staff, accounting for 16 per cent of employment but 21 per cent of all skills gaps. The converse is true for those employing fewer than five staff, where the share of all skills gaps (6 per cent) is disproportionately lower than employment (9 per cent).

Table 4.2: Incidence, number and density of skills gaps by size of establishment

	A	B	C	D	E
	% of establishments with any skills gaps	Number of employees not fully proficient (i.e. number of skills gaps)	% of staff reported as having skills gaps	Share of employment	Share of all skills gaps
		Row percentages		Column percentage	
	%		%	%	%
Overall	15	1,361,100	6	100	100
Size:					
Fewer than 5	8	77,100	4	9	6
5 to 24	21	284,000	5	23	21
25 to 99	30	313,500	6	25	23
100 to 199	39	159,300	6	12	12
200 to 499	42	236,800	7	15	17
500+	48	290,400	8	16	21

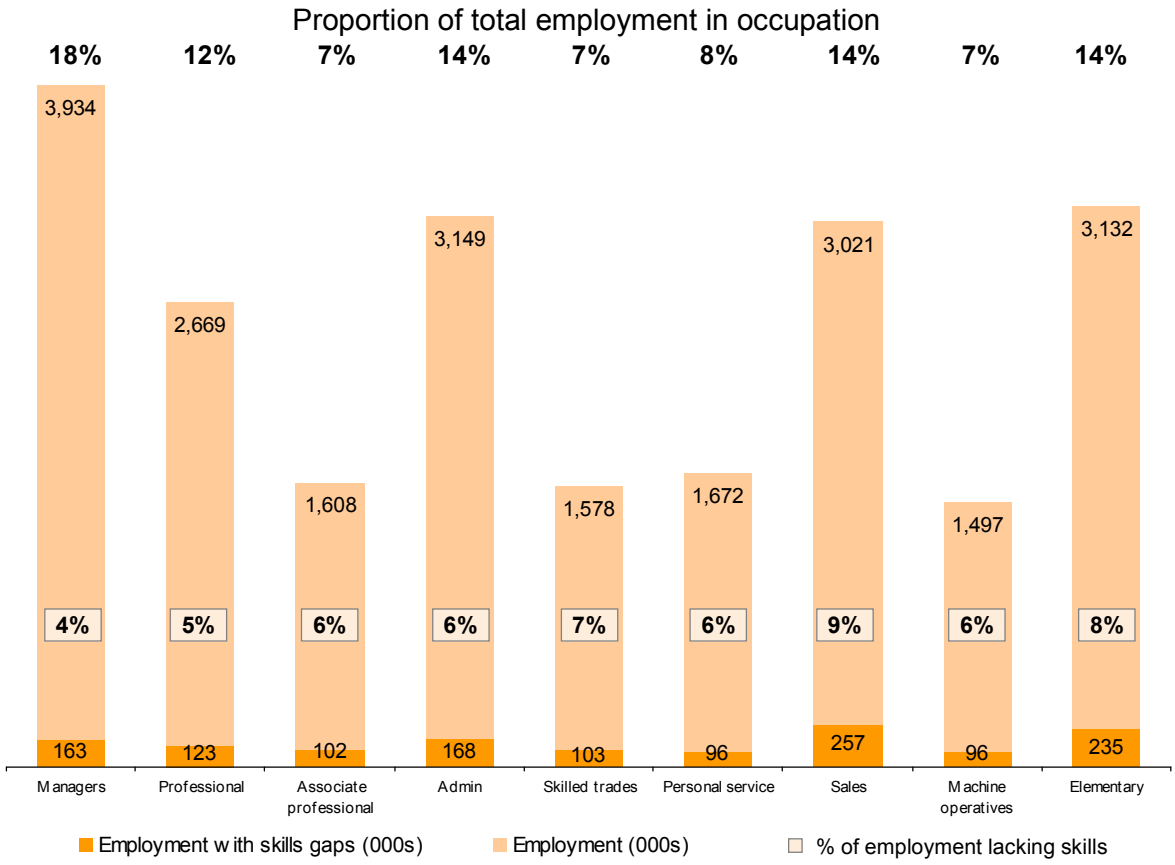
Base: First column all establishments, remainder all employment.
Notes: The number of employees not fully proficient has been rounded to the nearest 100.

The distribution and density of skills gaps by occupation

As also seen in 2005, in absolute numeric terms skills gaps are most likely to be found in 'lower level' occupational groups, particularly sales and customer service and elementary positions. Over a third of all staff described by employers as lacking proficiency work in these two occupational groups (36 per cent), despite those occupations accounting for just over a quarter (28 per cent) of all employment.

The numbers on the lower part of each column in Figure 4.1 show (in thousands) the number of workers in each major occupational category described as not fully proficient at their job. The full height of each column (and the figure shown at the top of each column, again in thousands) shows total employment within each occupation. It also shows the **proportion** of each occupation described as not fully proficient (the boxed percentage figure within each column of data).

Figure 4.1: Distribution of skills gaps by occupation



Base: All employment.

Not only are skills gaps most likely to occur among sales and customer service and elementary positions in absolute numeric terms, but the density of skills gaps is highest among these occupations: 9 per cent of sales and customer services staff and 8 per cent of those employed in elementary positions were described as lacking full proficiency.

Consistent with previous years, the occupational groups with the lowest proportion of staff with skills gaps are managerial staff (4 per cent) and professionals (5 per cent).

There has been little change from 2005 in skills gap density by occupation. It remains the case that people employed in what are traditionally described as unskilled or semi-skilled occupations (elementary and sales positions) are the most likely to be described as lacking full proficiency, while those in more highly skilled occupational areas, such as managers and professionals, are the least likely to be described as having skills gaps.

Table 4.3 shows how skills gaps are distributed by occupation (with a time series comparison) and by size of employer. The table presents row percentages that sum to 100 per cent (subject to rounding).

Table 4.3: Distribution of skills gaps by occupation within size

Row percentages	Number of skills gaps (000s)		Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary
Total 2003	2,400	%	12	10	8	13	8	6	19	8	16
Total 2004	1,540	%	10	10	7	12	9	6	20	10	15
Total 2005	1,265	%	11	7	6	12	8	9	19	8	20
Total 2007	1,361	%	12	9	7	14	8	7	19	7	17
2007											
Size:											
Fewer than 5	77	%	23	3	4	19	13	4	18	2	13
5 to 24	284	%	11	5	5	11	10	7	25	4	22
25 to 99	314	%	10	7	6	10	8	10	21	7	21
100 to 199	159	%	10	10	6	12	8	7	18	11	17
200 to 499	237	%	10	11	6	12	6	5	18	10	22
500+	290	%	13	18	12	20	5	8	12	5	7

Base: All skills gaps.
Note: Percentages sum to 100 per cent in each row (subject to rounding).

Time series data shows a relatively consistent distribution of skills gaps by occupation between 2003 and 2007.

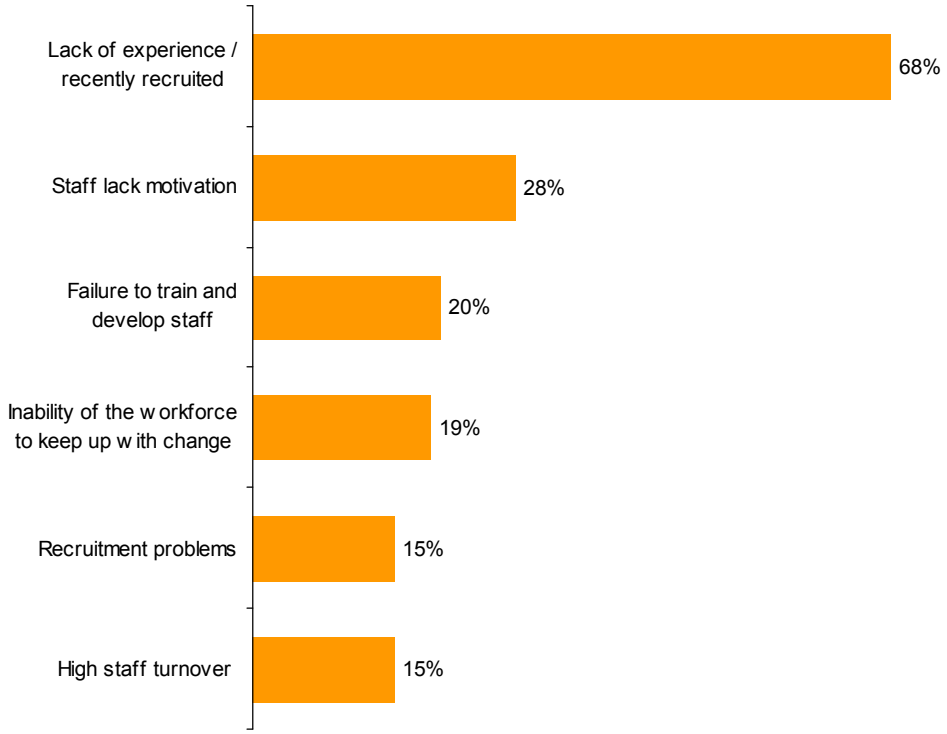
By size, almost a quarter (23 per cent) of skills gaps among the smallest employers fall within managerial occupations. This high incidence of skill gaps among managers in these firms simply reflects the fact that a very high proportion of all staff in establishments with fewer than five employees have managerial positions (46 per cent), and the proportion of managers in the smallest establishments described as not being fully proficient is actually significantly lower (at 2 per cent) than in those where five or more staff are employed (5 per cent).

Establishments with 500 or more staff are most likely to have skills gaps among those employed in administrative roles (a fifth of skills gaps in these firms fall within this occupational group). Small establishments (with fewer than 25 staff) are relatively more likely to have skills gaps for skilled trades staff.

The causes of skills gaps

The main causes of staff not being fully proficient are presented in Figure 4.2. Results are based on skills gaps rather than establishments with gaps: the figure shows what proportions of skills gaps are caused by the various factors reported by employers. Respondents could give more than one cause for skills gaps within each occupation.

Figure 4.2: Main causes of skills gaps



Base: All skills gaps followed up (unweighted=120,592; weighted=1,121,271).

As in previous years, lack of experience or staff being recently recruited remains by far the most commonly cited cause of skills gaps, and more than two in three (68 per cent) of all skills gaps discussed with employers[7] were attributed, at least in part, to this cause.

Two other factors relating to recruitment – high staff turnover and recruitment problems – are also quite commonly mentioned: each forms part of the cause of around one in seven skills gaps (15 per cent). In both cases the underlying implication is that experienced staff have left and employers have had to fill vacancies with inappropriately skilled people.

There has been a significant increase, compared with 2005, in the proportion of employers providing training to employees in the previous 12 months (this is explored further in Chapter 6 on Training and Workforce Development). In only a fifth of skills gaps do employers admit that they had failed to provide (adequate) training for their staff. As in previous years, they are more likely to attribute skill gaps to staff lacking motivation or interest in training and developing their skills: this is the second most common cause of skills gaps, with just over a quarter of skills gaps (28 per cent) attributed, at least in part, to this cause.

The hierarchy of causes remains the same as that observed in 2003, 2004 and 2005.

In terms of differences by size of establishment in 2007, relatively few skills gaps in the smallest establishments are described as being caused by recruitment-related issues: only 4 per cent are explained by high staff turnover, and only 8 per cent by recruitment problems.

As in 2005, the causes of skills gaps vary by occupation. While for all of the main occupational groups, lack of experience/recently recruited staff is the most common cause of skills gaps, the secondary reasons vary. For managerial staff the second most common cause of skills gaps is felt to be the company's own failure to train (explaining, at least in part, 32 per cent of managerial skills gaps). This is also more likely than average to explain skills gaps in machine operative occupations. One fifth (20 per cent) of professional skills gaps were attributed, at least in part, to recruitment problems. For sales and customer services staff and those employed in elementary occupations, a lack of motivation and high staff turnover were more common causes of skills gaps than average.

[7] Causes of skills gaps in 2007, 2005 and 2004 were asked of a maximum of two occupational groups in which there were staff not fully proficient. If there were more than two occupational areas in which staff were not fully proficient, two were selected at random. For NESS03, the causes of skills gaps were asked of one occupation only (again chosen at random if staff in more than one occupational group were not fully proficient).

Skills lacking

Clearly a critical issue for policy-makers is the nature of the skills employers see as lacking among their staff. To this end, employers who had any staff lacking proficiency were presented with a list of skill areas and asked, for each occupation, which skills were lacking.

Table 4.4 shows the specific skills lacking amongst employees who are not fully proficient. Results are shown as column percentages, and are based on skills gaps discussed with respondents, rather than as an employer-based measure. It shows that in 2007, 51 per cent of all skills gaps discussed with employers are described as involving a lack of technical or practical skills. The shaded boxes indicate where a result for a particular occupational group is significantly higher than the national average.

Table 4.4: Skill lacking overall and by occupation

	All 2003	All 2004	All 2005	All 2007	Managers	Professionals	Associate profs.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary
Unweighted base	*112,789*	*85,175*	*109,310*	*120,592*	*12,308*	*15,046*	*6,637*	*13,523*	*9,946*	*6,918*	*24,397*	*10,244*	*21,933*
Weighted base (000s)	*1,176*	*1,241*	*1,059*	*1,121*	*124*	*108*	*672*	*141*	*886*	*746*	*236*	*812*	*201*
	%	%	%	%	%	%	%	%	%	%	%	%	%
Skills lacking													
Technical and practical skills	**43**	**45**	**44**	**51**	33	54	52	48	69	59	46	57	53
Customer-handling skills	**55**	**47**	**46**	**41**	30	26	27	37	21	49	64	25	47
Oral communication	**n/a**	**n/a**	**42**	**41**	44	34	35	36	26	51	45	33	47
Team working	**52**	**47**	**48**	**40**	51	33	26	34	30	54	43	30	48
Problem-solving skills	**47**	**40**	**40**	**35**	41	41	28	36	30	39	33	30	35
Written communication	**n/a**	**n/a**	**29**	**27**	30	29	22	37	22	49	21	16	26
Management skills	**32**	**25**	**26**	**26**	73	46	27	20	16	18	16	7	15
General IT user skills	**29**	**26**	**23**	**22**	31	32	18	42	16	29	18	8	11
Literacy skills	**24**	**19**	**22**	**19**	12	15	11	22	15	38	15	23	25
Office admin skills	**n/a**	**20**	**20**	**18**	25	17	13	51	12	17	13	3	7
Numeracy skills	**21**	**16**	**21**	**15**	9	14	6	13	17	27	14	18	21
IT professional skills	**13**	**12**	**12**	**12**	17	24	16	19	11	10	10	4	4
Foreign languages	**7**	**9**	**9**	**9**	7	9	6	6	7	12	10	11	13

Source: NESS07, NESS05 and NESS04.
Base: All skills gaps followed up.
Note: Column percentages exceed 100 per cent because of multiple responses.

When describing the skills lacking among their staff, employers generally focus on technical, practical or job-specific skills: half (51 per cent) of employees described by their employers as lacking full proficiency are felt to lack these skills. Skill gaps are more concentrated in technical, practical or job-specific skills areas than in previous years (44 per cent in 2005, 45 per cent in 2004 and 43 per cent in 2003). NESS05 did ask employers about the nature of the technical, practical and job-specific skills gaps to see if they could be usefully categorised, but the very varied range of highly specific skill gaps that were mentioned made devising such categories problematic.

As in previous NESS surveys, employers are also relatively likely to report soft skills as gaps, in particular customer-handling, oral communication, and team working skills, each of which is mentioned as lacking in around two in five employees who are not fully proficient.

Other soft, generic skills such as problem-solving and written communication skills were the next most commonly mentioned.

Less common, though still found in around a quarter of cases where staff lacked proficiency, were insufficient general IT user skills and a lack of management skills. Clearly gaps in regard to managerial skills have particular potential to impact on business performance and growth. While, predictably, management skills gaps particularly affect managerial level staff, they are also commonly reported among professional staff that are not fully proficient.

General IT user skills, although still relatively common, are mentioned in connection with fewer skills gaps year on year (2003 – 29 per cent; 2004 – 26 per cent; 2005 – 23 per cent; 2007 – 22 per cent). This reduction is presumably explained, at least in part, by increasing numbers entering the workforce who have grown up with computers as an everyday part of their life.

Literacy skill gaps are slightly more commonly reported than numeracy skills gaps within the workforce, with the former lacking in around one in five staff that have skill gaps (19 per cent) and the latter in around one in seven of those with gaps (15 per cent). Both are mentioned in connection with a significantly lower proportion of skills gaps than was the case in 2005 (and at levels more comparable with the 2004 survey). Interestingly, other evidence[8] suggests that in the adult population as a whole more adults have poor numeracy than poor literacy skills. The survey findings suggest a greater requirement among employers for literacy than for numeracy skills,

Overall, comparisons with 2004 and 2005 show an increase in the incidence of technical, practical and job-specific skills gaps, but a reduction in customer handling, team working, and problem solving skill gaps.

Table 4.4 includes analysis of the skills characteristics of skills gaps by occupation. Some of the key areas where particular occupations have specific skills issues are highlighted below – these are areas where particular skills gaps within an occupation are significantly higher than average, though this is not to say those skills areas are the primary deficiency within that occupation:

- In three out of four cases where **managers** lack proficiency, they specifically lack management skills. Managers who are not fully proficient are also more likely than average to lack IT skills (both general and professional), team working and problem-solving skills, and office administration skills.

- **Professionals** who lack proficiency are more likely than average to lack management skills (almost half lack this), though overall their most common lack is of technical and job-specific skills. IT skills (both general and

[8] For example the '*National Needs and Impact Survey of Literacy, Numeracy and ICT Skills'* published by DfES in 2003, which was based on interviews and skills assessments with 8,730 people, aged 16-65 years old, in England, and prior to that Sir Claus Moser's report '*A Fresh Start'* in 1997 looking at post-school basic skills.

professional) and problem-solving skills are also both mentioned at above-average levels.

- Skills gaps among **associate professionals** are slightly more likely than average to involve a lack of IT professional skills. Technical, practical and job-specific skills were mentioned as lacking in over half of all skills gaps for this occupation (52%), in line with the all-occupation average (51%).

- Unsurprisingly, office administration skills are the most common skills gap for **administrative and clerical staff**, in half (51%) of those lacking skills. A lack of written communication and IT skills were also more common than average within this occupational group.

- Skills gaps among **skilled trades** are concentrated in technical, practical or job-specific skills, with these mentioned in more than two in three cases.

- **Personal service staff** were reported as lacking the widest range of skills, and around half of those with skill gaps were described as lacking job-specific / practical skills (59 per cent), team working (54 per cent), oral and written communication skills (51 and 49 per cent respectively) and customer handling skills (49 per cent). Literacy and numeracy skills were also more commonly mentioned than average – indeed this is the occupation where literacy and numeracy skills were most likely to be reported as lacking.

- For **sales** staff, customer handling skills are the main gaps, this explaining at least in part nearly two-thirds of skills gaps in this occupation. Oral communication and team working skills were also mentioned more commonly than average, and along with job-specific skills are gaps for between two in five and half of those not fully proficient.

- The skills most often seen as lacking among **plant and machine operatives** are technical, practical or job-specific skills (57 per cent). However, basic literacy and numeracy skills deficiencies are also much more common than average among this occupational group.

- A lack of literacy and numeracy skills are also more common than average among **elementary** staff who are not considered to be fully proficient (mentioned in connection with between a fifth and a quarter of elementary skills gaps). Elementary staff skills gaps are also more likely than average to be characterised by a lack of technical and practical, team working, customer handling and oral communication skills (each mentioned as lacking in around half of elementary staff with skills gaps).

Table 4.5 shows which, of those skills reported as lacking for each of the nine occupational groups, employers consider to be having the greatest negative impact on their establishment. The question was new to NESS in 2007 so longitudinal comparisons are not included.

Table 4.5: Skills lacking having the greatest negative impact

	All	Managers	Professionals	Associate profs	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary occupations
Unweighted base	*117,328*	*12,061*	*14,828*	*6,473*	*13,166*	*9,506*	*6,606*	*23,801*	*9,794*	*21,093*
Weighted base (000s)	*1,087*	*122*	*106*	*66*	*137*	*85*	*72*	*229*	*78*	*193*
	%	%	%	%	%	%	%	%	%	%
Technical, practical or job-specific skills	28	9	30	37	24	53	35	21	47	28
Customer handling skills	14	3	3	5	9	4	8	31	17	16
Oral communication skills	10	8	8	18	8	4	12	11	4	13
Management skills	8	40	19	10	2	3	2	1	1	1
Team working skills	8	8	5	3	8	5	9	6	8	12
Problem solving skills	4	4	2	3	5	5	3	5	3	4
General IT user skills	4	5	7	2	12	2	4	2	1	1
Written communication skills	3	1	4	3	2	4	1	4	2	2
Office admin skills	2	2	2	1	3	2	3	1	1	4
Literacy skills	2	2	1	1	10	1	1	1	-	-
IT professional skills	2	-	2	3	2	2	7	1	1	3
Foreign language skills	2	2	4	4	3	2	1	1	1	-
Numeracy skills	2	1	1	1	1	1	1	1	5	3
Personal attributes	1	1	1	1	1	2	1	1	1	1
Experience/lack of product knowledge	1	-	-	-	1	-	1	-	3	2
Sales/marketing/promotional/ PR skills	1	1	-	-	-	-	-	2	1	1
No individual skills having the greatest impact	10	13	9	9	9	9	10	11	5	10

Base: All skills gaps followed up where at least one specific skill recorded as lacking. The question was asked for up to two occupations with skill gaps.
Note: Column percentages sum to 100 per cent (notwithstanding rounding).

For over a quarter of all skills gaps discussed with employers, a lack of technical, practical or job-specific skills was having the greatest impact on the establishment's performance – which reflects their status as most common skill shortage. Similarly, customer handling and oral communication skills, reported as lacking in over two-fifths of staff with skills gaps, are also commonly reported as being the skills whose absence is causing the greatest negative impact (in 14 per cent and 10 per cent of cases respectively). In 8 per cent of cases, the lack of management skills or team working skills were considered to be having the greatest negative impact.

In the main, within each of the nine occupational groups the pattern of skills lacking which are having the greatest negative impact broadly follows the hierarchy of responses seen at an overall level. For all except managers and sales staff, a lack of technical, practical and job-specific skills is the skill area having the greatest negative impact on the establishment. Beneath this, though, there are some variations by occupational group:

- For two-fifths of **managers** lacking proficiency, it is (unsurprisingly) the lack of management skills which has the most severe impact.

- Lack of management skills is more likely than average to cause a severe impact among **Professionals** as well, though the most impactful skills gap in this group is a lack of technical, practical and job-specific skills.

- Among **associate professional** staff with a skills gap, a lack of oral communications skills commonly has the greatest negative impact.

- A lack of general IT user skills and of literacy skills is the most common severe negative impact where **administrative staff** have skills gaps than is the case for other occupations.

- For **sales staff**, a lack of customer handling skills has the greatest impact is.

- For **personal services** staff, oral communications is quite often the skill whose absence is having the greatest negative impact on the establishment (12 per cent).

- Within **elementary occupations** a number of skills gaps are impacting on employers, in particular job-specific skills, oral communication, customer handling and team working.

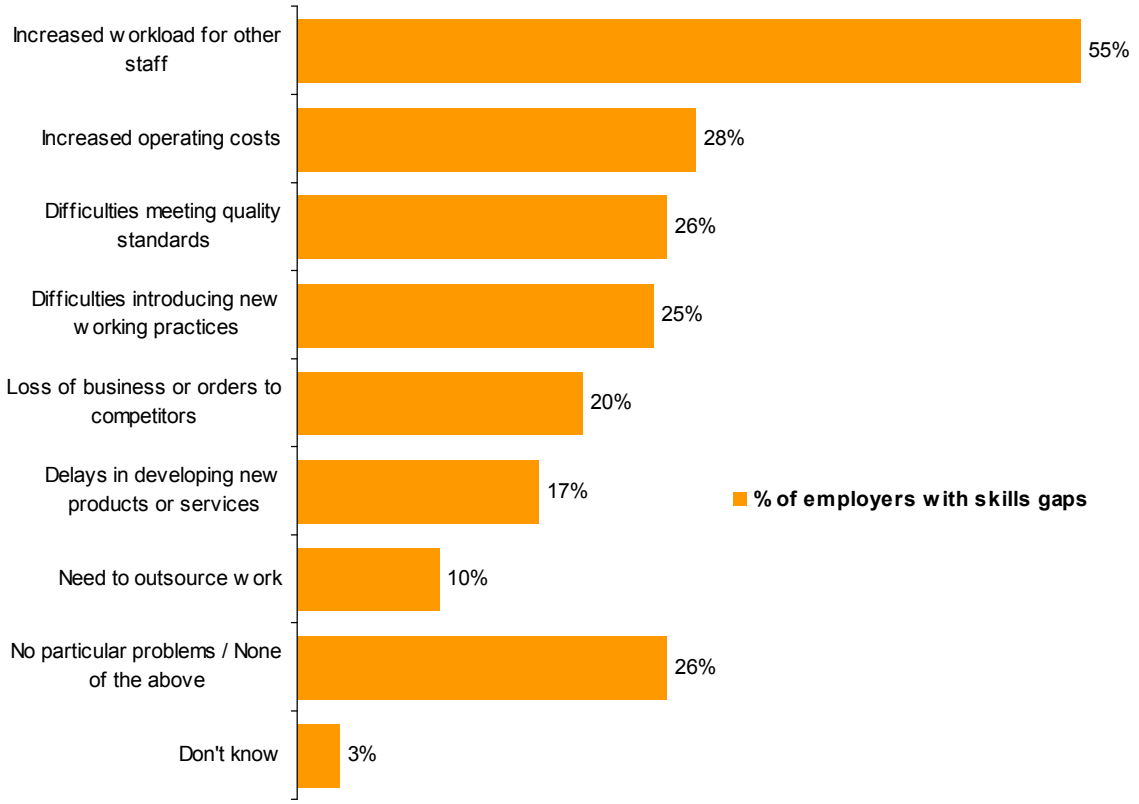
Impact of skills gaps

This section examines the impact of skills gaps on employers and what actions employers take to combat them.

In 2007 employers that reported any skills gaps were asked which of a series of potential impacts they had experienced. This question was asked slightly differently in 2005: employers were first asked whether skill gaps were having a major, minor or no impact; and then those that reported at least a minor impact were asked to describe what these impacts were.

Figure 4.3 – based on the 2007 survey – illustrates the nature of the impacts experienced by employers reporting skills gaps.

Figure 4.3: Impact of skills gaps



Base: All establishments with skills gaps (weighted=221,654; unweighted=15,754).

Over half of employers with skills gaps (55 per cent) report an increase in the workload for other staff as a consequence of having staff who are not fully proficient. While in some cases increased workload can be absorbed by other staff, some employers will need to pay for overtime or bring in agency staff to cover the work. Overall just over a quarter of employers with any skills gaps have incurred increased in operating costs (28 per cent).

Difficulties in meeting quality standards or introducing new working practices were adverse impacts for around a quarter of employers reporting internal skills deficiencies (26 per cent and 25 per cent respectively). A fifth of those with skill gaps reported that they had lost business or orders to competitors as a result of these skills gaps.

As well as hindering innovation in working practices, skills gaps also hinder the development of new products and services: more than one in six (17 per cent) of employers with skill gaps (equivalent to 3 per cent of all employers) have had to delay the development of new products and services as a result of these skill gaps.

The hierarchy of impacts reported in 2007 is identical to that observed in 2005.

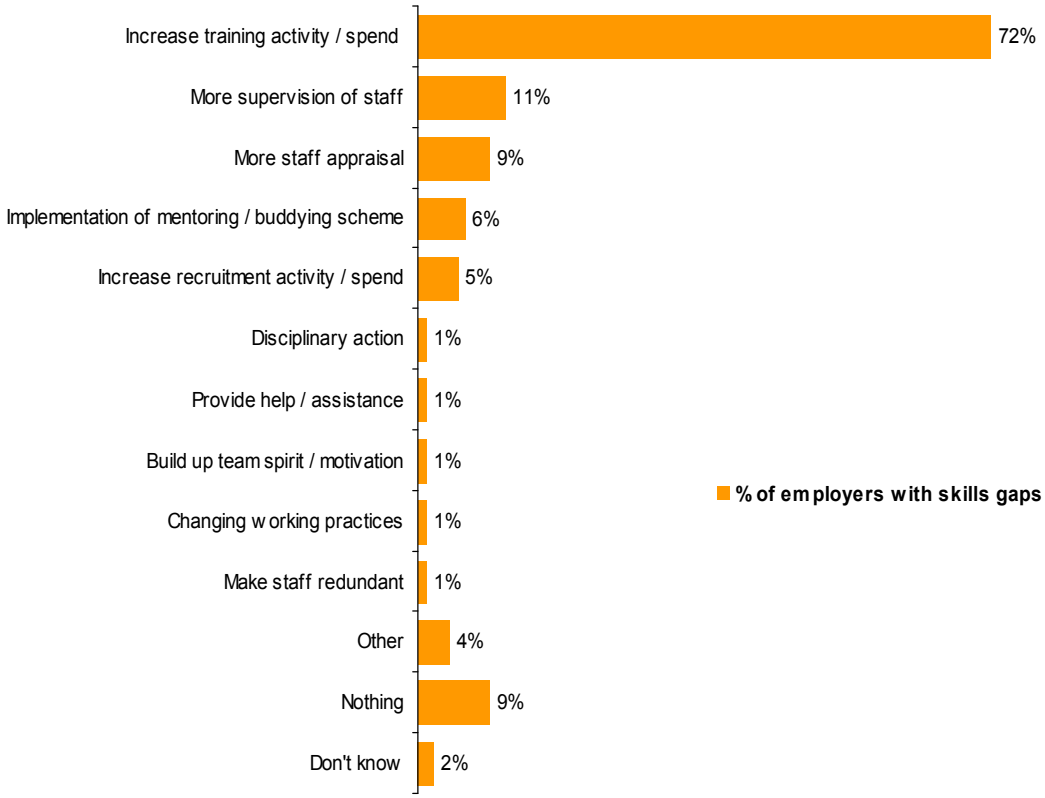
Just over a quarter (26 per cent) of employers feel that skills gaps have had no impact on their establishment, a comparable proportion to that reported in 2005 (25 per cent).

Propensity to mention most of the impacts of skills gaps increased with size of establishment. Correspondingly, the proportion of employers saying that skills gaps have no impact decreases with size. The one exception was loss of business or orders to competitors where the smallest establishments (with fewer than five staff) were significantly more likely to report this as an impact than those with 500 or more staff (23 per cent vs. 15 per cent).

Actions taken to overcome skills gaps

Figure 4.4 illustrates the actions taken to overcome skills gaps.

Figure 4.4: Actions taken to overcome skills gaps



Base: All establishments with skills gaps (weighted=221,654; unweighted=15,754).

Approaching three-quarters (72 per cent) of employers with skills gaps had responded to the skills deficiencies in their workforce by either increasing the amount of training they provide or increasing the amount they spend on training. These employers could, of course, be increasing their training activity from low levels and hence still be undertaking less training than the average employer, but the survey results suggest that this is not the case. Among employers responding to skill gaps by increasing their training activity and or spend, seven in ten of their employees received training in the last 12 months (71 per cent), compared with fewer than three in five (58 per cent) of the workforce among employers experiencing skill gaps who responded in other ways, and compared with just under two-thirds (63 per cent) of the workforce across England as a whole.

The next most common response to skill gaps involves increasing supervision, reviews and mentoring, thereby broadly using the experience of existing staff to oversee and assist those lacking skills: 11 per cent had responded to skills gaps by supervising staff to a greater extent, 9 per cent had introduced more frequent appraisals or performance reviews for staff, and 6 per cent had implemented mentoring or buddying schemes.

One in eleven employers with skill gaps had taken no action at all to tackle the issue (9 per cent) - reasons for this were not asked in the survey, In some cases it could be because the staff lacking proficiency have only relatively recently been taken on or the employer might be unsure of what action to take. Other employers may feel that internal skills deficiencies do not have any impact on the establishment and they are somewhat more likely than average to have taken no action (14 per cent).

Employers with fewer than five staff were the most likely to have done nothing to tackle the skills deficiencies identified among their workforce (15 per cent), although as seen above this group were also the more likely to report that skills gaps have no impact. The likelihood of taking no action to combat skills gaps decreased by size of establishment: just 3 per cent of those with 500 or more staff reported that they had not taken any action.

The regional pattern of skills gaps

Table 4.6 shows how the incidence and density of skills gaps varies by region. It also shows (in the final two columns of data) the profile of skills gaps by region and compares this with the profile of employment. Regions are ranked in descending order of the incidence of experiencing skill gaps.

Table 4.6: Incidence and number of skills gaps by region

	% of establishments with any skills gaps		Number of employees not fully proficient (i.e. number of skills gaps)	% of staff reported as having skills gaps		Share of employment	Share of all skills gaps
			Row percentages			*Column percentages*	
	2005	2007		*2005*	2007		
	%	%		*%*	%	%	%
Overall	***16***	**15**	**1,361,100**	***6***	**6**	**100**	**100**
North East	*21*	19	61,900	*6*	6	5	5
London	*13*	17	287,300	*6*	7	18	21
South West	*15*	16	137,600	*5*	6	10	10
South East	*18*	15	211,000	*7*	6	16	16
East Midlands	*15*	15	114,700	*6*	6	8	8
Eastern	*15*	15	145,500	*5*	6	10	11
Yorkshire and the Humber	*23*	14	110,800	*8*	5	10	8
North West	*16*	14	166,500	*6*	6	13	12
West Midlands	*16*	14	125,800	*5*	5	10	9

Base: First two columns all establishments, remainder all employment.
Note: The number of employees not fully proficient has been rounded to the nearest 100.

Employers in the North East are the most likely to be experiencing skill gaps (19 per cent), followed by London (17 per cent) and the South West (16 per cent). All other regions have incidence of skills gaps at average or below average levels (all 14 to 15 per cent).

There is less variation in terms of skill gap density (the proportion of all staff described as lacking skills) and only in London is the density above average (7 per cent). In all other regions the proportion of staff with skill gaps is in the 5 per cent to 6 per cent range. Hence although employers in the North East are more likely than the national average to report having skills gaps, the actual proportion of staff lacking proficiency is no different from the England-wide figure.

Previous NESS surveys have also found London to have a distinctive pattern of skills gaps compared with the national average. In 2004, it had the lowest proportion of employers with any skills gaps (14 per cent) and the lowest proportion of staff lacking proficiency (5 per cent). In 2005 London still had the lowest proportion of employers with any skills gaps (13 per cent), but the proportion of staff lacking proficiency was in line with other regions at 6 per cent, and the region accounted for a similar share of all skills gaps (17 per cent) compared with its share of overall employment (18 per cent). The picture has changed again in 2007. Now London employers are more likely than employers nationally to have skills gaps (17 per cent), and the highest proportion of staff lacking proficiency (7 per cent). Indeed in 2007 a fifth of all staff nationally that are described as lacking skill are employed in London (21 per cent), higher than London's share of all employment (18 per cent).

Another noticeable change in 2007 compared to 2005 is the reduction in the incidence and density of skill gaps in the Yorkshire and the Humber region.

Regional comparisons are summarised in Figure 4.5, which plots skills gap density on the vertical scale (i.e. the number of skills gaps as a percentage of employment within the region) and the volume of skills gaps on the horizontal scale.

Figure 4.5: Skills gap density and volume of skills gaps by region 2007

Figure 4.5 shows that London has the highest number of skills gaps in combination with the highest skills gap density. The North East has the lowest number of skills gaps in absolute numeric terms but an average skills gap density. While Yorkshire and the Humber and the East Midlands have a broadly similar number of skills gaps overall, Yorkshire and the Humber has a smaller workforce, and hence the density of skills gaps is much greater. Two regions with quite high numbers of staff lacking proficiency – the South East and the North West – both have a lower than average proportion of staff with skills gaps: the volume of skills gaps shown for them relates to the large size of the workforce in these regions.

Table 4.7 shows how skills gaps are distributed by occupation within region, with the profile of employment in brackets for comparison. Table 4.7 presents row percentages that sum to 100 per cent (subject to rounding).

Table 4.7: Distribution of skills gaps by occupation within region (and employment profile comparisons)

	Number of skills gaps (000s)		Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
Skills gaps (profile of employment)	**1,361**	**%**	**12**	**9**	**7**	**14**	**8**	**7**	**19**	**7**	**17**
			(18)	**(12)**	**(7)**	**(14)**	**(7)**	**(8)**	**(14)**	**(7)**	**(14)**
Eastern	145	%	13	11	11	13	7	8	17	4	17
			(18)	(12)	(6)	(14)	(8)	(8)	(14)	(7)	(15)
East Midlands	115	%	12	10	7	13	8	6	16	8	20
			(17)	(10)	(5)	(13)	(8)	(9)	(13)	(10)	(16)
London	287	%	16	10	10	17	4	4	20	4	15
			(20)	(15)	(11)	(15)	(4)	(5)	(14)	(4)	(13)
North East	62	%	10	7	5	9	10	6	19	9	25
			(15)	(14)	(10)	(12)	(7)	(7)	(12)	(8)	(15)
North West	166	%	9	6	8	15	8	12	15	10	17
			(17)	(11)	(7)	(13)	(8)	(8)	(13)	(8)	(15)
South East	211	%	12	13	6	12	7	7	20	7	17
			(19)	(12)	(7)	(14)	(7)	(7)	(15)	(5)	(13)
South West	138	%	11	7	6	10	9	8	24	8	17
			(17)	(10)	(6)	(14)	(8)	(9)	(15)	(7)	(14)
West Midlands	126	%	10	9	4	11	12	6	20	10	17
			(17)	(12)	(6)	(15)	(9)	(8)	(13)	(7)	(13)
Yorkshire and the Humber	111	%	9	4	7	17	10	7	18	9	20
			(17)	(11)	(6)	(14)	(7)	(8)	(12)	(8)	(16)

Base: All skills gaps.
Note: Percentages sum to 100 per cent in each row (subject to rounding).

All regions display the national pattern of skills gaps, with the concentration of gaps in sales and customer service and elementary positions being higher than their proportion of employment. As seen in 2005, the concentration within sales and customer service employees is particularly strong in the South West where they account for a quarter of all skills gaps in the region (24 per cent compared with 15 per cent of employment). Employers in the North East were particularly likely to report internal skills deficiencies among their elementary staff: this occupational group accounts for a quarter (25 per cent) of all skills gaps in the region but only 15 per cent of employment.

In London, where we have seen there is a higher than average incidence and density of skill gaps, skills gaps were most commonly reported for sales, administrative, managerial and elementary positions. The proportion of all skill gaps in the region falling within these occupations is higher than the proportion of employment in each except for managerial staff. While London is the region with the highest proportion of managerial staff described as lacking skills, this reflects the fact that it has the highest proportion of staff in managerial positions. The proportion of all skill gaps in London falling within managerial occupations (16 per cent) is lower than the proportion of staff employed as managers (20 per cent).

All regions follow the national pattern of fewer skills gaps falling within managerial occupations than would be anticipated by this occupation's share of employment. The same is true for professional occupations other than in the South East and the East Midlands, where professional occupations account for a similar share of skills gaps as they do total employment in the region.

Employers in the Eastern region were more likely to have skills gaps for associate professional occupations relative to this occupation's share of employment (11 per cent of all gaps against 6 per cent of all employment). Those in Yorkshire and Humber, the North East and West Midlands had more skills gaps falling within skilled trades occupations than this occupation represents of employment.

The regional pattern of skills lacking is presented in Table 4.8. A number of issues stand out when comparing the regional pattern to the national results:

- In the North West several 'soft' skill areas such as communication and team working skills are particularly likely to be mentioned, as are literacy and numeracy, problem-solving skills and customer handling skills.

- Skills gaps in London are particularly likely to be characterised by a lack of management, customer handling, communication and team working skills. Foreign language skills were more likely to be described as lacking in London compared with other regions.

- Technical and practical skills are particularly likely to be lacking in the West Midlands, the North East and Yorkshire and the Humber. The North East shares these gaps and also lacks team working and numeracy skills.

- In the Eastern region, gaps in managerial, office administration, problem solving, team working and customer handling skills are more likely to be mentioned than nationally.

- Employers in the South East and South West show a very similar pattern of skills problems and are generally less likely than employers nationally to be encountering each skills problem.

Table 4.8: Skills lacking by region

	All	Eastern	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & the Humber
Unweighted base	*120,592*	*13,311*	*12,262*	*20,073*	*8,729*	*11,498*	*20,573*	*12,970*	*12,170*	*9,366*
Weighted base (000s)	*1,121*	*111*	*948*	*225*	*540*	*136*	*181*	*117*	*109*	*928*
	%	%	%	%	%	%	%	%	%	%
Skills lacking										
Technical & practical skills	**51**	50	54	44	58	48	50	53	58	56
Customer handling skills	**41**	48	28	50	47	48	32	35	33	42
Oral communication	**41**	46	24	57	39	52	29	28	31	44
Team working	**40**	48	31	47	52	52	32	31	32	43
Problem solving skills	**35**	44	25	41	41	49	25	25	28	39
Written communication	**27**	29	16	35	28	37	21	20	21	32
Management skills	**26**	32	23	35	25	23	20	20	20	25
General IT user skills	**22**	24	21	26	26	33	17	16	19	20
Literacy skills	**19**	22	9	23	24	27	15	13	14	25
Office admin skills	**18**	24	18	24	17	20	11	11	14	19
Numeracy skills	**15**	21	9	15	25	24	10	11	13	19
IT professional skills	**12**	13	12	16	13	13	10	11	11	10
Foreign languages	**9**	9	6	15	6	9	9	6	10	7

Base: All skills gaps followed up.
Note: Column percentages do not sum to 100 per cent because of multiple responses.

Looking at the skills gaps described as having the *greatest negative impact*, the pattern by region broadly follows the national pattern.

In all regions, an absence of technical, practical and job-specific skills is the most likely to be having the greatest negative impact on establishments, followed, in all but two regions, by a lack of customer handling skills.

The sectoral picture of skills gaps

Table 4.9 shows the incidence, number and density of skills gaps by SSC sector. SSC sectors have been ranked in descending order of the proportions of staff described as having skills gaps (the third column of data). Table 4.9 also shows in the final two columns of data the profile of skills gaps against employment.

Table 4.9: Incidence and number of skills gaps by SSC sector

	% of establishments with any skills gaps	*Number of employees not fully proficient (i.e. number of skills gaps)*	% of staff reported as having skills gaps	Share of employment	Share of all skills gaps
		Row percentages		Column percentage	
	%		%	%	%
Overall	**15**	**1,361,100**	**6**	**100**	**100**
Government Skills	29	35,700	10	2	3
People 1st	19	140,300	9	7	10
Cogent	18	31,200	8	2	2
e-skills UK	13	49,900	8	3	4
Skillsmart Retail	18	163,200	7	10	12
Improve	19	24,500	7	2	2
Lifelong Learning UK	17	55,300	7	4	4
Skillset	11	8,600	7	1	1
Skillfast-UK	14	14,100	7	1	1
Semta	17	75,000	6	5	6
Financial Services	19	56,000	6	4	4
SummitSkills	19	14,200	6	1	1
GoSkills	15	24,600	6	2	2
SkillsActive	16	16,100	6	1	1
Skills for Health	16	96,100	6	7	7
ConstructionSkills	14	58,800	6	5	4
Proskills	15	15,600	6	1	1
Lantra	11	16,800	5	1	1
Automotive Skills	17	24,600	5	2	2
Skills for Logistics	13	32,700	5	3	2
Asset Skills	11	40,700	5	4	3
Skills for Care and Development	18	43,900	5	4	3
Non-SSC employers	14	286,500	5	26	21
Energy & Utility Skills	16	11,800	5	1	1
Creative and Cultural	11	10,600	5	1	1
Skills for Justice	26	14,500	5	1	1

Base: First column all establishments, remainder all employment.
Notes: The number of employees not fully proficient has been rounded to the nearest 100.

Government Skills SSC stands out as having the largest proportion of employers with any skills gap within their workforce (29 per cent) as well as the highest proportion of staff lacking proficiency (10 per cent). It should be noted that:

- Establishments covered by Government Skills SSC are much larger than average (24 per cent have 100 staff or more compared with 2 per cent among all employers). Because of this a higher than average proportion of employers in the sector with skill gaps is to be expected simply because there are more staff in the average establishment among whom a skills gap could exist. Table 4.2 has shown how the incidence of skill gaps increases with the size of the employer.

- A relatively small number of interviews were conducted among employers in this sector (222), and on a survey result of 29 per cent (the incidence of skill gaps in the sector) the sampling error at the 95 per cent confidence level is plus or minus 5.8 per cent.

- In Chapter 6, covering training and workforce development, we report that employers covered by Government Skills SSC are the most likely of all the sectors to formally assess whether individual employees have gaps in their skills (91 per cent of employers in the sector do so compared with 57 per cent of employers generally). Clearly more systematic processes for assessing skill gaps can be associated with more skill gaps being reported (or, put another way, where employers do not formally assess the skills of their staff, skill gaps may well remain 'hidden' and hence unreported).

It is possible to group the SSC sectors by the nature of the skills issues they are facing, as follows:

- Those with particular skills challenges, where the incidence and density of skill gaps is higher than average. This covers: Government Skills, People 1st, Cogent, Improve Ltd and Skillsmart Retail and Lifelong Learning UK SSCs.

- Those where the incidence of skills gap is average or below average, but where the density is above average: where they exist, skills issues are particularly 'concentrated'. This covers e-skills UK, Skillset and Skillfast-UK SSCs.

- Those with higher than average incidence of having staff lacking proficiency but where the actual density of skills gaps is no higher than average: where there are skills issues they affect relatively few staff. This covers Semta, Financial Services, SummitSkills, Automotive Skills, Skills for Care and Development, and Skills for Justice SSCs. The incidence of skills gaps in the Skills for Justice SSC sector was particularly high at 26 per cent.

- Those where the incidence and density of skills gaps closely matches the all-sector average. This covers GoSkills, SkillsActive, Skills for Health, ConstructionSkills, Proskills and Energy & Utility Skills SSCs.

- Those less affected by skills issues than average. This covers Creative and Cultural, Asset Skills, Lantra and Skills for Logistics SSCs.

It was also the case in 2005 that People 1st, Cogent, Improve Ltd and Skillsmart Retail SSC sectors were experiencing particular skills problems in both incidence and density terms. Since 2005 the incidence of skills gaps has fallen slightly (by 1 or 2 per cent) across all four, though the density has only fallen (by 1 per cent in each case) in the Improve Ltd and Skillsmart Retail SSC sectors. In the People 1st and Cogent SSC sectors the proportion of all staff described as lacking proficiency has remained unchanged from 2005 to 2007.

For four SSC sectors – Lifelong Learning UK, e-skills UK, Skillfast-UK and Skillset – there have been noticeable increases (of 2 or 3 per cent) in the density of skills gaps since 2005, suggesting increasing skills problems. All four sectors were previously below the national average and are now above it. .

Those employers not covered by an SSC have a lower than average skills gap density and a lower share of skills gaps than their share of total employment. They look to be less likely than average to be affected by internal skills deficiencies. While on one hand this suggests that current SSC footprints are concentrating on the areas where the need is greatest, it is worth noting that, nevertheless, over a fifth (21 per cent) of all skills gaps are located in employers not covered by an SSC.

Table 4.10 shows how skills gaps are distributed by occupation within SSC sector, and presents row percentages that sum to 100 per cent (subject to rounding). Since figures in part reflect the occupational employment profile within each sector, Table 4.11 goes on to examine where skills gaps for an occupational group within sector are disproportionately high or low *relative to employment*.

Table 4.10: Distribution of skills gaps by occupation within SSC sector

	Number of skills gaps (000s)		Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
All	**1,361**	**%**	12	9	7	14	8	7	19	7	17
Lantra	17	%	14	4	4	10	22	5	5	7	28
Cogent	31	%	10	1	3	7	6	!	21	22	29
Proskills	16	%	12	5	6	10	13	*	7	28	17
Improve	24	%	11	5	3	6	5	!	3	18	49
Skillfast-UK	14	%	9	1	2	12	7	-	13	27	29
Semta	75	%	11	7	9	12	19	*	4	26	13
Energy & Utility Skills	12	%	15	5	9	18	16	!	5	23	8
ConstructionSkills	59	%	15	9	9	11	29	*	5	7	14
SummitSkills	14	%	9	1	4	10	61	-	6	1	7
Automotive Skills	25	%	10	2	4	13	34	*	20	8	8
Skillsmart Retail	163	%	9	1	1	4	2	*	66	3	15
People 1st	140	%	9	1	*	3	5	1	19	1	61
GoSkills	25	%	7	2	2	9	3	1	17	54	5
Skills for Logistics	33	%	11	1	1	15	4	*4*	7	28	29
Financial Services	56	%	22	11	6	26	*	*	35	!	*
Asset Skills	41	%	14	4	7	21	7	4	12	1	30
e-skills UK	50	%	11	11	12	7	9	-	48	1	1
Government Skills	36	%	12	28	11	37	*6*	*1*	2	!	*2*
Skills for Justice	15	%	18	3	34	41	*2*	*1*	1	-	2
Lifelong Learning UK	55	%	13	40	6	20	8	3	5	*	5
Skills for Health	96	%	9	3	19	18	1	41	1	*	7
Skills for Care and Development	44	%	11	7	8	8	2	56	1	*	6
Skillset	9	%	22	4	30	10	6	!	14	4	9
Creative and Cultural	11	%	19	9	21	15	6	1	20	*	9
SkillsActive	16	%	9	5	12	8	7	22	14	1	21
Non-SSC employers	287	%	14	18	10	20	4	7	12	6	10

Base: All skills gaps.
Notes: Percentages sum to 100 per cent in each row (subject to rounding)
'' denotes a figure greater than 0 per cent but less than 0.5 per cent*
Figures in italics denote base sizes of 25 to 49 and should be treated with caution
'!' denotes a finding based on fewer than 25 interviews

To a large extent, the distribution of skills gaps reflects employment patterns. For example, employers within the Lifelong Learning UK SSC sector are more likely to report skills gaps within professional occupations and Financial Services Skills Council SSC and Skillset employers have a high proportion of skills gaps falling within managerial occupations; but, then, these employers are more likely than average to employ staff in these occupations. To take this effect into account, Table 4.11 shows sectors in which the proportion of skills gaps is disproportionately high or low *compared with employment within that sector.* Figures in brackets show the proportion of skills gaps falling within that occupation and the comparative proportion of employment within that same occupation.

Table 4.11: Sectors with a disproportionately high or low proportion of occupational skills gaps compared with employment

	Disproportionately HIGH share of employees with gaps relative to employment	**Disproportionately LOW share of employees with gaps relative to employment**
Managers		Lantra (14% v 31%); SummitSkills (9% v 23%); People 1st (9% v 18%);
Professionals		Skills for Justice (3% v 14%); Skills for Health (3% v 11%); Skillset (4% v 9%)
Associate professionals	Creative & Cultural Skills (21% v 11%);	
Skilled trades	Asset Skills (7% v 4%); Lifelong Learning UK (8% v 4%)	GoSkills (3% v 9%);
Sales and customer service occupations	GoSkills (17% v 9%); e-Skills UK (48% v 23%);	
Elementary occupations	Lantra (28% v 18%); Cogent (29% v 17%); Skillset (9% v 3%)	GoSkills (5% v 11%);

A number of general themes emerge in regard to sectoral concentrations of skills gaps compared to occupational employment.

- Relatively few managers were described as lacking in proficiency in the vast majority of sectors. Lantra, SummitSkills and People 1st SSC sector employers in particular reported a disproportionately low share of managers with gaps relative to employment.

- A number of sectors have particular concentrations of skills gaps within their sales and customer service staff, particularly the sectors covered by e-skills UK (where these occupations form just under a quarter of employment but almost half of gaps) and GoSkills SSC sectors.

- Employers covered by Lantra and Cogent SSC sectors have particular concentrations of skill gaps among their elementary occupations.

Table 4.12 shows the main skills gaps by sector, this again based on skills gaps followed up during the interview rather than on employers or employers with skills gaps. Figures are presented as row percentages. Shaded figures show skill areas considerably more likely than average (more than 10 per cent more likely than average) to be lacking in a sector. Again, this is not to say these are the main skills lacking in that sector – rather it points to particular issues affecting some sectors more than others.

Table 4.12: Nature of skills gaps by SSC sector

		Technical & practical	Customer-handling	Oral communication	Team working	Problem-solving	Written communication	Management	General IT user skills	Literacy	Office admin	Numeracy	IT professional skills	Foreign languages
Row percentages														
All	**%**	**51**	**41**	**41**	**40**	**35**	**27**	**26**	**22**	**19**	**18**	**15**	**12**	**9**
Lantra	%	52	21	23	33	26	13	17	15	13	11	12	8	13
Cogent	%	63	28	37	46	32	28	16	11	30	11	27	6	11
Proskills UK	%	66	24	28	43	38	23	24	21	14	16	13	12	6
Improve Ltd	%	45	10	49	33	41	35	25	11	27	6	30	6	19
Skillfast-UK	%	58	35	40	50	45	35	30	15	28	12	25	7	6
Semta	%	65	15	24	37	36	22	22	18	17	14	15	14	15
Energy & Utility Skills	%	58	38	28	43	35	19	26	29	17	19	10	8	5
ConstructionSkills	%	61	26	31	31	34	25	26	17	15	19	13	13	7
SummitSkills	%	62	25	18	20	25	20	25	13	10	13	7	9	2
Automotive Skills	%	57	40	31	33	35	23	21	22	18	17	16	12	9
Skillsmart Retail	%	45	58	43	45	37	17	20	15	15	13	15	7	7
People 1st	%	47	59	45	49	37	22	20	12	20	10	18	6	12
GoSkills	%	32	56	54	19	18	24	14	19	12	11	8	8	5
Skills for Logistics	%	50	39	40	36	21	21	18	17	26	21	14	9	5
Financial Services Skills Council	%	53	51	51	45	28	29	27	30	19	27	11	13	4
Asset Skills	%	50	46	45	41	41	39	38	26	32	23	13	16	21
e-skills UK	%	49	41	39	46	23	25	18	21	6	16	15	32	23
Government Skills	%	43	16	15	15	59	9	46	25	7	10	6	6	1
Skills for Justice	%	56	49	28	47	47	28	20	27	10	38	7	16	12
Lifelong Learning UK	%	65	27	28	28	30	21	37	26	12	23	16	23	4
Skills for Health	%	55	48	54	54	44	56	20	44	38	34	27	9	8
Skills for Care & Development	%	54	37	43	49	42	46	27	29	30	19	18	16	13
Skillset	%	46	57	31	64	61	20	54	40	8	21	7	16	6
Creative & Cultural Skills	%	40	33	33	31	32	20	28	17	25	21	7	14	6
SkillsActive	%	59	55	44	48	38	24	25	20	14	21	17	12	9
Non-SSC employers	%	47	35	46	37	34	33	33	30	20	22	14	16	8

Base: All skills gaps followed up.
Notes: Column percentages do not sum to 100 per cent because of multiple responses.

Sectors fall into three broad categories in terms of the types of skills lacking in their workforces.

- There are those where technical, practical and job-specific skills are critical (including the sectors covered by Semta, Proskills UK, Cogent, SummitSkills. ConstructionSkills and Lifelong Learning UK[9]).

- There are then those SSC sectors where customer handling skills are particularly lacking. Over half of the skill gaps discussed with employers in these sectors involved a shortage of customer handling skills and for most of them this was the individual skill area most likely to be lacking: Skillsmart Retail, People 1st, GoSkills, Financial Services Skills Council, Skillset and SkillsActive SSC sectors.

- For most of the remainder the skills most likely to be lacking are communication skills, customer handling or team working skills.

There are also some 'niche' skill areas. For example, a third of skill gaps among employers covered by e-skills UK involved a lack of IT professional skills.

Around one in four employees with skill gaps lack proficiency in regard to their management skills. This is much higher than average in the sectors covered by Asset Skills, Government Skills, Lifelong Learning UK and Skillset SSCs. Indeed, over half of skills gaps reported by employers covered by Skillset SSC involve at least in part a lack of management skills.

This pattern closely mirrors findings reported in 2005. It is also clearly shown in Table 4.13, which shows the two most likely skills to be described as lacking within each sector, and then those skill areas particularly likely to be in short supply when compared to the all-sector average. It is also shows which skills absences were most likely to be described as having the greatest negative impact on the establishment.

[9] Lifelong Learning UK stands out here as being the only SSC in this group not to cover employers involved in primary industry. It is possible that employers covered by this SSC are more likely to consider certain soft skills (such as oral communication or team working skills) to be technical or job specific skills in the context of the sector, thereby inflating the proportion of skills gaps of this nature.

Table 4.13: Main skills gaps by SSC sector

	Main two skills gap areas	Areas where much higher than average skills gaps
Lantra	Technical and practical (52%) Team working (33%)	
Cogent	Technical and practical (63%) Team working (46%)	Technical and practical skills Literacy Numeracy
Proskills UK	Technical and practical (66%) Team working (43%)	Technical and practical skills
Improve Ltd	Oral communication (49%) Technical and practical (45%)	Numeracy
Skillfast-UK	Technical and practical (58%) Team working (50%)	
Semta	Technical and practical (65%) Team working (37%)	Technical and practical skills
Energy & Utility Skills	Technical and practical (58%) Team working (43%)	
ConstructionSkills	Technical and practical (61%) Problem solving (34%)	
SummitSkills	Technical and practical (62%) Customer handling, problem solving, management (each 25%)	Technical and practical skills
Automotive Skills	Technical and practical (57%) Customer handling (40%)	
Skillsmart Retail	Customer handling (58%) Technical and practical, team working (each 45%)	Customer handling skills
People 1st	Customer handling (59%) Team working (49%)	Customer handling skills
GoSkills	Customer handling (56%) Oral communication (54%)	Customer handling skills Oral communication
Skills for Logistics	Technical and practical (50%) Oral communication (40%)	
Financial Services Skills Council	Technical and practical (53%) Customer handling, oral communication (both 51%)	
Asset Skills	Technical and practical (50%) Customer handling (46%)	Written communication General IT user skills Management skills Literacy Foreign languages
e-skills UK	Technical and practical (49%) Team working (46%)	IT professional skills Foreign languages
Government Skills	Problem solving (59%) Management (46%)	Problem solving skills Management skills
Skills for Justice	Technical and practical (56%) Customer handling (49%)	Problem solving skills Office admin skills
Lifelong Learning	Technical and practical (65%) Management (37%)	Technical and practical skills Management skills IT professional skills

Continued

Table 4.13: Main skills gaps by SSC sector (continued)

	Main two skills gap areas	Areas where much higher than average skills gaps
Skills for Health	Written communication (56%) Technical and practical (55%)	Oral communication Team working Written communication General IT user skills Literacy Office admin skills Numeracy
Skills for Care & Development	Technical and practical (54%) Team working (49%)	Written communication
Skillset	Team working (64%) Problem solving (61%)	Customer handling skills Team working Problem solving skills Management skills General IT user skills
Creative & Cultural Skills	Technical and practical (40%) Customer handling, oral communication (both 33%)	
SkillsActive	Technical and practical (59%) Customer handling (55%)	Customer handling skills
Non-SSC employers	Technical and practical (47%) Oral communication (46%)	

Base: All skills gaps followed up.
Notes: In the second column, 'much higher than average' has been defined as a skill area being 10 per cent or more likely to be mentioned within an SSC sector than the all-sector average.

There are particular skills that are relatively more frequently lacking in specific SSC sectors:

Technical and practical	Cogent, Proskills UK , Semta, SummitSkills, Lifelong Learning UK
General IT user skills	Skills for Health, Skillset
IT professional skills	e-skills UK, Lifelong Learning UK
Management skills	Skillset, Government Skills, Asset Skills, Lifelong Learning UK
Office admin skills	Skills for Justice, Skills for Health
Customer handling skills	People 1st, Skillsmart Retail, Skillset, GoSkills, SkillsActive
Problem solving skills	Skillset, Government Skills, Skills for Justice
Team working	Skillset, Skills for Health
Literacy	Skills for Health, Asset Skills, Cogent, Skills for Care & Development
Numeracy	Improve Ltd, Cogent, Skills for Health
Oral communication	GoSkills, Skills for Health
Written communication	Skills for Health, Skills for Care & Development, Asset Skills
Foreign languages	Asset Skills, e-skills UK

5 Recruitment of young people to employment and Apprenticeships

Section summary

In total, two-fifths of employers (40 per cent) in the 2007 survey had taken on at least one young person aged 16 to 24 in the previous 12 months. Just over a quarter of employers (26 per cent) had recruited a young person aged under 24 to their first job on leaving education, a small but statistically significant increase on 2005 (24 per cent).

Most commonly, employers had taken on 17- or 18-year-olds recruited straight from school or college (12 per cent). Both the proportion of employers recruiting 17- or 18-year-olds from school or college and the proportion recruiting those under 24 from HE (10 per cent) had increased by one percentage point since 2005. The proportion recruiting 16-year-old school leavers was static at 7 per cent.

Employers who take on young recruits direct from education generally believe them to be well prepared for work, particularly in the case of HE graduates, and employers' opinion of young recruits' work-readiness has improved slightly since 2005. However, a little over a quarter of those recruiting 16-year-old school leavers (27 per cent), a fifth of those recruiting 17- or 18-year-old school or college leavers (21 per cent) and one in ten recruiting HE graduates (10 per cent) considered them poorly prepared for work.

Employers who recruited 16-year-olds direct from school and/or 17- or 18-year-olds direct from school or college and considered their young recruits to be poorly prepared for work most commonly put this down to personal attributes, such as, a lack of motivation or a poor work ethic. Those taking on HE leavers under 24 who considered them poorly prepared for work most commonly put this down to a lack of technical, practical or job-specific skills and/or a lack of commitment or motivation.

Around one in seven employers reported being involved with Apprenticeships (14 per cent), with involvement ranging from simply offering Apprenticeships to actually having had staff undertake Apprenticeships in the previous 12 months (8 per cent of employers) or having recruited 16- to 24-year-olds to start Apprenticeships in the previous 12 months (6 per cent).

Those employers not offering Apprenticeships most commonly put this down to their staff being fully trained already, to Apprenticeships not being relevant to their business and to not needing staff to be trained to the level an Apprenticeship provides.

Introduction

This chapter looks specifically at the recruitment and skills of young people. It first describes the proportion of employers that have recruited 16- to 24-year-olds into their first job on leaving school, college or university, and examines employers' perceptions of these new recruits in terms of their readiness for work and the skills they lack. Throughout the chapter comparisons are made with the 2005 survey, the first year where these questions were asked in NESS.

This chapter also includes analysis of questions new in NESS07, exploring employers' involvement with and attitudes towards Apprenticeships and Advanced Apprenticeships. These new questions investigated the take-up of Apprenticeships and Advanced Apprenticeships among employers, and their reasons for either offering or not offering Apprenticeships to new recruits or existing employees.

Proportion of employers recruiting young people into first jobs

Two-fifths of employers (40 per cent) had recruited staff aged 16 to 24 in the past 12 months. A quarter of employers (26 per cent) had recruited at least one young person under 24 to their first job on leaving education. This includes those taking on 16-year-olds straight from school, 17- to 18-year-olds straight from school or college (FE) or young people aged under 24 straight from higher education (HE). This represents a statistically significant increase from the 24 per cent of employers recruiting young people straight from education in 2005.

There were also small but statistically significant rises in the proportion of employers recruiting 17- and 18-year-old school or college leavers and HE graduates under 24 between 2005 and 2007.

Table 5.1: Incidence of recruitment of young people straight from education

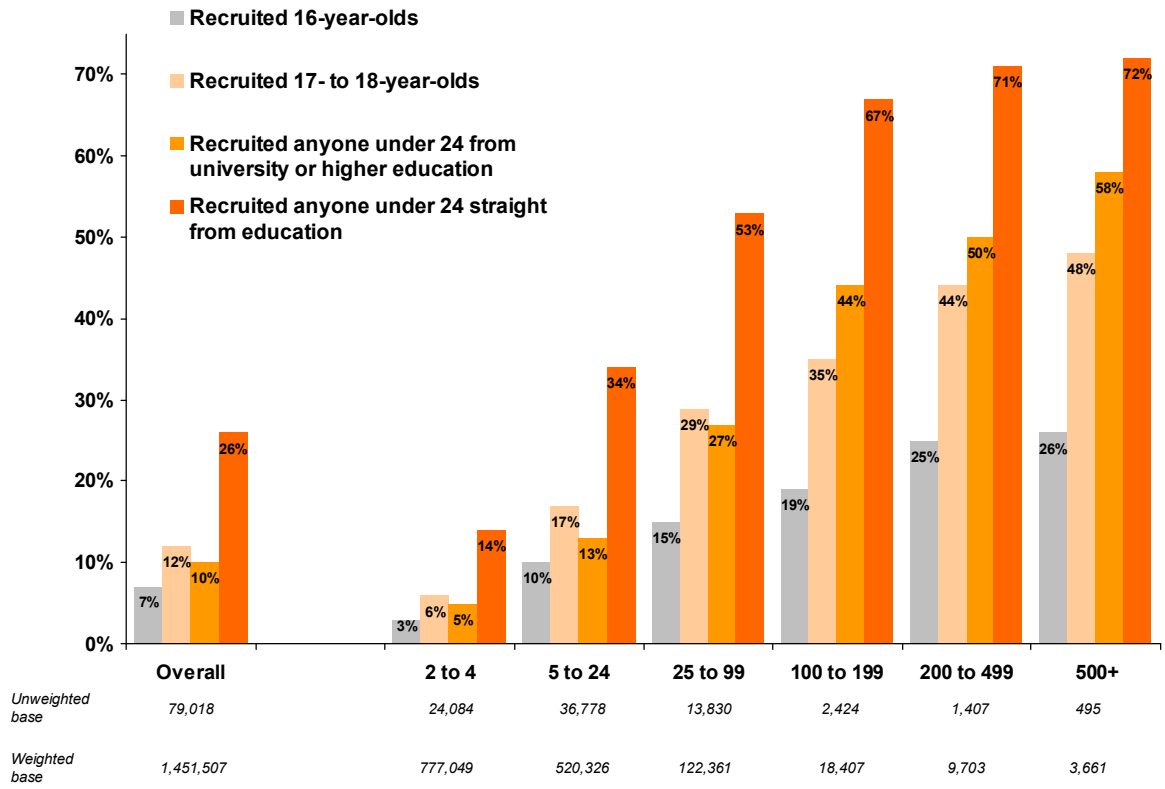
	Recruitment in the last 12 months	
	2005	**2007**
Unweighted	***74,835***	***79,018***
Weighted	***1,390,155***	***1,451,507***
	%	***%***
Any 16- to 24-year-olds recruited at all	**-**	**40**
Any under 24-year-olds recruited straight from education	**24**	**26**
16-year-olds recruited straight from school	7	7
17- or 18-year-olds recruited straight from school or college	11	12
Under 24-year-olds recruited straight from HE	9	10

Base: All employers.

As in 2005, school and FE leavers aged 17 and 18 were the group of young people to have been recruited straight from education most commonly (recruited by 12 per cent of employers). One in ten employers had recruited an HE leaver under the age of 24 in the last 12 months, and 7 per cent had recruited at least one 16-year-old straight from school.

Matching the trend seen in recruitment activity generally, the likely recruitment of young, new labour market entrants from education increases with the size of the establishment. This is illustrated in Figure 5.1.

Figure 5.1: Incidence of recruitment of 16- to 24-year-old leavers from education into their first jobs by size of establishment

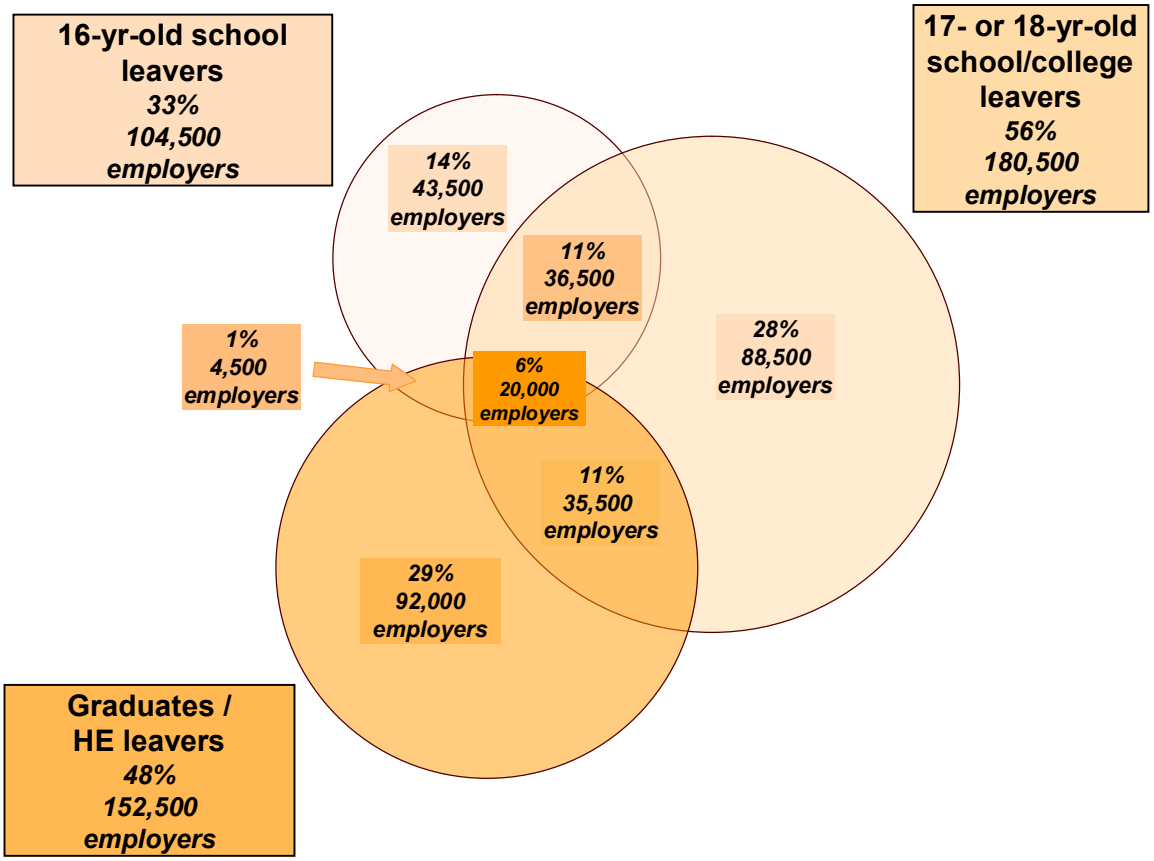


Base: All employers.

The pattern of recruitment of young people varies by size of establishment. Those with 100 or more staff were more likely to recruit graduates from HE than they were to recruit other young people straight from education. In contrast, smaller establishments were more likely to have recruited 17- or 18-year-olds from school or college than they were to have taken on recent graduates. Among establishments with 50–99 staff, for example, 33 per cent had recruited 17- or 18-year-olds from school or college in the last 12 months, compared with 31 per cent taking on graduates into their first job on leaving education.

Figure 5.2 shows the proportion of employers taking on young people straight from education in one, two or three categories considered.

Figure 5.2: Extent to which those establishments which have recruited 16- to 24-year-olds direct from education have also recruited 16-year-olds, 17- or 18-year-olds or higher education leavers



Base: All employers who have recruited a 16-year-old, 17- or 18-year-old or under 24-year-old to their first job on leaving school, college or HE (weighted=320,500; unweighted=22,365).
Note: Volume figures rounded to the nearest 500.

Typically employers taking on young people to their first job on leaving education had recruited from just one of the three groups considered (70 per cent). This percentage has fallen since 2005 (73 per cent), the decrease being driven by a reduction in the proportion recruiting 16-year-old school leavers only (14 per cent in 2007 compared with 17 per cent in 2005).

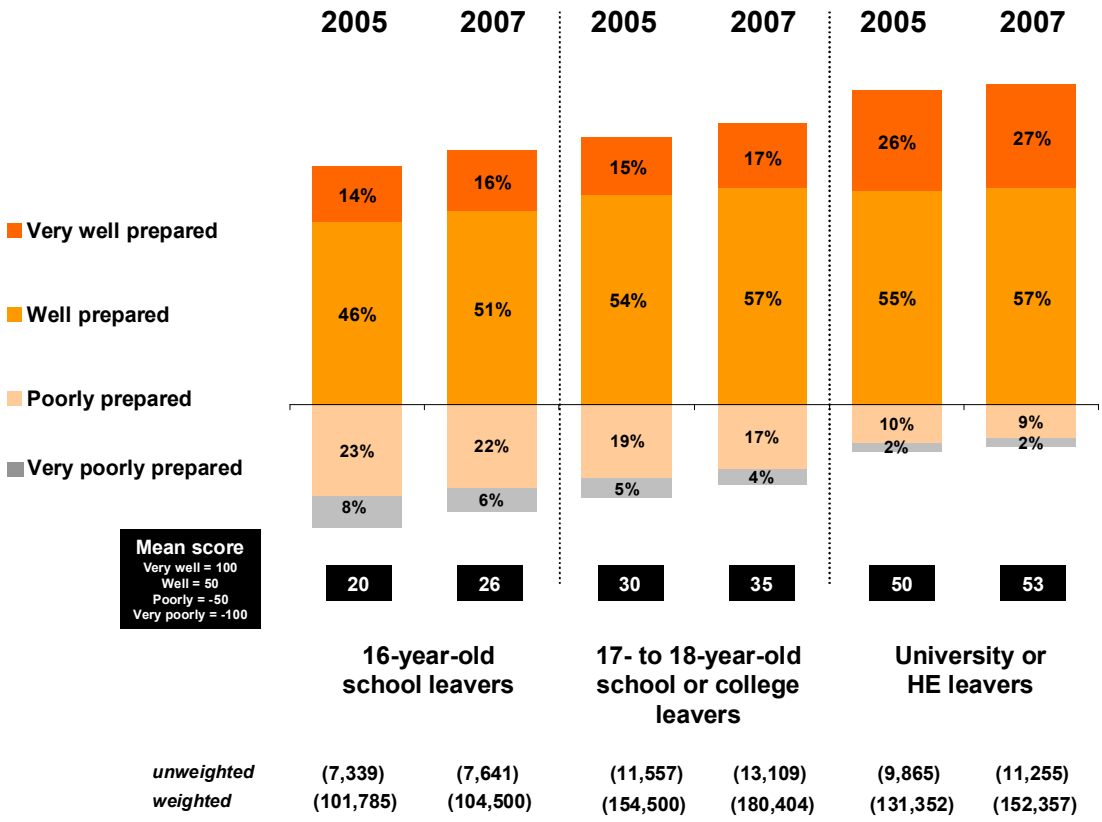
Almost a quarter of those recruiting young people straight from education had recruited from *two* of the three groups (24 per cent). Most commonly this was 16-year-olds and 17- or 18-year-olds (11 per cent) or young HE graduates and 17- or 18-year-olds leavers (also 11 per cent). Very few recruiters of young people had taken on both 16-year-old school leavers and young HE graduates (1 per cent).

As in 2005, a relatively small proportion of those recruiting under-24s to their first job on leaving education had recruited from all three groups (6 per cent, equivalent to 1 per cent of all employers).

Perceived work-readiness of 16- to 24-year-olds leaving education

Employers who had taken on young recruits direct from education were asked whether they considered recruits to be very well prepared, well prepared, poorly prepared or very poorly prepared for work. Results are presented in Figure 5.3 both for 2005 and 2007. Mean scores are also shown (using a scale of 100 for 'very well prepared', 50 for 'well prepared', -50 for 'poorly prepared' and -100 for 'very poorly prepared').

Figure 5.3: Work-readiness of 16- to 24-year-old leavers from education



Base: All employers that have recruited each type of 16- to 24-year-old leaver from education in the previous 12 months.

In 2007 as in 2005, employers were more likely to believe that each of the groups was well prepared than poorly prepared for work, and the perceived level of work-readiness increased with the amount of time recruits had spent in education.

Compared with 2005 the perceived readiness for work of those recruited direct from education has improved across all categories, with employers significantly more likely to report young recruits leaving school, college and university to be well or very well prepared for work.

The most marked improvements compared with 2005 have been in employers' views of the work-readiness of 16-year-old school leavers. In 2005 three in five employers (60 per cent) that had recruited a young person who had completed only compulsory education found them to be well or very well prepared for work. In 2007 this had increased by 7 percentage points to just over two-thirds (67 per cent). The mean score (using a scale of 100 for very well prepared, 50 for well prepared, -50 for poorly prepared and -100 for very poorly prepared) has increased for the work-readiness of 16-year-old school leavers from 20 in 2005 to 26 in 2007.

Almost three-quarters (74 per cent) of employers that had recruited 17- or 18-year-old college or school leavers found them to be well or very well prepared for work, representing an increase of 5 percentage points from 2005 (69 per cent): the mean score has increased from 30 in 2005 to 35 in 2007.

Although recruits from university or other HE institutions are considered more work-ready than those leaving school or college, the increase in positive perception here compared with 2005 – although statistically significant – is less marked (2 percentage points).

Differences in work-readiness between graduates and young education leavers are a result of differences in the proportion of employers who regard them as *very* well prepared for work. A quarter of employers recruiting graduates regard them as very well prepared as compared with around one in six recruiting 16-year-old and 17- to 18-year-old school and FE leavers.

Despite improvements in the perception of the work-readiness of young people recruited direct from education, significant minorities of employers feel that recruits from school, college or university are poorly or very poorly prepared for work. Just over a quarter (27 per cent) consider the 16-year-old school leavers they have recruited to have been poorly or very poorly prepared for work, as do just over a fifth (21 per cent) of those that have recruited 17- or 18-year-old school leavers and around one in eight (12 per cent) of those recruiting young people direct from higher education. It is not possible to tell from NESS whether recruits from university or other HE institutions are significantly less likely to be perceived as poorly prepared for work because of the additional time they have spent in education, because of the more specialised nature of higher education, or because employers invest more resource in the recruitment processes of graduates and are therefore more likely to find individuals that are suitable for their organisation.

Differences exist in the perception of work-readiness according to size of employer. Table 5.2 shows the proportion of employers in each size band stating that each group of young recruits were poorly or very poorly prepared for work.

Table 5.2: Proportion of employers experiencing recruits leaving education as poorly or very poorly prepared for work – by size of establishment

Size of establishment	16-year-old school leavers			17- or 18-year-old school or college leavers			Under 24-year-olds from university or HE institution		
Row percentages	*Unweighted base*	*Weighted base*	%	*Unweighted base*	*Weighted base*	%	*Unweighted base*	*Weighted base*	%
Overall	*7,641*	*104,500*	**27**	*13,109*	*180,404*	**21**	*11,255*	*152,357*	**10**
2 to 4	*783*	*26,885*	**28**	*1,261*	*44,007*	**24**	*1,078*	*35,866*	**15**
5 to 24	*3,442*	*52,256*	**28**	*5,742*	*8,467*	**20**	*4,582*	*68,623*	**11**
25 to 99	*2,390*	*18,575*	**27**	*4,292*	*23,620*	**18**	*3,618*	*32,737*	**7**
100 to 199	*522*	*3,462*	**24**	*929*	*8,204*	**17**	*1,003*	*8,143*	**4**
200 to 499	*367*	*2,388*	**23**	*639*	*2,352*	**14**	*680*	*4,868*	**5**
500+	*137*	*934*	**28**	*246*	*1,364*	**10**	*294*	*2,120*	**4**

Base: All employers that have recruited each type of 16- to 24-year-old leavers from education in the previous 12 months.
Note: Table shows row percentages.

The smaller the employer, the more likely they were to believe that the young people they have recruited direct from education were poorly prepared for work. This is most marked for HE graduates: 15 per cent of those with fewer than five staff believed graduates to be poorly prepared for work as compared with just 4 per cent of those with 500 or more staff. Differences are also fairly marked for 17- and 18-year-old recruits from school or college: about a quarter (24 per cent) of employers with two to four staff taking on such recruits found them poorly prepared for work as compared with 10 per cent of those with 500 or more staff.

Nevertheless, the situation has improved amongst the smallest employers since 2005. There has been a significant decrease in the proportion of the smallest employers that reported recruits from higher education being poorly prepared for work (19 per cent in 2005 compared with 15 per cent in 2007). By contrast, in employers with 200 or more staff the proportion of employers reporting that recruits from university or other HE institution are poorly prepared for work has remained stable since 2005.

Skills lacking in young recruits

The skills that employers reported (on a spontaneous basis) to be lacking among young people recruited direct from education who were poorly prepared for work are shown in Table 5.3. When comparing the list of skills and attributes lacking across the three educational output groups, it should be borne in mind that employers' expectations of these three groups will vary considerably. For that reason the analysis focuses on changes from 2005 *within* each group, rather than the differences *across* groups.

Table 5.3: Skills lacking among young recruits direct from education (spontaneous)

Column percentages	16-year-old school leavers		17-or 18-year-old school or college leavers		University or HE leavers	
	2005	*2007*	*2005*	*2007*	*2005*	*2007*
Unweighted base	*2,173*	*2,107*	*2,581*	*2,618*	*1,020*	*1,096*
Weighted base	*31,138*	*28,600*	*36,460*	*37,022*	*15,656*	*15,824*
	%	%	%	%	%	%
Lack of life/working world experience	16	16	14	12	12	18
Oral communication skills	16	15	13	14	9	12
Lack of motivation/enthusiasm/commitment	13	14	14	16	11	9
Poor education/general knowledge/skills	12	13	13	10	7	9
Work ethic/poor attitude to work	11	11	8	11	2	11
Time keeping skills/punctuality	10	10	9	12	6	7
Literacy skills	10	9	8	7	6	8
Social/people skills	10	9	6	8	3	7
Technical, practical or job-specific skills	10	8	12	11	18	20
Numeracy skills	8	8	8	7	6	4
Experience (business/practical)	8	7	6	7	6	12
Poor attitude (inc. manners/respect)	7	7	7	6	4	2
Common sense	7	7	7	8	3	6
Customer service skills	4	7	4	7	3	8
Not prepared to work long hours	4	5	6	5	12	4
Initiative	4	4	2	3	1	2
Confidence	4	3	4	3	7	2
Written communication skills	3	2	2	3	5	3
Discipline	2	2	2	3	1	2
Responsibility	2	2	3	2	1	1
Personal appearance/presentation	2	2	2	2	*	1
Team working skills	2	1	2	1	1	1
Basic IT/computer skills	1	1	1	1	2	3
Interview skills	1	1	1	1	1	1
Office/administration skills	1	1	2	1	2	2
Organisational skills	1	1	1	1	1	2
Other	4	8	6	6	9	7
Don't know	1	*	1	2	1	*
Any mention of lack of motivation / commitment or work ethic / poor attitude to work or poor attitude (manners/respect) or not prepared to work long hours	35	32	35	33	28	23

Base: All employers that have recruited each type of 16- to 24-year-old leaver from education in previous 12 months and who say some of these recruits were poorly prepared.
Note: '' denotes a finding of less than 0.5 per cent and greater than 0.*
As a guide, on the bases sizes for university or HE leavers changes of > c. 2.8% are needed year on year for the difference to be significant; for 16-year-old and 17- or 18-year-old leavers differences of > c. 2.1% are significant.

The key results to emerge are as follows.

- The skills that were more commonly reported as lacking in young recruits from higher education were technical, practical or job-specific (mentioned by a fifth of employers experiencing poorly prepared graduate recruits). Just under a fifth (18 per cent) perceived their poorly prepared graduate recruits to lack experience of the working world – significantly higher than in 2005 (12 per cent). A relatively large proportion (23 per cent) also give a response relating to poor motivation, commitment and/or attitude, including an unwillingness to work long hours, though this proportion has fallen compared with 2005 (28 per cent).
- Responses relating to poor motivation, commitment and/or attitude, including an unwillingness to work long hours, are commonly reported by employers experiencing poorly prepared 16- and 17- or 18-year-old leavers from education (an issue for around a third of employers in each case). Slightly fewer employers, though, gave these responses than in 2005.
- A lack of oral communication skills remains one of the most commonly cited problems across all three groups, and was mentioned by 12 to 15 per cent of employers reporting that recruits within each group had been poorly prepared for work.
- Across all three groups of leavers from education, the hierarchy of skills seen as lacking is little changed from 2005.

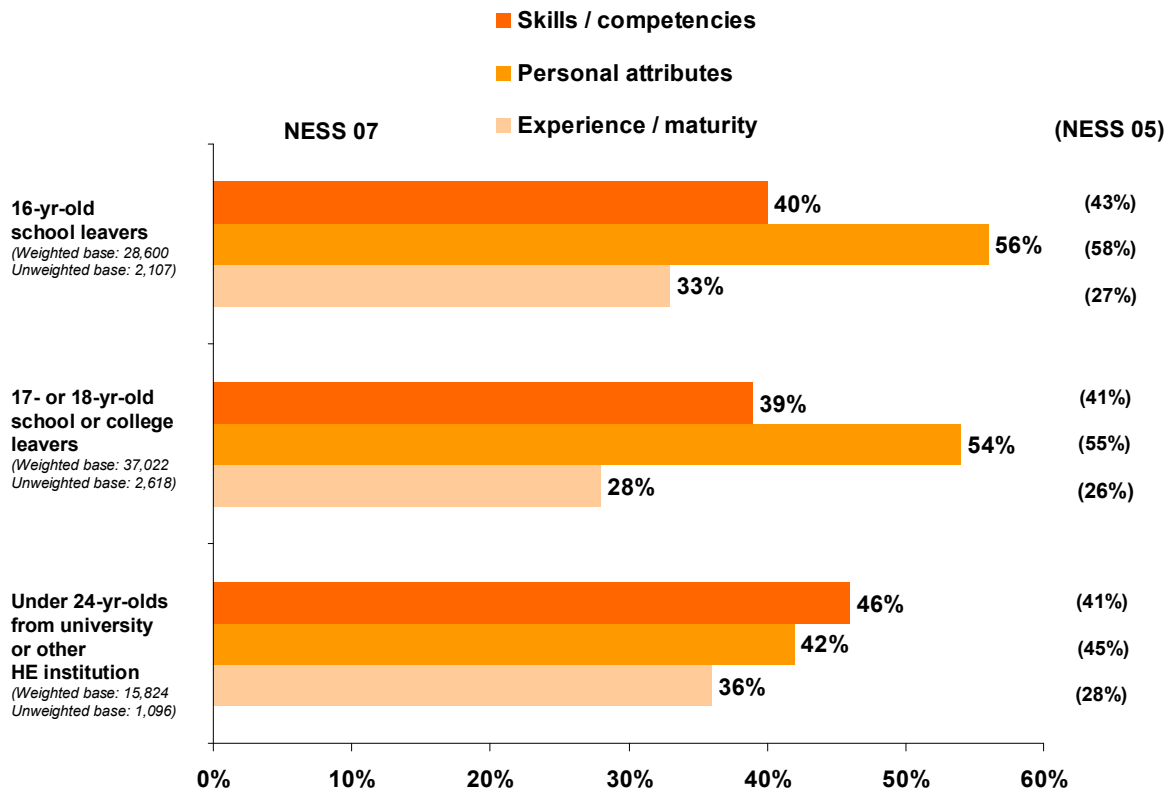
The full list of skills and attributes detailed in Table 5.3 can be reduced to three overarching categories: 'skills and competencies', 'personal attributes' and issues relating to 'experience or length of time in work', replicating the analysis conducted in 2005. Table 5.4 details the skills and attributes that these categories comprise.

Table 5.4: Definition of 'net categories' of ways in which recruits are poorly prepared for work

Skills and competencies	Numeracy skills; literacy skills; technical, practical or job-specific skills; basic IT/computer skills; customer service skills; office/ administration skills; written communication skills; oral communication skills; organisational skills; team working skills
Personal attributes	Lack of motivation/enthusiasm/commitment; work ethic/poor attitude to work; time keeping skills/punctuality; poor attitude (inc. manners/respect); not prepared to work long hours; discipline; social/people skills; common sense; initiative; confidence; responsibility; personal appearance/presentation
Experience/maturity	Poor education/general knowledge/skills; lack of life/working world experience; lack of experience (business/practical)

The results of analysing the responses in this way are presented in Figure 5.4.

Figure 5.4: Ways in which young recruits are poorly prepared for work (using net codes)



Base: All employers recruiting each type of young first-jobber that perceive them to be poorly prepared for work.

For 16-year-olds and 17- and 18-year-olds recruited straight from education who are poorly prepared for work, it is most commonly personal attributes that employers find lacking. For both groups this is followed by a lack of skills and competencies, reported by around two in five employers experiencing 16- to 18-year-old recruits who are poorly prepared for work.

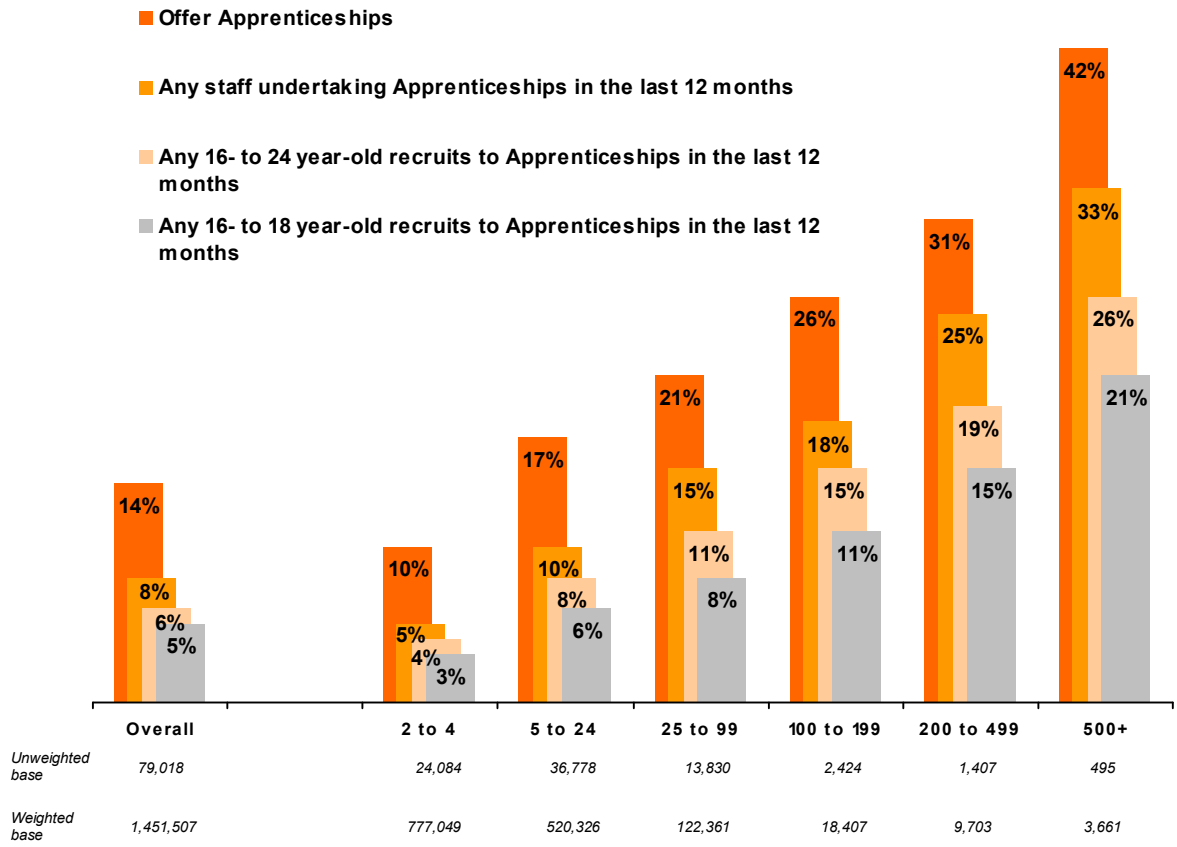
For poorly prepared HE leavers, employers mentioned a lack of skills and competencies (46 per cent) most commonly, followed by personal attributes (42 per cent).

Apprenticeships and Advanced Apprenticeships

For the first time, NESS07 contained a series of questions relating to employers' use of Apprenticeships and Advanced Apprenticeships (referred to collectively as 'Apprenticeships' throughout this section). Employers were asked to focus specifically on Apprenticeships for which they or a training provider working on their behalf had received government funding. NESS07 explored both the use of Apprenticeships within the workforce as a whole and, in particular, the number of young people being recruited to start Apprenticeships. Where employers were offering Apprenticeships, they were asked their reasons for doing so; where Apprenticeships were not being offered to staff, employers were asked why not.

Overall, 14 per cent of employers offer Apprenticeships to their staff, though only 8 per cent had actually had any staff undertaking an Apprenticeship at any point in the last 12 months. In total 6 per cent of employers had recruited at least one 16- to 24-year-old to start an Apprenticeship in the last 12 months and 5 per cent had recruited at least one 16- to 18-year-old to an Apprenticeship.

Figure 5.5: Apprenticeships by size of establishment



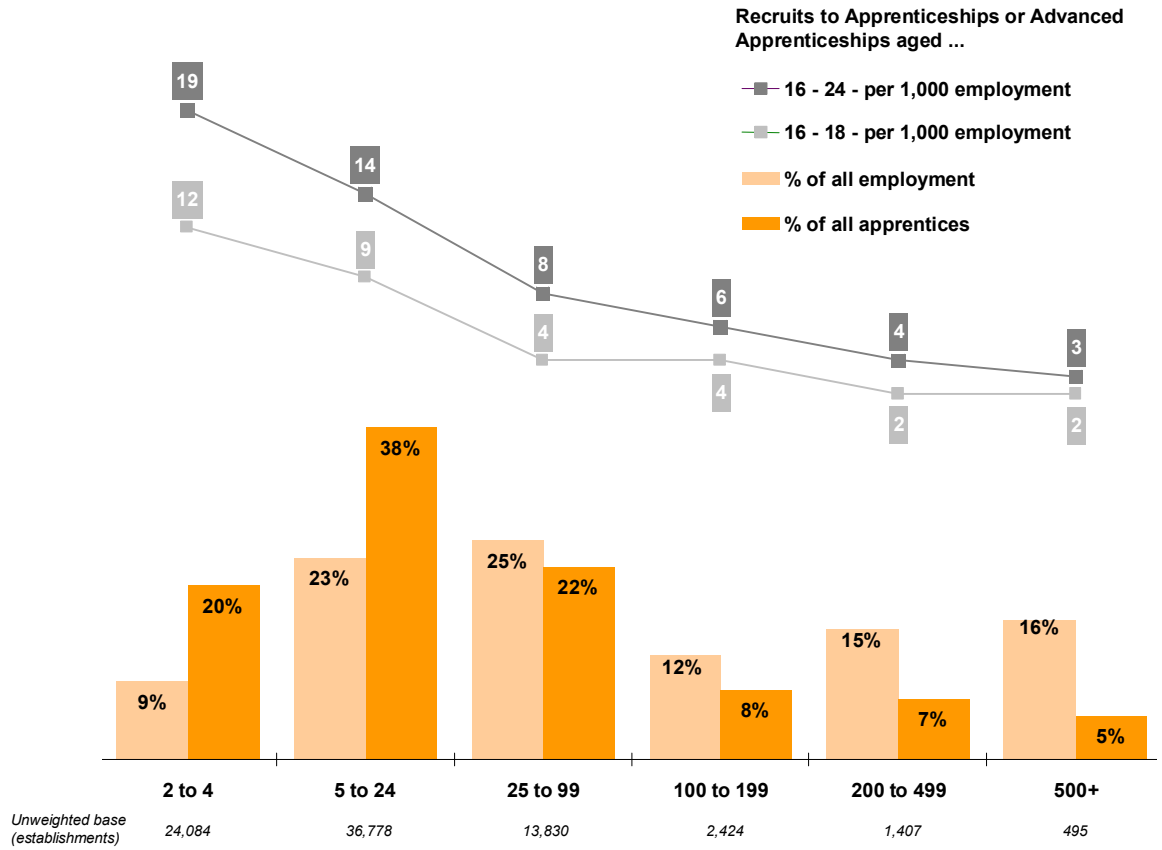
Base: All employers answering.

Involvement with Apprenticeships (offering Apprenticeships, having had staff on Apprenticeships in the past 12 months and recruiting young people to Apprenticeships) increases steadily with size. As many as a third of the largest establishments (with 500 or more staff) reported having at least one Apprentice or Advanced Apprentice in their workforce.

Just over three in five of all Apprentices taken on (62 per cent of the total) were aged 16 to 18, equivalent to five per 1,000 people in the workforce as a whole.

Figure 5.6 illustrates how these figures vary by size, showing the number of Apprentices aged 16–24 and 16–18 per thousand staff (the two lines charts), and then the proportion of all Apprentices recruited by different size of establishment and how this compares to the share of employment (shown as paired bars).

Figure 5.6: Recruits to Apprenticeships by size



Base: All employers.

Note: Number of recruits to Apprenticeships rounded to the nearest 100.

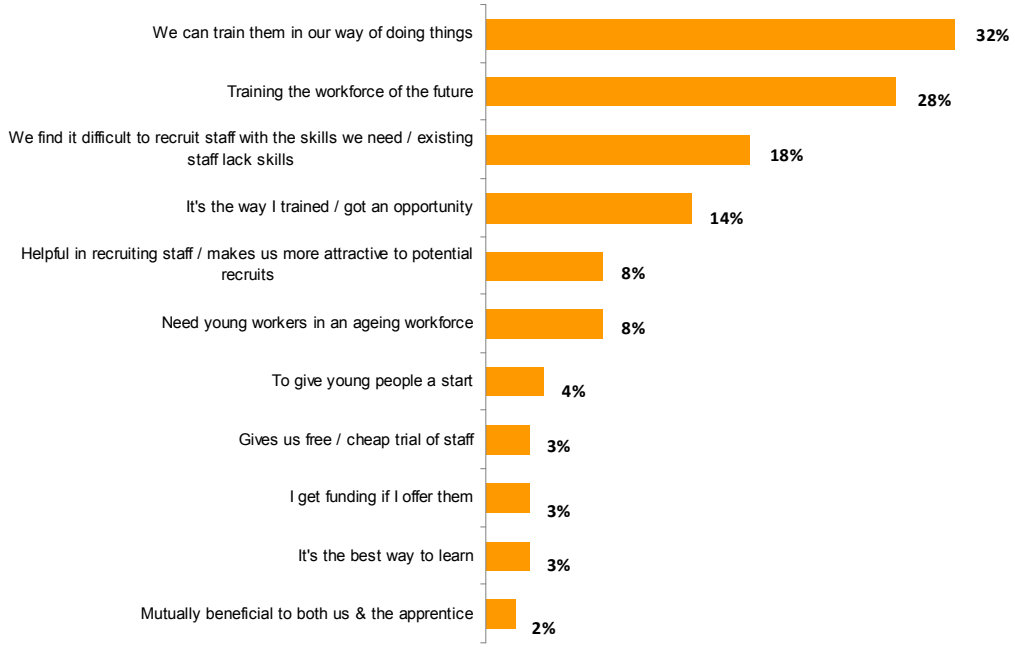
Results show that small employers take on a disproportionate share of Apprentices relative to the employment with such establishments. Employers with between five and 24 staff had recruited almost two-fifths (38 per cent) of all Apprentices aged 16 to 24, despite accounting for less than a quarter of total employment (23 per cent). Similarly, establishments with fewer than five staff recruited 20 per cent of all young Apprentices taken on in the past 12 months but account for only 9 per cent of employment.

In contrast, employers with 200 staff or more account for 31 per cent of employment but recruited only 12 per cent of the young Apprentices taken on in the previous 12 months.

In terms of the number of Apprentices aged 16 to 24 recruited per 1,000 staff, in the smallest firms the number of Apprentices is equivalent to 19 per 1,000 staff, and 14 per 1,000 in establishments with 5–24 staff. In contrast, the number of Apprentices taken on by those with more than 200 staff is equivalent to less than 5 per 1,000 staff.

Figure 5.7 shows the reasons those employers who offer Apprenticeships gave for doing so.

Figure 5.7: Reasons for offering Apprenticeships or Advanced Apprenticeships



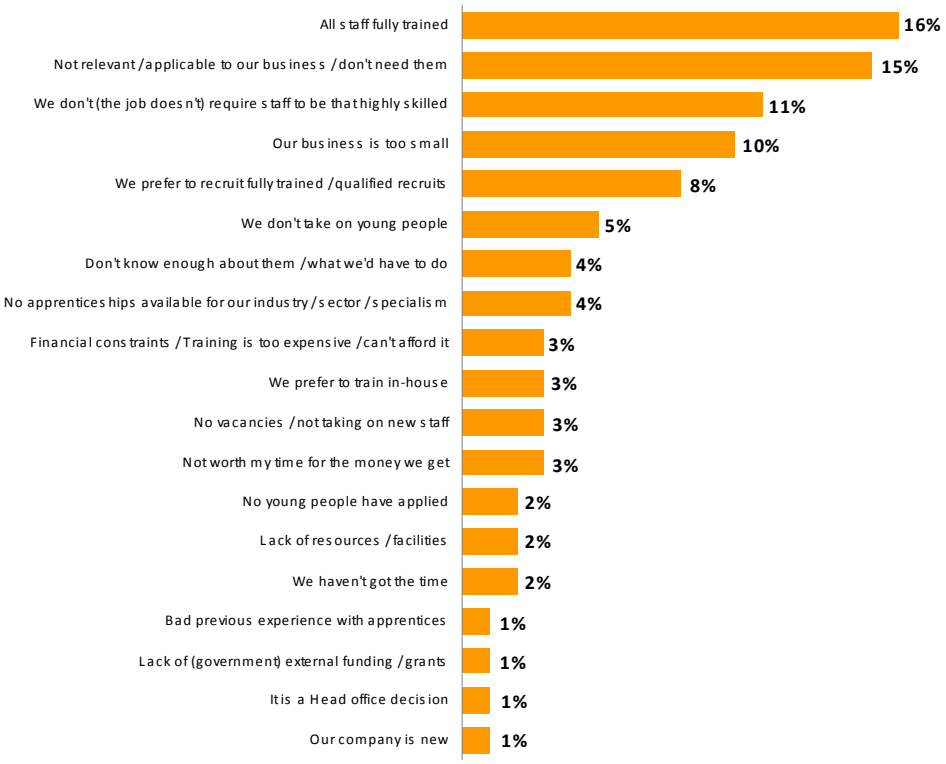
Base: All employers offering Apprenticeships providing an answer (weighted: 196,175; unweighted: 12,669)

As the reason for offering Apprenticeships, employers most commonly cited the opportunity to train Apprentices in their own ways of doing things (32 per cent) and providing training for their future workforce (28 per cent). A lack of skills within the company (skills gaps) or in the external labour market (skill-shortage vacancies) was mentioned by 18 per cent of those providing Apprenticeships amongst their reasons for doing so. Only 3 per cent of employers identified the receipt of funding for Apprenticeships as amongst their reasons for offering them.

There were only limited differences in the reasons given for involvement with Apprenticeships by employers of different sizes. Notably, though, larger employers were more likely to mention a wish to take on young people because their workforce is ageing. Unsurprisingly, then, they were also more likely to regard their involvement with Apprenticeships as allowing them to train the workforce of the future (9 per cent of the smallest employers rising to 16 per cent of the largest).

Figure 5.8 looks at the reasons those not offering Apprenticeships gave for not doing so.

Figure 5.8: Reasons for not offering Apprenticeships or Advanced Apprenticeships



Base: All employers not offering Apprenticeships providing an answer (weighted: 1,206,641; unweighted: 63,347)

The most common reasons for not offering Apprenticeships relate, in broad terms, to their not being perceived as relevant. This includes those saying all their staff are fully trained (16 per cent). Other reasons reported, however, see Apprenticeships as not providing what is required by the employers' staff more generally: 15 per cent said that Apprenticeships are not relevant to the employer's business and 11 per cent that the job does not require staff to be that highly skilled.

The proportion of employers reporting no involvement with Apprenticeships who said that this was because they considered their establishment to be too small was as high as 15 per cent amongst the smallest employers (those with two to four staff). However relative to the number of people they employ, employers in these smallest establishments as a whole in fact recruit the largest number of young people to Apprenticeships.

A number of other reasons were mentioned by employers, but funding was not a major issue. Although 3 per cent of those not offering Apprenticeships mentioned financial constraints as amongst their reasons, just 1 per cent said a lack of government funding was part of the reason they did not offer Apprenticeships.

The barriers reported by employers suggest three key issues to be considered when marketing Apprenticeships to employers:

- The funding of Apprenticeships is not the major, initial obstacle to be overcome (though it may be that this would be more of an issue once the more common cited barriers of the relevance and applicability of Apprenticeships are surmounted).

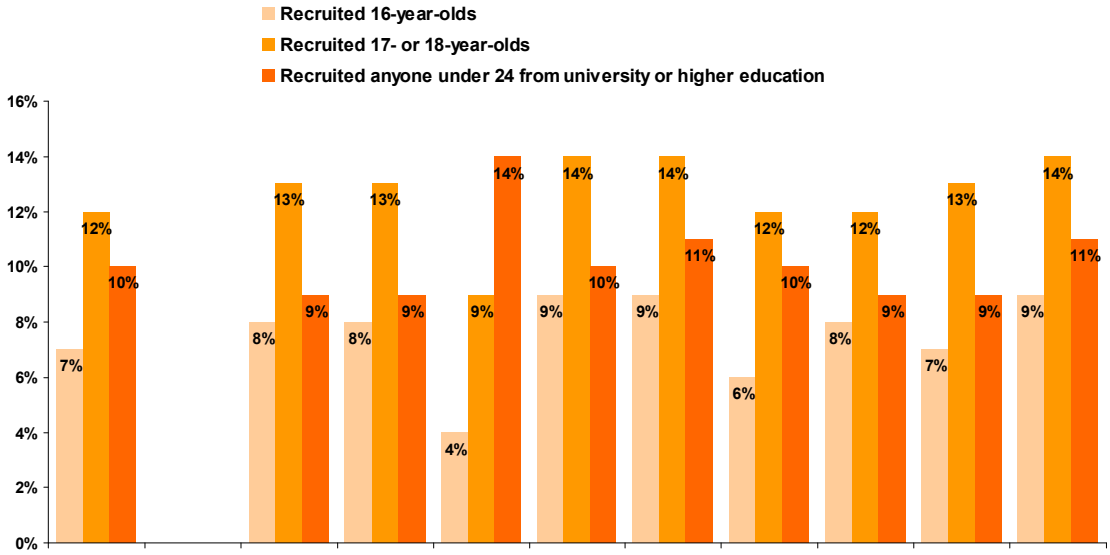
- There remains potential for better communication with those small employers who believe Apprenticeships are not relevant to them due to their size, citing the survey evidence that, relative to their employment, smaller employers are in fact the largest recruiters of Apprentices.

- Although relatively few employers said a lack of information was amongst their reasons for not offering Apprenticeships, it should be borne in mind that this is not likely to reflect the true level of awareness amongst employers. Those who consider Apprenticeships not to be relevant to their business may simply not know the details of Apprenticeships

Recruitment of young people across the regions

This part of the chapter examines the variance by region of the incidence of recruitment of 16- to 24-year-old leavers from education and the perceptions of their preparedness for work. Figure 5.9 shows the proportion of employers recruiting under 24-year-olds into their first job from school, college or university.

Figure 5.9: Incidence of recruitment of young people into their first jobs by region



	Overall	Eastern	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorks & the Humber
Unweighted base	*79,018*	*8,454*	*7,612*	*12,700*	*5,608*	*8,838*	*12,219*	*8,454*	*8,047*	*7,709*
Weighted base	*1,451,507*	*165,008*	*120,774*	*231,199*	*56,320*	*180,327*	*252,169*	*162,978*	*147,130*	*135,602*

Base: All employers (weighted=1,451,507; unweighted=79,018).

The incidence of recruitment of 16- to 24-year-olds leaving education varies relatively little by region, with the exception of London. Employers in London were considerably less likely than those elsewhere in England to have recruited a 16-year-old straight from school in the previous 12 months (4 per cent) and by far the most likely to have recruited graduates straight from higher education (14 per cent). This repeats the situation seen in 2005.

The incidence of recruiting 17- or 18-year-olds from school or college was higher than average in the North East, North West and Yorkshire and the Humber (14 per cent in each case).The same regions were also more likely than average to recruit 16-year-old school leavers (9 per cent in each case).

Table 5.5 shows, for each of the three groups of young recruits, the proportion of employers by region who felt they were poorly or very poorly prepared for work.

Table 5.5: Proportion of employers stating recruits were poorly or very poorly prepared for work, by region

	16-year-old school leavers			17- or 18-year-old school or college leavers			Under 24-year-olds from university or HE institution		
Row percentages	*Unweighted base*	*Weighted base*	%	*Unweighted base*	*Weighted base*	%	*Unweighted base*	*Weighted base*	%
Overall	*7,641*	*104,500*	**27**	*13,109*	*180,404*	**21**	*11,255*	*152,357*	**10**
Eastern	*904*	*12,492*	**27**	*1,499*	*21,811*	**21**	*1154*	*15,624*	**12**
East Midlands	*772*	*9,459*	**23**	*1,264*	*16,104*	**16**	*916*	*10,902*	**9**
London	*645*	*8,970*	**34**	*1,528*	*21,399*	**26**	*2,290*	*32,453*	**13**
North East	*594*	*4,863*	**33**	*989*	*7,736*	**29**	*714*	*5,762*	**15**
North West	*1,121*	*16,933*	**27**	*1,748*	*25,834*	**19**	*1,370*	*20,031*	**9**
South East	*1,054*	*16,161*	**23**	*1,979*	*30,182*	**17**	*1,735*	*26,098*	**8**
South West	*856*	*12,506*	**26**	*1,384*	*19,939*	**20**	*1990*	*14,005*	**11**
West Midlands	*767*	*10,704*	**25**	*1,322*	*18,990*	**20**	*960*	*13,011*	**8**
Yorkshire & the Humber	*928*	*12,411*	**33**	*1,396*	*18,410*	**23**	*1,126*	*14,469*	**10**

Base: All employers that have recruited each type of 16-to 24-year-old education leaver in the previous 12 months.

Note: Table shows row percentages.

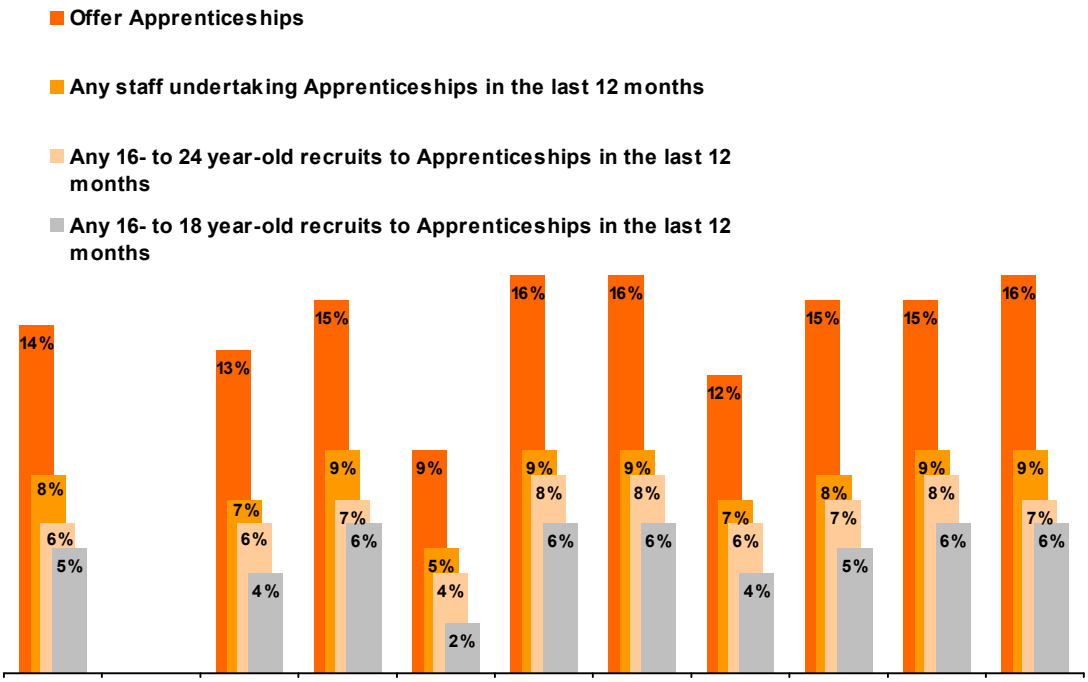
Employers in the North East and London were those most likely to report young recruits to be poorly prepared for work. This represents a marked change from 2005. Then, employers in London were particularly unlikely to report young recruits to be poorly prepared for work, as were employers in the South West (now close to the national average), and when employers in the North East were close to the national average.

Apprenticeships and Advanced Apprenticeships across the regions

There are substantial variations between the regions in terms of employer involvement in Apprenticeships. Reflecting the lower than average recruitment of 16- to-18-year-olds in London, as well as a much lower proportion of employers in sectors related to manufacturing and construction (see Figure 4 in Annex F) use of Apprenticeships was least common in the capital, where just 9 per cent of employers offered Apprenticeships, 5 per cent had had staff undertaking Apprenticeships in the past 12 months and 4 per cent of employers had recruited young people to Apprenticeships in the previous year.

After London, the areas in which employers reported the least involvement with Apprenticeships were the South East and East.

Figure 5.10: Apprenticeships and Advanced Apprenticeships by region



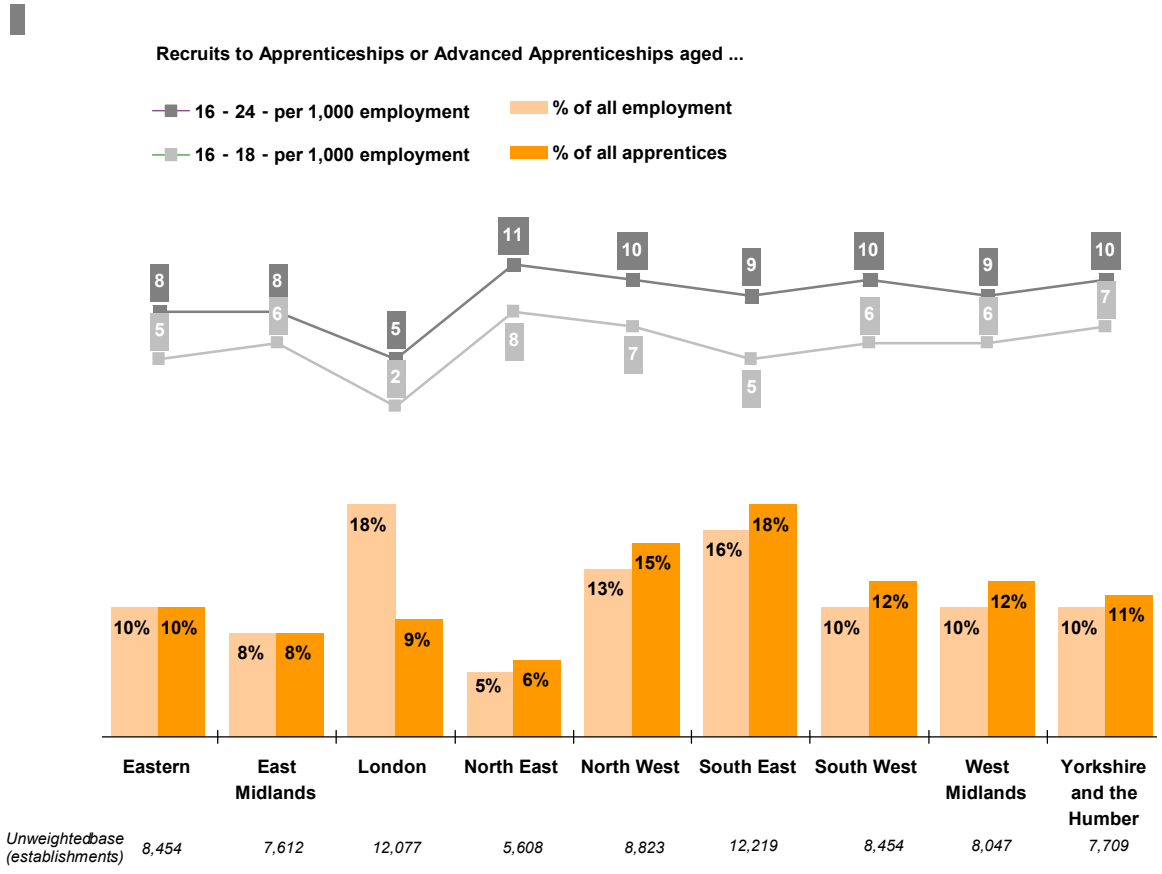
	Overall	Eastern	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire and the Humber
Unweighted base	*79,018*	*8,454*	*7,612*	*12,077*	*5,608*	*8,823*	*12,219*	*8,454*	*8,047*	*7,709*
Weighted base	*1,451,507*	*165,008*	*120,774*	*231,199*	*56,320*	*180,327*	*252,169*	*162,978*	*147,130*	*135,602*

Base: All employers answering.

In absolute terms, employers in the South East recruit the largest number of young people aged 16-24 to Apprenticeships. While the South East is the region with one of the largest workforces, it accounts for a larger share of recruits to Apprenticeships (18 per cent of the England total) than it does of total employment (16 per cent). Looking at recruitment of 16- to 24-year-olds to Apprenticeships *relative to the size of the workforce in each region* shows that employers in the North East take on the largest proportion – 11 Apprentices per 1,000 staff. Employers in the South West, Yorkshire and the Humber and the North West also take on a higher than average number of employers relative to the size of the workforce (10 per 1,000 staff employed). Employers in London take on relatively few young Apprentices – just five for every 1,000 people in the workforce.

Focusing just on 16- to 18-year-old recruits to Apprenticeships, the pattern of recruitment expressed in terms of the number per 1,000 staff largely follows that for 16- to 24-year-olds regionally and is highest in the North East (eight per 1,000 staff) and above average in the East Midlands, West Midlands, South West, West Midlands and Yorkshire and the Humber (six to seven per 1,000 staff).

Figure 5.11: Recruits to Apprenticeships by region



Base: All employers.

Note: Number of recruits to Apprenticeships rounded to the nearest 100.

Sectors and the recruitment of young people

The incidence of recruitment of 16- to 24-year-old leavers from education by SSC sector is shown in Table 5.6 below. Figures at least 5 per cent higher than the national average have been highlighted.

Table 5.6: Recruitment of 16- to 24-year-old leavers from education by SSC

Row percentages	Unweighted base	Weighted base		Any under 24-year-olds straight from education	16-year-old school leavers	17- or 18-year-old school/ college leavers	Under 24-year-olds from HE
Overall	*79,018*	*1,451,507*	%	**26**	7	12	10
Lantra	*3,481*	*67,473*	%	**15**	4	7	4
Cogent	*1,807*	*13,787*	%	**26**	6	14	10
Proskills UK	*2,071*	*17,482*	%	**20**	5	9	7
Improve Ltd	*1,146*	*7,766*	%	**25**	9	11	8
Skillfast-UK	*1,865*	*17,336*	%	**17**	5	9	6
Semta	*3,335*	*48,880*	%	**24**	8	11	7
Energy & Utility Skills	*467*	*11,945*	%	**24**	8	10	7
ConstructionSkills	*4,843*	*113,424*	%	**22**	7	10	8
SummitSkills	*1,913*	*25,461*	%	**29**	12	14	4
Automotive Skills	*3,258*	*49,050*	%	**29**	13	13	5
Skillsmart Retail	*8,092*	*192,209*	%	**30**	12	19	10
People 1st	*5,782*	*142,988*	%	**37**	12	22	15
GoSkills	*1,430*	*12,939*	%	**15**	4	8	6
Skills for Logistics	*2,353*	*31,912*	%	**19**	5	9	6
Financial Services Skills Council	*2,213*	*34,872*	%	**29**	4	12	17
Asset Skills	*3,220*	*81,494*	%	**19**	3	8	9
e-skills UK	*2,844*	*47,787*	%	**20**	2	6	12
Government Skills	*222*	*3,736*	%	**26**	5	11	20
Skills for Justice	*299*	*3,247*	%	**32**	3	15	22
Lifelong Learning UK	*2,385*	*20,480*	%	**25**	5	10	13
Skills for Health	*2,416*	*42,645*	%	**24**	4	11	11
Skills for Care & Development	*3,971*	*49,285*	%	**24**	3	11	11
Skillset	*1,275*	*9,885*	%	**27**	3	7	19
Creative & Cultural Skills	*2,621*	*25,180*	%	**22**	3	6	15
SkillsActive	*2,076*	*16,726*	%	**39**	15	24	16
Non-SSC employers	*13,633*	*363,518*	%	**26**	6	11	12

Base: All employers (weighted=1,451,507; unweighted=79,018).
Note: Table shows row percentages.

Employers covered by SkillsActive and People 1st are the only examples of a sector in which recruitment of young people from education is higher than average across all three of the groups discussed, suggesting a younger profile of the workforce in these sectors.

Recruitment of 16-year-old school leavers is most common amongst employers covered by:

- SkillsActive and People 1st, covering (active) leisure and hospitality
- Automotive Skills
- Skillsmart Retail
- SummitSkills.

In contrast, recruitment of 16-year-old school leavers is least common amongst employers covered by:

- Asset Skills
- e-skills UK
- Lifelong Learning UK
- Skills for Justice
- Skills for Care & Development
- Skillset
- Creative & Cultural Skills

Employers in most of these sectors are more likely to have recruited young graduates. These employers are typically service or public sector establishments and require a higher initial skill level from their recruits than do those in other industry sectors.

Recruitment of young people leaving higher education was also higher than average amongst employers covered by Financial Services Skills Council and Government Skills SSCs, where recruitment of 16-year-olds on leaving school is also a little below average.

Employers covered by SkillsActive, People 1st, and Skillsmart Retail are the most likely to have recruited 17- or 18-year-olds from school or college; employers covered by Lantra, e-skills UK, Skillset and Creative & Cultural Skills are the least likely.

Lantra employers in particular are notable for being markedly less likely than others to have recruited young people leaving education in any of the three categories discussed. Employers covered by Proskills UK, GoSkills, Skills for Logistics and Asset Skills were also less likely to have recruited young people leaving education, though the differences from the national average are less marked for these employers. In some cases (Lantra in particular, but also Proskills UK and Skills for Logistics) this is combined with a lower than average proportion of employers with vacancies, which may partly explain the low incidence of recruitment of young leavers from education. GoSkills employers, however, are significantly more likely to have vacancies than the national average.

The situation is little changed from 2005, with a greater propensity to recruit young leavers from education in each of the three groups coming from employers in the same sectors.

The effect of size of employer needs to be considered, given the strong influence size has been shown to have on the incidence of recruitment of young people leaving education, and the substantial variation in the size profile of employers in different sectors (see Annex F for details).

Table 5.7 sets out the views of employers regarding the work-readiness of young recruits by SSC sector. For each of the three age groups considered, the table shows the proportion of employers perceiving their young recruits to be poorly or very poorly prepared for work. Figures significantly higher than the national average are shown ‘boxed’.

Table 5.7: Proportion of employers stating recruits were poorly or very poorly prepared for work, by sector

	16-year-old school leavers			17- or 18-year-old school or college leavers			Under 24-year-olds from university or HE institution		
Row percentages	*Unweighted base*	*Weighted base*	%	*Unweighted base*	*Weighted base*	%	*Unweighted base*	*Weighted base*	%
Overall	*7,641*	*104,500*	**27**	*13,109*	*180,404*	**21**	*11,255*	*152,357*	**10**
Lantra	197	3,036	**26**	333	4,467	**24**	215	2,934	**15**
Cogent	125	880	**31**	268	1,870	**21**	210	1,343	**15**
Proskills UK	110	787	**29**	206	1,494	**26**	160	1,176	**18**
Improve Ltd	100	674	**28**	139	876	**21**	98	617	**10**
Skillfast-UK	130	944	**30**	197	1,480	**25**	127	967	**14**
Semta	352	3,743	**33**	508	5,260	**27**	352	3,412	**17**
Energy & Utility Skills	36	904	*29*	58	1,222	**25**	39	817	*17*
ConstructionSkills	528	7,559	**34**	787	10,891	**29**	669	8554	**14**
SummitSkills	302	3,102	**31**	357	3,636	**28**	119	1,092	**17**
Automotive Skills	549	6,413	**31**	552	6,399	**24**	201	2,246	**16**
Skillsmart Retail	1,664	23,870	**22**	2,368	35,955	**18**	1,326	20,034	**8**
People 1st	1,095	17,105	**27**	1,919	31,003	**21**	1,311	20,961	**8**
GoSkills	66	509	**22**	119	984	**25**	88	746	**17**
Skills for Logistics	139	1,477	**26**	283	2,786	**18**	193	1,825	**8**
Financial Services Skills Council	117	1,488	**21**	305	4,160	**16**	420	5,949	**11**
Asset Skills	161	2,454	**32**	420	6,265	**20**	428	7,099	**8**
e-skills UK	83	1,045	**16**	232	2,838	**25**	504	5,804	**14**
Government Skills	12	183	!	28	420	*14*	50	747	**13**
Skills for Justice	10	94	!	55	503	**15**	71	709	**5**
Lifelong Learning UK	147	1,094	**40**	280	2,037	**21**	376	2,702	**9**
Skills for Health	103	1,541	**27**	348	4,898	**22**	326	4,533	**7**
Skills for Care & Development	146	1,558	**28**	498	5,301	**20**	484	5,238	**11**
Skillset	48	299	*29*	110	725	**21**	264	1,893	**18**
Creative & Cultural Skills	100	681	**19**	233	1,432	**18**	545	3,741	**13**
SkillsActive	371	2,445	**28**	615	4,004	**18**	413	2,619	**9**
Non-SSC employers	950	20,618	**28**	1,891	39,498	**18**	2,266	44,599	**10**

Base: All employers that have recruited each type of 16- to 24-year-old leavers from education in previous 12 months.
Notes: Table shows row percentages.
! is used where the base size was under 25. Figures in italics denote base sizes of 25 to 49 and should be treated with caution.

There are a number of general patterns by sector which emerge from an analysis of the work-readiness of young recruits leaving education.

- Employers operating in sectors relating to construction and manufacturing are more likely than others to believe that young people leaving education are poorly prepared for work. In particular this is true of employers covered by Skillfast-UK, Semta, ConstructionSkills, SummitSkills and Automotive Skills.

- Employers covered by Cogent, Asset Skills and Lifelong Learning UK were particularly likely to report 16-year-olds to be poorly or very poorly prepared for work.

- ProSkills, Energy & Utility Skills, GoSkills and e-skills UK employers were particularly likely to consider 17- or 18-year-olds recruited from school or college to be poorly or very poorly prepared.

- Employers covered by Proskills, GoSkills and Skillset were particularly likely to report young recruits from HE as being poorly or very poorly prepared for work.

- Skillsmart Retail employers, on the other hand, were less likely than average to report a lack of work-readiness amongst their young recruits across all three age groups. Skills for Justice employers showed this pattern too, though base sizes for them were low. Financial Services Skills Council employers were more positive than average, reporting fewer 16-year-olds recruited from school and 17- or 18-year-olds recruited from school or college as ill-prepared for work.

- In general, the pattern of response seen at the overall level – whereby the perception that young recruits leaving education are poorly prepared for work decreases with the recruits' age – is repeated within SSCs. The sole exceptions to this are the GoSkills and e-skills UK, sectors, where 17- or 18-year-old school or college leavers are considered more lacking in work readiness than 16-year-old school leavers by a larger proportion of employers.

- There seems to be little evidence of a pattern linking the proportion of employers in each sector recruiting young people direct from education and their rating of their work-readiness.

Apprenticeships and Advanced Apprenticeships by sector

Table 5.8 shows the incidence of the different types of involvement with Apprenticeships split by SSC sector. Employers in sectors relating to manufacturing and construction are those most likely to offer Apprenticeships: SummitSkills (44 per cent), Automotive Skills (33 per cent), Semta (20 per cent) and Construction Skills (19 per cent). Employers in these sectors are also the most likely to have actually had staff on Apprenticeships in the past 12 months and to have recruited young people to start Apprenticeships.

Involvement with Apprenticeships was lowest amongst employers covered by Skillfast-UK, e-skills UK, Skillset and Creative & Cultural Skills.

A similar picture emerges when looking at the numbers of young people recruited to start Apprenticeships in the last 12 months (Table 5.9). Relative to the size of their workforce, employers covered by SummitSkills (48 Apprentices recruited over the last 12 months per 1,000 staff employed), Automotive Skills (27 per 1,000) and ConstructionSkills (20 per 1,000) recruit the largest number of young people whether looking at 16- to 24-year-olds generally or 16- to 18-year-olds specifically.

In absolute terms, and excluding employers not covered by an SSC, the largest recruiters of young people to Apprenticeships in the 12 months prior to NESS 2007 were:

- ConstructionSkills, taking on 11 per cent of all Apprentices recruited. By comparison ConstructionSkills employers employ 5 per cent of the total national workforce;
- People 1st, taking on 7 per cent of the total. This is in line with People 1st employers' share of the workforce;
- Semta employers recruiting 7 per cent of the total, slightly higher than Semta employers' share of the workforce (5 per cent);
- Automotive Skills taking on 7 per cent of all Apprentices recruited. This is markedly higher than this sector's 2 per cent of the workforce.

Recruitment to Apprenticeships of 16- to 18-year-olds in particular was low relative to overall employment amongst employers covered by GoSkills, Financial Services Skills Council, e-skills UK and Skills for Health.

For those employers not offering Apprenticeships, a belief that jobs do not require staff to be trained to the level of an Apprenticeship is particularly common amongst employers in People 1st, Skills for Logistics (both 18 per cent) and Improve (17 per cent) SSC sectors. Cogent employers (16 per cent) and Skillsmart Retail and Skillfast-UK employers (both 15 per cent) were also more likely than average to say that the jobs they offer do not require staff to be that highly skilled.

Overall, 4 per cent of employers not involved with Apprenticeships said this was because Apprenticeships were not available for their industry. This belief was most common amongst employers covered by Skills for Justice (9 per cent), Skills for Health (7 per cent) and Financial Services Skills Council (6 per cent). That Apprenticeships exist which are relevant to each of these sectors suggests that these responses may at least in part be driven by employers' lack of knowledge about the range of Apprenticeships.

Table 5.8: Apprenticeships and Advanced Apprenticeships by SSC

	Unweighted base	Weighted base	Offer Apprenticeships	Currently or in last 12 months had staff undertaking an Apprenticeship	Any 16- to 24-year-old recruits to Apprenticeships	Any 16- to 18-year-old recruits to Apprenticeships
	Unweighted base	*Weighted base*	*%*	*%*	*%*	*%*
Overall	*79,018*	*1,451,507*	**14**	**8**	**6**	**5**
Lantra	*3,481*	*67,473*	9	5	4	3
Cogent	*1,807*	*13,787*	12	6	5	4
Proskills UK	*2,071*	*17,482*	12	5	5	3
Improve Ltd	*1,146*	*7,766*	9	5	4	3
Skillfast-UK	*1,865*	*17,336*	6	3	2	1
Semta	*3,335*	*48,880*	20	11	9	8
Energy & Utility Skills	*467*	*11,945*	13	7	6	5
ConstructionSkills	*4,843*	*113,424*	19	11	10	7
SummitSkills	*1,913*	*25,461*	44	26	23	19
Automotive Skills	*3,258*	*49,050*	33	19	16	14
Skillsmart Retail	*8,092*	*192,209*	9	4	3	2
People 1st	*5,782*	*142,988*	12	7	5	4
GoSkills	*1,430*	*12,939*	8	5	4	3
Skills for Logistics	*2,353*	*31,912*	9	4	4	3
Financial Services Skills Council	*2,213*	*34,872*	8	5	4	2
Asset Skills	*3,220*	*81,494*	8	4	4	3
e-skills UK	*2,844*	*47,787*	7	4	3	2
Government Skills	*222*	*3,736*	12	6	5	4
Skills for Justice	*299*	*3,247*	8	6	4	4
Lifelong Learning UK	*2,385*	*20,480*	16	10	8	7
Skills for Health	*2,416*	*42,645*	14	9	7	4
Skills for Care & Development	*3,971*	*49,285*	15	9	7	4
Skillset	*1,275*	*9,885*	7	3	3	2
Creative & Cultural Skills	*2,621*	*25,180*	6	3	2	2
SkillsActive	*2,076*	*16,726*	15	9	7	6
Non-SSC employers	*13,633*	*363,518*	15	9	8	6

Base: All employers.

Table 5.9: Number of recruits in the last 12 months to Apprenticeships and Advanced Apprenticeships per 1,000 staff employed by SSC

		Recruits to Apprenticeships or Advanced Apprenticeships aged ...	
		16-24	16-18
	Unweighted base (employers)	Number per 1,000 employed	Number per 1,000 employed
Overall	*79,018*	**9**	**5**
Lantra	*3,481*	14	7
Cogent	*1,807*	3	2
Proskills UK	*2,071*	5	3
Improve Ltd	*1,146*	3	3
Skillfast-UK	*1,865*	3	2
Semta	*3,335*	11	7
Energy & Utility Skills	*467*	10	6
ConstructionSkills	*4,843*	20	13
SummitSkills	*1,913*	48	33
Automotive Skills	*3,258*	27	21
Skillsmart Retail	*8,092*	4	2
People 1st	*5,782*	8	5
GoSkills	*1,430*	4	2
Skills for Logistics	*2,353*	3	2
Financial Services Skills Council	*2,213*	4	2
Asset Skills	*3,220*	7	4
e-skills UK	*2,844*	4	2
Government Skills	*222*	2	1
Skills for Justice	*299*	3	1
Lifelong Learning UK	*2,385*	11	8
Skills for Health	*2,416*	5	2
Skills for Care & Development	*3,971*	10	4
Skillset	*1,275*	5	2
Creative & Cultural Skills	*2,621*	4	2
SkillsActive	*2,076*	12	7
Non-SSC employers	*13,633*	9	6

Base: All employers.
Note: Number of recruits to Apprenticeships rounded to the nearest 100.

6 Training and Workforce Development

Section summary

Overall two-thirds (67 per cent) of employers surveyed had provided any training in the previous 12 months, an increase from the 2005 and 2004 figures (65 and 64 per cent respectively). The increase reflects the greater proportion of employers providing on-the-job training: the proportion of employers providing off-the-job training has remained static since 2005.

Training activity increases markedly with size: over nine in 10 employers with 25 employees or more had funded or arranged training (92 per cent) compared to just 54 per cent of the very smallest establishments (those with fewer than five employees).

In total, in 2007 employers provided training for 14.0 million workers, the equivalent of 63 per cent of the employed workforce, as against 13.1 million employees or 61 per cent of the then-current workforce in 2005.

Employers funded or arranged a total of 218 million days of training over the previous 12 months, equivalent to 9.8 days of training a year for every worker in the country, or 15.6 days for each employee in receipt of training.

Looking specifically at who receives training, managers and professionals made up the largest proportion of off-the-job trainees: around 1.4 million of each had received off-the-job training in the past 12 months. The large volume of managers receiving training reflects the large number of people employed as managers – 1.4 million constitutes only 35 per cent of the total number of managers, meaning that almost two thirds (65 per cent) of managers had **not** received any off-the-job training in the last 12 months. The proportion of the workforce that had received off-the-job training was highest (at 52 per cent) among professionals and personal service staff, both far less numerous than managers. As a proportion of those employed, sales, machine operative and elementary staff were the least likely to receive off-the-job training (around a quarter in each group).

The largest number of on-the-job trainees are in sales roles (over 1.8 million, 61 per cent of the number employed). Personal service staff were the most likely to receive on-the-job training relative to the number employed (equivalent to 67 per cent). High proportions of professional and associate professional staff received training on-the-job too (59 and 57 per cent respectively).

A little over a quarter (26 per cent) of employers who had funded or arranged training in the last 12 months had used a further education (FE) college to deliver some of their training (equivalent to 17 per cent of all employers). The great majority of these employers (84 per cent) were satisfied with the service they received from FE colleges.

Introduction

Central to the development of skills within employers' workforces is the provision of training and development for staff. This section investigates all aspects of employers' training and development activity. We focus particularly on the extent and nature of the training provided, and the proportion of staff receiving these development opportunities. More specifically we explore:

- How many employers provide training, the proportion of their workforce that they train and how this differs by occupation
- Reasons for not training
- The number of days' training employers provide for their staff
- Barriers to providing *more* training
- The nature of training activity
- The extent to which employers are training staff towards qualifications, and the level of qualification targeted
- Awareness of and involvement with the Train to Gain service
- Assessment of training need
- The extent to which FE colleges, universities and other training providers are used to provide teaching or training, and satisfaction with FE and other provision
- The extent to which employers engage in business and training planning, and human resource practices designed to lead to the assessment of training needs
- Attitudes towards government support for training and workforce development.

The first part of the section explores these issues at the national level, with accompanying analysis of differences by size of employer. We then explore the relationship between training activity and other factors. Specifically we look at sector and region, and at the relationship between training and skills gaps.

Throughout the section we compare and contrast training delivered off- and on-the-job. The distinction was explained to respondents as follows:

- Off-the-job training and development takes place away from the individual's immediate work position, whether on the employer's premises or elsewhere

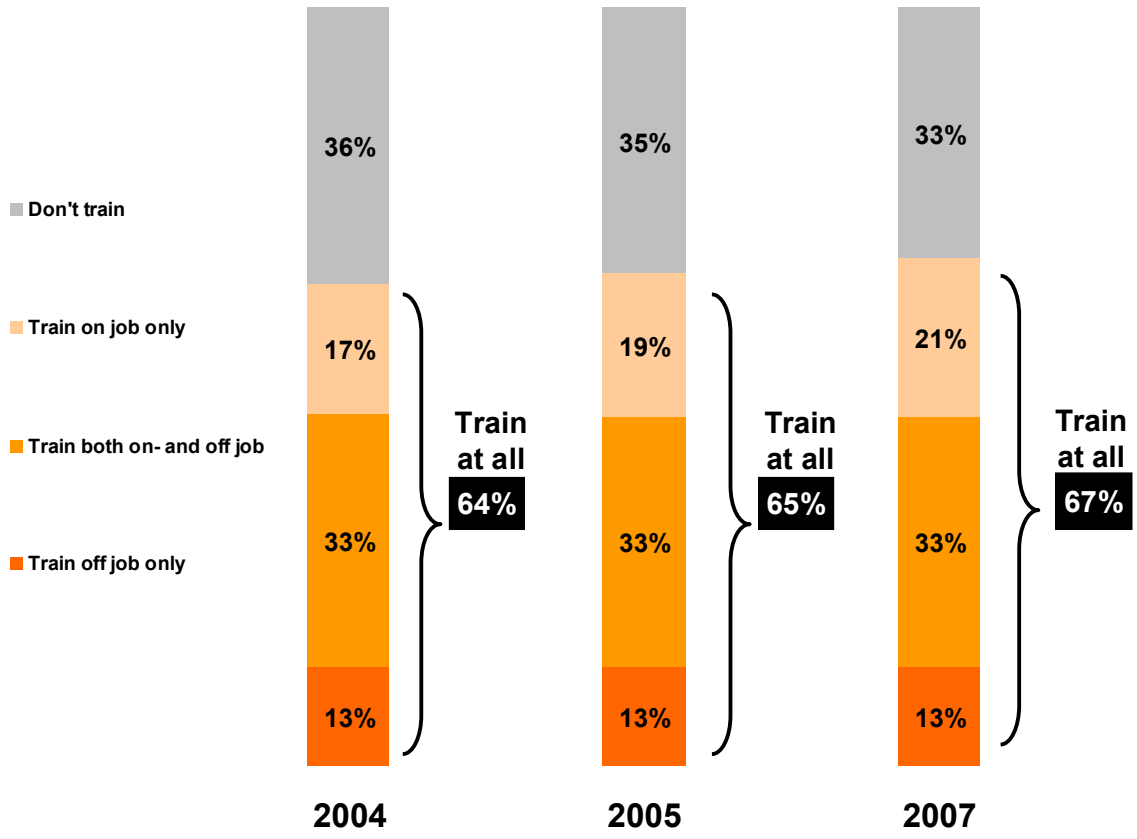
- On-the-job and informal training and development is any other training and development activities that would be recognised as training by staff, not the sort of learning by experience which could take place all the time.

The extent of training and workforce development activity

The proportion of employers that train and the balance between on- and off-the-job training

In total two-thirds of employers (67 per cent) had provided any training or development in the previous 12 months. This is a small but significant increase on 2005 and 2004 when this proportion stood at 65 and 64 per cent respectively. Figure 6.1 shows the proportions of employers engaging in on- and off-the-job training in 2004, 2005 and 2007.

Figure 6.1: Provision of training.

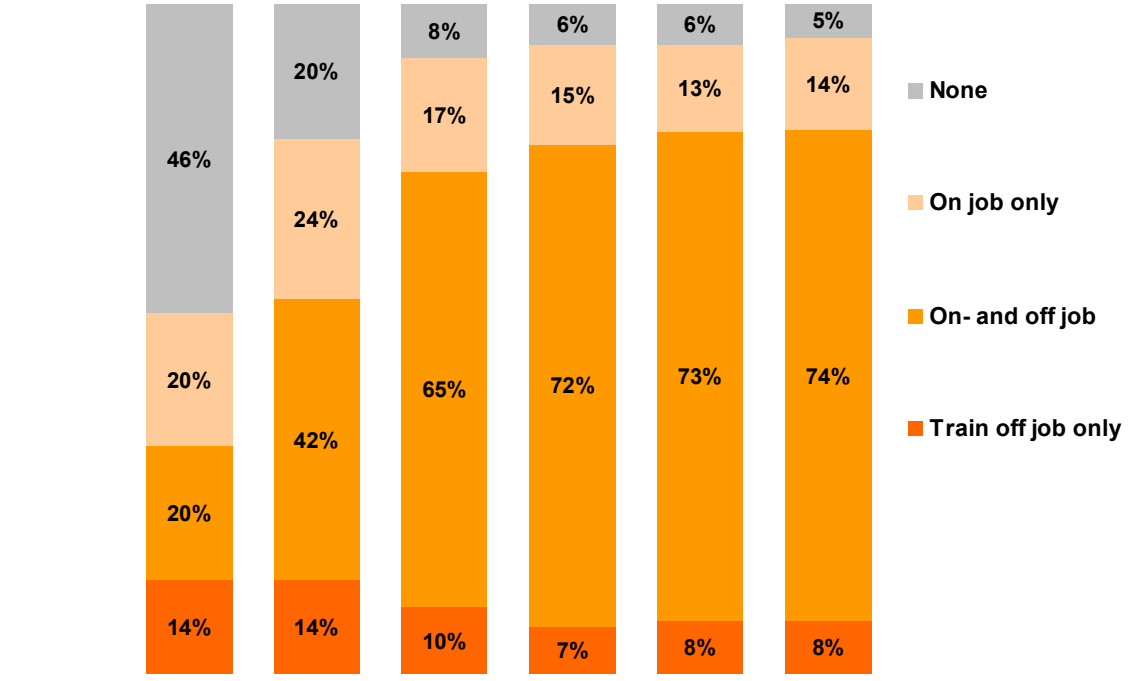


Base: All employers
(2004: weighted=1,410,248, unweighted=27,172
2005: weighted=1,390,155, unweighted=74,835
2007: weighted=1,451,507, unweighted=79,018).

The increase in the proportion of employers providing training in 2007 is a result of an increase in the proportion providing on-the-job training only (21 per cent, up from 19 per cent of all employers in 2005 and 17 per cent in 2004). The proportion of employers providing off-the-job training has remained unchanged from 2004 to 2007 (46 per cent).

Size is a key determinant of likelihood to train and whether both on- and off-the-job methods are adopted. That is, the more people businesses employ, the more likely it is that at least one of them will have a training need at any given time and/or over any 12-month period. Establishments with 25 or more staff are considerably more likely to provide training than smaller establishments, and are much more likely to provide both on- and off-the-job training. Smaller establishment are less likely to provide training (only just over half of those with fewer than five staff had provided any training in the last 12 months) and, where they do provide training, they are more likely to train staff only either on- or off-the-job (Figure 6.2).

Figure 6.2: Proportion of employers providing training (on- and/or off-the-job) by employment size.



Base: All employers.

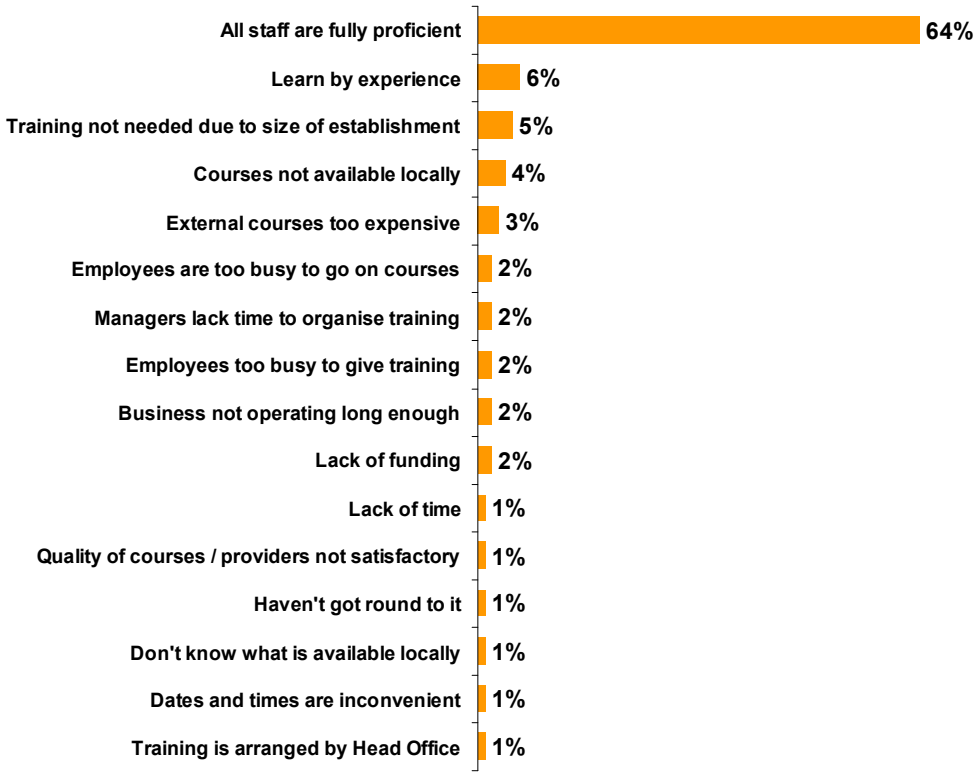
Despite remaining the least likely to provide training, the overall increase in the proportion of employers that train has been driven by an increase since 2005 in the proportion of the smallest employers providing training. The proportion of establishments with two to four staff and 5–24 staff that train (54 per cent and 80 per cent) is two percentage points higher than in 2005 (52 per cent and 78 per cent respectively). As with the overall national picture, the increases in the proportion providing training among smaller employers are a result of an increase in the proportion providing on-the-job training only.

Among larger employers the proportion providing any training is essentially unchanged compared with 2005. However there has been a move away from providing off-the-job training and towards on-the-job training and development. Among establishments with 25–99 staff, the proportion providing off-the-job training has fallen from 78 per cent in 2005 to 75 per cent in 2007. Among those with 100 or more staff the equivalent fall has been from 83 per cent to 80 per cent.

Reasons for not providing training

Employers who had not funded or arranged training in the previous 12 months were asked the reasons why they had not done so. Figure 6.3 summarises the results.

Figure 6.3: Reasons for not providing training.



Base: All employers not providing training in previous 12 months (weighted=454,071; unweighted=19,210).

As was the case in 2005, a belief that all staff are already fully proficient is the predominant reason for not providing training, and was mentioned by nearly two-thirds of non-trainers. The next most common responses – that staff learn by experience (6 per cent) and that training is not needed due to the establishment's small size (5 per cent) – are similarly claiming that training is not necessary in their organisation. Overall, 72 per cent gave at least one of these three reasons.

By contrast, relatively few employers cite issues relating to problems of training supply. Of those that do not train, 4 per cent say that the courses they require are not available locally; 1 per cent are not satisfied with the quality of the courses or providers locally; and 1 per cent say that the dates or times of courses are not convenient or suitable for their needs. Overall 5 per cent gave one of these responses relating to training supply.

Nor is the expense of training provision a common reason for not training their staff: only 3 per cent of non-trainers said the expense of external courses prevented them from training and 2 per cent put it down to a lack of funding.

Time appears to be slightly more of a barrier than expense: overall 6 per cent mention a lack of time, managers being too busy to organise training or employees being too busy to give training to colleagues or attend external courses themselves.

Although amongst those who report skills gaps it is now considerably less common for employers to report that – nevertheless – they provide no training because their staff are all fully proficient, this reason is still cited by a third (34 per cent) of these employers. This suggests a disconnection between employers' thinking when assessing their workforce development needs and their general opinion of their staff's proficiency. One in ten of these employers expect staff to learn by experience rather than via training (compared with 5 per cent for those without skills gaps); 11 per cent said there was no particular reason they were not providing training (compared with 8 per cent of those without gaps).

Reasons for not providing training show some variation by size of employer, as illustrated in Table 6.1. In order to show the broad types of reason for not training, the full list of responses shown on Figure 6.3 has been collapsed into themes.

Table 6.1: Most common reasons for not providing training by size of employer.

		Employment size band				
	All	**2 to 4**	**5 to 24**	**25 to 99**	**100 to 199**	**200+**
Weighted base	*454,071*	*350,103*	*96,105*	*7,169*	*443*	*251*
Unweighted base	*19,210*	*11,039*	*7,203*	*872*	*62*	*34*
	%	%	%	%	%	%
No need	72	74	67	55	38	33
(workforce fully proficient; staff learn by experience; not needed due to size of establishment)						
Training supply issues	5	5	5	10	10	3
(courses not available locally; quality of courses available locally not satisfactory; start dates or times inconvenient)						
Expense of training	4	4	5	4	6	6
(external courses too expensive; lack of budget/funding for training)						
Time issues	6	6	6	7	5	4
(managers lack time to organise training; employees too busy to give training; employees too busy to go on training courses; lack of time)						
Other issues	10	9	13	16	24	25
No particular reason	8	8	9	11	17	25

Base: All employers that had not provided any training in the previous 12 months.

The perception that there is no need for training decreases as the size of establishment increases, with around a third of establishments with 200 or more employees citing this as the reason for not providing training compared with around 7 in 10 employers with fewer than 25 staff.

Mid-size employers (with between 25 and 199 staff) were the most likely to cite at least one barrier to training (be this relating to supply of training, expense or time). The largest employers were the most likely to say that there was no particular reason for not providing training for their staff and were also the most likely to cite other reasons including lack of awareness of what support is available and that training is arranged by head office (the principle driver of this difference by size). This may mean, of course, that training is actually being received by staff at these establishments, albeit not training arranged or funded at that site.

The proportion of the workforce receiving training

Employers in 2007 reported providing training over the previous 12 months for 14.0 million workers[10]. This is equivalent to 63 per cent of the total current workforce[11] and 72 per cent of the workforce in establishments that provide training.

These figures represent an increase from the 2005 figures, when 13.1 million workers had been trained over the previous 12 months, equivalent to 61 per cent of all workers, and 70 per cent of workers in establishments providing training[12].

Compared with 2005 we see that there has been an increase in the proportion of employers providing training; an increase in the number and proportion of employees receiving training; and, within firms that train, growth in the proportion of staff to whom training has been provided.

[10] Through the rest of this section, for the purposes of brevity, we often refer to workers who received training as 'trainees'. Please note that, in this sense, the term 'trainees' does not indicate the employment status of the individuals concerned (in the sense of indicating workers on a probationary period and/or who have not yet fully assumed their job role).

[11] The survey asks employers how many staff at the establishment they had funded or arranged training for in the previous 12 months *including any staff who had since left*. This means employers can give a figure for the number of staff trained over the previous 12 months which is higher than their current number of employees. One implication is that the overall number of staff trained as a proportion of the workforce reported England-wide is likely to be something of an overestimate: employees who were trained by one employer in the previous 12 months, then changed employer and received training in their new position, will be counted twice.

[12] Note that the number of workers in England has increased since 2005 from around 21.5 million to 22.3 million, meaning that the percentage figures are not based on the same totals.

The proportion of staff provided with training among those establishments providing any training is presented in Table 6.2 for 2007 as well as 2004 and 2005.

Table 6.2: Staff trained over the previous 12 months as a proportion of current workforce.

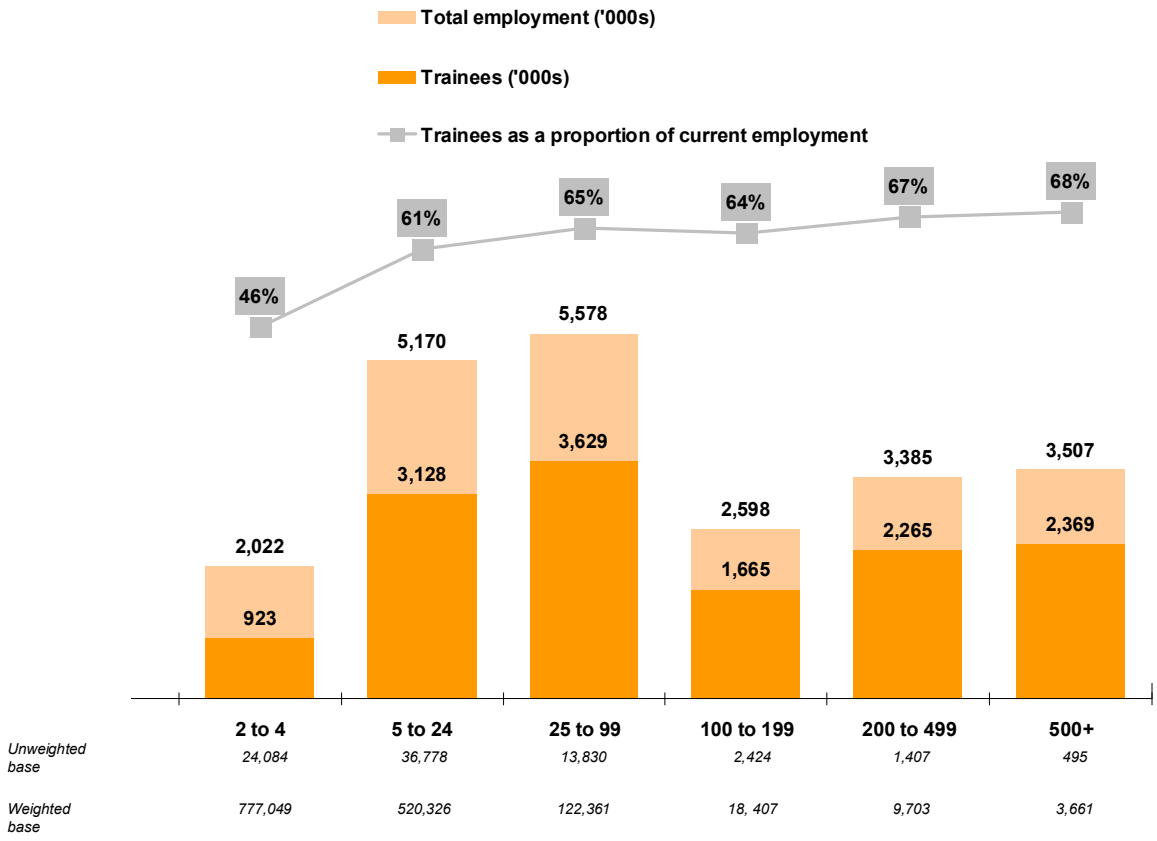
	NESS04	NESS05	NESS07
Base: All employers who provide training (weighted)	*900,735*	*900,894*	*977,501*
Base: All employers who provide training (unweighted)	*20,830*	*54,866*	*58,600*
	%	*%*	*%*
Less than 10%	1	2	2
10 to 24%	7	7	7
25 to 49%	16	17	17
50 to 59%	12	12	13
60 to 69%	8	8	8
70 to 79%	6	5	5
80 to 89%	5	5	4
90 to 99%	2	2	2
100%	32	33	34
More than 100%	11	9	8

Note: Staff trained over the last 12 months can be more than 100% of current workforce where an establishment has a contracting workforce or high labour turnover

As was the case in both 2004 and 2005, employers that train at all typically provide training for a large proportion of their workforce: three-quarters (74 per cent) arrange it for a majority and well over two-fifths (45 per cent) trained 90 per cent or more of their current workforce over the previous 12 months. By contrast, it was for only 9 per cent of training employers that the number trained over the previous 12 months represented less than a quarter of their current workforce.

The proportion of their workforce that employers train varies by size of establishment, as shown in Figure 6.4. As a proportion of current employment, a little under half (46 per cent) of all staff employed in micro-establishments (with fewer than five employees) had received training in the previous 12 months as against nearly two-thirds (66 per cent) of those employed in establishments with 25 or more staff.

Figure 6.4: Proportion of staff trained by employment size.



Base: All employers

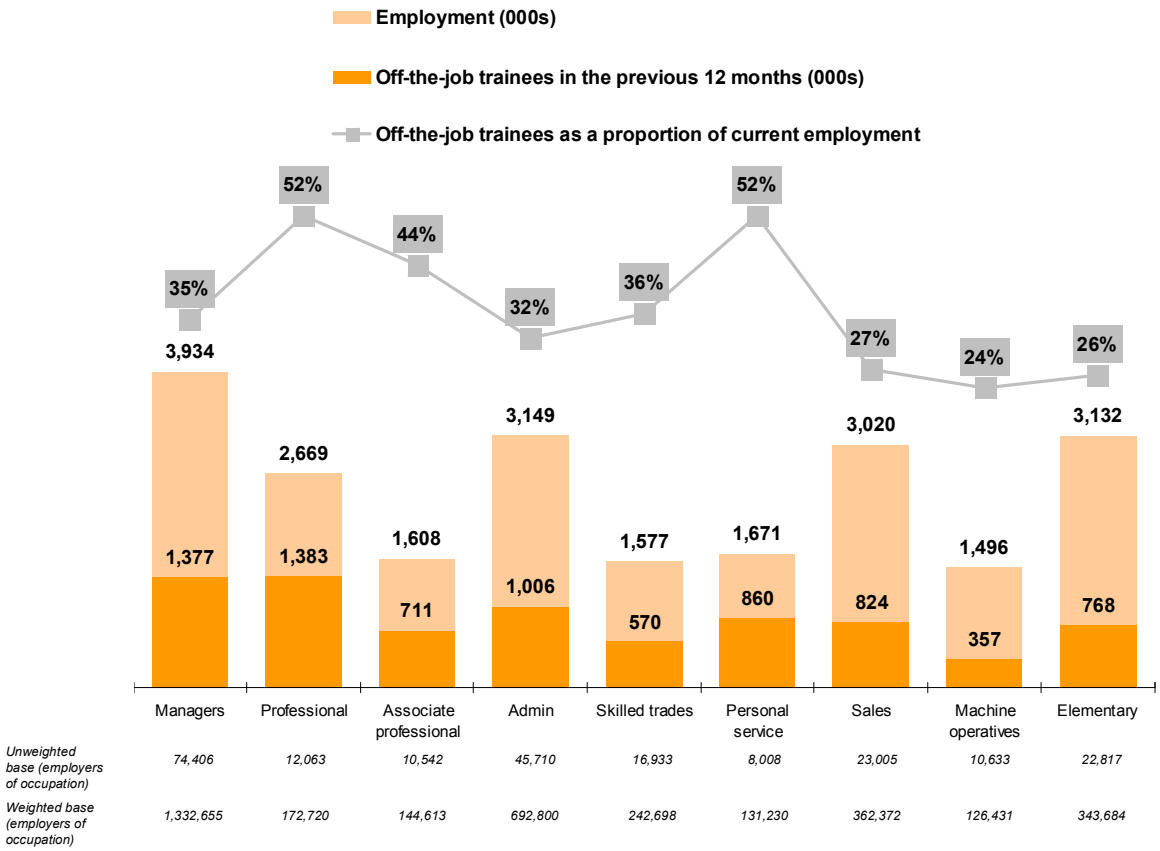
The incidence of training by occupation

We have seen that the number of staff trained in the previous 12 months is equivalent to more than three in five of the current workforce. We turn now to how the provision of training varies by occupation. This analysis looks first at the occupational variation in the provision of off-the-job training before repeating the same analysis for those receiving on-the-job training in the previous 12 months.

Off-the-job training

Figure 6.5 illustrates the number of people employed in each occupational group (the full length of the bar), the number receiving off-the-job training (the darker subdivision) and what proportion this represents of the total employment within the occupation (the grey line).

Figure 6.5: Distribution of off-the-job training by occupation.



Base: All employers employing within each occupational group.

In absolute terms, more managers and professionals receive off-the-job training than any other occupational group. In each of these two occupations around 1.38 million staff receive off-the-job training, and they account for nearly two-fifths of all staff trained off-the-job in the previous 12 months. However, *relative to the numbers employed in each occupation,* professionals are much more likely to receive training than are managers: over half (52 per cent) of all professionals have received off-the-job training in the previous 12 months, compared with just over a third (35 per cent) of managers. Along with professionals, personal service and associated professional staff are the most likely to be trained off-the-job.

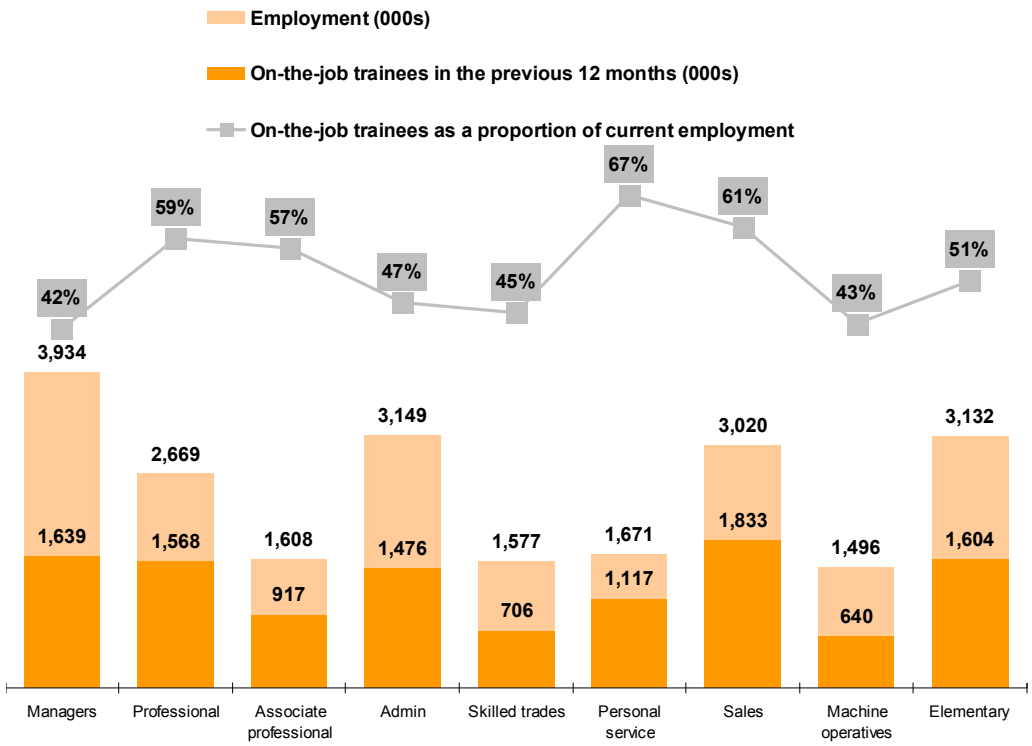
Machine operatives account for the smallest number of off-the-job trainees and are also the occupational group least likely to receive off-the-job training; just under a quarter (24 per cent) had received such training in the previous 12 months. Elementary staff and sales staff were also relatively unlikely to receive off-the-job training (26 and 27 per cent respectively).

Although the pattern by occupation closely matches results in 2005, there has been a fall in the proportion of associate professional, sales and machine operatives trained off-the-job in the last 12 months (in each category there has been a fall of two percentage points). On the other hand there has been an increase in the proportion of skilled staff and elementary staff trained off-the-job (also by two percentage points).

On-the-job training

Figure 6.6 illustrates the proportion of the workforce employed in each occupation that has received on-the-job training in the previous 12 months. Again the full length of the bar denotes the total number of people employed in each occupation, the darker section the number in receipt of the on-the-job training and the grey line shows what proportion trainees form of the total employment within that occupation.

Figure 6.6: Distribution of on-the-job training by occupation.



	Managers	Professional	Associate professional	Admin	Skilled trades	Personal service	Sales	Machine operatives	Elementary
Unweighted base (employers of occupation)	*74,406*	*12,063*	*10,542*	*45,710*	*16,933*	*8,008*	*23,005*	*10,633*	*22,817*
Weighted base (employers of occupation)	*1,332,655*	*172,720*	*144,613*	*692,800*	*242,698*	*131,230*	*362,372*	*126,431*	*343,684*

Base: All employment employed in occupations.

In a number of occupational groups the number of staff trained on-the-job over the last 12 months is equivalent to over half the total currently employed in the occupation. The proportion is especially high for personal service staff. Two-thirds of staff in this occupational group (67 per cent) had been trained on-the-job in the last 12 months. Results indicate that around three in five sales, professional and associate professional staff have also been trained on-the-job in this time period. In contrast, only just over two in five managers and machine operatives had received on-the-job training over the previous 12 months.

In all occupational groups, the proportion of the workforce receiving on-the-job training was higher than the proportion that had received off-the-job training, though this difference was less marked for managers and professionals.

The pattern by occupation is broadly similar to 2005, though there has been a marked increase in the number of managers and skilled trades receiving on-the-job training: in each case the number of trainees as a proportion of current employment has increased by four percentage points.

How much training do employers fund or arrange?

Overall, employers funded or arranged a total of 218 million days of training over the course of the 12 months prior to NESS 2007 fieldwork. This is the equivalent of every worker in England receiving 9.8 days' training over the course of this year. The following section examines how these figures are composed and how they break down by type of training.

Looking purely at those establishments which provide training, the total number of training days provided equates to 11.2 days per employee in these establishments, or 15.6 days per person trained.

These figures represent large increases compared with 2005, when the 162 million training days funded or arranged by employers equated to 12.3 days' training per person trained over the previous 12 months.

Table 6.3 below summarises these headline figures and also highlights differences between employers who train employees both on- and off-the-job, and those whose training is confined to one or the other approach. The overall level shows 2005 figures for comparison.

Table 6.3: Training days per annum (overall and per capita).

	All 2007	All 2005	2007		
			Train both on- and off-the-job	Train off-the-job only	Train on-the-job only
Base: All employers (weighted)	*1,451,507*	*1,390,155*	*480,577*	*192,687*	*304,237*
Base: All employers (unweighted)	*79,018*	*74,835*	*31,941*	*10,089*	*16,570*
Total training days (millions)	*217.7m*	*161.8m*	*173.1m*	*7.3m*	*37.3m*
Per capita training days (total workforce)	9.8	7.5	12.7	3.4	10.1
Per capita training days (training employers' workforce)	11.2	8.7	12.7	3.4	10.1
Per trainee training days	15.6	12.3	16.2	8.0	15.7
Days off-the-job training per off-the-job trainee	7.3	6.1	7.3	7.4	–
Days on-the-job training per on-the-job trainee	13.8	10.8	13.3	–	15.6

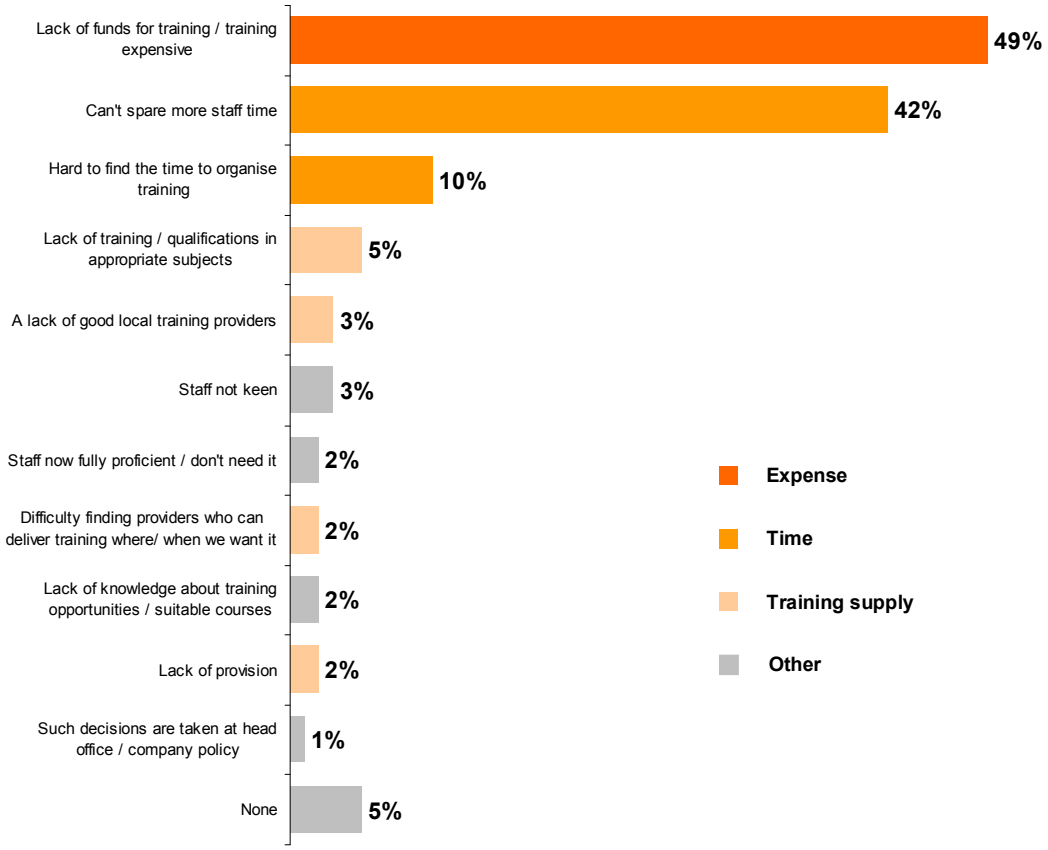
Base: All employers.
Note: The 'per trainee training days' row uses the derived employer engagement measure of number of trainees which models 'don't know' responses. The 'days off-the-job training per off-the-job trainee' and 'days on-the-job training per on-the-job trainee' rows use the total numbers of trainees trained off- and on-the-job respectively and 'don't knows' are excluded. Hence the slight discrepancy between the 'per trainee training days' among those training off the job only and the days of off-the-job training per off-the-job trainee among the same employers. The equivalent effect happens for on-the-job training days.

As was the case in 2004 and 2005, employers whose training is conducted on-the-job only provide a greater number of days' training per person trained than those whose training is only provided off-the-job.

Two-fifths of employers providing training (41 per cent) said that they would have liked to have provided more training over the previous 12 months than they actually undertook (either more training for those already in receipt of training or training more people). This increased with size from 39 per cent of the smallest employers to 56 per cent of those with 500 staff or more. Employers providing both on- and off-the-job training were more likely than those providing just one type of training to say that they would have liked to have provided more (45 per cent vs. 38 per cent of those providing off-the-job training only and 37 per cent of those providing on-the-job training only).

Those employers who would have liked to have provided more training were asked what barriers they had experienced to doing so (Figure 6.7).

Figure 6.7: Barriers to providing more training.



Base: All employers providing training in the last 12 months who would have liked to provided more training during that time (weighted=400,541; unweighted=24,924).

Employers most commonly cited the cost of training / a lack of funds (49 per cent) or an inability to spare further staff time (42 per cent) as the main barriers preventing them from providing more training. Both of these barriers, along with management having a lack of time to organise training (10 per cent – the third most common reason) and staff not being keen on further training (3 per cent), are at least partly internal to establishments (though training being unaffordable is also partly a function of the prices providers charge).

External barriers to providing further training were less frequently reported. Most common amongst these external barriers was a lack of appropriate training or qualifications in the subject areas employers needed but this was only mentioned by 5 per cent of those who wanted to provide more training. A lack of good local training providers (3 per cent), a difficulty finding providers who are able to deliver training in the time or place the employer needs it (2 per cent) and a general lack of provision – for example courses being over-subscribed (2 per cent) – were also mentioned but again only by relatively few employers.

Overall, 80 per cent of those employers providing training who would have liked to have provided more training cited one or more internal barriers; 10 per cent cited at least one external barrier.

In addition to the contrast between internal and external barriers, barriers can also be grouped into four broad themes: expense; times; training supply; and other barriers. Figure 6.7 is colour coded to separate out these responses. Time and expense are the most common of these themes (both 49 per cent). At least one barrier relating to training supply was mentioned by 10 per cent of those employers who wanted to provide more training than they actually undertook.

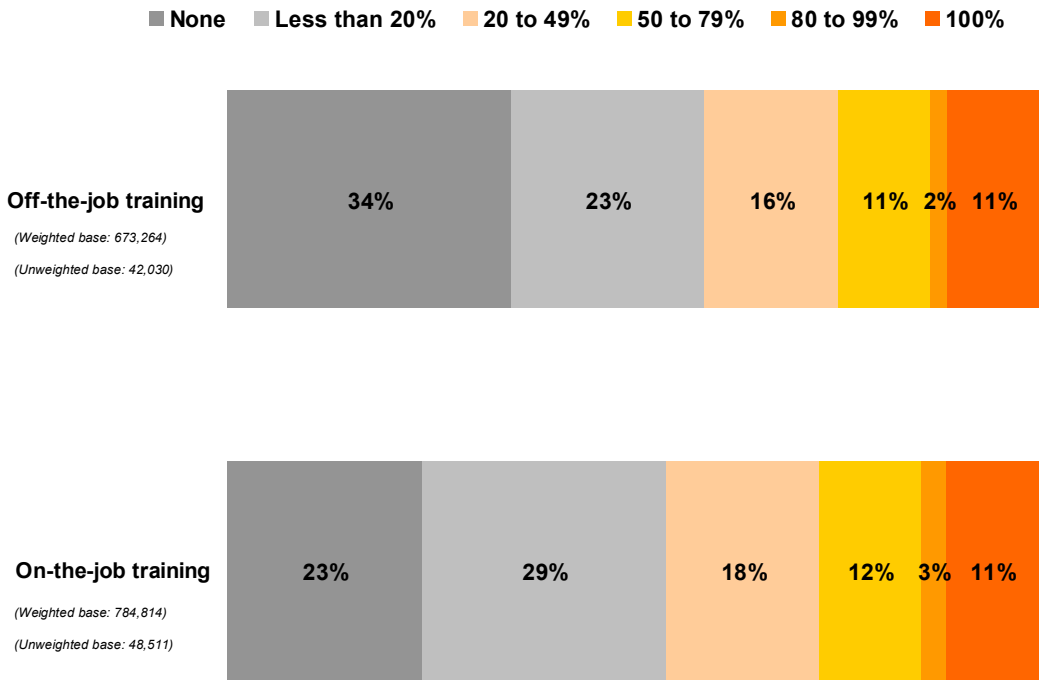
The nature of training activity

The proportion of all training activity which is induction or health and safety training

Employers that train were asked what proportion of that training had been health and safety or induction training. The question was asked separately for off- and on-the-job training. The reason for asking this is that health and safety or induction training may be delivered simply to meet legislative requirements, and may only incidentally contribute to the kind of skills development that enhances the productivity of the individual employee or the firm as a whole.

Figure 6.8 shows what proportion of off-the-job and on-the-job training was accounted for by these less productivity-orientated types of training.

Figure 6.8: Proportion of training accounted for by health and safety or induction training.



Base: All employers providing each type of training.
Note: For simplicity, the proportions answering 'don't know' (c. 5 per cent in each case) are not shown.

For both on- and off-the-job training one in nine employers (11 per cent) had only provided health and safety or induction training and in around a quarter of cases at least half of the training they provided was health and safety or induction training. This suggests that the majority of employers are providing training with skills development in mind, rather than simply inducting new staff or meeting health and safety requirements. Indeed for a third of employers providing off-the-job training and around a quarter providing on-the-job training, none of their training had covered induction or health and safety issues.

The proportion of employers providing *only* induction or health and safety training off- or on-the-job shows little variation by size of employer. However, the smallest establishments providing training are far less likely to provide any health and safety or induction training for their staff at all, either off- or on-the-job. This is shown in Table 6.4

Table 6.4: Proportion of training accounted for by health and safety or induction training by size of employer.

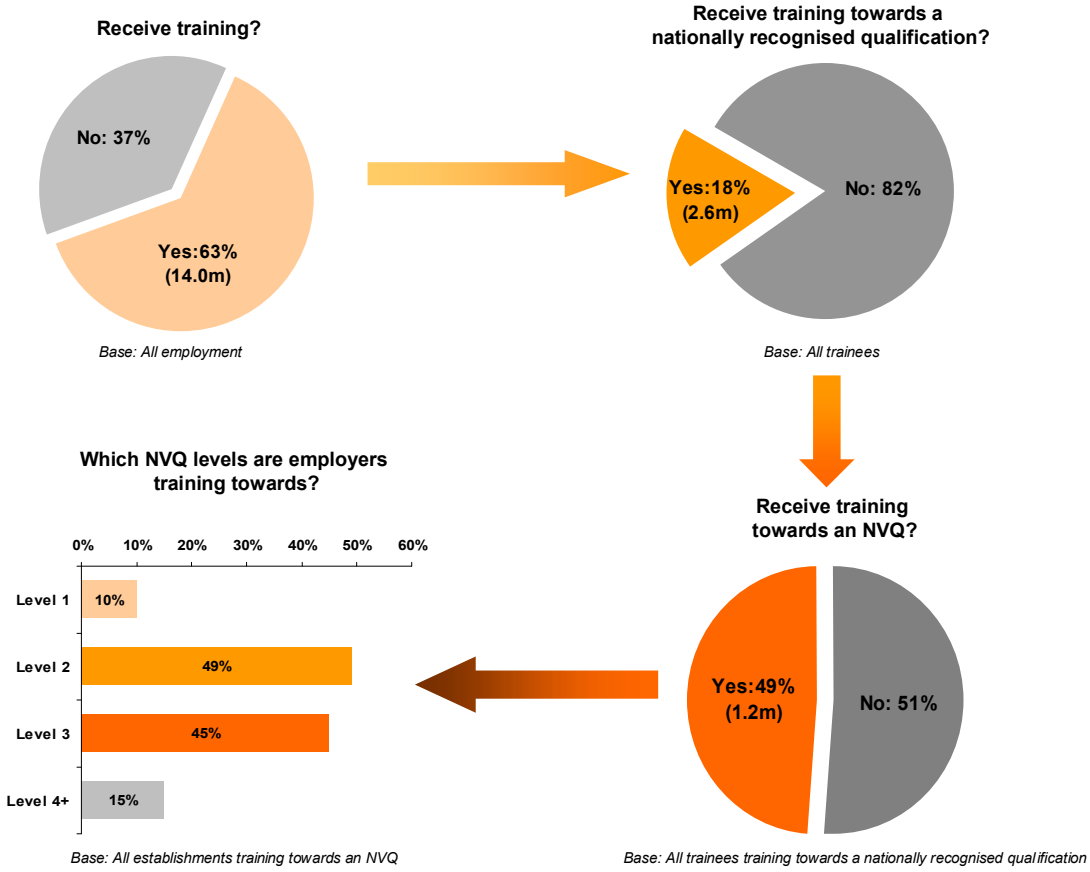
	Employment size band						
	All	**2 to 4**	**5 to 24**	**25 to 99**	**100 to 199**	**200 to 499**	**500+**
Off-the-job training							
Base: off-the-job trainers (weighted)	*673,264*	*264,097*	*291,839*	*91,947*	*14,547*	*7,836*	*2,997*
Base: off-the-job trainers (unweighted)	*42,030*	*8,010*	*20,310*	*10,269*	*1,903*	*1,125*	*413*
	%	*%*	*%*	*%*	*%*	*%*	*%*
None	34	42	30	22	21	18	19
Less than 20%	23	20	25	29	30	27	29
20 to 49%	16	13	17	17	19	23	24
50 to 99%	13	11	13	16	17	15	12
100%	11	10	12	11	10	10	8
Don't know	4	3	4	5	6	6	7
On-the-job training							
Base: on-the-job trainers (weighted)	*784,814*	*312,292*	*344,273*	*100,626*	*16,066*	*8,350*	*3,209*
Base: on-the-job trainers (unweighted)	*48,511*	*9,559*	*23,890*	*11,286*	*2,117*	*1,217*	*442*
Base: on-the-job trainers	*%*	*%*	*%*	*%*	*%*	*%*	*%*
None	23	30	20	13	11	9	11
Less than 20%	29	27	29	30	28	29	30
20 to 49%	18	16	19	20	24	24	23
50 to 99%	15	12	16	18	18	20	16
100%	11	10	11	12	11	11	10
Don't know	5	4	5	6	7	8	9

Base: All employers providing off-the-job and on-the-job training.

Training towards qualifications

Where employers had funded or arranged any training for employees over the previous 12 months, they were asked how many employees had been trained towards a nationally recognised qualification, and of those how many were being trained towards a national vocational qualification (NVQ) and at what level. Results are summarised on Figure 6.9.

Figure 6.9: Proportion of employees trained, trained towards a nationally recognised qualification and towards a national vocational qualification (NVQ).



Of the 14.0 million employees that had received training in the previous 12 months, 2.6 million (18 per cent of all trainees) had been trained towards a nationally recognised qualification; and of these employees, just under half had been trained towards an NVQ – a total of 1.2 million employees.

In overall workforce terms, this means that 11 per cent of the workforce had been trained towards a nationally recognised qualification and 6 per cent had been trained towards an NVQ.

A little over one in six employers (17 per cent) were training at least one member of staff towards an NVQ or had done so in the previous 12 months. These employers were typically providing training towards NVQ Level 2 and NVQ Level 3 qualifications. The proportion of establishments training at least some of their staff towards NVQs increases with the size of the establishment. As many as 45 per cent of the largest employers providing training had trained at least one member of staff towards an NVQ; this falls to 9 per cent amongst the smallest establishments.

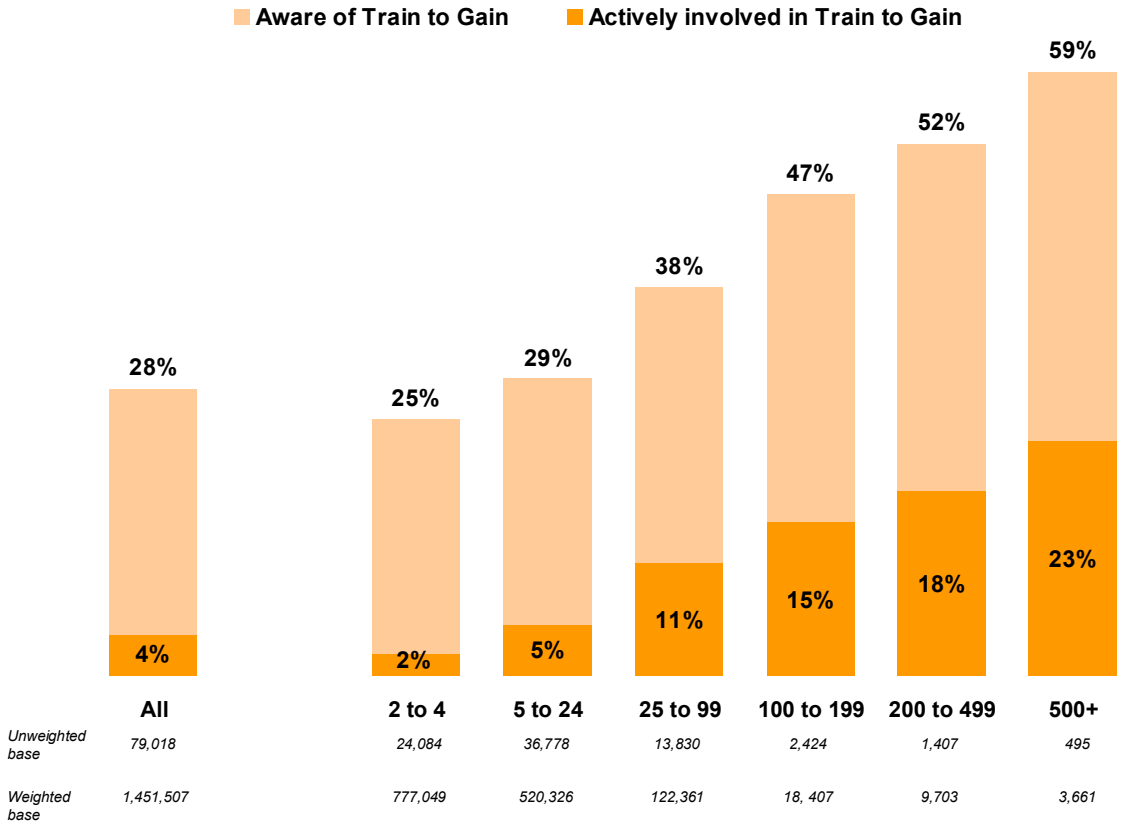
There has been very little change in the extent to which employers are training towards nationally recognised qualifications and towards NVQs in 2007 compared with 2005. In 2007, slightly fewer trainees had been working towards nationally recognised qualifications (18 per cent compared with 19 per cent in 2005) but slightly more of these had been working towards NVQs (49 per cent compared with 48 per cent in 2005). The actual number of staff being trained towards NVQs was the same in both years (1.2 million).

Train to Gain

NESS 2007 included two new questions exploring employers' awareness of and involvement with the Train to Gain service. Note that interviews were conducted before the launch of the *"Our Future. It's in our hands"* marketing campaign which will have had a subsequent impact on awareness. For the purposes of the questionnaire 'involvement' included having ***any*** contact with a Skills Broker.

Just over a quarter of employers (28 per cent) were aware of Train to Gain and 4 per cent said that they had been actively involved with the service. This is equivalent to just under 61,000 employers describing themselves as having been actively involved as of the end of August 2007. Figure 6.10 below demonstrates how awareness and involvement with the service varies by size of establishment.

Figure 6.10: Awareness and involvement with Train to Gain by size



Base: All employers.

Awareness and involvement with Train to Gain increases with size. Close to three-fifths (59 per cent) of the very largest employers were aware of the service and nearly a quarter (23 per cent) described themselves as being actively involved. For the smallest employers, 25 per cent were aware of the service and just 2 per cent were actively involved.

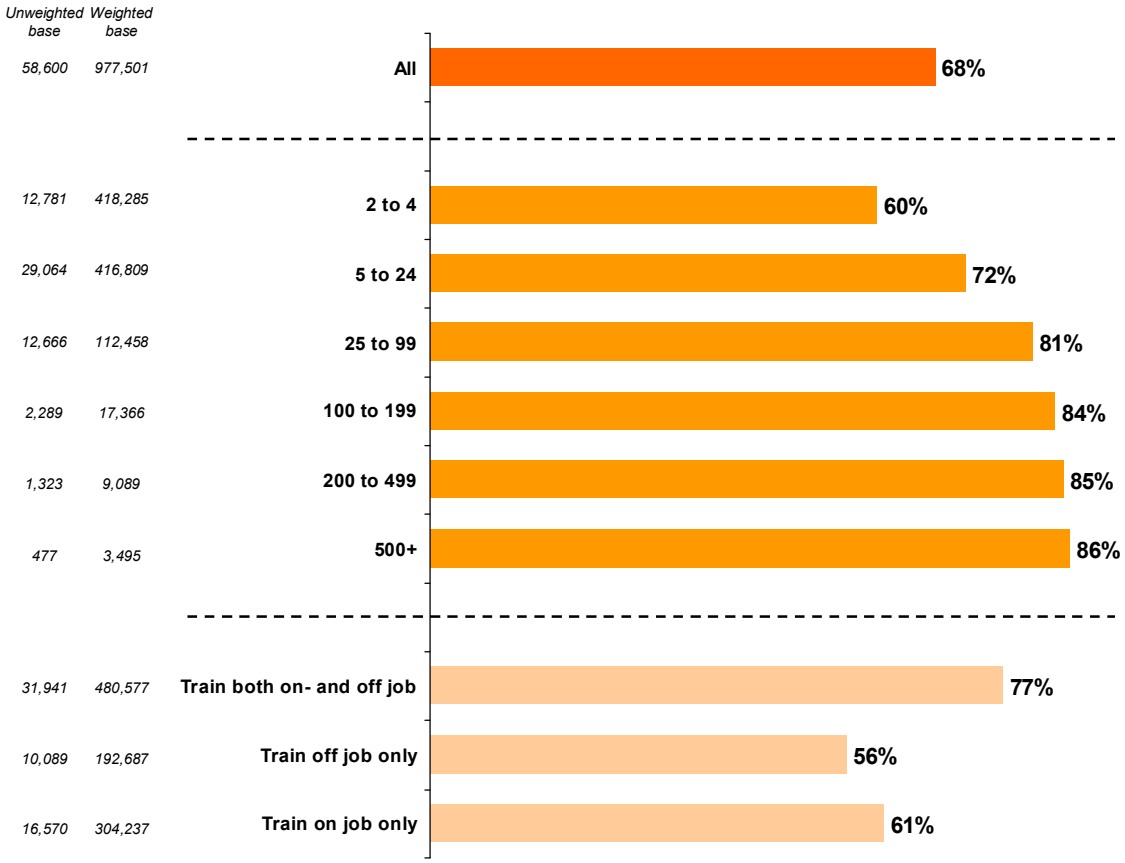
It is also the case that of those employers who are aware of Train to Gain the proportion who have been involved with the scheme increases with size, from 8 per cent of the smallest employers to 39 per cent of those with employment of 500 or more.

Assessing the impact of training

Employers funding or arranging training were asked if the establishment has formally assessed whether the training or development has impacted on the performance and skills of the individuals receiving this training. Just over two-thirds (68 per cent) said that they formally assessed the impact of training at least some of the time.

The extent to which a given organisation will formally assess the impact of training varies by size of employer (the larger the employer the more likely they are to make this assessment) and by whether the training is delivered on-the-job, off-the-job or both (Figure 6.11).

Figure 6.11: Proportion of employers formally assessing the impact of training by size of employer and training provision offered.



Base: All employers providing training.

Those employers who had funded or arranged only off-the-job training for employees over the previous 12 months were significantly less likely than the overall average to have engaged in assessment of the impact of that training (56 per cent have done so, compared to 68 per cent overall). Similarly, those employers funding or arranging only on-the-job training were also less likely to have tried to assess the extent to which this has impacted on trainee performance (61 per cent). Those employers that provide both on- and off-the-job training are the most likely to assess the impact of training (77 per cent).

The proportion of firms formally assessing the impact of training in 2007 (68 per cent) is significantly lower than that found in 2005 (72 per cent). The fall has occurred across all size bands of employer. However if we look at the *type* of training these employers provide, the fall is largely limited to employers providing on-the-job training.

While the proportion of employers providing off-the-job training only who assess the impact of training has remained steady at 56 per cent, and the figure for those providing both types of training has fallen only slightly from 78 to 77 per cent since 2005, the proportion of those providing on-the-job training only who assess the impact of training has fallen from 67 per cent to 61 per cent. This combined, with the overall increase in the proportion providing on-the-job training only, produces the fall in the overall proportion of establishments which assess the training they provide.

Engagement and satisfaction with further education colleges and other providers

Employers who had funded or arranged training for employees over the last 12 months were asked whether they had used further education (FE) colleges to provide teaching or training. The survey also explored the extent to which employers had used other training providers – external consultants or private training providers, or universities.The proportion of employers using these different types of provider to deliver training to their employees is shown in Table 6.5.

Table 6.5: Incidence of using FE colleges, other external providers, or universities to deliver teaching or training by size of employer.

	2005	2007	Employment size band					
	All	All	2 to 4	5 to 24	25 to 99	100 to 199	200 to 499	500+
Weighted base	*900,894*	***977,501***	*418,285*	*416,809*	*112,458*	*17,366*	*9,089*	*3,495*
Unweighted base	*54,866*	***58,600***	*12,781*	*29,064*	*12,666*	*2,289*	*1,323*	*477*
	%	**%**	%	%	%	%	%	%
FE colleges	28	**26**	20	26	39	50	56	67
Other external providers	53	**51**	44	53	66	73	74	77
Universities	N/A	**7**	4	7	14	23	29	41

Base: All employers that have funded or arranged training in the previous 12 months.

Just over half (51 per cent) of all employers who had arranged or funded training in the past 12 months had used a consultant or private training provider to deliver the training to employees, representing one-third of employers overall (35 per cent). One-quarter of those training in the past 12 months (26 per cent) had used an FE college to provide this training, equivalent to around one in six of all employers (17 per cent).

Larger employers – who are more likely to provide any training – are also more likely to provide training through both FE colleges and other training providers. Two-thirds (67 per cent) of employers with more than 500 staff that trained in the previous 12 months had done so through an FE college, and most (77 per cent) had made use of other training providers. In contrast, only one-fifth (20 per cent) of the smallest employers that train sourced any training through an FE college, and less than half (44 per cent) had had any of the training delivered by another external training provider.

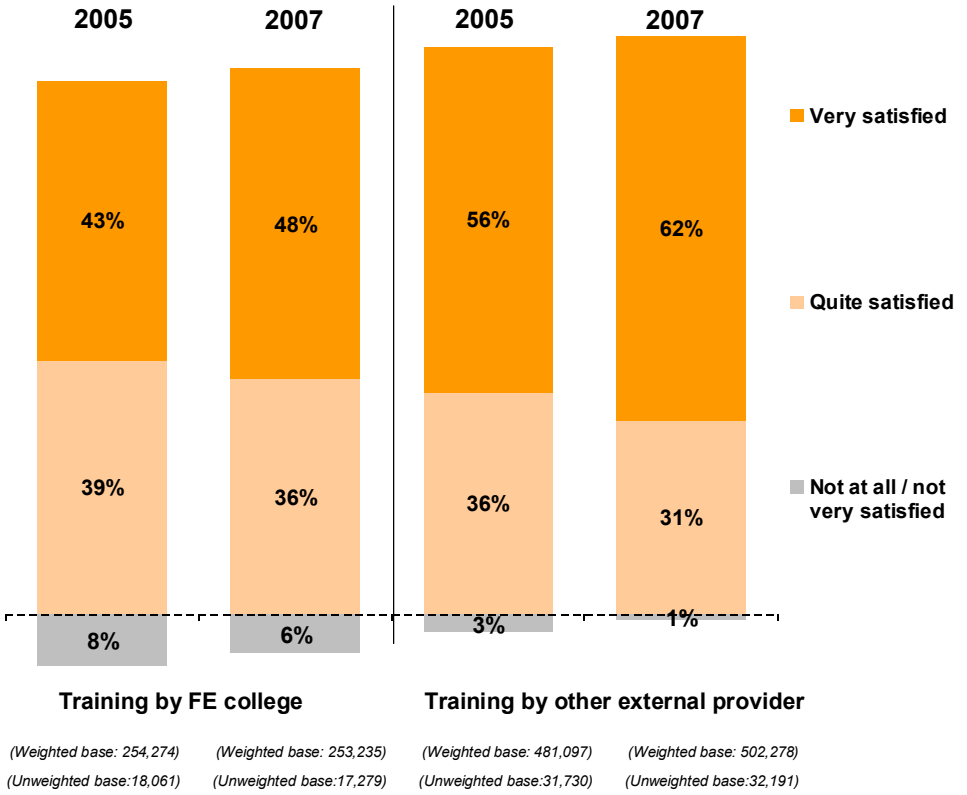
The proportion of trainers that had used either FE *or* other external providers was 62 per cent, and has fallen slightly since 2005 (64 per cent). This fall hides the fact that greater *numbers* of employers had actually used either FE colleges or other providers in 2007 than in 2005. That said the increase is only in-line with the overall increase in the total population of employers.

Although those trainers who provide on-the-job training only are the least likely to have used both FE and other providers, the overall fall in FE and training provider usage is not solely driven by the rise in the proportion of trainers providing on-the-job training only. There has been a fall in this usage amongst those providing both on- and off-the-job training and those providing off-the-job training only were also less likely in 2007 to have used FE colleges to do so.

For the first time in the NESS series, NESS 2007 also asked specifically of those who had arranged training through other external sources whether they had done so through universities. Overall, 7 per cent of employers who had arranged or funded training for employees in the past 12 months had made use of teaching and training services offered by a university. This is equivalent to 5 per cent of all employers. Engagement with universities increases with employer size: two-fifths of training employers with more than 500 staff had used a university to deliver some of their training as against just 4 per cent of the smallest employers.

As shown in Figure 6.12 below, the majority of employers who have sourced training through an FE college have been satisfied with the service provided (84 per cent). Overall, only 6 per cent expressed any dissatisfaction with their experience of FE training. These results are an improvement on 2005, when 82 per cent were satisfied with the training provided by FE but 8 per cent were dissatisfied. Particularly positive is the increase in the proportion of employers very satisfied – up to 48 per cent from 43 per cent in 2005.

Figure 6.12: Level of satisfaction with further education colleges and other external providers.



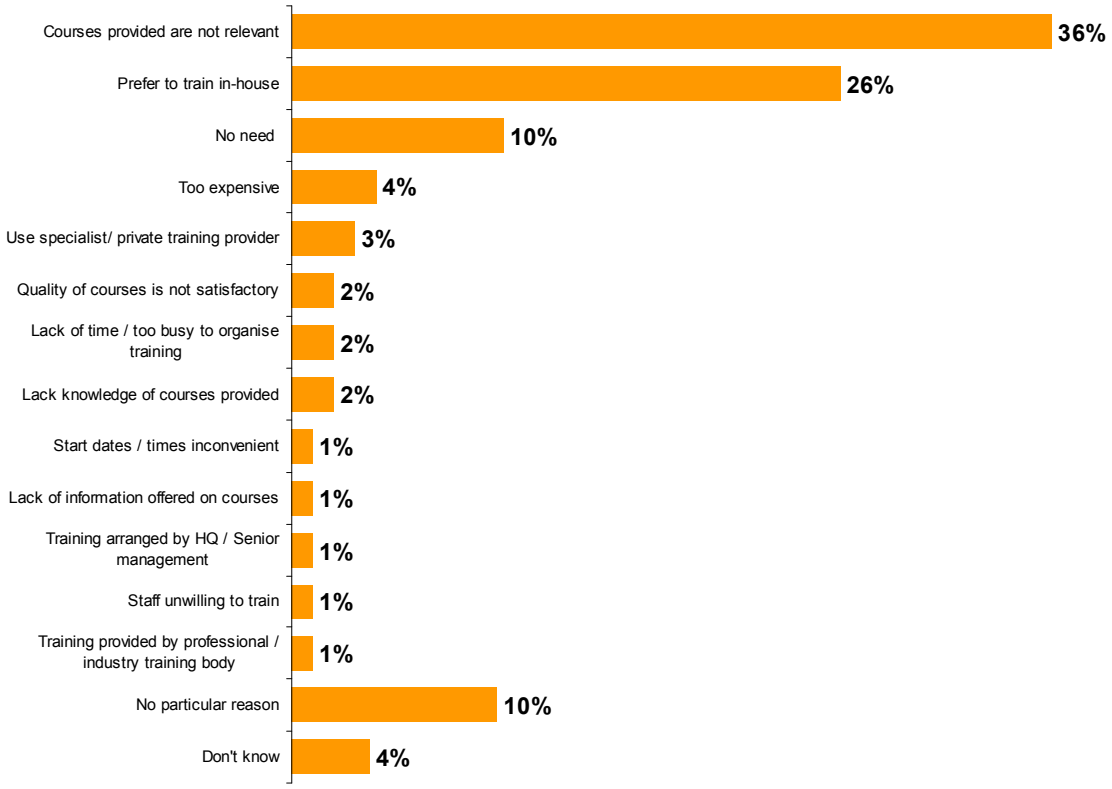
Base: All employers providing training through an FE college or external provider.
Note: Percentages do not sum to 100 per cent as 'neither satisfied nor dissatisfied' and 'don't know' responses are excluded.

While satisfaction with FE has improved noticeably, it is still the case that there is a large gap between satisfaction with FE and with other providers, with the latter rated much higher. In 2007 93 per cent of employers using other (non-FE) providers were satisfied with their training provision (indeed over three in five were very satisfied) and only 1 per cent were dissatisfied. (In 2005, 56 per cent of employers using external providers were very satisfied with them and 36 per cent were satisfied.)

Barriers to engaging with further education colleges

Around a quarter of employers that have funded or arranged training for their employees in the previous 12 months have used an FE college to deliver this training provision. In order to understand how employer engagement with FE might be increased, employers that train without using FE colleges were asked why they had not used their services in the past 12 months. Results are summarised on Figure 6.13.

Figure 6.13: Reasons for not using a further education college to provide training.



Base: All employers providing training but not through an FE college (weighted=712,779; unweighted=40,492).

The main reasons that employers that have trained have not used FE colleges relate to their perception that the courses offered by FE providers are not relevant to their business (36 per cent), or that they prefer to train staff in-house (26 per cent). One in ten employers who have trained but not sourced training from an FE college gave as their reason there being no need for them to look to this type of provision over and above what they have already undertaken. A further 10 per cent reported that there was no particular reason they had not provided such training.

Many other, more specific reasons were given for preferring to source training outside of FE, but they were mentioned by fewer than one in twenty of these employers. These included the perceived expense of sourcing training from an FE college, whether in comparison to other provision or in-house training (4 per cent), and a perception that the quality of training available through these organisations locally is poor (2 per cent). Others admitted to lacking knowledge of what is available via FE (2 per cent), with some saying it was hard to find information on what was available (1 per cent).

Grouping similar responses, a total of 39 per cent of those establishment providing training but not doing so through FE reported a reason for this that was related to the supply or quality of training (such as courses not being relevant, or the quality of courses being unsatisfactory). And 31 per cent preferred to make use of a different source of training, such as in-house training, private training providers or professional bodies.

The reasons given by employers for not engaging with FE differ significantly by the size of the employer. Large employers with over 200 staff were significantly more likely to state a preference for training in-house (45 per cent give this as a reason for not looking to train through FE, compared with only 23 per cent of employers with two to four employees). Conversely, it is the smallest employers who are the most likely to state that FE provision is not relevant to their business and employees: 39 per cent of employers with between two and four staff give this as a reason, significantly higher than among employers with over 200 employees (21 per cent).

Understandably, employers providing off-the-job training only are more likely than those providing on-the-job training only to make use of FE (25 per cent vs. 12 per cent). Looking at those employers *not* using FE who provide off-the-job training only, 41 per cent cite courses not being relevant as amongst their reasons, and 14 per cent say that they have no need for the training that FE can provide – both slightly higher percentages than overall. The proportion reporting that they prefer to provide their training in-house is slightly lower than overall, unsurprisingly, at 15 per cent.

Training and business planning, and other human resources practices

This section of the report examines the extent to which training and human resource management is embedded within the culture of businesses. We look first at the extent to which employers formally plan for the future growth and development of their business, and how many employers have formal training plans and budgets.

Business planning, training plans and training budgets

Almost three in five of all employers have a business plan specifying the establishment's objectives for the coming year (57 per cent). Just under half have a formal training plan specifying in advance the level and types of training employees will need in the coming year (48 per cent) and just over one-third had a budget for this training expenditure (35 per cent). There has been a significant increase in all planning and budgeting measures compared with NESS05, and the level of training planning and budgeting in 2007 is at the highest level of any of the NESS series from 2003.

Table 6.6: Proportion of establishments with a formal written business plan, training plan and budget for training expenditure.

	NESS03	NESS04	NESS05	NESS07
Base (weighted)	*1,915,053*	*1,410,248*	*1,390,155*	*1,451,507*
Base (unweighted)	*72,100*	*27,172*	*74,835*	*79,018*
	%	%	%	%
Have a formal business plan that specifies objectives for the coming year	56	58	55	57
Have a training plan that specifies in advance the level and type of training your employees will need in the coming year	39	44	45	48
Have a budget for training expenditure	31	34	33	35

Source: NESS03, NESS04, NESS05, NESS07
Base: All employers.

As shown in Table 6.7 below, and as reported in relation to previous NESS surveys, there was a high degree of correlation between size of employer and the likelihood of engaging in each type of business or training planning.

Among employers with more than 100 employees, all three forms of formal planning can be considered to be 'standard' in the sense that the vast majority of businesses (over 80 per cent) have them in place. Those with smaller numbers of employees (fewer than 25) are much less likely to engage with formal planning activities: whilst half did have a business plan set out (54 per cent), fewer than a third had a training budget (Table 6.7). These findings do represent an increase in formal planning activity among smaller establishments compared to previous years, however.

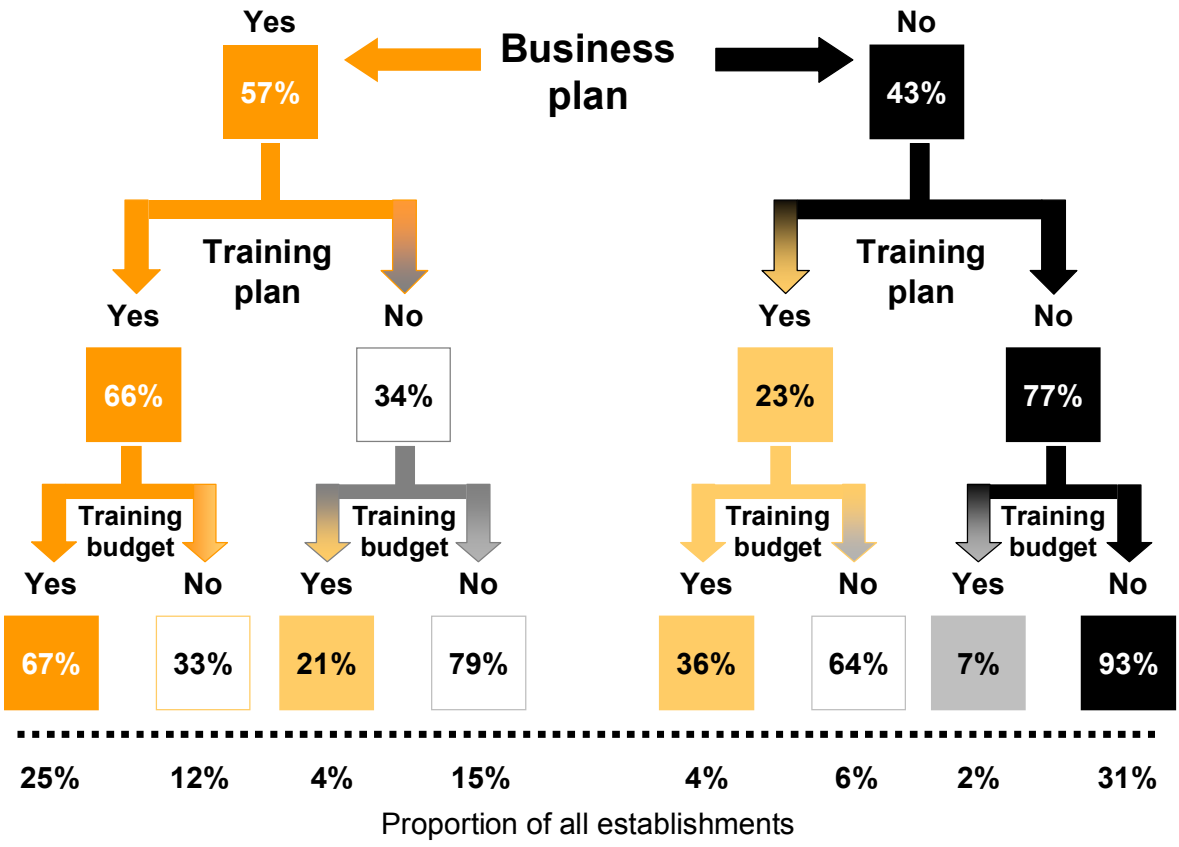
Table 6.7: Business and training planning by size of establishment.

Size of establishment (number of people employed)									
	All	**2 to 4**	**5 to 24**	**<25**	**25 to 99**	**100 to 199**	**200 to 499**	**500+**	**25+**
Base (weighted)	*1,451,507*	*777,049*	*520,326*	*1,297,376*	*122,361*	*18,406*	*9,704*	*3,661*	*140,481*
Base (unweighted)	*79,018*	*24,084*	*36,778*	*60,862*	*13,830*	*2,424*	*1,407*	*495*	*16,597*
	%	%	%	**%**	%	%	%	%	**%**
Business plan	**57**	48	63	**54**	81	89	90	96	**83**
Training plan	**48**	33	59	**44**	78	84	86	90	**81**
Training budget	**35**	23	43	**31**	69	81	86	93	**73**
None	**31**	42	22	**34**	8	3	2	1	**6**

Base: All employers.

Although the existence of a training plan does not necessarily mean that a broader business plan is in place, nor even that those with a training budget have a plan detailing in advance how the budget is to be spent, results do indicate a close relationship between the three. Figure 6.14 shows the proportion of employers who had a business plan and the proportion that did not. It then shows what proportion of those who had a business plan also had a training plan (on the left-hand branch), and then, on the right-hand branch, the proportion of those who did not have a business plan but who did have a training plan etc. At the bottom of the figure we add training budgets into the equation. The results highlighted by this cascade analysis are highly consistent with those from NESS05.

Figure 6.14: Business planning, training planning and budgeting for training.



Base: All employers (weighted=1,451,707, unweighted= 79,018).

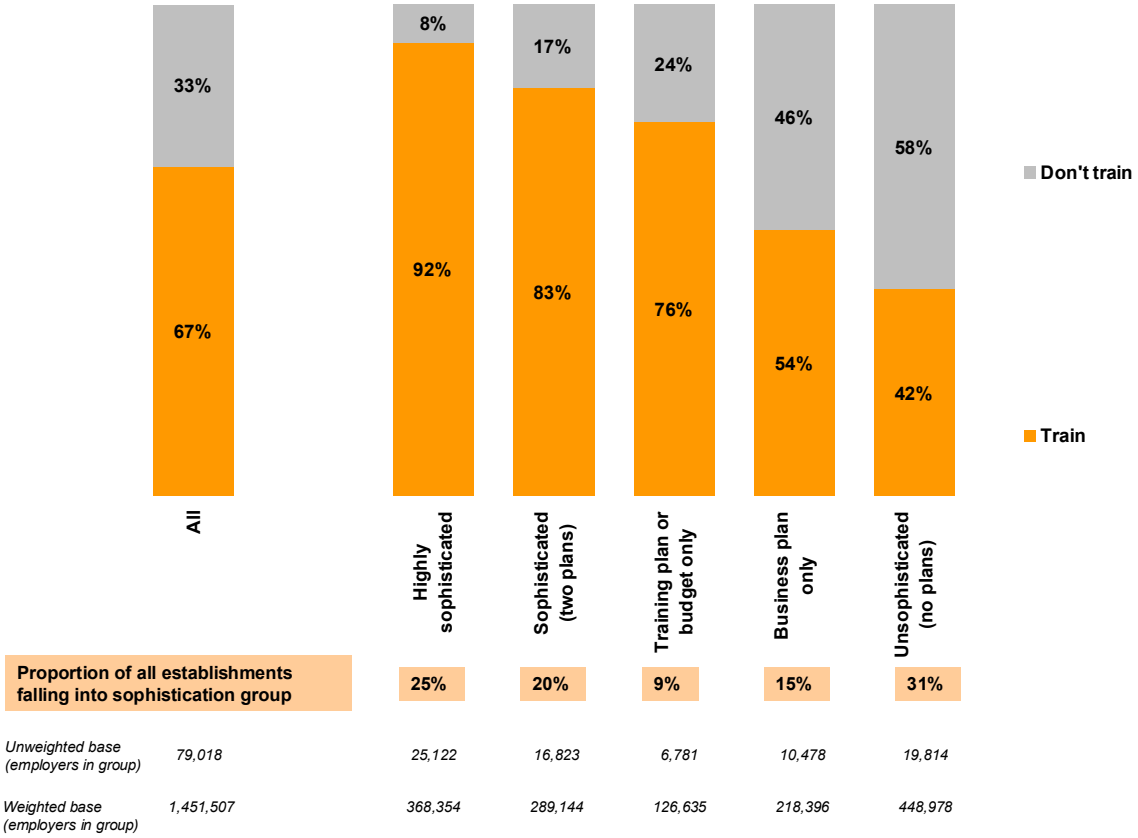
Figure 6.14 illustrates that an employer who has developed a formal business plan is far more likely to also have a training plan. In addition, an employer with a formal training plan as part of its human resource strategy is more likely than an employer without such a plan to have set aside a specific fund for staff training.

Overall, two-thirds of employers with a business plan also have a training plan, and two-thirds of these also have a training budget. These formal or sophisticated planners are in the minority in the overall business population, with only a quarter (25 per cent) of establishments having all three types of formal plan. A larger proportion of employers (31 per cent) have not adopted any formal planning procedures. Just over two-fifths (43 per cent) of all employers employ some but not all of the methods of formal planning. The most frequent scenario is one where the employer has a business plan specifying the overall objectives of the business and the processes required to reach these objectives, but no separate training plan to specify how training could complement this overall business strategy, and no ring-fenced budget for employee training (15 per cent of all employers).

One-fifth of employers (20 per cent) have employed two of the three planning practices highlighted above: 12 per cent have a business plan and training plan but no training budget; 4 per cent have a business plan and training budget but no formal plan setting out how that budget should be spent; and another 4 per cent have a fully budgeted training plan (but no business plan).

The degree to which employers engage in planning their business correlates closely with training activity. Figure 6.15 groups employers into 'highly sophisticated planners' (those who have a business plan, a training plan and a training budget), 'sophisticated planners' (who have any two of the three types of plan), those with a training plan and/or a training budget only, those who have only a business plan, and those who have no formal plans at all. Figure 6.15 clearly illustrates that the more sophisticated the planning activity of a given business the more likely they were to have arranged or funded training for their employees over the previous 12 months. Those employers who have an over-arching business plan but no separate training plan or training budget are less likely than average to provide training. These findings closely match those reported in NESS05.

Figure 6.15: Training activity and business planning.



Base: All employers.

Interestingly, 8 per cent of the most highly sophisticated business planners had not provided any training for their workforce in the previous year. Nor had 17 per cent of the sophisticated planners and 24 per cent of those with a training plan or budget only. Conversely, a considerable number of employers are undertaking training without any planning or budgeting: 42 per cent of those with no form of business or training plan undertook training in the previous 12 months.

Formally assessing training needs

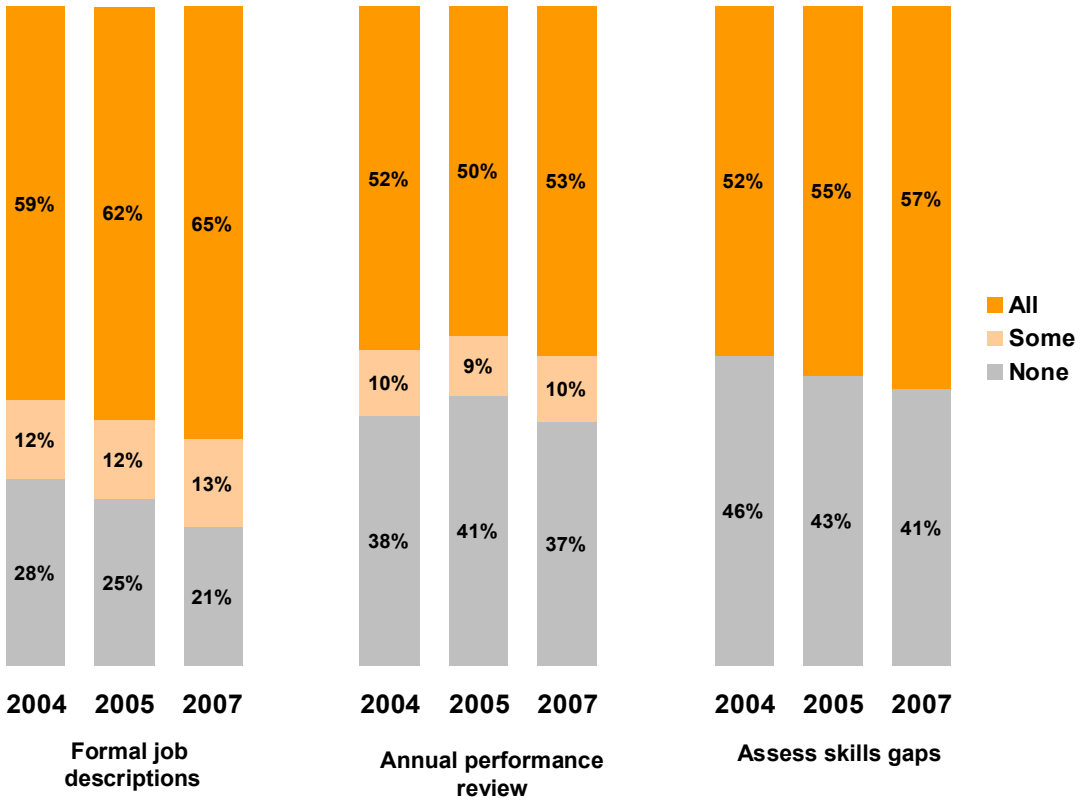
The existence of business and training plans, and of training budgets, is one measure of the level of formality an employer brings to their business and human resource strategies. Further indications of the extent of employer human resource planning and management include whether the employer has:

- established formal written job descriptions for their staff; and/or
- reviewed the performance of their employees (on an annual basis); and/or
- assessed the extent to which employees currently have gaps in their skills (against these formal descriptions).

The majority of employers (78 per cent) provide formal written job descriptions for at least some of their staff and just under two-thirds (63 per cent) have annual performance reviews for their staff. Employers who have these practices in place typically apply them to all of their employees, rather than just a sub-set (see Figure 6.16). Just under three in five employers (57 per cent) formally assess whether their staff have gaps in their skills.

The proportion of employers implementing each of these human resource practices has increased significantly since 2005. The proportion of employers formally assessing whether their staff currently have gaps in their skills has increased year on year since 2004, whilst the proportion of employers who assess employee performance in annual reviews has returned to the level seen in NESS04. The proportion of employers that issue formal job descriptions to all staff is now higher than it was in 2004 and 2005.

Figure 6.16: Human resource practices (job descriptions, annual performance reviews and assessment of skills needs).



Base: All employers (2004 unweighted=27,172, weighted=1,410,248; 2005 unweighted=74,835, weighted=1,390,155; 2007 unweighted=79,018, weighted = 1,451,707).

Notes: Columns do not sum to 100 per cent as 'don't know' responses are not shown.
Employers were asked what percentage of staff had a formal APR and/or had a job description. In terms of assessing skills gaps, they were simply asked whether they did so or not. It is possible that those stating that they did not assess skills gaps were indicating that they did not do so for all staff, as a matter of routine, rather than that they never assess skills gaps (of individuals). It is also possible that those who said that they did assess skills gaps did not do so universally.

Smaller employers are less likely to use each of the human resource management strategies above. Only two-thirds of employers with two to four staff have issued any employees with formal job descriptions, compared with over 90 per cent amongst employers with more than 25 staff, and 99 per cent of those with 500 or more employees. Similarly, just 48 per cent of employers with two to four employees offer any staff Annual Performance Reviews; three-quarters of those with 500 or more staff do so.

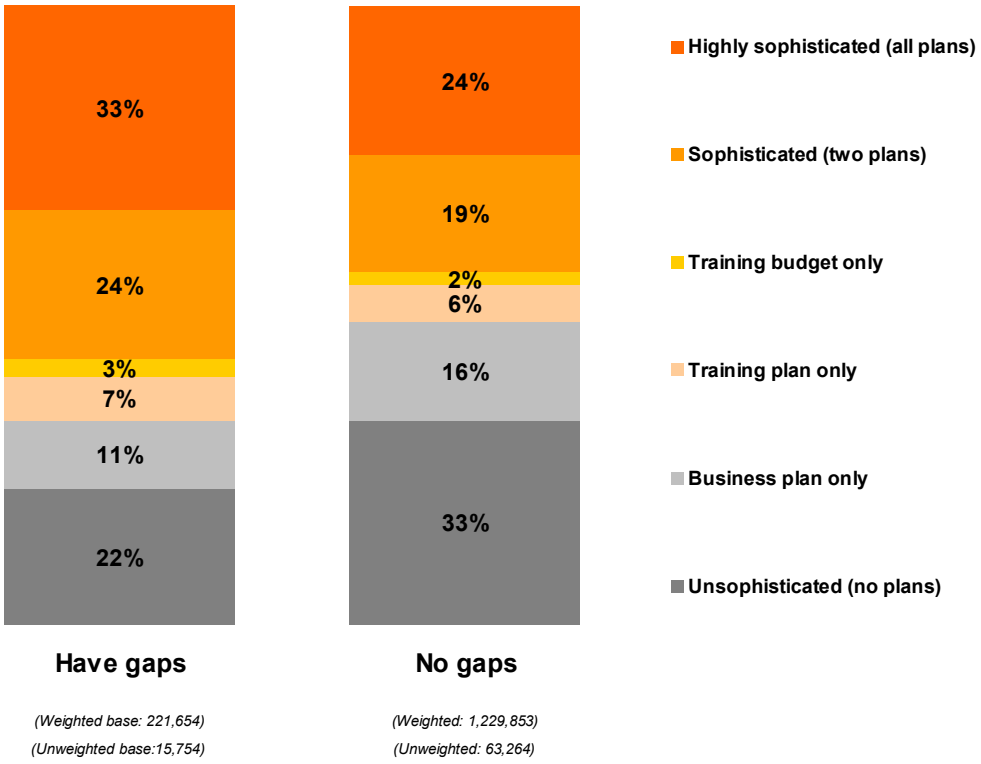
Among the very smallest establishments (with between two and four staff), approaching three-fifths do not assess whether staff have gaps in their skills (56 per cent compared with only 10 per cent of employers with more than 500 staff).

Employers who are sophisticated in their human resource practices in terms of issuing formal job descriptions to all staff and / or performing annual reviews of the performance with all employees are more likely to assess their staff for skills gaps.

Employers reporting at least one skills gap are more likely to carry out assessment of the skills needs of employees: 68 per cent have done so compared to 55 per cent of those without current skills gaps. . Indeed this closer monitoring of internal skills deficiencies may be part of the reason they are more likely than others to report gaps.

Similarly, employers with internal proficiency issues also show a higher level of sophistication in planning (Figure 6.17) and, as discussed above, are more likely to conduct performance reviews. This suggests that they are more adept at identifying skills gaps because of their overall greater implementation of human resource and staff development procedures (although it is also possible that the presence of skills gaps in the workforce leads to the introduction of better HR practices).

Figure 6.17: Level of sophistication in planning by whether or not have skills gaps.



Base: All employers.

Government support for training

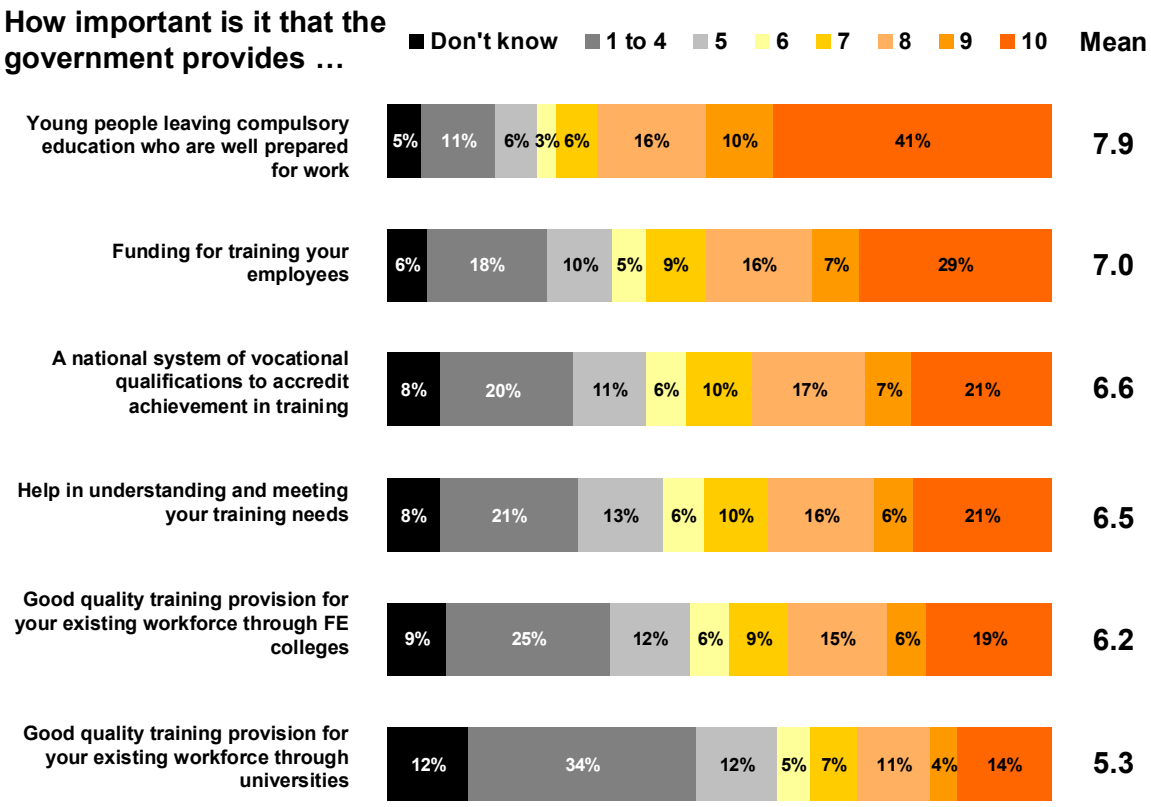
New to NESS in 2007 was a suite of questions investigating employers' attitudes to areas in which government might provide support to employers in developing their workforce. The following six areas were discussed:

- Young people leaving compulsory education who are well prepared for work
- Funding for training employees
- Help in understanding and meeting training needs
- Good quality training provision for their existing workforce through FE colleges
- Good quality training provision for their existing workforce through universities
- A national system of vocational qualifications to accredit achievement in training.

For each, employers were asked both how important they thought it was that the government provides this support, and how successful they thought the government was at doing so. Employers gave scores from 1 ("Not at all important" / "The government is doing extremely badly") to 10 ("Essential" / "The government is doing an excellent job") for both. Comparison of these two measures will give an indication of how well government performance is aligned with the importance employers themselves attach to these areas of support.

Figure 6.18 shows how employers rated the importance of these six areas.

Figure 6.18: Employer rating of importance of areas of government support.



Base: All employers (weighted=1,451,507, unweighted=79,018)
Note: "Don't know" responses excluded when calculating mean scores; areas ranked by mean importance

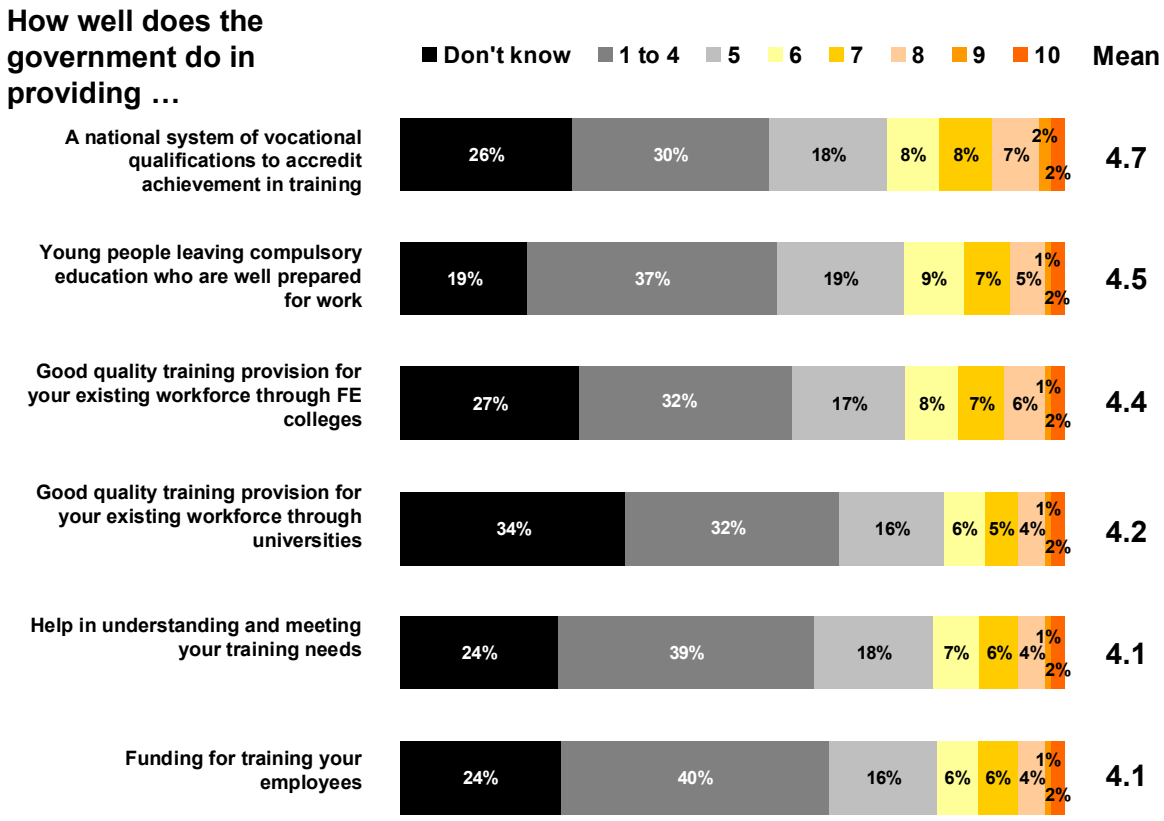
Most important to employers of the areas discussed was the government providing young people leaving compulsory education who are well prepared for work. Over two-fifths of employers rated this as essential, and the average importance score was 7.9, markedly higher than for any other area. Providing funding for training employees (with a mean importance of 7.0 out of 10) was the second most important of the six.

That the government provides good quality training provision for existing staff through universities was the area of government support considered least important, with 34 per cent giving a score of four or below for this, and an average score of just 5.3. By comparison, providing good quality training through FE colleges received an average importance score of 6.2, suggesting that employers are more concerned with FE than HE provision.

Larger employers uniformly attach greater importance to all six statements. By way of illustration: establishments with the smallest number of staff (between two and four employees) gave a mean importance score of 7.8 for the provision of young people leaving compulsory education who are well prepared for work; the largest employers (those with 500+ staff) gave a mean importance score of 8.5 for the same area. Variations of a similar magnitude are seen for all six statements.

Employers rated government's performance in providing support in the six areas discussed less highly than they rated the importance of those areas (Figure 6.19). Across all six statements, the average mean score for importance was 6.6; the average mean score for performance was lower, at 4.3. This suggests that on the whole employers are not yet satisfied with the government support they are receiving with regard to the six areas discussed. The proportion of respondents unable to provide a rating for government performance was also higher than for importance.

Figure 6.19: Employer rating of government performance in providing support.



Base: All employers (weighted=1,451,507, unweighted=79,018)
Note: "Don't know" responses excluded when calculating mean scores; areas ranked by mean performance

Government performance was rated most highly with regard to the provision of a national system of vocational qualifications to accredit achievement in training, for which the mean score rating was 4.7. Government provision of funding for training employees and of help in understanding and meeting training needs were considered the government's weakest areas, with performance rated at 4.1 for both. Note that the range of these two extremes is small and that differences between employers' ratings of government support for the six areas were relatively small.

Ratings of government performance by size vary in line with those of importance – larger employers are more likely to rate government performance highly than are smaller establishments.

Looking at mean scores for performance by key survey findings shows a positive interaction between employers' degree of involvement with the areas discussed and their rating of government support:

- Employers who had recruited a young person straight from education to their first job in the last 12 months gave a mean performance score of 4.8 for the government's provision of young people leaving compulsory education who are well prepared for work; those who had not done so averaged 4.3;

- The government's performance in providing funding for training employees was rated more highly by those who had actually provided training than by those who had not (4.2 vs. 3.9); those who described themselves as being actively involved in Train to Gain gave a score of 5.3 for the government's performance in this area;

- Similarly, those describing themselves as actively involved in Train to Gain gave a mean performance score of 5.1 to the government for their provision of help in understanding and meeting training needs, as compared with a score of 4.3 amongst those not actively involved;

- Establishments that had made use of FE colleges in the preceding 12 months gave an average performance score of 5.2 to the government's provision of good quality training provision for their existing workforce through FE colleges; this compares with a score of 4.2 for those who had not used FE;

- Those providing training for their workforce through universities rated government's performance in providing this support at 5.3 on average, compared with an average of 4.1 amongst employers who had not;

- And employers' rating of government's provision of a national system of vocational qualifications to accredit achievement in training varies with their involvement in the use of these qualifications. Those training staff towards NVQs gave a mean performance score of 5.6 for this area of support as compared with a mean score of 4.5 from other employers.

Across all six areas of support discussed, employers reporting involvement with the Train to Gain service give higher performance scores than do those not involved in the service.

It is clearly encouraging that those employers with the most recent direct knowledge of the various services rate government support more highly than those without such involvement. It indicates that, at least in part, there is a problem of employers being insufficiently informed about government initiatives to support workforce development.

Given this link between involvement and employers' rating of performance, if Train to Gain and other government programmes succeed in increasing take-up of these services, one would expect ratings for government performance to rise. At the same time, it may be the case that those employers who are engaged with Train to Gain (the early adopters) were already pre-disposed to view government (or indeed The Government) more favourably.

Once again, size of establishment is a factor: larger establishments are both more likely to make use of these services and more likely to rate government performance highly.

Training activity's relation to skills gaps, sector and region

In this part of the section, we explore whether the propensity of employers to engage in training is related to whether they have experienced skills gaps, and then go on to look at the relationship between training activity, the employer's sector of activity and the region in which the employer is located.

Training activity and skills gaps

Employers who have skills gaps are more likely than those who do not to engage in training activity and are likely to arrange and fund more extensive training for their employees. Employers with skills gaps are more likely to train at all (83 per cent versus 65 per cent among those with no skills gaps), and to have trained a greater proportion of their staff (34 per cent had trained 90 per cent or more of their employees, significantly higher than the 29 per cent of those without skills gaps who had done so). On an employee base, 69 per cent of staff in organisations with skills gaps had received training, compared with 60 per cent where no skills gaps were reported. Employers reporting gaps also provide marginally more days' training for their trainees than do those without gaps – 16 days on average as compared with 15 amongst those without gaps.

Table 6.8 below demonstrates that these differences between employers with and without skills gaps persist across size bands. For employers of all sizes, those with gaps are more likely to provide training, to train a greater proportion of their workforce and to provide more days' training per trainee than those without. Hence these differences are not simply a by-product of larger employers being both more likely to provide training and more likely to report gaps.

Table 6.8: Training by size and by whether have skills gaps.

Row %		*Base (weighted)*	*Base (unweighted)*		Train at all	Trainees as a proportion of current workforce	Days training per trainee
Overall	**Gaps**	***221,654***	***15,754***	**%**	**83**	**69**	**16**
	No gaps	***1,229,853***	***63,264***	**%**	**65**	**60**	**15**
2 to 4	Gaps	*63,956*	*1,999*	%	69	55	22
	No gaps	*713,093*	*22,085*	%	52	45	17
5 to 24	Gaps	*107,496*	*7,497*	%	85	63	18
	No gaps	*412,830*	*29,281*	%	79	60	17
25 to 99	Gaps	*37,230*	*4,429*	%	95	67	16
	No gaps	*85,131*	*9,401*	%	91	64	15
100 to 199	Gaps	*7,175*	*984*	%	97	67	14
	No gaps	*11,232*	*1,440*	%	93	62	15
200 to 499	Gaps	*4,056*	*607*	%	96	72	12
	No gaps	*5,648*	*800*	%	92	64	10
500 +	Gaps	*1,742*	*238*	%	100	75	20
	No gaps	*1,918*	*257*	%	91	61	16

As noted in previous NESS reports, it is difficult to establish a causal relationship between the presence of skills gaps and the greater likelihood of engaging with training. It may be that other factors related to employer characteristics or circumstances have the greatest influence on the employer's decision to arrange or fund training for staff, rather than the fact that skill deficiencies have been identified in particular individuals.

Training activity and sector

Tables 6.9 to 6.12 show training activity, volume, type and planning by SSC sector.

Table 6.9: Training activity by SSC sector.

Row %	*Base (wtd)*	*Base (unwtd)*		Train at all	Off-the-job training only	On-the-job training only	Trainers training 90%+ of staff	Trainers training <25% of staff	Trainees as a %age of current workforce
Overall	***1,451,507***	***79,018***	**%**	**67**	**13**	**21**	**45**	**9**	**63**
Lantra	*67,473*	*3,481*	%	**52**	16	14	37	4	47
Cogent	*13,787*	*1,807*	%	**69**	10	26	38	18	55
Proskills UK	*17,482*	*2,071*	%	**58**	11	24	30	21	40
Improve Ltd	*7,766*	*1,146*	%	**68**	11	25	32	19	57
Skillfast-UK	*17,336*	*1,865*	%	**47**	8	25	31	20	33
Semta	*48,880*	*3,335*	%	**64**	14	21	25	22	48
Energy & Utility Skills	*11,945*	*467*	%	**75**	16	16	39	11	68
ConstructionSkills	*113,424*	*4,843*	%	**60**	17	15	36	8	54
SummitSkills	*25,461*	*1,913*	%	**69**	23	13	28	7	47
Automotive Skills	*49,050*	*3,258*	%	**60**	15	20	29	11	49
Skillsmart Retail	*192,209*	*8,092*	%	**62**	8	30	48	9	61
People 1st	*142,988*	*5,782*	%	**66**	12	26	46	10	65
GoSkills	*12,939*	*1,430*	%	**55**	11	20	36	17	50
Skills for Logistics	*31,912*	*2,353*	%	**63**	11	26	40	16	55
Financial Services Skills Council	*34,872*	*2,213*	%	**82**	11	24	53	7	69
Asset Skills	*81,494*	*3,220*	%	**71**	15	23	50	6	61
e-skills UK	*47,787*	*2,844*	%	**66**	13	23	40	7	60
Government Skills	*3,736*	*222*	%	**92**	9	13	59	7	66
Skills for Justice	*3,247*	*299*	%	**89**	15	12	44	8	71
Lifelong Learning UK	*20,480*	*2,385*	%	**87**	13	14	57	6	68
Skills for Health	*42,645*	*2,416*	%	**85**	12	16	59	7	79
Skills for Care & Development	*49,285*	*3,971*	%	**91**	14	13	64	4	84
Skillset	*9,885*	*1,275*	%	**62**	13	23	42	8	61
Creative & Cultural Skills	*25,180*	*2,621*	%	**61**	14	18	42	7	55
SkillsActive	*16,726*	*2,076*	%	**75**	14	20	48	8	67
Non-SSC employers	*363,518*	*13,633*	%	**70**	15	18	46	8	65

Base: All employers. Note: ! indicates low base size.

Table 6.10: Training volume by SSC sector.

	Days training per capita	Days training per trainee	Days off-the-job training per off-the-job trainee	Days on-the-job training per on-the-job trainee
Overall	**10**	**16**	**7**	**14**
Lantra	5	11	7	10
Cogent	7	13	8	10
Proskills UK	5	13	7	12
Improve Ltd	7	12	4	12
Skillfast-UK	5	14	9	12
Semta	9	18	6	19
Energy & Utility Skills	11	16	7	14
ConstructionSkills	9	16	8	15
SummitSkills	8	16	10	15
Automotive Skills	8	16	10	14
Skillsmart Retail	12	20	8	19
People 1st	15	23	7	23
GoSkills	5	9	10	9
Skills for Logistics	7	14	6	12
Financial Services Skills Council	9	14	6	12
Asset Skills	7	11	5	10
e-skills UK	12	20	15	16
Government Skills	6	9	5	6
Skills for Justice	12	16	8	12
Lifelong Learning UK	8	11	6	8
Skills for Health	13	17	9	15
Skills for Care & Development	13	15	9	12
Skillset	9	14	4	17
Creative & Cultural Skills	6	10	5	9
SkillsActive	10	15	6	12
Non-SSC employers	9	14	7	11

Base: All employers (see Table 6.8 for actual base numbers in each SSC sector).
Note: Government Skills SSC is not shown due to low base sizes.

Table 6.11: Types of training and rating of importance and government support by SSC sector.

Row %		Train but only induction or health and safety	Train through FE college	Proportion of workforce trained towards a nationally recognised qualification in previous 12 months	Proportion of workforce trained towards an NVQ in previous 12 months	Overall rating of importance of support (1-10)	Overall rating of government performance (1-10)
Overall	**%**	**6**	**17**	**11**	**6**	**6.6**	**4.3**
Lantra	%	6	15	13	4	6.4	4.0
Cogent	%	8	16	8	5	6.3	4.4
Proskills UK	%	6	10	7	4	6.2	4.0
Improve Ltd	%	9	20	16	8	6.2	4.2
Skillfast-UK	%	5	6	4	2	6.2	4.0
Semta	%	6	20	8	4	6.5	4.0
Energy & Utility Skills	%	11	19	12	5	6.5	4.1
ConstructionSkills	%	7	17	14	7	6.6	4.2
SummitSkills	%	7	39	19	9	7.3	4.2
Automotive Skills	%	4	19	10	5	6.6	4.1
Skillsmart Retail	%	6	7	6	3	6.3	4.3
People 1st	%	10	12	12	5	6.6	4.5
GoSkills	%	6	11	9	6	6.0	3.9
Skills for Logistics	%	7	8	8	4	6.0	4.1
Financial Services Skills Council	%	3	12	11	2	6.0	4.2
Asset Skills	%	6	12	10	4	6.4	4.1
e-skills UK	%	3	10	10	1	6.3	4.1
Government Skills	%	3	35	14	10	7.0	5.5
Skills for Justice	%	1	26	5	3	7.1	5.0
Lifelong Learning UK	%	5	34	12	5	7.2	4.7
Skills for Health	%	8	36	15	8	7.4	4.6
Skills for Care & Development	%	7	43	28	21	7.6	4.9
Skillset	%	3	8	4	1	6.4	4.2
Creative & Cultural Skills	%	3	11	7	2	6.4	4.2
SkillsActive	%	9	22	21	8	6.6	4.5
Non-SSC employers	%	5	21	12	5	6.7	4.4

Base: All employers (see Table 6.9 for actual base numbers in each SSC sector).

Table 6.12: Training planning and Train to Gain by SSC sector.

Row %		Highly sophist-icated (all plans)	Sophist-icated (two plans)	Unsophist-icated (no plans)	Provides staff with APR	Formally assesses individuals' skills gaps	Measures the impact of training	Aware of Train to Gain	Involved with Train to Gain
Overall	**%**	**25**	**20**	**31**	**63**	**57**	68	**28**	**4**
Lantra	%	11	15	42	33	40	53	23	1
Cogent	%	25	22	27	65	60	66	29	4
Proskills UK	%	16	15	40	55	48	60	27	3
Improve Ltd	%	23	21	31	55	51	59	32	7
Skillfast-UK	%	13	14	46	51	46	62	28	4
Semta	%	20	18	36	58	53	65	30	5
Energy & Utility Skills	%	27	22	26	67	56	71	29	6
ConstructionSkills	%	16	17	43	51	49	59	28	4
SummitSkills	%	14	18	41	52	52	70	26	3
Automotive Skills	%	20	14	43	53	50	70	23	2
Skillsmart Retail	%	22	21	34	61	56	69	25	2
People 1st	%	21	22	34	57	54	68	26	4
GoSkills	%	19	17	40	52	47	65	29	5
Skills for Logistics	%	22	18	35	59	53	66	29	4
Financial Services Skills Council	%	40	27	14	85	73	77	24	2
Asset Skills	%	27	21	29	70	55	66	24	3
e-skills UK	%	21	20	29	63	54	59	27	3
Government Skills	%	68	23	2	96	91	86	36	9
Skills for Justice	%	58	27	6	98	89	89	24	2
Lifelong Learning UK	%	53	22	9	85	80	78	57	20
Skills for Health	%	40	25	17	82	74	80	37	12
Skills for Care & Development	%	55	26	6	92	85	81	45	15
Skillset	%	17	17	34	55	49	58	20	2
Creative &Cultural Skills	%	20	16	33	58	49	58	24	3
SkillsActive	%	32	21	25	64	59	69	28	4
Non-SSC employers	%	29	20	27	68	59	70	29	4

Base: All employers (see Table 6.9 for actual base numbers in each SSC sector).

As in 2005, training activity was most common amongst those sectors dominated by public service establishments. At least 85 per cent of employers covered by Government Skills, Lifelong Learning UK, Skills for Care & Development SSCs, Skills for Justice and Skills for Health offered training, and in all of these sectors the proportion of staff receiving training is higher than average. Staff covered by Skills for Health and Skills for Care & Development SSCs are particularly likely to be trained, and the number trained in these sectors is equivalent to 79 per cent and 84 per cent of total staff numbers respectively. It should be noted though that employers in this sector are a little more likely to report that their training consists solely of health and safety or induction training (8 and 7 per cent respectively compared with an overall average of 6 per cent).

Outside of these sectors, employers in the Financial Services Skills Council, Asset Skills, Energy & Utility Skills and SkillsActive SSC sector were also more likely than average to train (Table 6.9). Following the pattern seen in 2005, establishments covered by Skillfast-UK (47 per cent), Lantra (52 per cent) and GoSkills (55 per cent) SSC sectors were the least likely to train.

Employees of establishments in SSCs where public sector establishments predominate are the most likely to receive training. Employees working for employers covered by the following SSC sectors are also more likely than average to receive training: People 1st, SkillsActive, Energy & Utility Skills and the Financial Services Skills Council. The numbers in those sectors trained in the last 12 months represent 65 per cent to 69 per cent of current workforce compared with the all-sector average of 63 per cent.

While overall the number of staff receiving training is equivalent to just over three in five of all staff (63 per cent), there is wide variation by sector. In the following sectors the numbers trained are much lower than average, and equivalent to less than half of current staff numbers: Skillfast-UK (33 per cent), Proskills UK (40 per cent), Lantra (47 per cent), SummitSkills (47 per cent), Semta (48 per cent) and Automotive Skills (49 per cent).

There was some variation by sector in the balance between off- and on-the-job training. Employers in the following SSC sectors are particularly likely to train using on-the-job methods only: Cogent, Improve Ltd, Skillfast-UK, People 1st, Skills for Logistics and Skillsmart Retail – in all at least a quarter of trainers use only on-the-job methods, rising to 30 per cent of trainers covered by the Skillsmart Retail SSC sector.

Conversely, employers covered by SummitSkills SSC and ConstructionSkills rely more heavily on off-the-job training methods, with 23 per cent and 17 per cent respectively of those that train in these sectors using off-the-job provision only.

An average of the mean scores employers gave across the six areas of government support discussed gives a summary of employers' attitudes within each of these six areas. Overall, average mean scores were 6.6 for importance and 4.3 for government performance. Looking at these average mean scores for importance and performance by SSC shows that:

- Employers in sectors giving highest importance scores also give the highest scores for government performance in providing support: Government Skills, Skills for Justice, Lifelong Learning UK, Skills for Health, and Skills for Care and Development. These employers attach particular importance to government support, and are also the most satisfied with that support;

- Employers covered by GoSkills, Skills for Logistics and the Financial Services SSC give particularly low importance scores, indicating that these employers are less concerned than others to have government support in developing their workforce;

- Few sectors varied substantially from the overall average when rating government performance in providing support. The lowest average mean score for performance was 3.9, awarded by employers covered by GoSkills, as compared with an overall mean score of 4.3.

Employers in the Skills for Health and Skills for Care and Development SSC sectors provided markedly higher numbers of days' training than average (equivalent to 13 days per employee). This is in keeping with the high proportion of employers providing training and staff receiving training in these sectors. However, employers in the People 1st sector provided the highest number of days' training per employee (an average of 15 days) and per trainee (23 days). The number of days' training per trainee is also much higher than average in Skillsmart Retail and e-skills UK (each 20 days per trainee).

The fewest days' training per employee were reported by employers covered by Lantra, Proskills UK, Skillfast UK and GoSkills SSCs (five days per employee in each sector). Employers across these sectors also provide below average numbers of days' training per trainee, lowest amongst GoSkills employers (nine days' training per trainee, compared to an average of 16 across all sectors).

In keeping with the high levels of training activity undertaken in these sectors, sectors dominated by public sector services organisations (covered by Government Skills, Skills for Justice, Lifelong Learning UK and Skills for Care & Development, and to a lesser extent Skills for Health) show the highest levels of training planning and budgeting. These employers are the most likely to have highly sophisticated planning (with an overall business plan, a training plan and a separate budget for training expenditure). They are the most likely to provide staff with annual performance reviews (as many as 98 per cent of establishments covered by Skills for Justice SSC do so) and to formally assess individuals' training needs (91 per cent of employers covered by the Government Skills sector do so). They are also the most likely, once training has taken place, to assess its impact by measuring the effect it has had on trained employees' performance.

Employers covered by Skillfast-UK, ConstructionSkills, SummitSkills, GoSkills, Automotive Skills, ProSkills and Lantra SSCs – sectors with high proportions of employees in skilled trades or machine operative occupations – were the most likely to have none of the plans discussed in place, suggesting a more ad-hoc approach to training in these industries. Employers covered by Lantra SSC were the least 'sophisticated', falling behind even these other 'low-planning' sectors in terms of the proportion of employers providing staff with annual performance reviews, assessing individuals' skills gaps and measuring the impact of training where it has been provided.

Training activity and region

Tables 6.13 to 6.16 repeat the above analysis by region.

Table 6.13: Training activity by region.

Row %	*Base (weighted)*	*Base (unweighted)*		Train at all	Off-the-job training only	On-the-job training only	Trainers training 90%+ of staff	Trainers training <25% of staff	Trainees as a proportion of current workforce
Overall	*1,451,507*	*79,018*	%	**67**	**13**	**21**	**45**	9	**63**
Eastern	*165,008*	*8,454*	%	66	14	18	42	9	59
East Midlands	*120,774*	*7,612*	%	68	15	23	44	10	59
London	*231,199*	*12,077*	%	67	12	20	46	8	67
North East	*56,320*	*5,608*	%	70	12	19	48	7	68
North West	*180,327*	*8,838*	%	68	12	20	47	8	60
South East	*252,169*	*12,219*	%	69	14	24	43	10	61
South West	*162,978*	*8,454*	%	68	14	23	44	9	66
West Midlands	*147,130*	*8,047*	%	65	14	23	44	11	64
Yorkshire and the Humber	*135,602*	*7,709*	%	66	12	18	48	8	62

Base: All employers.

Table 6.14: Training volume by region.

	Days training per capita	Days training per trainee	Days off-the-job training per off-the-job trainee	Days on-the-job training per on-the-job trainee
Overall	**10**	**16**	**7**	**14**
Eastern	9	15	8	12
East Midlands	10	17	7	16
London	10	15	6	13
North East	13	20	9	17
North West	10	16	7	15
South East	9	15	8	13
South West	8	12	7	9
West Midlands	10	16	8	13
Yorkshire and the Humber	12	19	7	18

Base: All employers (see Table 6.13 for actual base numbers in each region).

Table 6.15: Types of training/rating of importance and government performance by region.

Row %		Train but only induction or health and safety	Train through FE college	Proportion of workforce trained towards a nationally recognised qualification in previous 12 months	Proportion of workforce trained towards an NVQ in previous 12 months	Overall rating of importance of support (1-10)	Overall rating of government performance (1-10)
Overall	**%**	**6**	**17**	**11**	**6**	**6.6**	**4.3**
Eastern	%	6	17	11	6	6.6	4.4
East Midlands	%	6	18	13	6	6.5	4.2
London	%	5	13	9	3	6.6	4.3
North East	%	6	22	17	10	6.9	4.7
North West	%	7	20	12	7	6.8	4.6
South East	%	6	16	10	5	6.3	4.1
South West	%	5	19	10	5	6.5	4.2
West Midlands	%	6	18	12	6	6.7	4.3
Yorkshire and the Humber	%	6	20	13	6	6.6	4.5

Base: All employers (see Table 6.13 for actual base numbers in each region).

Table 6.16: Training planning and Train to Gain by region.

Row %		Highly sophisticated (all plans)	Sophisticated (two plans)	Unsophisticated (no plans)	Provides staff with APR	Formally assesses individuals' skills gaps	Measures the impact of training	Aware of Train to Gain	Involved with Train to Gain
Overall	**%**	**25**	**20**	**31**	**63**	**57**	68	**28**	**4**
Eastern	%	24	19	33	61	56	69	29	4
East Midlands	%	24	20	32	61	55	68	30	5
London	%	26	21	30	66	56	67	23	3
North East	%	28	21	29	61	60	69	31	5
North West	%	27	19	31	61	59	70	27	4
South East	%	26	20	29	64	57	68	29	4
South West	%	24	20	32	60	56	66	27	5
West Midlands	%	25	20	33	62	56	69	32	5
Yorkshire and the Humber	%	25	20	30	60	59	70	29	5

Base: All employers (see Table 6.13 for actual base numbers in each region).

Although there was relatively little variation by region in the propensity of employers to offer training, employers in the West Midlands were a little less likely to fund or arrange training than employers in the rest of the country (65 per cent compared to the average of 67 per cent), while those in the North East and the South East were the most likely to train (70 per cent and 69 per cent respectively). Employees in the North East were the most likely to be trained (over the last 12 months results suggest that 68 per cent had been trained), closely followed by those in London (67 per cent) and in the South West (66 per cent). This compares with just under three in five of those being trained in the Eastern region and the East Midlands (59 per cent).

Employers in the Yorkshire and the Humber and North East regions provided the greatest numbers of days' training for their employees, equivalent to 12 and 13 days per capita respectively. The average number of days' training provided per employee was lowest in the South West (eight days). The same regional pattern is evident in the per-trainee figures.

Employers in the North East were also the most likely to train through FE colleges, to train to towards nationally recognised qualifications and towards NVQs. Employers in London were the least likely to engage with any of these types of training activity.

Employers in the North East and the North West gave the highest mean scores for the importance of government providing support in the six areas discussed; those in the South East gave the lowest importance ratings. And employers in these same regions provided respectively the highest and lowest scores for the government's performance in providing this support; employers in Yorkshire and the Humber also rated the government's performance more highly than those in other regions.

Employers based in the Eastern region and West Midlands are the least sophisticated when it comes to planning towards business objectives and formally planning staff development and training; one-third (33 per cent) of employers in each of these regions do not have any business plan, training plan or budget. Reflecting their high levels of engagement with training, employers in the North East tend to be the most sophisticated in their training planning activity: 28 per cent have a business plan, training plan *and* training budget, compared to 25 per cent overall. Employers in this region are also the most likely to formally assess the skills gaps and needs of employees (60 per cent do so, compared to 57 per cent overall). Employers in the London and South East region are the most likely to monitor staff performance through annual reviews (66 per cent and 64 per cent, respectively, do so).

There was limited variation by region in employers' awareness of and involvement with the Train to Gain service. Employers in London were the only exception to this, reporting markedly lower awareness (23 per cent) and involvement (3 per cent) than other regions. Awareness was highest in the West Midlands (32 per cent) and involvement in this region was amongst the highest (one of five regions where 5 per cent of employers reported involvement with Train to Gain).

7 Training Expenditure

Section summary

The survey estimates overall employer expenditure on training (including labour costs) in the 12 months prior to NESS07 to be £38.6bn. This represents an increase of £5.3bn (16 per cent) from the NESS05 figure. Factoring in inflation, this is equivalent to an increase in real terms of £3.5bn or 10 per cent.

This significant increase is predominantly a result of an increase in spending on on-the-job training, up 23 per cent from the 2005 figure. The increase in spending for off-the-job training was a comparatively modest 9 per cent. In 2007 employers spent £20.3bn on on-the-job training as against only £18.4bn on off-the-job training, whereas in 2005 there was an almost even split between the two.

Labour costs of those receiving training, and those delivering or organising training, continue to account for a large proportion of total training expenditure (47 and 37 per cent respectively). Fees to external providers represent only 7 per cent of total training expenditure. Although there has been a large increase in total training expenditure since 2005, there has been little significant change in the composition of training investment.

The average annual employer investment in training is equivalent to £1,750 *per employee* in the workforce (up from £1,550 in 2005) and £2,775 per person trained (up from £2,550 in 2005). Hence while part of the increase in total expenditure since 2005 is a result of more employers training, and more employees being trained, there has also been an increase in the amount spent per person trained.

Large employers spend far less per trainee than small employers. The average spend per trainee amongst the smallest employers (with fewer than five staff) is approximately £6,125 compared with £925 among those with 500 or more staff demonstrating the marked economies of scale from which larger establishments benefit.

In those sectors covered by an SSC, spend was highest for employers covered by People 1st (£4.0bn), Skillsmart Retail (£2.8bn) and ConstructionSkills (£2.8bn). Generally, the distribution of training expenditure by SSC sector quite closely reflects the employment distribution in the sector. However, average training expenditure per employee was noticeably higher than average in the following SSC sectors: Lantra, Energy & Utility Skills, ConstructionSkills, SummitSkills, People 1st, and Asset Skills; and lower among employers covered by Improve Ltd, Skillfast-UK, GoSkills and Skills for Logistics SSCs.

Per trainee, employers covered by the following SSCs have above average expenditure: Lantra (£6,250), Proskills UK (£5,650), SummitSkills (£5,225) and ConstructionSkills (£5,100). Spend per trainee was far lower than average among employers covered by Improve Ltd and Government Skills (less than £1,000 per trainee).

By region, training spend per employee is highest in London, the North West and the North East, at around £2,000 per employee, and lowest in the East Midlands (£1,350 per employee). In terms of overall expenditure by region compared with 2005, in five regions there have been marked increases (the North East, London, the West Midlands, South West and the North West). Elsewhere in the country, total training expenditure has remained essentially unchanged between 2005 and 2007.

Introduction

As with NESS2005, we conducted a follow-up survey to measure employer training expenditure among establishments who reported during the main NESS07 survey that they had funded or arranged training in the previous 12 months [13]. Full details of the methodology adopted for this Cost of Training survey are appended (in Annex B); however, in summary:

- To allow respondents time to collect the relevant information on their establishment's training expenditure over the previous 12 months, employers agreeing to take part were sent a datasheet. The datasheet was identical to that used in the 2005 Cost of Training survey apart from the addition of a subsidiary question asking what proportion of any funding received for training was through Train to Gain. The datasheet information was collected by telephone a few days later.

- Information on training expenditure was collected from 7,190 employers.

Results have been grossed-up to the profile of trainers derived from the main NESS07 survey findings.[14] Population figures for establishments providing training were drawn from the weighted NESS07 survey data, using a grid interlocking training type (on-the-job training only, off-the-job training only, both) by size by region, with an additional SSC sector weight added at national level. Findings, therefore, are representative of all employers.

Throughout the section we compare the NESS07 findings with the NESS05 Cost of Training survey.

Overall training expenditure

Total employer expenditure on training is estimated to have been £38.6bn over the course of the 12 months prior to NESS07[15]. Just over half this expenditure is accounted for by the costs of delivering on-the-job training (£20.3bn); the remainder (£18.4bn) is spent on delivering off-the-job training. The bulk of the outlay on off-the-job training is for the provision of education or training courses (£16.0bn), with other off-the-job training (seminars, workshops, and open and distance learning, for example) forming a far smaller component (£2.4bn).

[13] On the main NESS questionnaire in 2005, 2004 and 2003 a single question asked employers what they spent on training in the previous 12 months. However, this question asked just for out-of-pocket expenses and not staff time, and thus excluded a very significant part of training expenditure. Furthermore, it asked for total expenditure and did not break this down into constituent elements, and has thus not been taken as a reliable estimate even of out-of-pocket training expenditure. It was removed from the main NESS questionnaire in 2007.

[14] The overall total population of trainers this generates (974,091) is not exactly the same as that derived using the main survey data (977,501). This is because a minor re-weighting exercise to adjust the balance of establishments within the 5–24 size band was performed as the first step in deriving the weights for the training expenditure data.

[15] See Annex B for details of the methodology and labour market estimates used to derive the total cost of training. Note that these labour market estimates have been updated since 2005 to reflect the most recent data available. The effect of this is to increase the total estimated cost of training.

Table 7.1 shows overall training expenditure and the broad breakdown between on- and off-the-job training, for 2005 and 2007. Overall total employer expenditure on training (including labour costs) shows an increase from 2005 of over £5.3bn, an increase of 16 per cent. When inflation[16] is factored in (a compound figure of 5.3 per cent from 2005 to 2007), this is equivalent to an increase in real terms of £3.5bn or 10 per cent.

Table 7.1: Training expenditure over the previous 12 months.

	2005	***2007***	***% increase***
Unweighted base	*7,059*	*7,190*	
Weighted base	*896,639*	*974,091*	
Total	£33.3bn	£38.6bn	16%
Off-the-job training:	£16.8bn	£18.4bn	9%
Course related	*£14.3bn*	*£16.0bn*	*12%*
Other (seminars, workshops etc.)	*£2.5bn*	*£2.4bn*	*-5%*
On-the-job training	£16.5bn	£20.3bn	23%

Base: All employers that train completing the Cost of Training survey.

Comparison with NESS05 shows that the bulk of the increase in the total expenditure on training is a result of an increase in spending on on-the-job training specifically, up by 23 per cent, as compared with an increase of 9 per cent for off-the-job training.

The components of training expenditure

Table 7.1 presents the breakdown of total training expenditure between off- and on-the-job elements. Table 7.2 presents a more detailed breakdown of the individual elements contributing to the total training spend, and shows the expenditure on each element, with the proportion of total expenditure it represents. The numbers in brackets refer to the datasheet questions from which each element is derived (the datasheet is provided in Annex B).

[16] Inflation is calculated using the Consumer Prices Index (CPI) for August 2005 to August 2007. The total compound inflation over this period is 5.3 per cent.

Table 7.2: The components of training expenditure.

	2005		2007	
Unweighted base	*7,059*		*7,190*	
Weighted base	*896,639*		*974,091*	
	Overall cost	%	Overall cost	%
Off-the-job training: course-related:				
(a) Trainee labour costs (Q1-3)	£4,173m	13	£4,633m	12
(b) Fees to external providers (Q4)	£1,654m	5	£1,893m	5
(c) On-site training centre (Q6a/b)	£2,287m	7	£2,551m	7
(d) Off-site training centre (in the same company) (Q7a)	£381m	1	£446m	1
(e) Training management (Q8-Q10)	£5,100m	15	£5,766m	15
(f) Non-training centre equipment and materials (Q11)	£446m	1	£475m	1
(g) Travel and subsistence (Q12)	£337m	1	£410m	1
(h) Levies minus grants (Q13-Q14)	-£67m	-*	£-185m	-*
Off-the-job training: other (seminars, workshops etc.):				
(i) Trainee labour costs (Q15-Q17)	£1,788m	5	£1,633m	4
(j) Fees to external providers (Q18)	£708m	2	£736m	2
On-the-job training:				
(k) Trainee labour costs (Q19-Q21)	£9,998m	30	£11,886m	31
(l) Trainers' labour costs (Q22-Q24)	£6,526m	20	£8,404m	22

Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted= 974,091).
Note: '' denotes a figure greater than 0 per cent but less than 0.5 per cent.*

There has been relatively little change in the composition of total training expenditure since 2005. Although the labour costs of trainees attending off-the-job courses (12 per cent in 2007) and of trainees receiving other off-the-job training (4 per cent) have both fallen as a proportion of the total by one percentage point, the labour costs of those receiving training (elements (a), (i) and (k)) still form the bulk of employer training expenditure (£18.1bn: 47 per cent of the total, as compared with 48 per cent in 2005). Labour costs of those delivering on-the-job training (£8.4bn) and of managing training (£5.7bn) account for a further 37 per cent of total expenditure.

By comparison, the direct costs of fees to external providers for courses (£1.9bn) and for other off-the-job training (£0.7bn) (elements (b) and (j) in Table 7.2) account for a relatively small share of the total training expenditure (7 per cent).

Training expenditure per capita

Since 2005, both the size of the total workforce within England and the number of staff receiving training have increased. The total workforce falling within the scope of NESS07 is a little under 22.3 million people as compared with 21.5 million people in 2005; the total number of trainees was 14.0 million people in the 12 months prior to NESS07 (63 per cent of the workforce) as compared with 13.1 million in 2005 (61 per cent of the workforce).

The increase in the size of the workforce and in the proportion of the workforce receiving training both contribute to the overall increase in expenditure on training, but, as shown in Table 7.3, training expenditure per capita and per trainee has also increased. The increase in expenditure per capita and per trainee between 2005 and 2007 is above the compound rate of inflation (5.3 per cent). Employers that train are not just training more people, they are also spending more on those they train.

Table 7.3: Training expenditure per capita and per trainee.

	All trainers 2005	All trainers 2007	% increase	All off-the-job trainers 2007	All on-the-job trainers 2007
Unweighted base	*7,059*	*7,190*		*5,031*	*5,785*
Weighted base	*896,639*	*974,091*		*683,616*	*791,703*
Total training expenditure	£33,331m	£38,648m	16%	£18,358m	£20,290m
Per capita training expenditure (total workforce)	£1,550	£1,725	12%	£1,150	£1,175
Per capita training expenditure (training employers' workforce)	£1,800	£1,975	11%		
Per trainee training expenditure	£2,550	£2,775	9%	£2,300	£1,750

Base: All trainers completing the Cost of Training survey.
Note: Per capita and per trainee figures are calculated using respondents' employment and trainee numbers from main NESS07 / NESS05 data. Per capita and per trainee expenditure rounded to the nearest £25.

The average annual expenditure on training is £1,725 for every employee in the workforce. This is up 12 per cent from the 2005 figure of £1,550, a much higher increase than inflation of 5.3 per cent over the period could account for.

Looking only at employers that train, training expenditure in 2007 was just under £2,000 per capita. This is an increase of 11 per cent compared to the 2005 figure of £1,800 this is a rise of 11 per cent, another significant increase in real terms.

The average annual investment in training *per trainee* derived from NESS07 is £2,775, as compared with £2,550 in 2005. This means that per trainee employers in 2007 spend an average of 3 per cent more on training *in real terms* (allowing for inflation) than was the case in 2005.

However, as in 2005, employers spend a greater amount per trainee in providing off- rather than on-the-job training: an average of £2,300 providing off-the-job training to each off-the-job trainee in 2007, as compared with £1,750 providing on-the-job training per on-the-job trainee[17].

Training expenditure by size

Table 7.4 shows how training expenditure varies by size of establishment. It shows total training expenditure as well as expenditure on off- and on-the-job training separately. The table also displays the share of total training expenditure accounted for by employers in each size band compared to the proportion of all trainees that they account for.

Table 7.4: Total training expenditure by size.

			Training expenditure				
	Unweighted base	*Weighted base*	**Total**	**Off-the-job training**	**On-the-job training**	**% of total training expenditure**	**% of all trainees (NESS07)**
Overall	*7,190*	*974,091*	£38,648m	£18,358m	£20,290m	%	%
Employment:							
Fewer than 5	*1,724*	*418,285*	£5,655m	£3,248m	£2,407m	15	7
5 to 24	*3,720*	*413,398*	£11,400m	£5,786m	£5,614m	29	22
25 to 99	*1,398*	*112,458*	£9,885m	£4,423m	£5,462m	26	26
100 to 199	*207*	*17,850*	£5,314m	£2,101m	£3,214m	14	12
200 to 499	*113*	*9440*	£4,199m	£1,783m	£2,417m	11	16
500+	*28*	*2659*	£2,194m	£1,018m	£1,177m	6	17

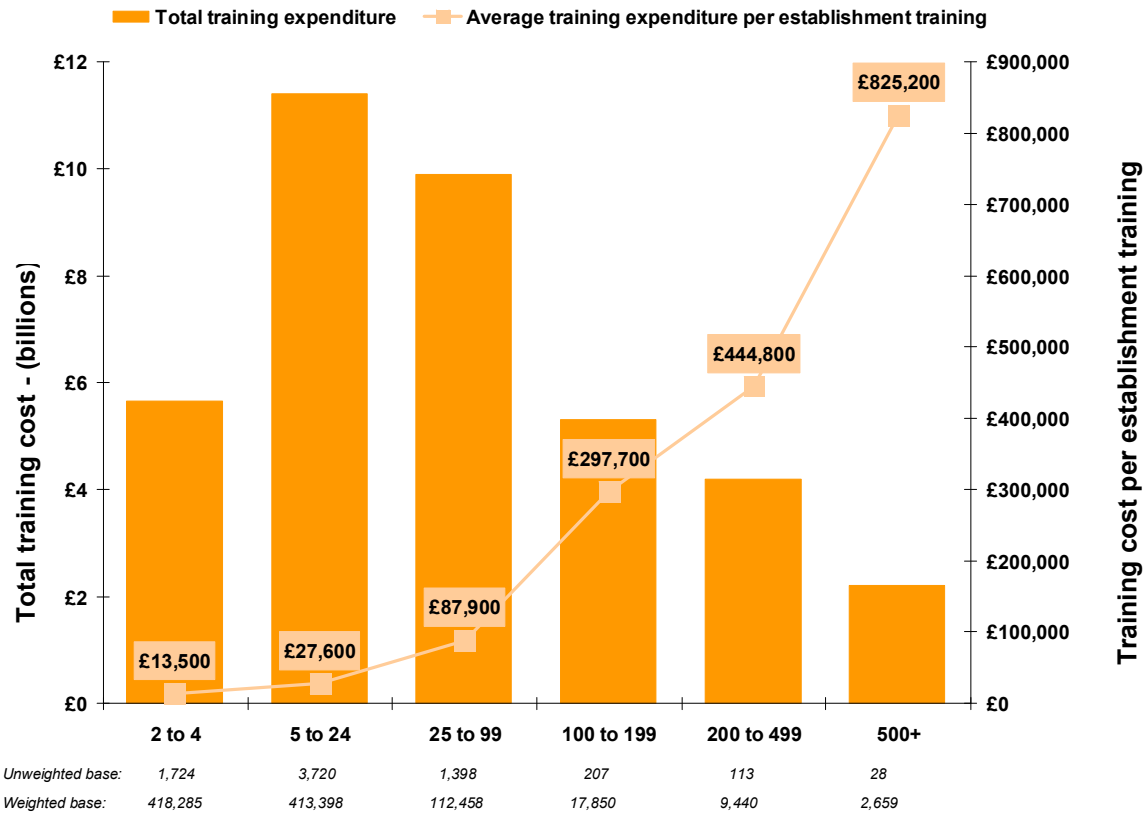
Base: All trainers completing the Cost of Training survey.
Note: Trainee distribution is calculated using respondents' trainee numbers from main NESS07 data.

Results show that smaller employers account for a much higher share of total training expenditure than the proportion of staff that they train would suggest. Seven per cent of all staff trained across England as a whole work in establishments with fewer than five staff, for example, and these establishments account for 15 per cent of total training expenditure. On the other hand, 17 per cent of all trainees work in establishments employing 500 or more staff, but these establishments account for only 6 per cent of the total training expenditure. This discrepancy is in line with the 2005 survey. Part of the difference is likely to be accounted for by economies of scale and greater 'purchasing power' for larger employers; and also the fact that larger employers are more likely to have access to internal training facilities and dedicated training staff and hence be less dependent on bought-in services. However, it is also the case that establishments with fewer than 25 staff spend more on off-the-job training than they do on on-the-job training, whereas the reverse is true for larger employers.

[17] This is not saying employers spend on average £2,300 per annum on all the training each employee receiving off-the-job training may receive since many employees receive both off- and on-the-job training.

Figure 7.1 shows how the total and average amount spent on training varies by size of establishment.

Figure 7.1: Total training expenditure and mean training expenditure by size.



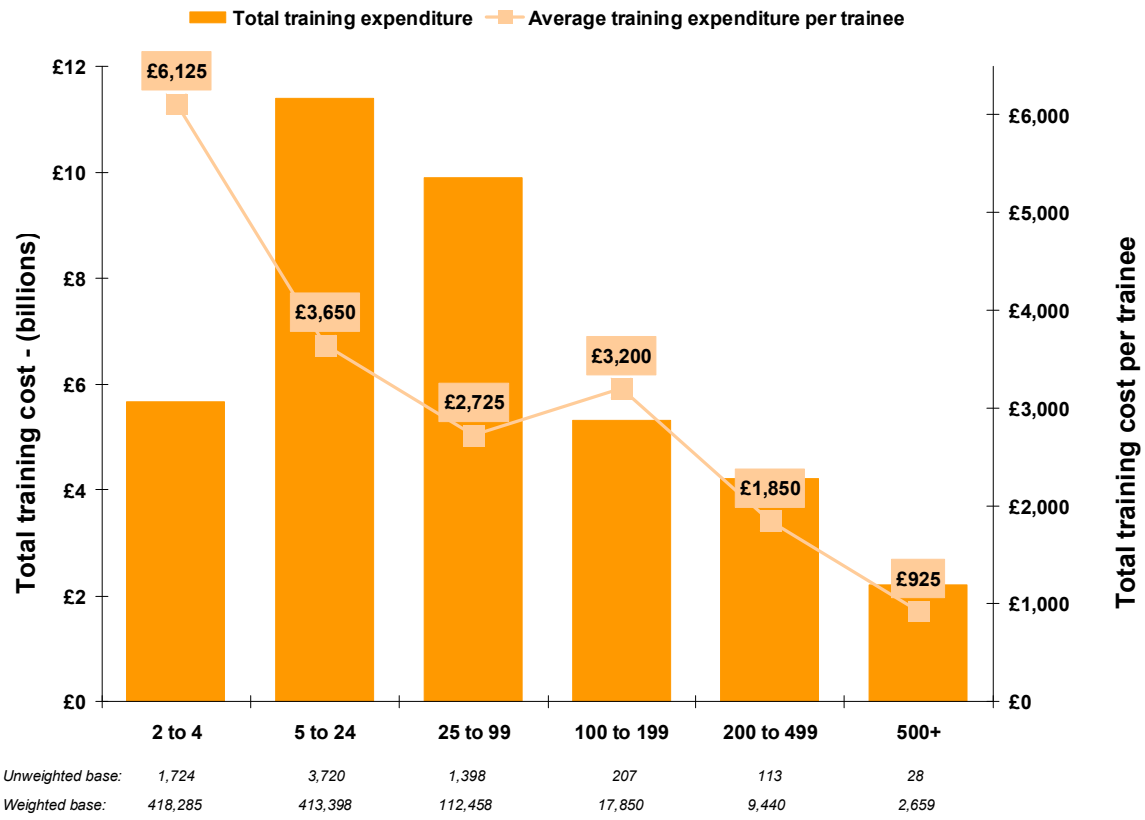
Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted=974,091).
Note: Training expenditure per establishment training rounded to the nearest £100.

Establishments with employment of between five and 24, and 25 and 99 staff account for over half of all training expenditure (55 per cent), though fewer than half of all employees trained in the last 12 months work for employers of this size (48 per cent).

The average (mean) expenditure on training per establishment providing training increases sharply with size: the very largest establishments spend around £825,000 on average on training their staff (though note that the base size for this group is low – 25 interviews – and this figure should be taken as illustrative only); and those with 200-499 staff that train spend approximately £445,000 per establishment.

Figure 7.2 shows how training expenditure per trainee varies by size. It shows that generally speaking (with a slight 'kink' between size bands 25-99 and 100-199) the larger the employer, the less spent per trainee. The cost per trainee falls from £6,125 per trainee in the smallest establishments to around £925 per trainee in the largest (though again note the low base size).

Figure 7.2: Training cost and cost per trainee by size.



Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted=974,091).
Note: Per trainee figures are calculated using respondents' trainee numbers from main NESS07 data. Per trainee training figures rounded to the nearest £25

The pattern of falling expenditure on training per trainee the larger the size of the employer is found for both off-the-job and on-the-job training, as well as overall, as shown on Table 7.5. Per off-the-job trainee, the smallest employers spend around eight times the amount on off-the-job training that the largest employers spend; for on-the-job training the smallest employers spend approximately six times the amount the largest employers spend per on-the-job trainee.

Table 7.5: Training expenditure by size.

	Mean cost per training establishment	Cost per trainee (all training)	Average off-the-job training costs per off-the-job trainee	Average on-the-job training costs per on-the-job trainee
Overall	£39,700	£2,775	£2,300	£1,750
Fewer than 5 employees	£13,500	£6,125	£6,200	£3,450
5 to 24	£27,600	£3,650	£3,225	£2,200
25 to 99	£87,900	£2,725	£2,075	£1,775
100 to 199	£297,700	£3,200	£2,250	£2,200
200 to 499	£444,800	£1,850	£1,425	£1,250
500+	£825,200	£925	£750	£600

Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted= 974,091).
Notes: Mean costs rounded to the nearest £100. Costs per trainee rounded to the nearest £25.
Per trainee figures calculated using respondents' trainee numbers from main NESS07 data.

While for all size bands employers spend more per trainee for off-the-job training than they do for on-the-job training, the difference is particularly marked among the smallest employers (an average of £6,200 per trainee for off-the-job training compared with £3,450 per trainee for their on-the-job training).

Training expenditure and IiP status

A new addition to the Cost of Training survey for NESS07 was a question determining the Investor in People (IiP) status of the establishment (recognised as an Investor in People, working towards that status, lapsed, or no involvement with IiP).

Table 7.6 shows how training expenditure varies by IiP status.

Table 7.6: Training expenditure by IiP status

	Unweighted base	*Weighted base*	% of all trainers	Total cost of training	Mean cost per training establishment
Overall	*7,190*	*974,091*		£38,648m	£39,700
			%		
Recognised as an Investor in People	*1,401*	*171,770*	18	£12,750m	£74,200
Working towards the Investors in People Standard	*835*	*105,276*	11	£5,648m	£53,600
Lapsed	*224*	*250,38*	3	£1,628m	£65,000
No involvement with IiP	*4,372*	*620,444*	64	£17,023m	£27,400
Don't know	*358*	*51,563*	5	£1,600m	£31,000

Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted= 974,091).
Notes: Mean costs rounded to the nearest £100.

The NESS07 Cost of Training survey estimates that around two-thirds of employers providing training have no involvement with IiP (64 per cent). Of the rest, 18 per cent are recognised Investors in People, 11 per cent are working towards the status and 3 per cent had lapsed.

Results show that those employers with IiP status that train typically spend more on training (£74,200) than those that train who have never been involved with the standard (£27,400). Employers that train who are working towards the Standard or who previously were Investors in People but who have lapsed also spend more on training than average.

This does not necessarily demonstrate that IiP status drives investment in training: it is likely that the causation works in both directions – those who spend more heavily on training are more likely to be the sorts of employers with well-developed HR functions and who tend to become involved in schemes / programmes such as IiP. Also, there is a strong size influence, as larger employers are far more likely to be Investors in People: 45 per cent of establishments employing 100 or more staff who provide training are recognised as IiP, compared with 10 per cent of those with fewer than five staff that train. Nevertheless, even within the smallest size band, those with recognised IiP status report much higher mean investment in training per establishment than those with no involvement (£23,000 per establishment as compared with £11,800 per establishment with no involvement).

Training expenditure by SSC

Table 7.7 shows how total training expenditure breaks down by SSC sector. As SSC sectors vary enormously in size, we show how total expenditure is distributed by SSC sector and compare this with the distribution of total employment. We also show the average spend per employee, a measure that takes the size of the sector in employment terms into account. In some cases changes in expenditure compared with 2005 appear quite large, but some caution is needed due to low base sizes (this applies to Energy & Utility Skills and Skills for Justice SSC sectors).

Table 7.7: Total and per capita training expenditure by SSC sector.

	Unweighted base	*Weighted base*	Total	% change in expenditure from 2005	% of total expenditure	% of all employment	Training spend per employee
Overall	*7,190*	*974,091*	£38,648m	16			£1,725
					%	%	
Lantra	*229*	*35,084*	£920m	20	2	1	£2,975
Cogent	*176*	*9,419*	£490m	19	1	2	£1,250
Proskills UK	*190*	*10,005*	£621m	50	2	1	£2,275
Improve Ltd	*130*	*5,241*	£196m	-27	1	2	£550
Skillfast-UK	*135*	*8,150*	£118m	-13	*	1	£575
Semta	*303*	*31,206*	£1,853m	4	5	5	£1,575
Energy & Utility Skills	*53*	*8,941*	£715m	555	2	1	£2,925
ConstructionSkills	*488*	*68,063*	£2,809m	11	7	5	£2,750
SummitSkills	*197*	*17,527*	£556m	22	1	1	£2,450
Automotive Skills	*245*	*29,284*	£740m	30	2	2	£1,600
Skillsmart Retail	*612*	*118,436*	£2,841m	-6	7	10	£1,225
People 1st	*545*	*93,557*	£4,025m	8	10	7	£2,575
GoSkills	*114*	*7,095*	£268m	2	1	2	£675
Skills for Logistics	*205*	*19,836*	£524m	-6	1	3	£825
Financial Services Skills Council	*201*	*28,487*	£1,262m	-26	3	4	£1,425
Asset Skills	*282*	*57,887*	£2,003m	38	5	4	£2,500
e-skills UK	*318*	*31,663*	£952m	-10	2	3	£1,475
Government Skills	*29*	*3,450*	£133m	!	*	2	£375
Skills for Justice	*28*	*2,949*	*£439m*	*106*	*1*	*1*	*£1,425*
Lifelong Learning UK	*232*	*17,702*	£1,657m	58	4	4	£2,075
Skills for Health	*295*	*36,207*	£1,861m	-8	5	7	£1,125
Skills for Care & Development	*422*	*44,742*	£1,970m	6	5	4	£2,275
Skillset	*132*	*6,183*	£247m	176	1	1	£1,975
Creative & Cultural Skills	*215*	*15,219*	£375m	19	1	1	£1,700
SkillsActive	*201*	*12,413*	£291m	-4	1	1	£1,050
Non-SSC employers	*1,213*	*255,343*	£10,780m	39	28	26	£1,875

Base: All trainers completing the Cost of Training survey (7,190 unweighted, 974,091 weighted)
Notes: i) Training spend per employee rounded to the nearest £25. ii) Per employee figures calculated using respondents' employment numbers from main NESS07 data. iii) '' denotes a figure greater than 0 per cent but less than 0.5 per cent. '!' denotes a base size less than 25 in the Cost of Training survey 2005.iv) Increase in spend due to inflation (CPI) would be 5.3% between August 2005 and August 2007. The comparison with NESS05 in this table does not include this adjustment. v) Non-SSC employers' describe those sectors currently not covered by an SSC. Estimates for April 2007 suggest that 89 per cent of the workforce were covered by an SSC. A process of sector integration is taking place in the Skills for Business network where sectors currently outside the network are agreeing coverage by a SSC. The process of integration will increase the Skills for Business network's coverage of the UK workforce to an estimated 95 per cent.*

Other than the non-SSC employer sector, which has the single largest training expenditure as a consequence of being by far the largest sector in unit and employment terms, the largest training expenditures were reported by employers covered by the People 1st (£4.0 billion), Skillsmart Retail (£2.8 billion) and ConstructionSkills (£2.8 billion). Employers covered by People 1st and ConstructionSkills SSC sectors each accounted for a larger share of total training expenditure than employment, while the reverse was true for employers covered by the Skillsmart Retail SSC sector. This pattern is identical to that seen in 2005.

In 2007, employers covered by Asset Skills reported the fifth largest training expenditure (£2.0 billion). This represents a change in the hierarchy observed in 2005 when Semta, Financial Services Skills Council, Skills for Health and Skills for Care & Development all reported a higher training expenditure than Asset Skills.

On the whole, each sector's share of total training expenditure fairly closely matches its share of employment. An average spend per employee above or below the national figure of £1,725 per employee indicates a variation from this, though. Employers covered by the following SSCs reported particularly high training expenditure relative to their employment:

- Lantra
- Energy & Utility Skills
- ConstructionSkills
- SummitSkills
- People 1st
- Asset Skills

In contrast, those employers covered by the following SSCs reported a lower training expenditure per employee than average, indicating particularly low expenditure relative to employment:

- Improve Ltd
- Skillfast-UK
- GoSkills
- Skills for Logistics
- Government Skills (though base sizes are low and the figure should be treated with caution)

With the exception of Energy & Utility Skills, those sectors reporting the highest and lowest training expenditures in 2007 match closely those reported in 2005. In terms of the actual training expenditure, however, comparison with 2005 training expenditure suggests there have been some quite large changes. In some cases this is based on relatively few interviews (the Energy & Utility Skills and Skills for Justice sectors) and hence caution is needed – these figures are useful as an indicator that training spend has increased, rather than indicating the precise size of the shift.

Aside from these sectors the largest increases since 2005 in total training expenditure are seen amongst employers covered by:

- Skillset (up 176 per cent)
- Lifelong Learning (up 58 per cent)
- Proskills (up 50 per cent)
- Non-SSC employers (up 38 per cent)
- Automotive Skills (up 30 per cent)

In some sectors results suggest expenditure has fallen since 2005, including:

- Improve Ltd (down 27 per cent)
- Financial Services Skills Council (down 26 per cent)
- Skillfast UK (down 13 per cent)

Table 7.8 shows the distribution of training expenditure between off- and on-the-job elements. The final column shows the proportion of expenditure in each SSC sector accounted for by off-the-job training.

Table 7.8: Total training expenditure by SSC: on- and off-the-job training.

	Total	Off-the-job	On-the-job	% of training expenditure accounted for by off-the-job training
Overall	£38,648m	£18,358m	£20,290m	47
Lantra	£920m	£522m	£398m	57
Cogent	£490m	£166m	£324m	34
Proskills UK	£621m	£387m	£234m	62
Improve Ltd	£196m	£87m	£110m	44
Skillfast-UK	£118m	£49m	£69m	42
Semta	£1,853m	£823m	£1,030m	44
Energy & Utility Skills	£715m	£254m	£462m	35
ConstructionSkills	£2,809m	£1,342m	£1,467m	48
SummitSkills	£556m	£252m	£303m	45
Automotive Skills	£740m	£285m	£455m	38
Skillsmart Retail	£2,841m	£926m	£1,915m	33
People 1st	£4,025m	£1,255m	£2,770m	31
GoSkills	£2,680m	£102m	£166m	38
Skills for Logistics	£524m	£211m	£314m	40
Financial Services Skills Council	£1,262m	£734m	£528m	58
Asset Skills	£2003m	£1,127m	£876m	56
e-skills UK	£952m	£473m	£479m	50
Government Skills	£133m	£77m	£56m	58
Skills for Justice	£439m	£291m	£148m	66
Lifelong Learning UK	£1,657m	£1,299m	£358m	78
Skills for Health	£1,861m	£9,160m	£945m	49
Skills for Care & Development	£1,970m	£1,200m	£770m	61
Skillset	£247m	£77m	£170m	31
Creative & Cultural Skills	£375m	£230m	£146m	61
SkillsActive	£291m	£182m	£109m	63
Non-SSC employers	£10,780m	£5,091m	£5,688m	47

Base: All trainers completing the Cost of Training survey (unweighted= 7,190; weighted = 974,091).

The balance between expenditure on off- and on-the-job training differs substantially between sectors. Across all sectors, 47 per cent of training expenditure is on off-the-job training. In the following (mainly service) sectors, this figure is substantially higher (at least 56 per cent) indicating a higher than average relative spend on off-the-job training:

- Lifelong Learning UK
- Skills for Justice
- SkillsActive
- Proskills
- Creative and Cultural Skills
- Skills for Care and Development
- Financial Services Skills Council
- Government Skills
- Lantra
- Asset Skills

For employers covered by the following SSCs, off-the-job training accounts for a considerably lower than average share of total training expenditure, suggesting greater reliance on less formal, on-the-job learning and development:

- Automotive Skills
- GoSkills
- Energy & Utility Skills
- Cogent
- Skillsmart Retail
- People 1st
- Skillset

The results indicate that there is a strong tendency for manufacturing / primary industries and what might be termed customer-facing sectors (retail, hospitality and passenger transport) to place more emphasis than other sectors on on-the-job training. This may be because these employers are generally looking for hands-on, practical training so that their employees develop the skills they need in dealing with the public or using machinery; and employers may often feel this is best achieved in the actual workplace environment.

Table 7.9 shows the average training expenditure per training establishment, and per trainee. Also shown is the average off- and on-the-job expenditure for each person receiving each type of training.

Table 7.9: Average training expenditure per trainee by SSC sector.

	Mean expenditure per training establishment	Average expenditure per trainee	Average off-the-job training spend per off-the-job trainee	Average on-the-job training spend per on-the-job trainee
Overall	£39,700	£2,775	£2,300	£1,750
Lantra	£26,200	£6,250	£5,775	£3,575
Cogent	£52,000	£2,300	£1,550	£1,725
Proskills UK	£62,100	£5,650	£6,950	£2,375
Improve Ltd	£37,500	£975	£800	£675
Skillfast-UK	£14,500	£1,750	£1,725	£1,125
Semta	£59,400	£3,250	£2,700	£2,275
Energy & Utility Skills	£80,000	£4,325	£2,500	£3,575
ConstructionSkills	£41,300	£5,100	£3,675	£3,550
SummitSkills	£31,700	£5,225	£3,575	£3,850
Automotive Skills	£25,300	£3,275	£2,025	£2,750
Skillsmart Retail	£24,000	£2,000	£1,750	£1,475
People 1st	£43,000	£3,975	£2,825	£3,075
GoSkills	£37,800	£1,325	£1,175	£950
Skills for Logistics	£26,400	£1,500	£1,150	£1,075
Financial Services Skills Council	£44,300	£2,050	£2,025	£1,050
Asset Skills	£34,600	£4,100	£3,800	£2,150
e-skills UK	£30,100	£2,450	£2,525	£1,425
Government Skills	£38,400	£550	£475	£300
Skills for Justice	£148,900	£2,000	£2,125	£800
Lifelong Learning UK	£93,600	£3,025	£3,575	£825
Skills for Health	£51,400	£1,425	£1,175	£875
Skills for Care & Development	£44,000	£2,700	£2,400	£1,275
Skillset	£39,900	£3,250	£1,825	£3,125
Creative & Cultural Skills	£24,700	£3,075	£3,300	£1,425
SkillsActive	£23,400	£1,575	£1,700	£700
Non-SSC employers	£42,200	£2,900	£2,175	£1,850

Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted= 974,091).
Notes: Per trainee figures calculated using respondents' trainee numbers from main NESS07 data.
Average expenditure rounded to the nearest £100. Costs per trainee rounded to the nearest £25.

As was the case in 2005, average training expenditure per trainee was highest for Lantra employers (£6,250), followed by Proskills UK (£5,650), SummitSkills (£5,225) and ConstructionSkills (£5,100). Proskills UK employers reported the highest investment in off-the-job training per off-the-job trainee (£6,950), followed by Lantra employers (£5,775). Employers covered by SummitSkills spend the most on on-the-job training per on-the-job trainee (£3,850), while employers covered by Lantra, Energy & Utility Skills and ConstructionSkills each spent around £3,500 on on-the-job training per on-the-job trainee.

Improve Ltd and Government Skills (where base sizes are low) each reported the lowest per-trainee expenditure. Expenditure per trainee was also lower than average for GoSkills employers.

Training expenditure by region

Three regions, London, the South East and the North West, account for half of all training expenditure (£19.8bn – 51 per cent of the total, slightly higher than the 47 per cent share of the total workforce in the three regions). Generally, the share of total training expenditure within each region quite closely reflects the share of employment within that region, as shown in Table 7.10. That said, employers in London account for a slightly greater share of expenditure (21 per cent) than their share of employment (18 per cent), as do employers in the North West (15 per cent and 13 per cent respectively). Employers in the East Midlands account for a slightly lower share of total expenditure than their share of employment, as do those in the South West, West Midlands and Yorkshire and the Humber, albeit by just one percentage point.

Table 7.10: Total training expenditure by region.

	Unweighted base	*Weighted base*	**Total**	**% change in expenditure from 05**	**% of total expenditure**	**% of all employment**	**Training spend per employee**
Overall	*7,190*	*974,091*	£38,648m	+16%			£1,736
					%	%	
Eastern	*802*	*108,886*	£3,747m	-	10	10	£1,625
East Midlands	*642*	*81,282*	£2,470m	+1%	6	8	£1,350
London	*1,077*	*153,870*	£8,055m	+39%	21	18	£2,075
North East	*643*	*39,504*	£2,015m	+44%	5	5	£2,000
North West	*820*	*121,778*	£5,655m	+17%	15	13	£1,950
South East	*1031*	*172,487*	£6,113m	+1%	16	16	£1,700
South West	*794*	*110,505*	£3,478m	+24%	9	10	£1,600
West Midlands	*636*	*95,930*	£3,654m	+29%	9	10	£1,575
Yorkshire and the Humber	*745*	*89,847*	£3,461m	+1%	9	10	£1,575

Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted=974,091).
Notes: Spend per employee rounded to the nearest £25.
Per employee figures calculated using respondents' employment numbers from main NESS07 data.
Increase in spend due to inflation (CPI) would be 5.3% between August 2005 and August 2007. The comparison with NESS05 in this table does not include this adjustment

Reflecting the findings discussed on the distribution of training expenditure and employees across each region, training spend per employee is highest in London and the North West, as well as the North East, at around £2,000 per employee, and lowest amongst employees in the East Midlands (£1,350).

Almost all of the 16 per cent increase in total expenditure at the national level since 2005 is due to increases in investment in training in five of the nine regions: the North East, London, the West Midlands, South West and the North West. Elsewhere in the country, total training expenditure has remained essentially unchanged.

The balance between spending on off- and on-job-training, by region, is shown in Table 7.11

Table 7.11: On- and off-the job training expenditure by region.

	Training expenditure			% of training spend in region accounted for by off-the-job training
	Total	Off-the-job training	On-the-job training	
Overall	£38,648m	£18,358m	£20,290m	47
Eastern	£3,747m	£2,000m	£1,746m	53
East Midlands	£2,470m	£1,169m	£1,301m	47
London	£8,055m	£3,757m	£4,298m	47
North East	£2,015m	£1,110m	£905m	55
North West	£5,655m	£2,594m	£3,060m	46
South East	£6,113m	£2,501m	£3,612m	41
South West	£3,478m	£1,767m	£1,711m	51
West Midlands	£3,654m	£1,686m	£1,786m	51
Yorkshire and the Humber	£3,461m	£1,590m	£1,871m	46

Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted= 974,091).

While across England as a whole employers spend slightly more on on-the-job than off-the-job training, in four regions the reverse is true: in the North East, South West, West Midlands and the Eastern regions a slight majority of expenditure is on off-the-job training (51 to 55 per cent). For the North East, South West and West Midlands this was also the case in 2005.

The proportion of expenditure on off-the-job training is lowest, as in 2005, in the South East (41 per cent).

At the national level, the proportion of training expenditure on off-the-job training has fallen since 2005 and the same is true in all regions except Eastern, East Midlands and the South West, where this share has risen, and London where the balance of off- and on-the-job training has remained static since 2005.

Employers in London, the North East and North West that train report the highest average expenditure on training per establishment. For employers in London and the North West, this is in keeping with the higher than average mean expenditure on training seen in 2005. Mean expenditure on training per establishment is lowest in the East Midlands and the South West, as it was in 2005.

Table 7.12: Training expenditure per establishment by region.

	Mean spend per training establishment	Spend per trainee (all training)	Spend per trainee (off-the-job training)	Spend per trainee (on-the-job training)
Overall	£39,700	£2,775	£2,300	£1,750
Eastern	£34,400	£2,775	£2,500	£1,550
East Midlands	£30,400	£2,300	£2,000	£1,475
London	£52,300	£3,100	£2,500	£1,975
North East	£51,000	£2,925	£2,650	£1,600
North West	£46,400	£3,225	£2,625	£1,975
South East	£35,400	£2,775	£2,125	£1,975
South West	£31,500	£2,400	£2,300	£1,500
West Midlands	£38,100	£2,450	£2,075	£1,475
Yorkshire and the Humber	£38,500	£2,525	£1,925	£1,575

Base: All trainers completing the Cost of Training survey (unweighted=7,190; weighted=974, 091).
Notes: Mean expenditure rounded to the nearest £100. Costs per trainee rounded to the nearest £25. Per trainee figures calculated using respondents' trainee numbers from main NESS07 data.

In terms of per-trainee expenditure, employers in the North West and London spend the most per trainee (just over £3,000 each); and employers in the East Midlands report the lowest per trainee expenditure (approximately £2,300).

Generally the expenditure per off- and on-the-job trainee in each region varies in tandem: if spend per off-the-job trainee is above average, so is spend per on-the-job trainee, and vice versa. Employers in the North East and Eastern regions break this pattern, however: in these regions the above average spend per trainee is driven by higher than average spend for recipients of off-the-job training, and the equivalent figure for on-the-job training spend per trainee is actually below the national average.

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Annex A: Technical Appendix for National Employers Skills Survey 2007

The following section provides further details on the key aspects of the survey methodology employed for the National Employers Skills Survey 2007 (NESS07). In Annex B we provide further details of the Cost of Training study reported on in Section 7, which involved re-contacting those from the main study to investigate in detail their expenditure on training.

Appendix A1: Sampling

The sample design was complex, being set against a three-dimensional grid defined by sector of business activity and size of establishment within local Learning and Skills Council (local LSC) area. In summary, the key elements of the design were as follows:

- An initial target of 75,000 interviews were distributed across each of the nine English regions in proportion to the number of establishments within that region.

- Within each region, interviews were then distributed by LSC area in proportion to the number of establishments within each local area.

- Within each local LSC area, half of the target number of interviews was distributed across each of 28 sectors (defined using the 25 sector skill council (SSC) footprints, and with three additional 'sectors' grouping those employers not currently covered by an SSC) in proportion to the number of establishments within the sector. The remaining interviews were distributed evenly across each sector. Full details of the nature and coverage of the SSC sectors are provided in Annex D.

- Targets within each sector were then calculated against six size bands, in proportion to the number of people working in establishments of that size.

- ***This distributed the 75,000 interviews across more than 7,500 cells (i.e. a matrix of six size bands crossed by 28 sectors within 47 local LSCs).***

- Boosts took place in LSC Northampton and LSC Lincolnshire & Rutland (both in the East Midlands region). Boosts were also undertaken across the South East and London regions. These brought the total sample size up to 78,777.

Sample was drawn from Experian, the established sample list supplier which also provided sample for NESS03, NESS04 and NESS05 (and for all previous national employer skill surveys).

The targets set as described above were subject to a final check against the available Experian sample. Where the target number of interviews exceeded the available sample, the target was adjusted accordingly. Otherwise, targets were allowed to stand, and detailed instructions issued for how target interviews were to be 'replaced' should there not be sufficient sample to achieve them.

Appendix A2: Survey fieldwork

A total of ***79,018 interviews*** were conducted by telephone using computer-aided telephone interviewing (CATI) technology.

Fieldwork across the regions was undertaken by three research agencies, as follows:

Agency	Regions
BMG	East Midlands
	South East
	South West
	West Midlands
IFF Research	London
	North East
GfK NOP	Eastern
	North West
	Yorkshire and the Humber

Interviews were conducted with '*the most senior person at the site who [had] responsibility for human resource and personnel issues*'. If the establishment had been interviewed on NESS04 or NESS05 we targeted the respondent contacted in the previous survey checking – if the respondent was still employed at the establishment – that they were still the most appropriate person to speak to.

Fieldwork took place from April to July 2007.

Appendix A3: Industry coding

Each establishment was allocated to a sector using the following method. Using the four- and sometimes five-digit Standard Industrial Classification (SIC) supplied for each record from the Experian database, a description of business activity was read out to each respondent. If they agreed that this description matched the main activity undertaken at the establishment, then the SIC on Experian's database was assumed to be correct. If the respondent felt the description did not correspond to their main business activity at the site, a verbatim response was collected. At the analysis stage this was coded to a four-digit SIC which was then used as the basis for allocation into sector.

Appendix A4: Occupational coding

The occupational data collected in the survey were collected both pre-coded and verbatim. The former included the occupational breakdown of employment (question D1 to D1c) where respondents were asked how many of their workforce fell into each of the nine major (one-digit) Standard Occupation Classification (SOC) 2000 categories (managers through to elementary occupations). However, on vacancy measures (for example the occupations in which vacancies exist – question C2) this information was collected verbatim. This was then coded at the analysis stage, where possible to a three-digit level SOC, if not two- or one-digit level.

Appendix A5: Design of the questionnaire

The questionnaire for the survey was developed by IFF Research in conjunction with the Project Steering Group, and revised following a pilot exercise. Although the questionnaire drew heavily on previous NESS questionnaires to maximise comparability, a number of new question areas were introduced covering:

- Awareness of and involvement in Train to Gain (E25 and E26)
- The desired role and effectiveness of government in regard to education, training and qualifications (E27 and E28)
- Involvement in Apprenticeships (E28ai to E33)

The questionnaire is presented in Appendix A7.

Appendix A6: Grossing-up

Data for the survey were grossed-up to population estimates of establishments (some 1.45 million establishments) and to the population of employees (22.3 million). These population estimates were derived from the 2006 Inter-Departmental Business Register (IDBR).

The grossing-up procedure on which this report has been based was undertaken at regional level. (Grossing-up allowing local LSC-level analysis was also undertaken and this has been supplied to the LSC in an SPSS file.) Within each region the grossing-up took place on a 28-sector and five-size band interlocking grid (i.e. 140 cells). There were instances where within a region no interviews were conducted in cells where the IDBR indicated that establishments existed. There were also instances where a low number of interviews were conducted in relation to the population of that cell, which would have resulted in high relative weights being applied to these establishments. In both instances, cells were merged. This was done both within an industry (i.e. merging size bands) and across industries (i.e. merging different sectors within a size band).

Appendix A7: The questionnaire

PRIVATE & CONFIDENTIAL	National Employers Skills Survey 2007 Mainstage Questionnaire	J:4310 Version 4a

SCREENING OUTCOMES (TAKE FROM S3 IF ANSWERED, S2 IF NOT ANSWERED S3, S1 IF NOT ANSWERED S3 OR S2)	
Hard Appointment	S1/S2/S3 = code 3
Soft appointment	S1/S2/S3 = code 4
Refusal	S1/S2/S3 = code 5
Refusal (Company Policy)	S1/S2/S3 = code 6
Refusal (Taken part in recent survey)	S1/S2/S3 = code 7
Nobody at site able to answer questions	S1/S2/S3 = code 8
Not available in deadline	S1/S2/S3 = code 9
Company too small / <2 employment	S1/S2/S3 = code 10 OR A1TOT < 2
Don't know exact employment	A1TOT = Don't know
Residential number	S1 = code 14
Dead line	S1 = code 15
Company closed	S1 = code 16
Out of quota	From A1TOT
[NOTE – If Sector quota filled, sample is removed immediately]	

ASK ALL

S1. **Good morning/afternoon, my name is XXX and I am calling from IFF Research, an independent research organisation, on behalf of the government and its agencies. Can I just check, is this … *COMPANY* …?**

SINGLE CODE

Yes	1	**CONTINUE**
No – incorrect name	2	***Record correct company name***
Definite appointment	3	**MAKE DEFINITE APPOINTMENT / SOFT CALL BACK**
Soft appointment	4	
Refusal – no reason given	5	**CLOSE**
Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small / <2 employment	10	
Engaged	11	
Fax	12	
No reply / Answering machine	13	
Residential number	14	
Dead line	15	
Company closed	16	
Duplicate – already called about this survey	17	

ASK ALL

S2. *[TEXT SUBSTITUTION: IF HAVE NO NAMED SAMPLE FROM NESS 2003, NESS 2004 OR NESS05, OR NAMED RESPONDENT NO LONGER AT SITE OR BEST PERSON TO TALK TO (S2/12 or S2a/2)]*
We are conducting a survey about recruitment, human resources and workplace skills. Can I speak to the person at this establishment who has greatest involvement in these sorts of issues? *]*

[TEXT SUBSTITUTION: IF HAVE NAMED SAMPLE FROM NESS 2003 / NESS 2004 / NESS05
Can I please speak to *[INSERT NAMED CONTACT] …?]*

INTERVIEWER NOTE
IF RESPONDENT ATTEMPTS TO TRANSFER TO SOMEONE AT ANOTHER SITE:
We need to speak to someone at this site rather than someone at another branch or office of your organisation. Could I speak to the person at this site who would have the best overview of the skills that your establishment needs its workers to have.

SINGLE CODE

Yes – transferred	1	***Check***
Yes – correct respondent speaking	2	
Definite appointment	3	*Make definite appointment / soft call back*
Soft appointment	4	
Refusal	5	*Close*
Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small / <2 employment	10	
Duplicate – already called about this survey	11	
[IF NAMED CONTACT] No-one of that name works here / Person no longer works here	12	*Re-ask S2*

IF HAVE NAMED SAMPLE FROM NESS 2003/NESS 2004/NESS05 AND S2/1-2, OTHERS GO TO S3

S2a **Are you the person who would have the best overview of recruitment issues, human resources and workplace skills at this site?**

Yes	1	**CONTINUE**
No	2	*Reask S2*

ASK ALL

S3. **Good morning/afternoon, my name is XXX and I am calling from IFF Research, an independent research organisation. We are conducting a major research project on behalf of the government and its agencies to find out what skills businesses need. The information will be used to plan training provision to ensure it meets the skills needs of businesses.**

IF HAVE NAMED CONTACT FROM NESS 2003 / NESS 2004 / NESS05 AND S2 NOT CODE 12 AND S2a NOT CODE 2. **You may remember that you helped us with a similar survey a year ago.**

INTERVIEWER NOTE: The core client agency is the Learning and Skills Council (LSC); the partner organisations are: the Department for Education and Skills, Regional Development Agencies, the Sector Skills Development Agency and Sector Skills Councils.

The interview will take on average … [TEXT SUBSTITUTION: IF EMPLOYMENT ON SAMPLE 2-24 PEOPLE**: 10 minutes /** IF EMPLOYMENT MORE THAN 10 PEOPLE**: 20 minutes**] **… depending on the answers given. Would it be convenient to conduct the interview now?**

SINGLE CODE

Yes – continue	1	**CONTINUE**
Definite appointment	3	*Make definite appointment / soft call back*
Soft appointment	4	
Refusal – no reason given	5	*Close*
Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small / <2 employment	10	
Duplicate – already called about this survey	11	

ADD IF NECESSARY

- Your co-operation will ensure that the views expressed are representative of all employers
- The results will be available later this year and will be posted on the LSC's website: www.lsc.gov.uk
- All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or company.
- We work strictly within the Market Research Society Code of Conduct
- Contact at IFF Research is Laura Godwin if they would like to find out more about the survey (020 7250 3035) EACH CONTRACTOR TO ADAPT
- Contact at Learning & Skills Council is Tracy Mitchell (Tel: 02476 825 719)
- Establishments have been randomly chosen from British Telecom Yellow Pages and Thompson's Directories (now owned by Experian)

Section A: Establishment details

I would like to begin by asking you some general questions about this establishment or site. By establishment or site I mean this single location, even if it encompasses more than one building.

ASK ALL

A1. **Including you and any working proprietors, how many people are on the payroll at this location?** *PROBE FOR BEST ESTIMATE*

ADD AS NECESSARY: **Do not include outside contractors/agency staff nor the self-employed other than a self-employed owner**
ADD AS NECESSARY: **Include both full-time and part-time staff**
ADD AS NECESSARY: **Partners in a partnership should be included**

WRITE IN NUMBER __(1-99999)__ [DON'T KNOW = THANK AND CLOSE]

A1RAN CATI INSTRUCTION – AUTOMATICALLY CODE TO GRID BELOW

1	1	*THANK AND CLOSE*
2-4	2	*ASK A2*
5-9	3	
10-24	4	
25-49	5	
50-99	6	
100-199	7	
200-250	8	
251-499	9	
500+	10	

IF A1 > 1500 ASK:

A1chk **I've recorded that as** [insert number from A1] **part-time and full-time employees on the payroll at this location, excluding contractors/agency staff, is this correct?**

Yes	1	*CONTINUE*
No	2	*RE-ASK A1*

A1TOT – CATI DUMMY VARIABLE CALCULATING TOTAL EMPLOYMENT: take from A1

A1DUM – CATI CLASSIFY ESTABLISHMENT SIZE BY EMPLOYMENT AGAINST QUOTA GRIDS

ASK ALL EXCEPT SIC CODES 36639, 74879, 93059 AND 52489 (SIC CODES 36639, 74879, 93059 AND 52489 GO TO A3)

A2. **I have** *[READ OUT SIC DESCRIPTION ON SAMPLE – SEE ANNEX A FOR FULL LISTING]* **as a general classification for your establishment. Does this sound about right?**

Yes	1	*GO TO A4*
No	2	*ASK A3*

ASK IF NO AT A2, OR IF SIC CODES 36639, 74879, 93059 OR 52489 (OTHERS GO TO A4)

A3. **What is the main business activity at this establishment?**
PROBE AS NECESSARY:
What is the main product or service of this establishment?
What exactly is made or done at this establishment?
What material or machinery does that involve using?

WRITE IN. MUST CODE TO 4-DIGIT SIC.

ASK ALL

A4. **Would you classify your organisation as one <u>mainly</u> seeking to make a profit; as a charity or voluntary sector organisation; as a local-government financed body, or as a central government financed body? CODE ONE ONLY**

Seeking a profit	1	Go to A6
Charity / voluntary sector	2	
Local government financed body	3	
Central government financed body	4	ASK A5a
None of the above / other	5	Go to A5

ASK IF NONE OF THE ABOVE / OTHER AT A4

A5. **How would you classify the activities of the organisation?**

IF CENTRAL GOVERNMENT FINANCED (CODE 4 AT Q4)

A5a Is this establishment part of any of the following: READ OUT AND CODE ONE ONLY

The Civil Service, including the Foreign Office but excluding the Diplomatic Service	1
The Ministry of Defence	2
The Armed Services	3
Or is it an Executive Agency or other non-departmental public body (such as the Arts Council; Qualifications and Curriculum Authority; Design Council; Disability Rights Commission or Low Pay Commission.)	4
(DO NOT READ OUT) **None of the above** [WRITE IN]	5
Don't know /not sure	X

ASK ONLY IF PRIVATE OR VOLUNTARY SECTOR OR NONE OF THE ABOVE (A4/1,2 OR 5)

A6. **Is this establishment...** *READ OUT*

The only establishment in the organisation, or	1	Go to A8
One of a number of establishments within a larger organisation	2	Go to A7
DO NOT READ OUT:Don't know	3	Go to A8

ASK IF MULTI-SITE (A6=2) AND THERE ARE 250 OR LESS EMPLOYED IN THE ESTABLISHMENT (A1<251)

A7. **Does the overall organisation employ more than 250 people?**

Yes	1	
No	2	
DO NOT READ OUT: Don't know	3	

ASK ALL

A8. **In the last 12 months has this site taken on anyone aged under 24 to their first job on leaving school, college or university?**

Yes	1	*ASK A9*
No	2	*ASK C1*
Don't Know	X	

IF RECRUITED ANYONE AGED UNDER 24 TO FIRST JOB ON LEAVING EDUCATION IN LAST 12 MONTHS (A8/1), OTHERS GO C1

A9 **Have any of these been….?** *READ OUT. CODE ALL MENTIONED*

	Yes	No	Don't know
a) 16 year olds recruited to their first job from school [IF NECESSARY ADD: who have undertaken compulsory education but no more]	1	2	3
b) 17 or 18 year olds recruited to their first job from school or college	1	2	3
c) Recruited to their first job from University or other Higher Education institution	1	2	3

IF RECRUITED ANYONE DIRECTLY FROM SCHOOL IN LAST 12 MONTHS (A9a=1)

A10a **How well prepared for work have the 16 year old school leavers been…?** *READ OUT*

Very well prepared	1	CHECK Q10c
Well prepared	2	
Poorly prepared	3	ASK Q10b
Or very poorly prepared	4	
DO NOT READ OUT: Don't know / Varies too much to say	X	CHECK Q10c

ASK IF POORLY OR VERY POORLY PREPARED (A10a/3-4)

A10b **In what ways have they been poorly prepared? What skills have they been lacking?** *PROBE FULLY.*

RECORD VERBATIM	

IF RECRUITED ANY 17-18 YR OLDS AT A9b (A9b=1)

A10c **How well prepared for work have the 17-18 year olds you have recruited to their first job from school or college been…?** *READ OUT*

Very well prepared	1	CHECK Q10e
Well prepared	2	
Poorly prepared	3	ASK Q10d
Or very poorly prepared	4	
DO NOT READ OUT: Don't know / Varies too much to say	X	CHECK Q10e

ASK IF POORLY OR VERY POORLY PREPARED (A10c/3-4)

A10d **In what ways have they been poorly prepared? What skills have they been lacking?** *PROBE FULLY.*

RECORD VERBATIM	

IF RECRUITED ANYONE FROM UNIVERSITY IN LAST 12 MONTHS (A9c=1)

A10e **How well prepared for work have the people aged under 24 that you have recruited to their first job from university or other higher education institutions been…?** *READ OUT*

Very well prepared	1	ASK C1
Well prepared	2	
Poorly prepared	3	ASK Q10f
Or very poorly prepared	4	
DO NOT READ OUT: Don't know / Varies too much to say	X	ASK C1

ASK IF POORLY OR VERY POORLY PREPARED (A10e/3-4)

A10f **In what ways have they been poorly prepared? What skills have they been lacking?** *PROBE FULLY.*

RECORD VERBATIM	

SECTION C: Recruitment and Hard to fill vacancies

ASK ALL

C1. **Changing the subject slightly, how many vacancies, if any, do you currently have at this establishment?** *PROBE FOR BEST ESTIMATE*

WRITE IN NUMBER _____ [ALLOW DON'T KNOW. IF 0 OR DON'T KNOW GO TO D1]

IF C1 > 100 ASK:

C1chk **I've recorded that as** (insert number from C1), **is this correct?**

Yes	1	*CONTINUE*
No	2	*RE-ASK C1*

ASK ALL WITH ANY VACANCIES AT C1. OTHERS GO TO D1.

C2. *TEXT SUBSTITUTION: IF C1>1:* **In which specific occupations do you currently have vacancies at this establishment?** */ IF C1=1:* **In which specific occupation do you currently have a vacancy at this establishment?**
PROMPT FOR FULL DETAILS (E.G. IF 'MANAGER' PROBE: WHAT TYPE OF MANAGER?) RECORD DETAILS FOR UP TO 6 OCCUPATIONS.

DUMVAC CATI DUMMY VARIABLE – LIST OF UP TO 6 OCCUPATIONS WITH VACANCIES

IF >1 OCCUPATION WITH VACANCIES AT C2, ASK C3. OTHERS GO TO C4.

C3. **How many vacancies do you have for** *[EACH OCCUPATION AT C2]***?**
PROBE FOR BEST ESTIMATE

CATI – NUMBER OF VACANCIES FROM C1 TO APPEAR ON SCREEN

CATI – DO NOT ALLOW DON'T KNOW. ANSWER MUST BE AT LEAST 1

C2	C3 – number
Occupation 1 -	(1-9999)
Occupation 2 -	(1-9999)
Occupation 3 -	(1-9999)
Occupation 4 -	(1-9999)
Occupation 5 -	(1-9999)
Occupation 6 -	(1-9999)

CATI CHECK 6: TOTAL OF ALL VACANCIES AT C3 MUST SUM TO C1 (UNLESS GIVE 6 OCCUPATIONS IN WHICH CASE TOTAL CANNOT BE GREATER THAN C1).

IF FAIL CATI CHECK 6: PROMPT RESPONDENT WITH … **This sums to [INSERT C3 SUM] but you just told me that you had [INSERT C1] vacancies in total**…THEN RE-ASK C3

ASK ALL WITH VACANCIES AT C1

C4. *TEXT SUBSTITUTION: IF C1>1:* **Are any of these vacancies proving hard to fill?** */ IF C1=1:* **Is this vacancy proving hard to fill?**

Yes	1	*ASK C5*
No	2	*GO TO D1*
Don't know	3	*GO TO D1*

ASK C5 IF YES AT C4 AND C1 > 1 (IF C4 YES AND C1=1 THEN ASK C5A)
ASK C5 FOR EACH OCCUPATION AT C2

C5. **How many of your vacancies for** *[TEXT SUBSTITUTION: OCCUPATION AT C2]* **are proving hard-to-fill***?*

CATI – SHOW ON SCREEN NUMBER OF VACANCIES FOR EACH OCCUPATION AT C2. ANSWER GIVEN MUST BE BETWEEN 0 AND C3 RESPONSE

	C5 Number of hard to fill vacancies
Occupation 1 -	(0 – RESPONSE AT C3_1)
Occupation 2 -	(0 – RESPONSE AT C3_2)
Occupation 3 -	(0 – RESPONSE AT C3_3)
Occupation 4 -	(0 – RESPONSE AT C3_4)
Occupation 5 -	(0 – RESPONSE AT C3_5)
Occupation 6 -	(0 – RESPONSE AT C3_6)

CATI CHECK 7: NUMBER OF HARD TO FILL VACANCIES MUST SUM TO > 0 AT C5.

IF FAIL CATI CHECK 7: PROMPT RESPONDENT WITH: **You told me earlier that you had vacancies that were hard-to-fill but I have not recorded any of them here**…THEN REASK C4

C5DUM – CATI DUMMY VARIABLE – LIST OF UP TO 6 OCCUPATIONS WITH HARD-TO-FILL VACANCIES

ASK C5A - C7 IN SEQUENCE FOR UP TO 6 OCCUPATIONS > 0 AT C5 (I.E. OCCUPATIONS WITH HARD-TO-FILL VACANCIES. NB IF C1=1 AND C4=YES, ASK ABOUT OCCUPATION FROM C2)

C5a **What are the main causes of having a hard to fill vacancy for** *[TEXT SUBSTITUTION: OCCUPATION WITH HARD TO FILL VACANCY AT C5]***?**
*DO **NOT** READ OUT. CODE ALL MENTIONED*

	Occupations with hard-to-fill vacancies					
	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5	Occ 6
Too much competition from other employers	1	1	1	1	1	1
Not enough people interested in doing this type of job	2	2	2	2	2	2
Poor terms and conditions (e.g. pay) offered for post	3	3	3	3	3	3
Low number of applicants with the required skills	4	4	4	4	4	4
LOW NUMBER OF APPLICANTS WITH THE REQUIRED ATTITUDE, MOTIVATION OR PERSONALITY	5	5	5	5	5	5
Low number of applicants generally	6	6	6	6	6	6
Lack of work experience the company demands	7	7	7	7	7	7
Lack of qualifications the company demands	8	8	8	8	8	8
Poor career progression / lack of prospects	9	9	9	9	9	9
Job entails shift work/unsociable hours	10	10	10	10	10	10
Seasonal work	11	11	11	11	11	11
Remote location/poor public transport	12	12	12	12	12	12
Other (WRITE IN)	13	13	13	13	13	13
No particular reason	14	14	14	14	14	14
Don't know	X	X	X	X	X	X

C6. THERE IS NO C6

FOR EACH OCCUPATION WHERE VACANCIES ARE HARD-TO-FILL BUT WHERE ONE OF CODE 4, 7 OR 8 AT C5A NOT MENTIONED (IF ALL HARD-TO-FILL OCCUPATIONS CODED 4, 7 OR 8 AT C5a, GO TO C6c)

C6a. **Can I just check, are you finding** *[TEXT SUB IF SUM OF C5 = 1 OR ONLY 1 HARD TO FILL VACANCY IN TOTAL [C1=1]:* **this vacancy***] [TEXT SUB IF C5>1:* **any of these vacancies***]* **for** *[EACH OCCUPATION MENTIONED]* **hard to fill because… ?** *READ OUT*

	Occ 1	**Occ 2**	**Occ 3**	**Occ 4**	**Occ 5**	**Occ 6**
Applicants have not been of sufficient quality	1	1	1	1	1	1
Because there have been few or no applicants	2	2	2	2	2	2
Or for both of these reasons	3	3	3	3	3	3
DO NOT READ OUT: Neither of these reasons	4	4	4	4	4	4
Don't know	5	5	5	5	5	5

ASK FOR ALL HARD-TO-FILL VACANCIES CAUSED BY LACK OF QUALITY (C6A/1 OR 3)

C6b. **You said that you have had problems with the quality of the candidates for** *[OCCUPATION]***. Would you say that they have been lacking… ?** *READ OUT. CODE ALL MENTIONED.*

	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5	Occ 6
The skills you look for	1	1	1	1	1	1
The qualifications you look for	2	2	2	2	2	2
The work experience that you require	3	3	3	3	3	3
Or do applicants tend to have poor attitudes, motivation and/or personality	4	4	4	4	4	4
DO NOT READ OUT: Don't know	X	X	X	X	X	X

ASK FOR EACH OCCUPATION WITH HARD-TO-FILL VACANCIES CAUSED BY LACK OF SKILLS [(C6B/1-3) OR (C5A/4 or 7 or 8)]

C6c. **Have you found any of the following skills difficult to obtain from applicants for** *[TEXT SUBSTITUTION: OCCUPATION WITH SKILLS SHORTAGE VACANCY] …? READ OUT* CODE ALL MENTIONED

CATI - ROTATE ORDER OF SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH IT USER SKILLS FIRST, FOLLOWED BY IT PROFESSIONAL SKILLS). TECHNICAL & PRACTICAL SKILLS, ANY OTHER SKILLS, NONE & DON'T KNOW MUST ALWAYS APPEAR LAST).

	Occupations with hard to fill vacancies					
	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5	Occ 6
General IT user skills	1	1	1	1	1	1
IT professional skills	2	2	2	2	2	2
Oral communication skills	3	3	3	3	3	3
Written communication skills	4	4	4	4	4	4
Customer handling skills	5	5	5	5	5	5
Team working skills	6	6	6	6	6	6
Foreign language skills	7	7	7	7	7	7
Problem solving skills	8	8	8	8	8	8
Management skills	9	9	9	9	9	9
Numeracy skills	10	10	10	10	10	10
Literacy skills	11	11	11	11	11	11
Office admin skills	12	12	12	12	12	12
Technical, practical or job-specific skills	13	13	13	13	13	13
Any other skills (WRITE IN)	14	14	14	14	14	14
No particular skills difficulties	15	15	15	15	15	15
Don't know	X	X	X	X	X	X

***ASK ALL WITH HARD-TO-FILL VACANCIES** (**C4**=1)*

C8 **Generally speaking, are hard-to-fill vacancies causing this establishment to…** *READ OUT***?**
CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "OTHER"/"NONE"/DON'T KNOW.

Lose business or orders to competitors	1
Delay developing new products or services	2
Have difficulties meeting quality standards	3
Increase operating costs	4
Have difficulties introducing new working practices	5
Increase workload for other staff	6
Outsource work	7
(DO NOT READ OUT) None	8
(DO NOT READ OUT) Don't know	X

ASK ALL WITH HARD-TO-FILL VACANCIES AT C4

C9 **What, if anything, is this establishment doing to overcome the difficulties that you are having finding candidates to fill these hard-to-fill vacancies?**
DO NOT READ OUT. PROBE FULLY. CODE ALL MENTIONED
INTERVIEWER NOTE: If the respondent mentions advertising or recruitment please probe to fully understand whether they are using a *new* method of recruitment (code 6), spending *more money* on recruitment (code 4), or both.

Increasing salaries	1
Increasing the training given to your existing workforce	2
Redefining existing jobs	3
Increasing advertising / recruitment spend	4
Increasing/expanding trainee programmes	5
Using NEW recruitment methods or channels	6
Other (WRITE IN)	7
Nothing	8
Don't know	X

SECTION D: Skills gaps

I'd now like to turn to the skills within your existing workforce. Please do not think about any external recruitment problems that you may face. First of all, I need to understand the different roles that your existing staff currently fill at this establishment. (ADD AS NECESSARY: Staff should be categorised according to their primary role, i.e. the one that takes up the greatest proportion of their time)

ASK ALL

D1 **You said earlier that there were** [INSERT NUMBER FROM A1TOT] **staff at this establishment. How many of these are employed as managers** [TEXT SUBSTITUTION IF PUBLIC SECTOR**: or senior officials**]**?**

ADD AS NECESSARY: **This categorisation covers occupations where main tasks consist of direction and co ordination of organisations and businesses. This can include the management of internal departments / sections.**
ADD AS NECESSARY: **Staff should be categorised according to their primary role, i.e. the one that takes up the greatest proportion of their time)**
(Note: this excludes supervisors)
(Note: if police force this covers inspectors and above)

WRITE IN NUMBER ___ [RESPONSE MUST NOT EXCEED A1TOT]]

CATI CHECK AFTER D1: IF NUMBER OF STAFF EMPLOYED AT A1 IS GREATER THAN 50 AND RESPONDENTS SAYS NO MANAGERS EMPLOYED AT D1

D1chka **Can I just check, I've recorded that there are no managers employed at this site – is this correct?**

Yes	1	*CONTINUE*
No	2	*GO BACK TO D1 AND RECODE (INTERVIEWER NOTE: TO CHANGE NUMBER OF STAFF USE '<A1')*

ASK IF A1 > D1, OTHERS GO TO D2

D1a **And how many – if any – of your** <insert total of A1-D1> **are employed in administrative or secretarial occupations?**
(Note: Staff should be categorised according to their primary role, i.e. the one that takes up the greatest proportion of their time)

[IF 'MANUFACTURING' (SIC ON SAMPLE – 01 TO 45) *ADD AS NECESSARY*: **INCLUDING SECRETARIES, RECEPTIONISTS & PAS, TELEPHONISTS, BOOK-KEEPERS, CREDIT CONTROLLERS/WAGE CLERKS, ASSISTANTS / CLERKS**]
[IF 'SERVICES' (SIC ON SAMPLE: 50-74 & 93) *ADD AS NECESSARY*: **INCLUDING SECRETARIES, RECEPTIONISTS & PAS, TELEPHONISTS AND COMMUNICATION OPERATORS, MARKET RESEARCH INTERVIEWERS, BOOK-KEEPERS, CREDIT CONTROLLERS/WAGE CLERKS, PENSION AND INSURANCE CLERKS, OFFICE ASSISTANTS, DATABASE ASSISTANTS**]
[IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) *ADD AS NECESSARY*: **including secretaries, receptionists & PAs, local government officers and assistants, civil service executive officers, book-keepers, credit controllers/wage clerks, office assistants, library and database assistants**]

ADD IF NECESSARY: **Administrative and secretarial occupations undertake general admin, clerical, secretarial work and perform a variety of specialist client orientated clerical duties. Generally speaking, all those with 'clerk', 'secretary' in the job title will fall into this group, including financial clerks and book-keepers.**

WRITE IN NUMBER ____ [RESPONSE MUST NOT EXCEED A1TOT – D1;]

ASK IF A1 > D1+D1A, OTHERS GO TO D2

D1b **You've told me that a total of XX of your XX staff are employed as managers or in administrative roles. I'd now like you to tell me what roles the remaining XX staff fill. I'm going to read you seven different occupational roles, and I'd like you to tell me if any of your remaining XX staff are employed in each. If staff carry out more than one role, please only include them in their main function.**

First, do you employ any staff at this establishment as …*OCCUPATION*…?

CATI CHECK 1: NUMBER OF CATEGORIES TO BE NO GREATER THAN NUMBER OF STAFF EMPLOYED NOT IN MANAGEMENT / ADMINISTRATIVE ROLES (i.e. A1TOT – (D1 + D1a))

SET UP CHECK SO THAT ONCE OCCUPATIONS HAVE BEEN ATTRIBUTED TO TOTAL NUMBER OF STAFF NO FURTHER OCCUPATIONS ARE ASKED ABOUT

FOR EACH OCCUPATION EMPLOYED (YES AT D1B, >0 AT D1A FOR ADMIN/SECRETARIAL STAFF AND >0 AT D1 FOR MANAGERS))

D1c **How many of your staff at this establishment are employed as …?** *READ OUT*

	D1B		D1C
	Yes	No	
Elementary occupations *ADD IF NECESSARY* **Elementary occupations require knowledge and experience necessary to perform mostly routine tasks usually involving use of simple hand held tools and in some cases physical effort. Most do not require formal educational qualifications.** [IF 'MANUFACTURING' (SIC ON SAMPLE – 01 TO 45) *ADD AS NECESSARY*: **INCLUDING LABOURERS, PACKERS, GOODS HANDLING AND STORAGE STAFF, SECURITY GUARDS, CLEANERS**] [IF 'SERVICES' (SIC ON SAMPLE: 50-74 & 93) *ADD AS NECESSARY*: **INCLUDING BAR STAFF, SHELF FILLERS, KITCHEN/CATERING ASSISTANTS, WAITRESSES, POSTAL WORKERS, CLEANERS, DRY CLEANERS, GOODS HANDLING AND STORAGE STAFF, SECURITY GUARDS**] [IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) *ADD AS NECESSARY*: **including labourers, cleaners, road sweepers, traffic wardens, security guards**]	1	2	(1-99999)
Process, plant and machine operatives *ADD IF NECESSARY*: **Process, plant and machine operative occupations require knowledge and experience to operate vehicles and other mobile and stationary machinery, and monitor industrial and plant equipment, or to assemble products. Most will not have a particular standard of education but will usually have formal experience related training.** *ADD IF NECESSARY*: **All transport and mobile machine drivers (except train drivers) belong in this group.** *ADD AS NECESSARY*: **including plant and machine operators plus routine operatives (sorters, assemblers) and HGV, van, fork lift, bus, taxi drivers**	1	2	(1-99999)

Sales and customer service occupations *ADD IF NECESSARY:* **Sales and customer services occupations require knowledge and experience necessary to sell goods and services, accept payment and replenish stocks, provide information to potential clients and additional services to customers after the point of sale.** *ADD AS NECESSARY*: **including sales assistants and retail cashiers, telesales, call centre agents, customer care occupations** *ADD AS NECESSARY:* **Buying and purchasing officers, sales representatives, estate agents or auctioneers SHOULD NOT be included in this group. These should be categorised as ASSOCIATE PROFESSIONAL AND TECHNICAL OCCUPATIONS.**	1	2	(1-99999)
Personal service occupations *ADD IF NECESSARY:* **Personal service occupations involve the provision of service to customers whether in a public protective or personal care capacity. Main tasks usually involve the care of the sick, elderly and children and the provision travel care and hygiene services. These job-roles generally require a good standard of general education.** [IF 'MANUFACTURING' (SIC ON SAMPLE – 01 TO 45) *ADD AS NECESSARY*: **INCLUDING SUCH OCCUPATIONS AS CARE ASSISTANTS, NURSERY NURSES.**] [IF 'SERVICES' (SIC ON SAMPLE: 50-74 & 93) *ADD AS NECESSARY*: **INCLUDING TRAVEL AGENTS, TRAVEL ASSISTANTS, SPORT AND LEISURE ASSISTANTS, HAIRDRESSERS AND BEAUTICIANS, NURSERY NURSES/CHILDMINDERS, HOUSEKEEPERS**] [IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) *ADD AS NECESSARY*: **including care assistants and home carers, nursery nurses/childminders, ambulance staff, pest control officers, dental/ veterinary nurses, caretakers, sport and leisure assistants**] IF 'HEALTH AND SOCIAL CARE (SIC ON SAMPLE: 85)' *ADD AS NECESSARY*: **Occupations with high level vocational qualifications such as nurses, midwives, paramedics, physiotherapists, youth workers and welfare officers SHOULD NOT be included in this group. They are categorised as ASSOCIATE PROFESSIONAL AND TECHNICAL OCCUPATIONS).**	1	2	(1-99999)
Skilled trades occupations *ADD IF NECESSARY*: **Skilled trades occupations require a substantial period of training. Main tasks involve the performance of complex physical duties that normally involve initiative, manual dexterity and other practical skills.** *ADD AS NECESSARY*: **including farmers, electricians, motor mechanics, machine setters/tool makers, TV engineers, plumbers, carpenters, plasterers, printers, chefs, butchers, furniture makers** *ADD AS NECESSARY*: **Science and engineering technicians SHOULD NOT be included in this group. They are categorised as ASSOCIATE PROFESSIONAL AND TECHNICAL OCCUPATIONS.**	1	2	(1-99999)

Associate professional and technical occupations *ADD IF NECESSARY:* **Occupations in this group will usually require an associated high level vocational qualification, often involving substantial period of full time training or further study. Main tasks require experience and knowledge to assist in *supporting* professionals or managers.** [IF 'MANUFACTURING' (SIC ON SAMPLE – 01 TO 45) *ADD AS NECESSARY*: **INCLUDING SCIENCE AND ENGINEERING TECHNICIANS, LAB TECHNICIANS, IT TECHNICIANS, ACCOUNTING TECHNICIANS**.] [IF 'SERVICES' (SIC ON SAMPLE: 50-74 & 93) *ADD AS NECESSARY*: **INCLUDING INSURANCE UNDERWRITERS, FINANCE AND INVESTMENT ANALYSTS AND ADVISERS, WRITERS/JOURNALISTS, BUYERS, SALES REPS, ESTATE AGENTS, TRAIN DRIVERS/PILOTS, GRAPHIC DESIGNERS, FITNESS INSTRUCTORS**.] [IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) *ADD AS NECESSARY*: **including nurses, midwifes, junior police/fire/prison officers, therapists, paramedics, community workers, careers advisors, health and safety officers, housing officers, writers/journalists, fitness instructors**] *ADD IF NECESSARY:* **Most professionals in the arts, design, media or sports fields will be in this group** *ADD IF NECESSARY:* **Architects, surveyors, engineers, chartered accountants and management consultants SHOULD NOT be included in this group. They should be categorised as PROFESSIONAL OCCUPATIONS.**	1	2	(1-99999)
PROFESSIONAL OCCUPATIONS *ADD IF NECESSARY:* **Professional occupations will almost always require a degree or equivalent formal qualification. Some occupations will require postgraduate qualifications and/or a formal period of experience-related training.** **This categorisation includes high-level occupations in the natural sciences, engineering, life sciences, social sciences, humanities and related fields where job-holders will either be** - **practically applying extensive theoretical knowledge;** - **increasing the stock of knowledge through research;** - **communicating knowledge by teaching** [IF 'MANUFACTURING' (SIC ON SAMPLE – 01 TO 45) *ADD AS NECESSARY*: **INCLUDING PROFESSIONAL ENGINEERS, SOFTWARE AND IT PROFESSIONALS, ACCOUNTANTS, CHEMISTS AND SCIENTIFIC RESEARCHERS**] [IF 'SERVICES' (SIC ON SAMPLE: 50-74 & 93) *ADD AS NECESSARY*: **INCLUDING SOLICITORS AND LAWYERS, ACCOUNTANTS, IT PROFESSIONALS, ECONOMISTS, ARCHITECTS, ACTUARIES, DOCTORS, ENGINEERS]** [IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 EXCL 93) *ADD AS NECESSARY*: **INCLUDING DOCTORS, PSYCHOLOGISTS, TEACHERS, SOCIAL WORKERS, LIBRARIANS, ACCOUNTANTS, ECONOMISTS, IT PROFESSIONALS, ENGINEERS**]	1	2	(1-99999)

Thinking about these broad categories of employees, for each, I'd like to know how many you think are fully proficient at their job.

A proficient employee is someone who is able to do the job to the required level.

ASK ALL, ASKING FOR EACH OCCUPATION WITH STAFF AT D1 / D1A / D1B

D2 **How many of your** *[INSERT NUMBER FROM D1 / D1A / D1C]* **existing** *[TEXT SUBSTITUTION – EACH OCCUPATION > 0 AT D1 / D1A / D1C]* **would you regard as fully proficient at their job?**

CATI - SHOW NUMERIC BREAKDOWN AT D1C TO HELP RESPONDENTS ANSWER D2.

CATI - ANSWER AT D2 MUST BE BETWEEN 0 AND D1, D1A OR D1C RESPONSE FOR SAME OCCUPATION.

	D2
Managers [*ADD IF A4 NOT 1:* **and senior officials**]	(0 – RESPONSE AT D1)
Professional occupations	(0 – RESPONSE AT D1C_7)
Associate professional and technical occupations	(0 – RESPONSE AT D1C_6)
Administrative and secretarial occupations	(0 – RESPONSE AT D1A)
Skilled trades occupations	(0 – RESPONSE AT D1C_5)
Personal service occupations	(0 – RESPONSE AT D1C_4)
Sales and customer service occupations	(0 – RESPONSE AT D1C_3)
Process, plant and machine operatives	(0 – RESPONSE AT D1C_2)
Elementary occupations	(0 – RESPONSE AT D1C_1)

IF SUM OF D2 = **A1TOT,** GO TO SECTION E

OTHER (= HAVE SKILL GAPS) ASK D2a

D3DUM CATI DUMMY VARIABLE – LIST OF ALL OCCUPATIONS NOT FULLY PROFICIENT AT THEIR JOB

D3DUM2 CATI DUMMY VARIABLE – LIST OF 2 RANDOMLY CHOSEN OCCUPATIONS FROM D3DUM

D2a THERE IS NO D2a

ASK ALL WITH SKILL GAPS (IF NO SKILL GAPS, GO TO SECTION E)

*ASK D3 AND D4 OF UP TO **2 OCCUPATIONS** (CHOSEN AT RANDOM IF > 2 OCCUPATIONS WITH SKILL GAPS) FROM D2 WHERE STAFF NOT FULLY PROFICIENT [I.E WHERE D2 LESS THAN A9]*

D3. *[TEXT SUBSTITUTION IF >2 OCCUPATION AT D2 NOT PROFICIENT*: **I want to ask about two of the categories where you say not all staff are proficient**]. **What are the main causes of some of your (*OCCUPATION*) not being fully proficient in their job…?** *READ OUT.* CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "OTHER"/"NO PARTICULAR CAUSES"/DON'T KNOW

	Occ 1	Occ 2
Failure to train and develop staff	1	1
Recruitment problems	2	2
High staff turnover	3	3
Inability of workforce to keep up with change	4	4
Lack of experience or their being recently recruited	5	5
Staff lack motivation	6	6
Any other cause (WRITE IN)	7	7
DO NOT READ OUT: No particular causes	8	8
DO NOT READ OUT: Don't Know	X	X

ASK OF THE SAME OCCUPATIONS AS D3

D4. **Thinking about your (OCCUPATIONS) who are not fully proficient which, if any, of the following skills do you feel need improving… ?** *READ OUT*
CODE ALL MENTIONED.

CATI - ROTATE ORDER OF SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH "GENERAL IT USER SKILLS" FIRST, FOLLOWED BY "IT PROFESSIONAL SKILLS". "TECHNICAL & PRACTICAL SKILLS", "ANY OTHER SKILLS", "NONE" & "DON'T KNOW" MUST ALWAYS APPEAR LAST).

IF MORE THAN ONE SKILL MENTIONED FOR AN OCCUPATION AT D4

D4b. **And which of these skills that are lacking for [occupation] is having the greatest negative impact on the establishment?**
READ OUT CODES MENTIONED

CATI – ASK D4B AFTER EACH OCCUPATION AT D4. ONLY SHOW SKILLS CODED AT D4

	Occ 1		Occ 2	
	D4	D4B	D4	D4B
General IT user skills	1	1	1	1
IT professional skills	2	2	2	2
Oral communication skills	3	3	3	3
Written communication skills	4	4	4	4
Customer handling skills	5	5	5	5
Team working skills	6	6	6	6
Foreign language skills	7	7	7	7
Problem solving skills	8	8	8	8
Management skills	9	9	9	9
Numeracy skills	10	10	10	10
Literacy skills	11	11	11	11
Office admin skills	12	12	12	12
Technical, practical or job-specific skills	13	13	13	13
Any other skills (WRITE IN)	14	14	14	14
No particular skills difficulties	15	15	15	15
No individual skills having the greatest impact (SHOW FOR D4B ONLY)		16		16
Don't know	X	X	X	X

ASK ALL WITH SKILL GAPS

D5b **Is the fact that some of your staff are not fully proficient causing this establishment to…?**
READ OUT
CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM "NONE"/DON'T KNOW

Lose business or orders to competitors	1
Delay developing new products or services	2
Have difficulties meeting quality standards	3
Increase operating costs	4
Have difficulties introducing new working practices	5
Increase workload for other staff	6
Outsource work	7
(DO NOT READ OUT) No particular problems / None of the above	8
(DO NOT READ OUT) Don't know	X

ASK ALL WITH SKILL GAPS

D6. **What action, if any, is this establishment taking to overcome the fact that some of its staff are not fully proficient in their job?** *DO NOT READ OUT. CODE ALL MENTIONED.*

Increase training activity / spend or increase/expand trainee programmes	1
Increase recruitment activity / spend	2
More staff appraisals / performance reviews	3
Implementation of mentoring / buddying scheme	4
More supervision of staff	5
Other action (WRITE IN)	6
Nothing	7
Don't know	X

SECTION E: Workforce Training and Development

ASK ALL

E1a. **Does your establishment have a business plan that specifies the objectives for the coming year?**

INTERVIEWER NOTES:

- ***IF RESPONDENT INDICATES THAT ESTABLISHMENT IS COVERED BY A COMPANY WIDE BUSINESS PLAN CODE AS A 'YES'***
- ***CODE AS 'NO' IF IN PROCESS OF DRAWING UP FIRST BUSINESS PLAN, TRAINING PLAN, ETC.***
- ***CODE AS 'YES' IF CURRENTLY HAVE BUSINESS PLAN, TRAINING PLAN, ETC. BUT IN PROCESS OF DRAWING UP NEW ONE.***

Yes	1
No	2
Don't know	3

ASK ALL

E1b. Does your establishment have a training plan that specifies in advance the level and type of **training your employees will need in the coming year?**

Yes	1
No	2
Don't know	3

ASK ALL

E1c. **Does your establishment have a budget for training expenditure?**

Yes	1
No	2
Don't know	3

ASK ALL

E2. **What percentage of your staff have a formal written job description?** *PROBE FOR BEST ESTIMATE*

WRITE IN % _____(0-100%)_____

IF DON'T KNOW, PROMPT WITH RANGES AS NECESSARY.

None	1
Less than 10%	2
10% - 19%	3
20% - 29%	4
30% - 39%	5
40% - 49%	6
50% - 59%	7
60% - 69%	8
70% - 79%	9
80% - 89%	10
90% - 99%	11
100%	12
DO NOT READ OUT: Don't know	X

ASK ALL

E3. **Does this establishment formally assess whether individual employees have gaps in their skills?**

Yes	1
No	2

ASK ALL

E3a. **What percentage of your staff have an annual performance review?** *PROBE FOR BEST ESTIMATE*

WRITE IN % _____(0-100%)_____

IF DON'T KNOW, PROMPT WITH RANGES AS NECESSARY.

None	1
Less than 10%	2
10% - 19%	3
20% - 29%	4
30% - 39%	5
40% - 49%	6
50% - 59%	7
60% - 69%	8
70% - 79%	9
80% - 89%	10
90% - 99%	11
100%	12
DO NOT READ OUT: Don't know	X

I am now going to ask you some questions about staff training and development.

ASK ALL

E4A Over the past 12 months have you funded or arranged any off-the-job training or development for employees at this site. By off-the-job training we mean training away from the individual's immediate work position, whether on your premises or elsewhere?

Yes	1
No	2
Don't know	3

ASK ALL

E4B **Next, I'd like to discuss on-the-job and informal training and development. By this I mean activities that would be recognised as training by the staff, and not the sort of learning by experience which could take place all the time. Have you funded or arranged any such on-the-job or informal training over the last 12 months?**

Yes	1
No	2
Don't know	3

E4DUM CATI VARIABLE:

Provide both off-the-job and on-the-job training	**1**
Provide off-the-job training only	**2**
Provide on-the-job training only	**3**
Provide neither off-the-job nor on-the-job training	**4**

ASK IF E4A/1 OR E4B/1

E4c **Over the last 12 months how many staff employed at this establishment have you funded or arranged training and development for, including any who have since left?**

WRITE IN ____(1 – 99999)____

PROMPT WITH RANGE IF DON'T KNOW

1-2	1
3-4	2
5-9	3
10-19	4
20-29	5
30-39	6
40-49	7
50-99	8
100-199	9
200 or more	10
(DO NOT READ OUT) Don't know	X

Off-the-job training

E5DUM CATI DUMMY VARIABLE – LIST EACH OCCUPATION EMPLOYED AT D1-D1B FOR ALL WHO TRAIN OFF-THE-JOB AT E4A

IF PROVIDE OFF-JOB TRAINING AT ALL (E4a/1), OTHERS GO TO E6

E5 *TEXT SUBSTITUTION*

IF PROVIDED ON AND OFF-THE-JOB TRAINING: **Thinking ONLY about OFF-THE-JOB training, over the last 12 months which occupations have you funded or arranged off-the-job training for?** *PROMPT AS NECESSARY*

IF PROVIDED OFF-JOB TRAINING ONLY: **You said you had arranged off-the-job training for** *<insert total from Ecd>* **staff. Over the last 12 months, which occupations have you funded or arranged off-the-job training for?** *PROMPT AS NECESSARY*

CATI – SHOW ALL OCCUAPTIONS MENTIONED AT D1-D1B, PLUS (AS LONG AS NOT ALL 9 CATEGORIES ANSWERED YES AT D1-D1B) 'ANY OTHER OCCUPATIONS'

E5a **And for roughly how many staff classified as …OCCUPATION… have you funded or arranged off-the-job training in the last 12 months, including any who have since left?**

	E5	E5a
Managers (IF CODE 2, 3 or 4 AT A4 ADD: and senior officials)	1	NUMBER_____
PROFESSIONAL OCCUPATIONS	2	NUMBER_____
Associate professional and technical occupations	3	NUMBER_____
Administrative and secretarial occupations	4	NUMBER_____
Skilled trades occupations	5	NUMBER_____
Personal service occupations	6	NUMBER_____
Sales and customer service occupations	7	NUMBER_____
Process, plant and machine operatives	8	NUMBER_____
Elementary occupations	9	NUMBER_____
Any other occupations *(WRITE IN)*	10	NUMBER_____
Calculate sum		**SUM E5A**

IF SUM(E5a) > (A1 x 2) ASK:

E5chk. **You said you currently had** (insert value from A1) **employees but you have trained (insert sum of E5a) staff OFF-THE-JOB in the past 12 months, is this correct?**

Yes	1	*GO TO E5b*
No	2	*RE-ASK E5a*

IF PROVIDE OFF-JOB TRAINING AT ALL (E4A/1)

E5b. **And, over the last 12 months, on average, how many days off-the job training and development have you arranged FOR EACH MEMBER OF STAFF RECEIVING off-the-job training?**

NOTE TO INTERVIEWER: If respondent says 'a week' or 'two weeks' etc check: '**So how many WORKING days is that?'**

INTERVIEW NOTE: For "less than a day" please code "Don't know" and record on next screen

WRITE IN ABSOLUTE NUMBER _____(1-365)_____

E5BRAN: *IF DON'T KNOW AT E5B, PROMPT WITH RANGES*

Less than a day	13
1 day	1
2 days	2
3 – 4 days	3
5 – 6 DAYS	4
7 – 8 days	5
9 – 10 days	6
11 – 12 days	7
13 – 14 days	8
15 – 16 days	9
17 – 18 days	10
19 – 20 days	11
More than 20 days	12
DO NOT READ OUT: Don't know	X

IF MORE THAN 20 at E5B OR CODE 12 AT E5BRAN.

E5bchk **Can I just check that, on average, EACH MEMBER OF STAFF receiving off-the-job training and development has received** [INSERT ANSWER FROM E5b IF GAVE ASBOLUTE FIGURE OR **"more than 20"** IF CODE 12 ON DON'T KNOW RANGE] **days over the last 12 months**

Yes	1	*GO TO E5b*
No	2	*RE-ASK E5a*

ASK IF E4A/1

E5d **And how much of the off-the-job training that you have funded or arranged has been for health & safety or induction training?** *READ OUT*

WRITE IN % _____*(0-100%)*_____

IF DON'T KNOW, PROMPT WITH RANGES AS NECESSARY.

None	1
Less than 10%	2
10% - 19%	3
20% - 29%	4
30% - 39%	5
40% - 49%	6
50% - 59%	7
60% - 69%	8
70% - 79%	9
80% - 89%	10
90% - 99%	11
100%	12
DO NOT READ OUT: Don't know	X

On-the-job training

E6DUM CATI DUMMY VARIABLE – LIST EACH OCCUPATION EMPLOYED AT D1 FOR ALL WHO TRAIN OFF-THE-JOB AT E4

IF PROVIDE ON-JOB TRAINING AT ALL (E4b/1), OTHERS GO TO E7

E6 *TEXT SUBSTITUTION*

IF PROVIDED ON AND OFF-THE-JOB TRAINING: **Thinking now ONLY about on-the-job training, over the last 12 months in which occupations have the staff who have undertaken on-the-job training been employed in?** *PROMPT AS NECESSARY*

IF PROVIDED ON-JOB TRAINING ONLY : You said you had arranged on-the-job training for *<insert total from E4e>* staff. **Over the last 12 months which occupations have the staff who have undertaken on-the-job training been employed in?** *PROMPT AS NECESSARY*

CATI – SHOW ALL OCCUAPTIONS MENTIONED AT D1, PLUS (AS LONG AS NOT ALL 9 CATEGORIES ANSWERED YES AT D1) 'ANY OTHER OCCUPATIONS'

E6a **And for roughly how many staff classified as …OCCUPATION… have you arranged on-the-job training for in the last 12 months, including any who have since left?**

	E6	E6a
Managers (IF CODE 2, 3 or 4 AT A4 ADD: and senior officials)	1	WRITE IN NUMBER____
PROFESSIONAL OCCUPATIONS	2	WRITE IN NUMBER____
Associate professional and technical occupations	3	WRITE IN NUMBER____
Administrative and secretarial occupations	4	WRITE IN NUMBER____
Skilled trades occupations	5	WRITE IN NUMBER____
Personal service occupations	6	WRITE IN NUMBER____
Sales and customer service occupations	7	WRITE IN NUMBER____
Process, plant and machine operatives	8	WRITE IN NUMBER____
Elementary occupations	9	WRITE IN NUMBER____
Any other occupations *(WRITE IN)*	10	WRITE IN NUMBER____
Calculate sum		**SUM E6A**

IF SUM(E6a) > (A1 x 2) ASK:

E6achk. **You said you currently had** (insert value from A1) **employees but you have trained (insert sum of E6a) staff ON-THE-JOB in the past 12 months, is this correct?**

Yes	1	*GO TO E6b*
No	2	*RE-ASK E6a*

IF PROVIDE ON-JOB TRAINING AT ALL (E4B/1)

E6b. **And, over the last 12 months, on average, how many days on-the-job training and development have you arranged FOR EACH MEMBER OF STAFF RECEIVING TRAINING on-the-job?**

NOTE TO INTERVIEWER: If respondent says 'a week' or 'two weeks' etc check: '**So how many WORKING days is that?'**

WRITE IN ABSOLUTE NUMBER _____(1-365)_____

E6BRAN: *IF DON'T KNOW AT E6B, PROMPT WITH RANGES*

Less than a day	13	*ASK E6D*
1 day	1	
2 days	2	
3 – 4 days	3	
5 – 6 DAYS	4	
7 – 8 days	5	
9 – 10 days	6	
11 – 12 days	7	
13 – 14 days	8	
15 – 16 days	9	
17 – 18 days	10	
19 – 20 days	11	
More than 20 days	12	*ASK E6BCHK*
DO NOT READ OUT: Don't know	X	*ASK E6D*

IF MORE THAN 20 at E6B OR CODE 12 AT E6BRAN.

E6bchk **Can I just check that, on average, EACH MEMBER OF STAFF receiving on-the-job training and development has received** [INSERT ANSWER FROM E6b IF GAVE ASBOLUTE FIGURE OR **"more than 20"** IF CODE 12 ON DON'T KNOW RANGE] **days over the last 12 months**

Yes	1	*GO TO E6d*
No	2	*RE-ASK E6b OR E6bRAN*

There is no E6c

ASK IF PROVIDE ON-JOB TRAINING AT ALL (E4B/1)

E6d **And how much of the on-the-job training that you have funded or arranged has been for health & safety or induction training?** *READ OUT*

WRITE IN % _____(0-100%)_____

IF DON'T KNOW, PROMPT WITH RANGES AS NECESSARY.

None	1
Less than 10%	2
10% - 19%	3
20% - 29%	4
30% - 39%	5
40% - 49%	6
50% - 59%	7
60% - 69%	8
70% - 79%	9
80% - 89%	10
90% - 99%	11
100%	12
DO NOT READ OUT: Don't know	X

Training to qualifications

ASK ALL PROVIDING TRAINING (E4a/1 or E4b/1)

E7 **Thinking now about qualifications, how many people that you have funded or arranged training for [TEXT SUBSTITUTION IF BOTH ON AND OFF THE JOB: whether on- or off-the-job,] over the past 12 months are or were being trained towards a nationally recognised qualification?**

WRITE IN ____(0 – 99999)____

PROMPT WITH RANGE IF DON'T KNOW

None	1
1-2	2
3-4	3
5-9	4
10-19	5
20-29	6
30-39	7
40-49	8
50-99	9
100-199	10
200 or more	11
(DO NOT READ OUT) Don't know	X

CATI CHECK – ANSWER GIVEN AT E7 SHOULD NOT BE GREATER THAN ANSWER GIVEN AT E4C.

IF PROVIDE TRAINING LEADING TO NATIONALLY RECOGNISED QUALIFICATION (E7>0 or bands 2-11)

E7b **How many of your workforce over the past 12 months are or were being trained towards an NVQ, that is a National Vocational Qualification?**

WRITE IN ____(0 – 99999)____

PROMPT WITH RANGE IF DON'T KNOW

None	1
1-2	2
3-4	3
5-9	4
10-19	5
20-29	6
30-39	7
40-49	8
50-99	9
100-199	10
200 or more	11
(DO NOT READ OUT) Don't know	X

CATI CHECK – ANSWER GIVEN AT E7B SHOULD NOT BE GREATER THAN ANSWER GIVEN AT E7

ASK IF TRAINING TOWARDS AN NVQ (E7b>0 or bands 2-11)

E7c **And what NVQ levels are or were they being trained towards?**

DO NOT READ OUT. CODE ALL MENTIONED.

Level 1	1
Level 2	2
Level 3	3
Level 4 or above	4
Don't know	X

THERE IS NO E8-E12

ASK ALL WHO HAVE UNDERTAKEN TRAINING IN LAST YEAR (YES AT E4a/1 or E4b/1)
SINGLE CODE ONLY

E13. **And does this establishment formally assess whether the training and development received by an employee has an impact on his or her performance?**

Yes	1
No	2
Don't know	3

THERE IS NO E14-E20

ASK ALL PROVIDING TRAINING IN THE PAST 12 MONTHS (E4a/1 or E4b/1) – IF NOT TRAINED ASK E23

E21a. **In the past 12 months has your establishment used further education colleges to provide teaching or training?**

Yes	1	ASK E21b
No	2	ASK E21d
Don't know	3	ASK E22a

ASK IF 'YES' AT E21a (OTHERS CHECK E21d)

E21b **How satisfied have you been with the quality of the teaching or training you have received from further education colleges in the last 12 months?** *READ OUT*

Very satisfied	1
Quite satisfied	2
Neither satisfied not dissatisfied	3
Not very satisfied	4
Not at all satisfied	5
DO NOT READ OUT: Don't Know/Varies too much to say	X

E21c *THERE IS NO E21C*

ASK IF 'NO' AT E21a

E21d **Why hasn't your establishment used the teaching or training services of further education colleges in the past 12 months?** *DO NOT READ OUT. PROBE FULLY. CODE ALL MENTIONED.*

The courses they provide are not relevant	1
The quality or standard of the courses or training provided by FE colleges is not satisfactory	2
I don't know enough about the courses that they provide	3
There is a lack of information available about the courses they provide	4
The start dates or times of the courses are inconvenient	5
It is too expensive	6
Past use has not delivered the benefits you expected	7
Prefer to train in-house	8
No FE college locally	9
Other (WRITE IN)	10
No particular reason	11
Don't know	12

ASK ALL PROVIDING TRAINING IN THE PAST 12 MONTHS (E4a/1 or E4b/1)

E22a. **In the past 12 months has your establishment used other providers to deliver teaching or training? [INTERVIEWER NOTE: 'other providers' refers to those other than an FE college, e.g. an external consultant or a private training provider]**

Yes	1	ASK E22b
No	2	ASK E24a
Don't know	3	

ASK IF 'YES' AT E22a (OTHERS ASK Q22D)

E22b **How satisfied have you been with the quality of the teaching or training you have received from these other providers in the last 12 months?** *READ OUT*

Very satisfied	1	ASK E22c
Quite satisfied	2	
Neither satisfied not dissatisfied	3	
Not very satisfied	4	
Not at all satisfied	5	
Don't Know/Varies too much to say	X	

ASK ALL USING OTHER TRAINING PROVIDERS (E22a=1)

E22c **Has your establishment used universities to provide teaching or training in the last 12 months?**

Yes	1	ASK E24a
No	2	
Don't know	3	

ASK ALL THOSE WHO HAVE NOT TRAINED IN THE PAST 12 MONTHS (E4A/2 AND E4B/2)

E23. **You mentioned that you have not provided training for any employees at this location over the past 12 months. What are the reasons for this?** *DO NOT READ OUT. CODE ALL MENTIONED. PROBE:* ***What other reasons have there been?***

The courses interested in are not available locally	1
The quality of the courses or providers locally is not satisfactory	2
Difficult to get information about the courses available locally	3
I don't know what provision is available locally	4
The start dates or times of the courses are inconvenient	5
External courses are too expensive	6
Managers have lacked the time to organise training	7
Employees are too busy to give training	8
Employees are too busy to go on training courses	9
All our staff are fully proficient	10
Other (WRITE IN)	11
No particular reason	12

ASK ALL THOSE WHO HAVE TRAINED IN THE PAST 12 MONTHS (E4a/1 or E4b/1)

E24a **If you could have done, would you have provided MORE training for your staff than you were able to over the last 12 months?**

Yes	1	ASK E24b
No	2	ASK E25
Don't know	3	

ASK TO ALL WHO WOULD HAVE PROVIDED MORE TRAINING IF THEY COULD (E24a/1)

E24b **What barriers, if any, have there been preventing your organisation providing more training over the last 12 months for staff at this location? PROBE: what other barriers have you faced?** *DO NOT READ OUT. CODE ALL MENTIONED. PROBE FULLY.*

Lack of funds for training / training expensive	1
Can't spare more staff time (having them away on training)	2
Staff now fully proficient / don't need it	3
Staff not keen	4
A lack of good local training providers	5
Lack of provision (e.g. courses are full up)	6
Difficulty finding training providers who can deliver training where or when we want it	7
A lack of appropriate training / qualifications in the subject areas we need	8
Hard to find the time to organise training	9
Lack of knowledge about training opportunities and/or suitable courses	10
Other (WRITE IN)	11
None	X
Don't know	V

ASK ALL

E25 **I would now like to ask you about a Government initiative connected with learning and training called Train to Gain. Have you heard of this …?**

Yes	1	**GO TO E26**
No	2	**GO TO E27**
Don't know	3	

ASK IF HEARD OF TRAIN TO GAIN (E25=1)

E26 **And has your establishment been actively involved with Train to Gain in the last 12 months?**

INTERVIEWER NOTE: CODE "YES" IF THERE HAS BEEN ANY CONTACT WITH A SKILLS BROKER, OR IF A PROVIDER HAS BEEN IN CONTACT SPECIFICALLY ABOUT TRAIN TO GAIN.

Yes	1
No	2
Don't know	3

ASK ALL

I'm now going to read out a list of things that some employers have said are important for the government to provide. For each, I'd first like to know how important it is for you as an employer that the government provides this, and then how well you feel the government does in providing it.

E27. **So on a scale of 1 to 10, where 1 is not at all important and 10 is essential, how important is it to you as an employer that the government provides** [READ OUT FIRST ROTATED CODE]

E28. **And how well do the think the government does in providing this to you as an employer. Please use a scale of 1 to 10, where this time 1 means the government is doing extremely badly and 10 means you think the government is doing an excellent job…**

THEN ASK E27 AND E28 HORIZONTALLY FOR REMAINING CODES

	E27		E28	
		Don't know		Don't know
young people leaving compulsory education who are well prepared for work		X		X
funding for training your employees		X		X
help in understanding and meeting your training needs		X		X
good quality training provision for your existing workforce through FE colleges		X		X
good quality training provision for your existing workforce through universities		X		X
a national system of vocational qualifications to accredit achievement in training		X		X

ASK ALL EXCEPT IF A8=1 (A8=1 ASK E28aii)

E28ai **Turning now to recruitment of young people, have you recruited anyone aged 16-24 at this establishment in the last 12 months**?

Yes	1	**ASK E28AII**
No	2	**ASK E30**
Don't know	3	

IF YES AT E28ai OR A8=1

E28aii: [IF A8=1 ADD: **You said earlier that you had recruited people aged 16-24 in the last 12 months**]. **How many of these 16 to 24s, if any, were recruited to start an Apprenticeship or Advanced Apprenticeship for which you or a training provider receive government funding?**

None	1	ASK E29
ENTER NUMBER:	____	ASK E28B
Some but don't know the numbers	2	ASK E32
Don't know if recruited any	3	ASK E29

IF NUMBER > 0 AT E28aii

E28B: **How many of these were aged 16-18?**

None	1	ASK E29
ENTER NUMBER:	____	
Don't know	3	

ASK OF ALL WHERE E28aii is 0 OR DON'T KNOW (i.e. E28aii = codes 1 OR 3); IF E28aii ANSWERED >0 OR CODE 2 ASK E32

E29: **Currently or over the last 12 months have you had any staff from this establishment undertaking Apprenticeships or Advanced Apprenticeships for which you or a training provider receive government funding?**

Yes	1	**ASK E32**
No	2	**ASK E30**
Don't know	3	

IF NO OR DON'T KNOW AT E29 OR NO OR DK AT E28ai

E30: **Does this establishment offer Apprenticeships or Advanced Apprenticeships for which you or a training provider would receive government funding?**

Yes	1	**ASK E32**
No	2	**ASK E33**
Don't know	3	**ASK G1**

E31 *There is no E31*

IF YES TO E29 OR E30 or E28aii>0

E32: **Why do you offer Apprenticeships? Probe: what other reasons are there?**
DO NOT READ OUT. MULTI CODE ALLOWED.

Because we find it difficult to recruit staff with the skills we need / existing staff lack skills / have outdated skills	1
It's the way I trained / got an opportunity	2
We can train them in our way of doing things	3
Training the workforce of the future	4
Need young workers in an ageing workforce	5
I get funding if I offer them	6
Helpful in recruiting staff / makes us more attractive to potential recruits'	7
Gives us free / cheap trial of staff'	8
Other (SPECIFY)	0
Don't know / no particular reasons	X

IF NO AT E30

E33: **What are the main reasons why you don't offer Apprenticeships or Advanced Apprenticeships to new or existing staff?**
DO NOT READ OUT. MULTICODE ALLOWED

All staff fully trained	1
We don't take on young people	2
We prefer to recruit fully trained / fully qualified recruits	3
No young people have applied	4
Bad previous experiences with apprentices	5
Don't know enough about them / what we'd have to do	6
Not as good as they used to be	7
Not worth my time for the money we get	8
We don't (the job doesn't) require staff to be that highly skilled	9
Other (SPECIFY)	0
Don't know / no particular reasons	X

Section G: FINAL CHECKS

ASK ALL

G1 **If the government and its agencies wish to undertake further work on related issues in the future would it be ok for them or their appointed contractors to contact you on these issues?**
PROBE & CODE ONE OF FOLLOWING:

INTERVIEWER NOTE: The core client agency is the Learning and Skills Council (LSC); the partner organisations are: the Department for Education and Skills, Regional Development Agencies, the Sector Skills Development Agency and Sector Skills Councils.

Yes – both client & / or their contractors may re-contact	1
Only client may re-contact	2
No – neither client nor contractor may re-contact	3

IF G1/1AND TRAIN AT ALL (E4a/1 or E4b/1)

G1a. **We may wish to recontact you in the next few weeks with some follow up questions about training expenditure. This may include sending you some questions on paper which we would collect the answers to over the telephone. Would this be possible?**

Yes	**1**	Go to G1b
No	**2**	Go to G2

ASK IF G1a/1

G1b **Can you tell me your fax number?**

INTERVIEWER NOTE: READ NUMBER BACK TO RESPONDENT TO CONFIRM IT IS CORRECT
INTERVIEWER NOTE: CODE NULL FOR DON'T KNOW / DO NOT HAVE AN FAX NUMBER

WRITE IN NUMBER _____ GO TO G1c

ASK IF G1a/1

G1c. **Can you tell me your email address?**

INTERVIEWER NOTE: CODE NULL FOR DON'T KNOW / DO NOT HAVE AN EMAIL ADDRESS

WRITE IN ADDRESS _____ GO TO G2

ASK IF NOT NULL AT G1c

G1d **I have that as** [text sub of email address recorded at g1c] **- is that right?**
INTERVIEWER NOTE: SPELL OUT EMAIL ADDRESS LETTER-BY-LETTER

Yes	1	**CONTINUE TO G2**
No	2	**GO TO G1C AND REDO**

ASK ALL

G2. **I have your postcode as** *[INSERT FROM SAMPLE]* **is this correct?**

Yes	1	**ASK G3**
No	2	**RECORD CORRECT POSTCODE**

IF CODE 1 OR 2 AT G1, ASK G3 (IF 'CODE 3 AT G1 GO TO G4)

G3 **And I have your address as …** *ADDRESS (EXCLUDING POSTCODE)***… is this correct?**

Yes	1	**NEXT QUESTION**
No	2	**RECORD CORRECT ADDRESS**

ASK ALL EXCEPT IF A4 = code 3 or 4 (IE WHOLLY OR PARTLY FUNDED BY CENTRAL OR LOCAL GOVERNMENT)

G4 **Can you tell me either your VAT registration or company registration number?**
PROMPT IF NECESSARY: The company registration number often appears on the bottom of company letter headed paper.

Yes – VAT registration number (WRITE IN NUMBER)	1
Yes – Company registration number (WRITE IN NUMBER)	2
Don't know the numbers	3
Don't have the numbers	4
Refused	5

ASK ALL

G5. **Finally, it is sometimes possible to link the data we have collected from you with other government surveys or datasets. Would you be happy for this to be done. In doing this, your confidentiality will be maintained, and linked data will be anonymised and only used for analysis and statistical purposes by researchers and academics authorised by the Office of National Statistics.**

Yes	1	
No	2	

G6. **Can I just take your name and job title**?

Name _____

Job title _____

THANK AND CLOSE

I declare that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.	
INTERVIEWER SIGNATURE:	Date:
Finish time:	Interview Length mins

Annex B: Technical Appendix for the Cost of Training Survey 2007

IFF Research was commissioned by the LSC to undertake a separate Cost of Training study to provide detailed estimates on employer expenditure on training. The approach, which largely follows that employed for the Cost of Training Survey 2005, is described in the following sections.

Appendix B1: Sampling

Towards the end of the main NESS07 questionnaire those respondents reporting training were asked if they were willing to be re-contacted in the near future to take part in a brief survey on training expenditure. Those agreeing formed the sample source for the training expenditure survey.

In total just under 33,000 pieces of sample (i.e. employers that trained who were willing to take part in a further study) were drawn from fieldwork contractors in batches throughout the course of main survey fieldwork. The Cost of Training survey was therefore able to run concurrently with the main survey.

Appendix B2: Fieldwork

Before taking part in the Cost of Training survey, each potential respondent was called by an IFF interviewer. Their details and willingness to take part in the follow-up survey were confirmed and following the call a datasheet emailed, faxed or posted to them containing the questions they were to be asked in the full interview (a copy of this is supplied in Appendix B6). This was to allow respondents time to collect the relevant information and increase the accuracy of responses. A few days later an interviewer called respondents back to collect their responses.

Of the 33,000 establishments in the sample, around 24,500 establishments were called at least once in the pre-contact stage of fieldwork. Just under 16,000 respondents agreed to receive a datasheet. The remainder was largely made up of establishments at which we were unable to re-contact the appropriate person to obtain their agreement to complete the datasheet during fieldwork. A further 689 establishments refused to take part at the pre-contact stage.

In the second stage of fieldwork, information on training expenditure was collected from a total of 7,190 establishments.

Quotas were set at both pre-contact and data collection stages by size, region, sector and the type of training the establishments provide (off-the-job training only, on-the-job training only or both types of training).

The datasheet used for the Cost of Training survey 2007 was identical to that used in 2005 but for the addition of a subsidiary question asking what proportion of funding received for training was due to the Train to Gain service. This additional question did not alter the way in which the overall cost of training was calculated, but simply gave slightly more detail on the composition of training costs. It is worth noting that the 2005 datasheet itself drew heavily on the one used for Learning and Training at Work (LTW) 2000.[18]

Fieldwork was undertaken by IFF Research from May to August 2007.

Appendix B3: Weighting

In order to weight the Cost of Training data, population figures for establishments providing training were calculated using the main NESS07 survey data. This data had, in turn, been weighted using the IDBR figures used for the main survey.

Two grids containing population estimates for establishments providing training were generated from the weighted NESS07 survey data: an interlocking grid of size by region and by type of training provided (on-the-job only, off-the-job only, both); and a separate non-interlocking sector grid. Weights for individual cases were adjusted iteratively to place the sector population targets as a RIM (randomised iterative method) weight over the main interlocking grid and ensure a representative sector profile at a national level.

As in 2005, examination of the unweighted data showed a difference in spending patterns within the 5 to 24 employment size band between those with employment of fewer than 10 and those with employment of 10 or more. Hence, unlike on the main NESS survey, weighting for the Cost of Training survey split the 5 to 24 size band into two categories. This re-weighting simply adjusted the regional unit weights within this size band to better match the balance between the 5 to 9 and 10 to 24 sized establishments within the population.

It follows that although weighted findings are representative of trainers as a whole as derived from the main NESS survey, this initial re-weighting of the data by size means the total population of trainers generated by the Cost of Training survey (974,091) differs slightly from that generated in the main survey (977,501).

The approach taken to weighting the Cost of Training survey data replicates precisely that used in 2005.

Appendix B4: Data modelling

In order to calculate overall training expenditure, each record in the dataset needed to have a response to each question (even if it is a zero in relation to the kinds of training the establishments does not supply). As expected, not every respondent was able to supply every piece of information. In order to 'fill in' the missing data, averages were drawn from those respondents who were able to answer each question and applied to those cases with missing data.

[18] Learning and Training at Work 2000, IFF Research. DfES Research Report RR269.

We set the survey up to prompt respondents to give a range answer ('between £500 and £999' and so forth) when they could not provide an exact (integer) answer. Although this range answer still needs transferring into an exact figure within the range, it guides and greatly improves the accuracy and reliability of the modelling process (compared with LTW 2000, where this prompting did not occur) since the modelling for these range responses was based on those respondents who gave an exact answer which fell into that range rather than simply being an average of all responses

The modelling process for those questions not relating to salaries was to calculate mean responses for those giving an exact answer (excluding zero) within each of the ranges, and an overall mean. These means were calculated within seven employment size bands (the standard six size bands used for analysis within this report, with the 5 to 24 band split into 5 to 9 and 10 to 24). Where a respondent gave a range answer they were assigned the mean for the establishments within their size band giving an exact answer falling within their range response. Where they were unable to give an exact or a range answer, they were assigned the overall mean for the question within their size band.

For salaries, a slightly more complicated approach was taken, again based on that used in the Cost of Training Survey 2005 and LTW 2000, though with the addition of range data. Initially, as above, range and overall means were calculated. Rather than size of establishment, location of establishment (London or non-London) was seen to be the major determinant of salary levels; so means were split on this basis rather than by the size bands used above. Where a range had been given, the appropriate mean was used as the simulated value.

For those respondents unable to give even a range, a method was used which takes account of not only their location but also evidence from other salary questions in order to determine whether they pay salaries above or below the average and to what degree. Where exact answers had been given for *other* salary questions, a ratio was calculated between their actual answer and the London/non-London mean (as appropriate) for that question. This gave, for each exact salary answer recorded, a ratio that expressed the degree to which that employer over- or under-paid employees in the roles discussed compared with the mean. Where salary answers were missing (and no range information was provided) the assigned value would be calculated as the London or non-London mean multiplied by the first available of these ratios (the order of selection being different for each question and dependent on which questions were adjudged to be the most closely related) in order to up-weight or down-weight the estimate in keeping with their pay for other roles.

The simulation procedure and the precise order of selection used for salary questions is shown in the table below, along with the proportion modelled using range information and the proportion modelled that did not provide range information.

Table B.1: Treatment of missing values.

Question	Value given to missing data	Base	% modelled within range	% modelled without range
Q1	Mean within 7 employment size bands (within recorded range where available)	4,905	1	*
Q2	Mean within 7 employment size bands (within recorded range where available)	4,488	3	1
Q3	Mean calculated within London/non-London establishments within recorded ranges where available. Where range information not provided: 1. if Q17 answered (and an exact answer given), calculate proportion above or below the Q17 average for the establishment and up-lift or reduce the appropriate Q3 mean (London or non-London) by this proportion to generate Q3 figure for this establishment 2. if Q17 not answered with an exact value apply procedure at 1. to Q21 3. if Q21 not answered with an exact value, apply procedure at 1. to Q24 4. if Q24 not answered with an exact value apply procedure at 1. to Q10 5. if Q10 not answered with an exact value use appropriate Q3 mean (London or non-London) unadjusted	4,488	19	8
Q4	Mean within 7 employment size bands (within recorded range where available)	4,488	14	8
Q6A	Mean within 7 employment size bands (within recorded range where available)	422	22	40
Q6B	Mean within 7 employment size bands (within recorded range where available)	422	14	22
Q7A	Mean within 7 employment size bands (within recorded range where available)	2,021	-	-
Q8	Mean within 7 employment size bands (within recorded range where available)	4,448	*	*
Q9	Mean within 7 employment size bands (range information not recorded for this question)	4,147	-	6

continued…

Table B.1: Treatment of missing values (continued).

Question	Value given to missing data	Base	% modelled within range	% modelled without range
Q10	Same procedure as Q3 but different order of selection: Q24, Q3, Q17, Q21	4,147	21	12
Q11	Mean within 7 employment size bands (within recorded range where available)	4,448	10	6
Q12	Mean within 7 employment size bands (within recorded range where available)	4,448	12	5
Q13	Mean within 7 employment size bands (within recorded range where available)	4,448	3	7
Q14	Mean within 7 employment size bands (within recorded range where available)	4,448	4	7
Q14i	Mean within 7 employment size bands (within recorded range where available)	4,448	1	6
Q15	Mean within 7 employment size bands (within recorded range where available)	4,905	1	1
Q16	Mean within 7 employment size bands (within recorded range where available)	3,082	2	1
Q17	Same procedure as Q3 but different order of selection: Q3, Q21, Q24, Q10	3,082	17	9
Q18	Mean within 7 employment size bands (within recorded range where available)	3,082	12	12
Q19	Mean within 7 employment size bands (within recorded range where available)	5,687	2	1
Q20	Mean within 7 employment size bands (within recorded range where available)	5,177	6	3
Q21	Same procedure as Q3 but different order of selection: Q3, Q17, Q24, Q10	5,177	23	11
Q22	Mean within 7 employment size bands (within recorded range where available)	5,177	1	1
Q23	Mean within 7 employment size bands (within recorded range where available)	4,872	5	2
Q24	Same procedure as Q3 but different order of selection: Q10, Q3, Q17, Q21	4,872	21	10

Appendix B5: Cost calculations

Following data modelling – which ensured all respondents had exact answers for all questions – individual questions were combined to calculate 12 total annual costs components. This was necessary because, in order to make the questionnaire easier for respondents to complete, some costs were collected in monthly rather than yearly terms, per trainee terms rather than total, and so on. Factors were also included in these calculations to account for differences between employee salaries (more easily reported by respondents) and total labour costs (including tax and other costs) and the amount of time employees spend at work. The factors used are detailed in Table B.2 below.

Table B.2: Factors used in cost calculations.

Factor	Value	Explanation
Labour cost up-weight	33.6%	It was found during the pilot stage of LTW 2000 that employers were far better placed to report the salaries of their employees than the total cost of employing them. Respondents were, therefore, asked for the average basic salaries of those receiving and providing training. An up-weight of 33.6% was then applied to these answers to take account of National Insurance, employer pension contributions, overtime and other additional elements. The source of the 33.6% figure was the EC Labour Costs survey. In the UK, direct remuneration (wages and salaries including bonuses) made up 74.8% of labour costs. Hence an uplift of 100/74.8 (i.e. 1.336 or 33.6%) is required to convert direct remuneration to total labour costs.
Days worked per year	203.5	Used to calculate the per-working-day salary of an employee in order to calculate the cost, for example, of training an employee for one working day per year on the basis of their annual salary. Working age employees in England: • Received an average of 34.5 paid days holiday Source: Labour Force Survey Quarter 2 (April to June) 2007 • Worked an average of 4.73 days per week Source: Labour Force Survey Quarter 4 (October to November) 2007 (question only asked in Quarter 4) This gives: 4.73 x 52 = 246.0 possible working days, less 34.5 days annual leave and 8 days bank/public holiday = 203.5 days worked per year.

Factor	Value	Explanation
Hours worked a day	6.8	Used to convert number of working hours of training to working days. Average hours worked a week excluding overtime (32.0) divided by the average days worked a week (4.72) = 6.8. Source: Labour Force Survey 2007
Working months in a year	11	Used to convert monthly training figures given in the on-the-job section of the datasheet into annual figures.
Full/part-time adjustment to training centre labour costs	0.80	Training centre labour costs are collected in terms of *'total basic annual salaries*' and as such the datasheet does not distinguish those working part-time from those working full-time. In order not to overestimate costs, therefore, this factor is applied to down-weight costs. In total there are 92,000 employees in England whose main job is in adult or other education (SIC 80.4): 60,000 work full-time and 32,000 part-time. The full-time workers work on average 37 hours, whilst the part-time workers work on average 16 hours. Converting the part-time workers into full-time equivalence gives a total full-time equivalent (FTE) of 73,800, equivalent to 0.80 of the total Source: Labour Force Survey 2007

The formulae used to convert raw data to the comparable annual cost components were as follows. All calculations were performed using modelled data.

	Annual cost component	Formula
A	Trainee labour costs (Q1–3)	Q1 * Q2 * 133.6% * Q3 / 203.5
B	Fees to external providers (Q4)	Q4
C	On-site training centre (Q6a/b)	(133.6% * 0.80 * Q6a) + Q6b
D	Off-site training centre (in the same company) (Q7a)	Q7
E	Training management (Q8–Q10)	Q8 * Q9/100 * 133.6% * Q10
F	Non-training centre equipment and materials (Q11)	Q11
G	Travel and subsistence (Q12)	Q12
H	Levies minus grants (Q13–Q14)	Q13-Q14
	Sub-total (course related)	**A + B + C + D + E + F + G + H**
I	Labour costs (Q15–Q17)	Q15 * Q16 * 133.6% * Q17 / 203.5
J	Fees to external providers (Q18)	Q18
	Sub-total (other off-the-job training)	**I + J**
	OFF-THE-JOB TOTAL	**A + B + C + D + E + F+ G + H + I + J**
K	Trainee's labour costs (Q19–Q21)	Q19 * Q20 * 133.6% * Q21 * 11 / (203.5 * 6.8)
L	Trainers' labour costs (Q22–Q24)	Q22 * Q23 * 133.6% * Q24 * 11 / (203.5 * 6.8)
	ON-THE-JOB TOTAL	**K + L**
	TOTAL TRAINING SPEND	**A + B + C + D + E + F+ G + H + I + J +K + L**

Note: Where derived employment-based training spend figures are shown in this report (expenditure per trainee, or per capita, for example) and there is a choice between taking the measure given in the main NESS07 data and that in the data for the training expenditure survey, the data from the main survey are used. This is because base sizes are larger in the main survey and a separate employment weight is available to ensure a closer match to the actual workforce profile.

Appendix B6: Cost of Training questionnaire

National Employers Skills Survey 2007
Cost of Training Questionnaire

When answering the questions, please only consider employees who are normally based at your location. If you cannot give exact answers at any question, please give your best estimate.

A. OFF-THE-JOB TRAINING OR DEVELOPMENT

*This section of the questionnaire covers the costs of providing **off-the-job** training or development for employees. By off-the-job, we mean all training given away from the individual's immediate work position. It can be given at your premises or elsewhere.*

If you have not provided any off-the-job training in the last 12 months, please go straight to section B, on-the-job training, on the next page.

Training courses

1. Over the past 12 months, **how many employees** participated in an education or training course, provided either externally or internally?
   _____ employees

   If none, please skip to Q15. Otherwise, please answer Q2 onwards
2. **How many days** on average did each of these people spend on an education or training course over the past 12 months?
   _____ days

3. What is the **average basic annual salary** of an employee who has been on any of these courses over the past 12 months? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]*
   £_____

4. What was the cost of **fees to external providers** of training courses for your employees over the past 12 months? Please include the cost of fees to any external providers who ran courses on your premises.
   £_____

Training centres

5. Do you have a **training centre** at your location?
   ❑ Yes ☞*please answer Q6*
   ❑ No ☞*please skip to Q7*

   If you have a training centre

6. How much did your training centre cost to run over the past 12 months? Please split the cost into:
   a) **Total basic annual salaries** of any full time or part time training centre staff
      £_____
   b) **Other costs**, including all equipment and materials used and the cost of rent paid for the space the training centre occupies.
      £ _____

   All providing off-the-job training please answer

7. How much did you spend on using **off-site** training centres located elsewhere within your organisation over the past 12 months?
   £_____
   ❑ Did not use off-site training centre

Training equipment and staff who train

All providing off-the-job training please answer

8. How many people do you have at your establishment who are directly involved in **providing, administering or making policy decisions about training?** (Please exclude any staff directly associated with your training centre, if you have one)
   _____ employees

   If none, please skip to Q11. Otherwise, please answer Q9

9. On average, what percentage of their time do these staff spend on training matters?
   _____ %

10. And what is the **average basic annual salary** of these staff?
    £_____

    All providing off-the-job training please answer

11. Apart from any training centre costs, what was the cost of any **equipment and materials** used for training employees over the past 12 months?
    £_____

Continued…

If you have any problems completing any of the questions, please call Emma Hollis or Stefan Schäfer at IFF Research on 020 7250 3035

The core client agency for the National Employer Skills Survey is the Learning and Skills Council (LSC). Further information about the LSC is available at www.lsc.gov.uk. The partner agencies are: the Department for Education and Skills, Regional Development Agencies, the Sector Skills Development Agency and Sector Skills Councils

12. How much was spent on **travel & subsistence** payments and travelling time payments made to participants and trainers who spent time on courses over the past 12 months?
£_____

Training organisations

13. What, if anything, have you paid in levy payments over the past 12 months to training organisations such as Sector Skills Councils (SSCs), Industry Training Boards, or National or Industry Training Organisations (NTOs / ITOs)?
£_____

14. What was the value of any grants or subsidies that you received over the past 12 months from training organisations such as Sector Skills Councils / Industry Training Boards, NTOs or ITOs, Learning and Skills Council or other government-related sources (including ESF) to support the cost of training?
£_____

Please answer if Q14 > £0 (others go to q15)

14i How much of this financial support in the last 12 months, if any, was specifically through Train to Gain?
£_____

Other off-the-job training

Not all off-the-job training is course-based. The following few questions relate to off-the-job training that you may have provided that did not involve employees going on courses.

15. How many employees participated in **seminars, workshops, or open or distance learning** where the main purpose was training, over the past 12 months?
_____ employees

16. **How many days** on average did each of these spend away from their usual work position whilst engaged in any of these activities?
_____ days

17. What is the **average basic annual salary** of an employee who has taken part in any of these activities over the last 12 months? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]*
£_____

18. And what was the total cost of **fees to external providers** of providing this type of off-the-job training over the past 12 months?
£_____

B. On-the-job and informal training & development

*This section covers **on-the-job and informal** training and development. By this we mean activities that would be recognised as training by staff (not the sort of learning by experience that could take place all the time), where this activity takes place at the desk or place where the person receiving the training usually works.*

*Please focus on a **typical month**, preferably the last calendar month, but if not a recent more typical month of your choice.*

19. How many employees do you estimate receive on-the-job / informal training and development during a typical month?
_____ employees

If you do not give any such training, you do not need to answer the rest of the questionnaire.

20. Roughly how many working hours on average do you think **each of these** employees spends on on-the-job training and development during a typical month? Please think of the actual time spent in instruction or practical experience, excluding any periods of normal work.
_____ working hours

21. What is the average basic annual salary of your employees who **receive** on-the-job training and development in a typical month? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]*
£_____

22. How many employees do you estimate will **give** on-the-job training and development during a typical month? _____ employees

23. Roughly how many working hours on average do you think **each of these** people spend giving on-the-job training and development during a typical month?
_____ working hours

24. What is the average basic annual salary of your employees who **give** on-the-job training and development in a typical month? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]*
£_____

Many thanks for taking the time to help with this research. Please do NOT fax or email your responses to us – we will be calling you in the next few days to collect your answers.

Annex C: A Note on Time Series Comparisons

Some care needs to be taken in drawing time series comparisons, particularly when comparing NESS04–NESS07 with earlier surveys. Particular attention is drawn to the following differences in population base.

The 2004–2007 surveys departed from previous employer surveys undertaken in England in defining establishments (and sampling them, and weighting findings) on an employment rather than an employee base.

Where NESS03 and ESS2001 surveyed the population of establishments with at least one employee (excluding working proprietors), NESS04, NESS05 and NESS07 surveyed establishments with at least two people working in them (regardless of their role or position).

Thus some establishments covered by the 2001 and 2003 surveys would not have been eligible in 2004, 2005 or 2007, and similarly some establishments which were eligible in the 2004–2007 surveys were not in scope in 2001 or 2003, as summarised in Figure C.1.

Figure C.1: Survey eligibility in 2004–7 compared with 2003 and 2001.

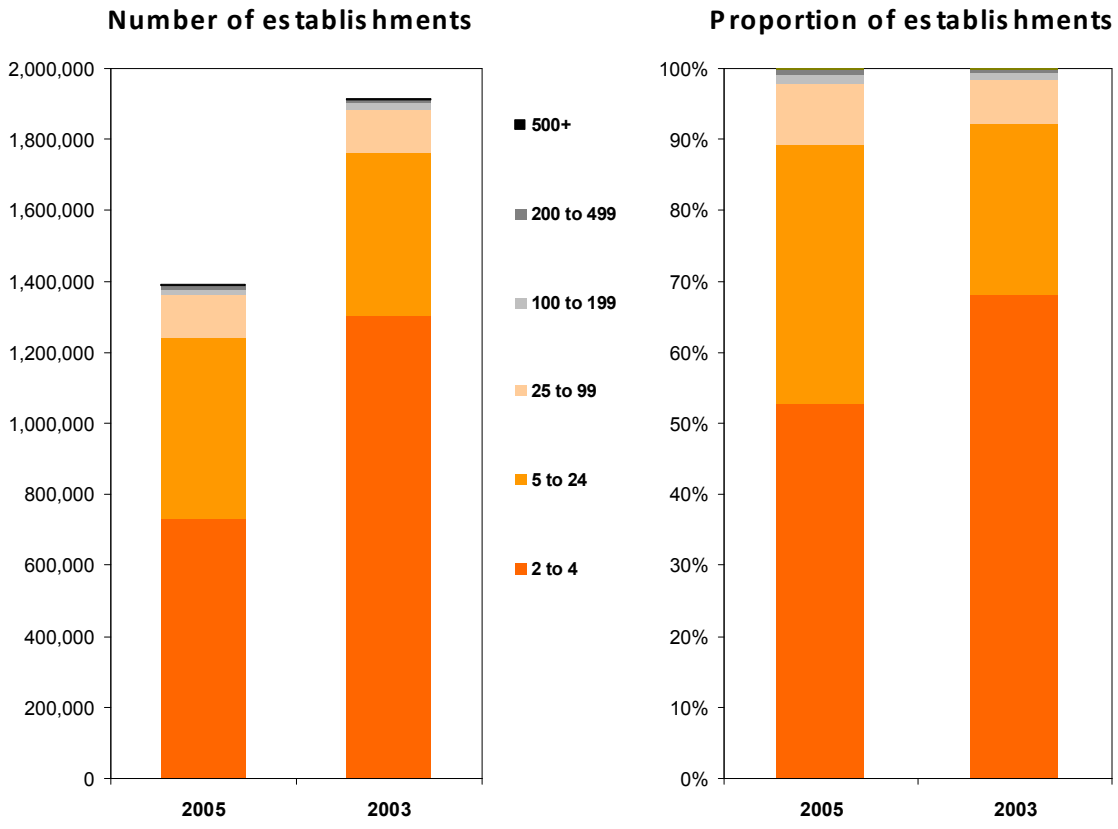
		Included in 2004, 2005 and 2007	
		Yes	**No**
Included in 2003/2001	**Yes**	All establishments with more than two employees	Establishments with one employee and no working proprietors
	No	Establishments with at least two working proprietors and no employees	Establishments with one working proprietor and no employees

The official estimates that are available to describe these populations are widely divergent. The population surveyed by NESS03 (establishments with one or more employees) was estimated, through the Annual Business Inquiry (ABI) extract for March 2002, at 1.9 million establishments who collectively accounted for 21.6 million employees.

ABI does not provide estimates for populations defined by employment; NESS07 population estimates were therefore established through the Inter-Departmental Business Registry (IDBR) for March 2006. These suggested a total population of 1.45 million establishments that collectively accounted for 22.3 million workers.

Figure C.2 illustrates these differences between employee-based and employment-based establishment populations, and the way in which they break down by size. We compare 2003 with 2005 (rather than 2007) since making comparisons which are closer in time means that differences are less likely to be a result of real changes in the employer and employment population over time, and more likely to be a result of changes to the way in which the population is defined. The pair of columns on the left of the chart show the number of establishments in each size band according to the official population figures; the pair of columns on the right show the proportion of the total employer base in each size band in each survey.

Figure C.2: Differences between National Employers Skills Survey 2005 and National Employers Skills Survey 2003 establishment bases by size band.



The key implications of these differences are:

- one should not compare findings based on the number of employers revealed by NESS03 with results from NESS04–NESS07 (comparisons should focus, instead, on proportions of employers)

- the proportion of all employers in the smallest size band is considerably lower in 2005 and 2007 than in 2003 (and the proportion of employers in the second smallest size bands is considerably higher). It will make sense to combine these two size bands when comparing 2003 with 2004, 2005 and 2007
- this does not mean, however, that the 2003 (and earlier) surveys are not comparable against later NESS studies where findings are based on the proportion of employers.

There are far fewer differences of scale when comparing the employee/employment populations. It is nevertheless worth considering, in making time series comparisons, that the composition of the two populations is different.

Annex D: Sector Definitions

As in 2004 and 2005, sector analysis of NESS07 defines sectors in a manner more consistent with sector skills council (SSC) definitions of the sectors they cover, rather than the more general definitions of sector that had been used in NESS03 and previous employer surveys. The SSCs are listed in the following table together with a description of the sector and a definition in terms of Standard Industrial Classification (SIC). The SIC codes used are a 'best fit' of each SSC's core business sectors: the extent to which this is an exact fit varies between SSCs. In some cases, the use of the core SIC codes excludes elements of the SSC footprint because they are included in other areas. Further information is provided in Table D.1 below.

Estimates for April 2007 suggest that 89 per cent of the workforce were covered by an SSC. A process of sector integration currently taking place in the Skills for Business network will take the network's coverage of the UK workforce to an estimated 95 per cent. But the category 'Non-SSC employers' represents those SICs not allocated to an SSC at the time of the study.

SSCs are ordered in the table below according to where the 'core' of the industry which the SSC represents falls, from primary, manufacturing to service sectors.

SSCs can provide further in-depth analysis of skills and productivity within their sector, and website links are provided in the table below.

Table D.1: SSC names, Standard Industrial Classification definitions and description.

SSC name	SSC description	SIC definition
Lantra **Web** www.lantra.co.uk	Environmental and land-based industries	1, 2, 5.02, 20.1, 51.88, 85.2, 92.53
Lantra also covers industries which are small elements of other SIC codes not necessarily within their core, e.g. floristry, fencemaking, farriery.		
Cogent **Web** www.cogent-ssc.com	Chemicals, nuclear, oil and gas, petroleum and polymer industries	11, 23–25 (excluding 24.3, 24.64, 24.7, 25.11, 25.12), 50.5
Cogent also covers the nuclear industry and signmaking, but it is not possible to isolate these in terms of SIC.		

continued…

Table D.1: SSC sector names, SIC definitions and description (continued).

SSC name	SSC description	SIC definition
Proskills UK **Web** www.proskills.org.uk	Process and manufacturing of extractives, coatings, refractories, building products, paper and print	10, 12–14, 21.24, 22.2, 24.3, 26.1, 26.26, 26.4–26.8
Improve Ltd **Email** info@improveltd.co.uk	Food and drink manufacturing and processing	15, 51.38
Skillfast-UK **Web** www.skillfast-uk.org	Apparel, footwear and textile industry	17–19, 24.7, 51.16, 51.24, 51.41, 51.42, 52.71, 93.01
Semta **Web** www.semta.org.uk	Science, engineering and manufacturing technologies	25.11, 25.12, 27-35, 51.52, 51.57, 73.10
Semta also covers science sectors, not exclusively defined by SSC.		
Energy & Utility Skills **Web** www.euskills.co.uk	Electricity, gas, waste management and water industries	37, 40.1, 40.2, 41, 60.3, 90.01, 90.02
Energy & Utility Skills also has an interest in gas fitters, covered by SummitSkills SSC.		
ConstructionSkills **Web** www.constructionskills.net	Development and maintenance of the built environment	45.1, 45.2, 45.32, 45.34, 45.4, 45.5, 74.2
A substantial proportion of construction work is sub-contracted to self-employed individuals (without employees) who will be excluded from this survey.		
SummitSkills **Web** www.summitskills.org.uk	Building services engineering (electro-technical, heating, ventilating, air conditioning, refrigeration and plumbing)	45.31, 45.33, 52.72
Automotive Skills **Web** www.automotiveskills.org.uk	Retail motor industry	50.1–50.4, 71.1
Skillsmart Retail **Web** www.skillsmartretail.com	Retail industry	52.1–52.6

continued…

Table D.1: SSC sector names, SIC definitions and description (continued).

SSC name	SSC description	SIC definition
People 1st **Web** www.people1st.co.uk	Hospitality, leisure, travel and tourism	55.1, 55.21, 55.23, 55.3-55.5, 63.3, 92.33, 92.71
GoSkills **Web** www.goskills.org	Passenger transport	60.1, 60.21–60.23, 61, 62.1, 62.2, 63.2, 80.41
Skills for Logistics **Web** www.skillsforlogistics.org	Freight logistics industry	60.24, 63.1, 63.4, 64.1
Skills for Logistics also covers rail and water freight transport, for which there are no specific SIC codes.		
Financial Services Skills Council **Web** www.fssc.org.uk	Financial services industry	65–67
Asset Skills **Web** www.assetskills.org	Property, housing, cleaning and facilities management	70, 74.7
Facilities Management, although as an industry is included in SIC code 70, is also an occupation employed across all industries, so is not fully represented through SIC. Some social Housing Management activity also falls within 85.31 Social Work activities with accommodation.		
e-skills UK **Web** www.e-skills.com	IT, telecoms and contact centres	22.33, 64.2, 72, 74.86
e-skills UK covers IT and telecoms professionals across all industries. A fast-changing sector, its boundaries are continually changing.		
Government Skills **Web** www.government-skills.gov.uk	Central government	75.1, 75.21, 75.22, 75.3
Most of the above SIC codes also incorporate local government. As it is not possible to identify through SIC, employers in these sectors were asked an additional question to ascertain whether they were central or local government establishments.		
Skills for Justice **Web** www.skillsforjustice.com	Custodial care, community justice and police	75.23, 75.24

continued…

Table D.1: SSC sector names, SIC definitions and description (continued).

SSC name	SSC description	SIC definition
Lifelong Learning UK **Web** www.lifelonglearninguk.org	Community-based learning and development, further education, higher education, library and information services, work-based learning	80.22, 80.3, 80.42, 92.51
Skills for Health **Web** www.skillsforhealth.org.uk	NHS, independent and voluntary health organisations	85.1
Skills for Care and Development **Web** No website available at the time of writing	Social care including children, families and young children	85.3
Skillset **Web** www.skillset.org	Broadcast, film, video, interactive media and photo imaging	22.32, 24.64, 74.81, 92.1, 92.2
Photo-imaging is spread across a range of SIC codes: it is not possible to isolate the retail element. Interactive media, the largest sector in scope to Skillset, is not exclusively coded: since it is included within the core of e-skills UK, it is excluded from this analysis. Additionally, self-employed people without employees are not included in this survey but represent most of the sector in areas which *are* included, such as film production and independent production. For these reasons combined, the data presented for Skillset should be interpreted with extreme caution.		
Creative & Cultural Skills **Web** www.ccskills.org.uk	Arts, museums and galleries, heritage, crafts and design	22.14, 22.31, 36.22, 36.3, 74.4, 92.31, 92.32, 92.34, 92.4, 92.52
SkillsActive **Web** www.skillsactive.com	Sport and recreation, health and fitness, playwork, the outdoors and caravans.	55.22, 92.6, 93.04
SkillsActive covers sectors which form only a portion of other SIC codes and so do not make sense to include in analysis. Some sub-sectors, such as playwork, are excluded from the analysis.		
Non-SSC employers	All sectors not covered by an SSC at the time of the survey, spread across manufacturing and service sectors.	All other SICs

Annex E: A Note on Proficiency and Skills Gaps

To ascertain the number of staff with skills gaps, respondents were asked, for each major (one-digit SOC) occupation where they employed staff, how many of those they employed were fully proficient. If respondents asked for clarification, then a proficient employee was described as 'someone who is able to do their job to the required level'. 'Proficient employee', however, is clearly a subjective and relative term to the extent that:

- different managers in an organisation may have different views on whether an individual member of staff is able to do the job to the required level. Indeed they may have different views on what the required level is that the organisation is looking for within an occupational category

- an employee could be regarded as fully proficient but if the requirements of the job change (for example, some new machinery or technology is introduced) then they could be regarded as not being able to do their job to the required level, despite the fact that their skills were unchanged

- the same is true if a person were to be promoted to a more demanding position – the company might go from having no skills gaps to saying that this newly promoted member of staff was not fully proficient in the new job, despite having the same proficiency as before

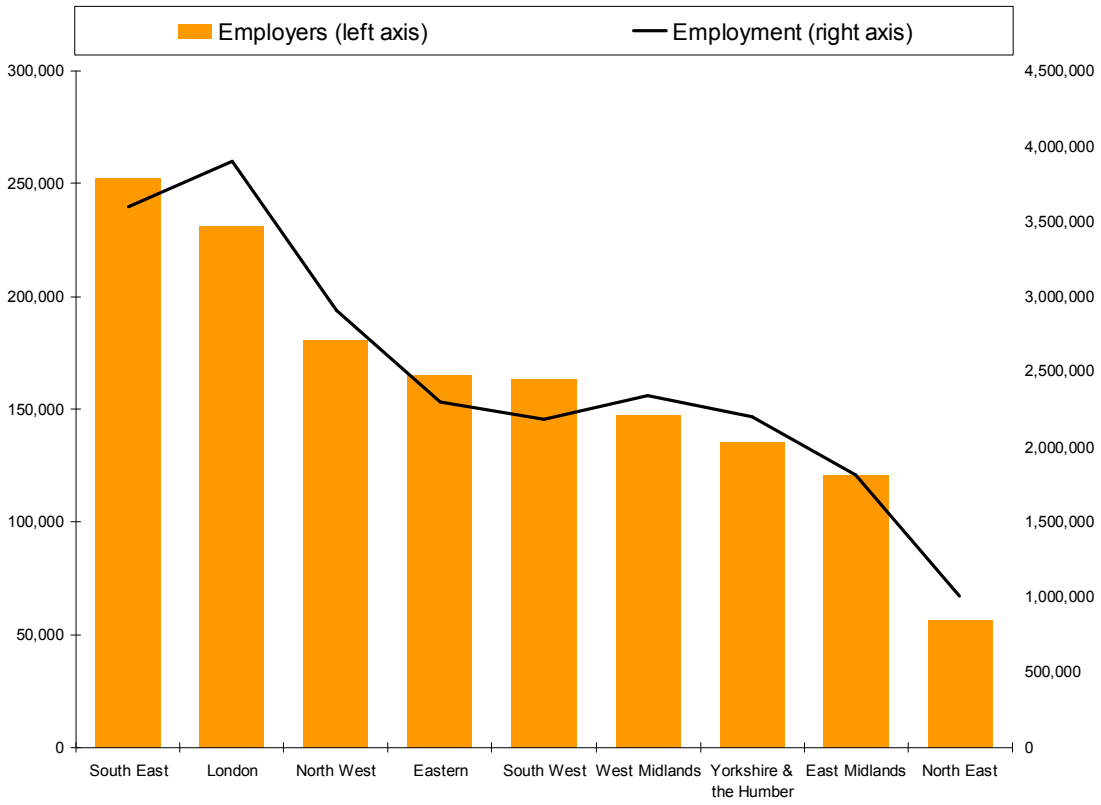
- different companies may be more demanding and 'critical' of their staff than others: an individual considered fully proficient by one company might be seen as having a skills gap if performing the same role to the same standard in another company.

A final point to note is that the survey categorises all staff as either fully proficient or not: it takes no account of the range that can clearly exist between those who are very nearly proficient and those who significantly lack the skills that employers require. While from a policy perspective, therefore, there is clearly interest in raising the skill levels of the workforce, survey data can only identify changes year on year in the proportion of staff reported as *fully* proficient, not cases where skills levels have been raised but where staff still remain below full proficiency.

Annex F: The Distribution and Profile of the Populations of Employers and Employment

The regions vary considerably in terms of the number of employers and the volume of employment they account for, as shown in Figure F.1. Given these discrepancies, most of the analysis at regional level within this report is focused on standardised measures (e.g. the proportion of employers and/or of employment) rather than on volume measures.

Figure F.1: Employers and employment across the regions.

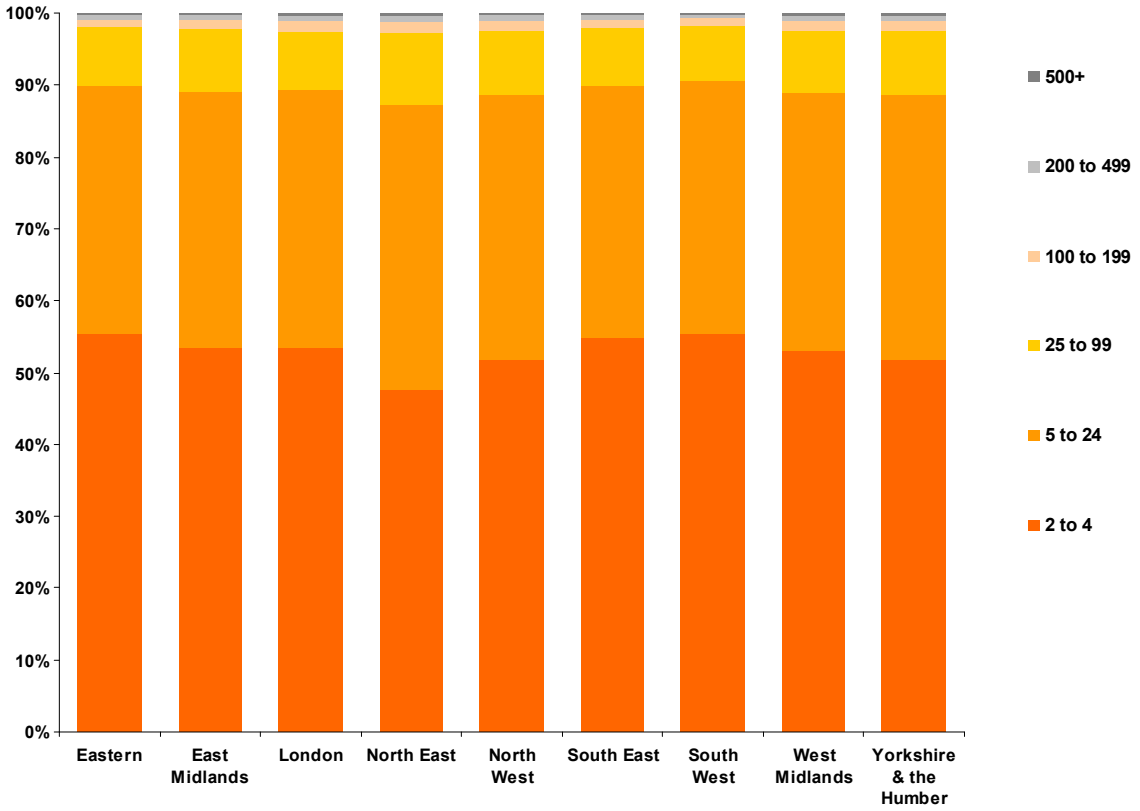


Source: IDBR, March 2006.

Figure F.1 also illustrates that the relationship between the number of employers and the volume of employment in each region is not wholly linear. The South East accounts for the largest share of all employers, but for less employment than London. Similarly, there are more employers in the South West and Eastern than in the West Midlands though employment in the West Midlands is greater. This indicates some variation in the average size of employers (in employment terms) across the regions, and suggests that employers in the West Midlands are likely to be larger than those in the South West and Eastern. On this basis, employers in the North East are, on average, the largest of all, followed by those in London.

This does not mean that London, the North East and the West Midlands are characterised by large proportions of large employers. Across all the regions, the proportion of establishments with a workforce of more than 100 people is no more than 2 or 3 per cent, with around 9 in 10 employers having fewer than 25 people working on site (Figure F.2).

Figure F.2: Regional profile of employers by size of establishment.

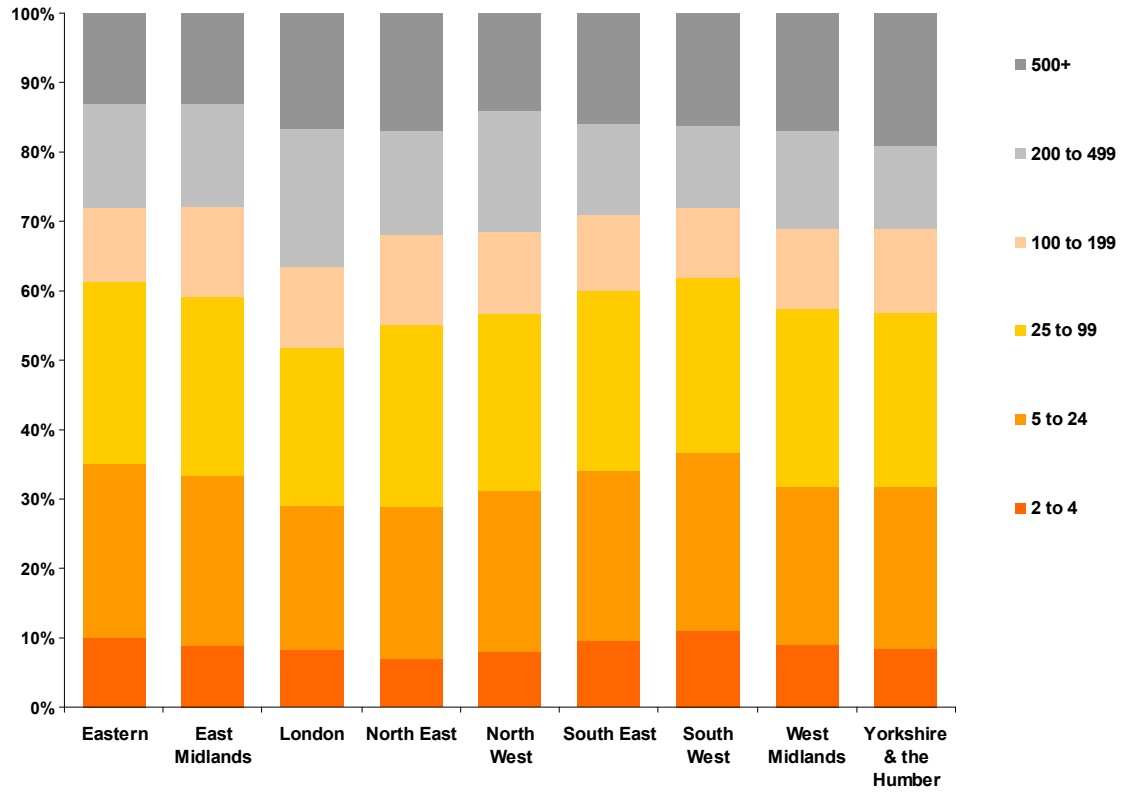


Source: IDBR, March 2006

There is slightly more variation in the proportion of the workforce employed in larger and smaller establishments across the regions, however. Almost two-fifths of the workforce in the Eastern region (39 per cent) work in establishments with 100 or more staff, compared to 48 per cent in London (Figure F.3). Conversely, only 29 per cent of people working in London and the North East are in establishments in which fewer than 25 people are employed in total, compared to 37 per cent in the South West.

This means that differences in the experiences of employers across the regions are unlikely to be attributable to differences in the size profile, though differences in the experience of workers across the regions are slightly more likely to be so. If there is a significant difference, for example, between the proportion of employers providing training in London and in the South West, it is unlikely to be explained by differences in the size profile of those employers. By contrast, if a higher proportion of workers in London (or the North West) benefited from training, this might be a reflection of the fact that a larger proportion of them work in larger establishments.

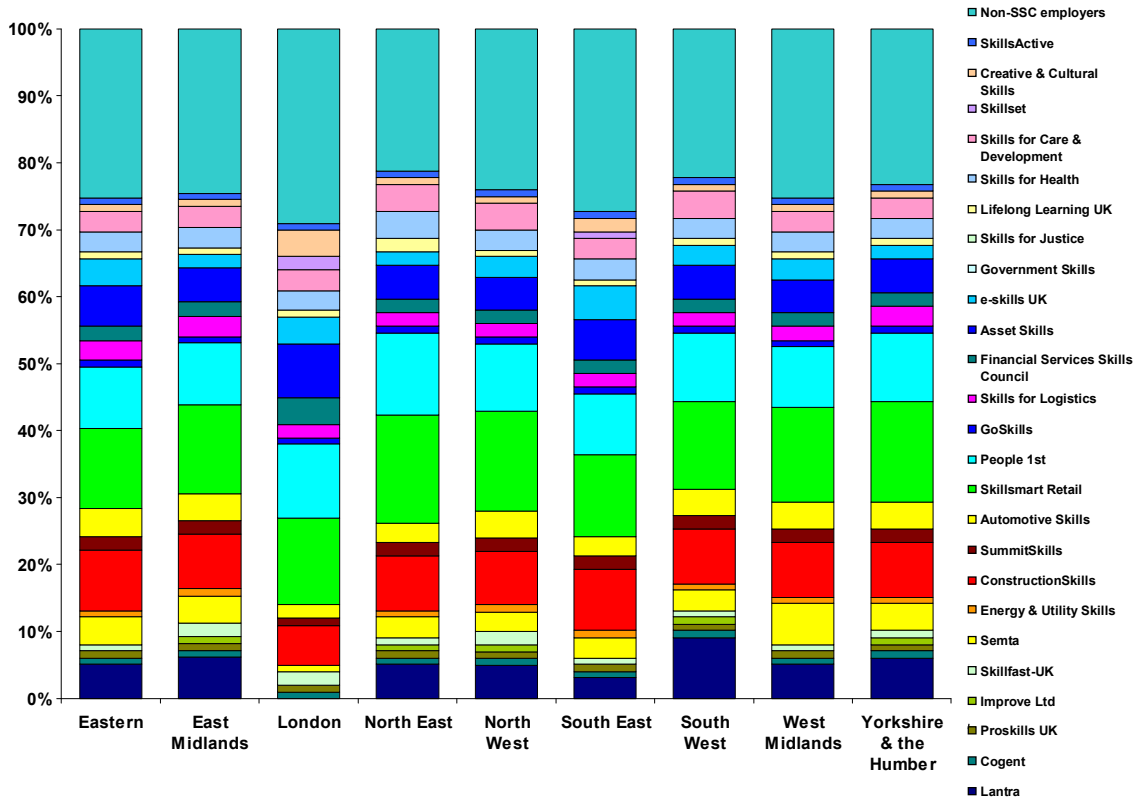
Figure F.3: Regional profile of employment by size of establishment.



Source: IDBR, March 2006.

There are a few slightly stronger patterns in terms of the sector profile of the regional economies (Figure F.4). In particular, London has a larger than average proportion of employers covered by Financial Services Skills Council, Creative & Cultural Skills, Skillset and Asset Skills and smaller than average proportions of employers covered by Lantra, Automotive Skills, SummitSkills and Semta amongst others. On the other hand, those employers represented by Lantra form a larger than average proportion of the employer population in the South West and those covered by Skillsmart Retail form a larger than average proportion of the employer population in Yorkshire and the Humber, the North East and North West. Establishments covered by Semta are particularly common in the West Midlands.

Figure F.4: Regional profile of employers by sector.

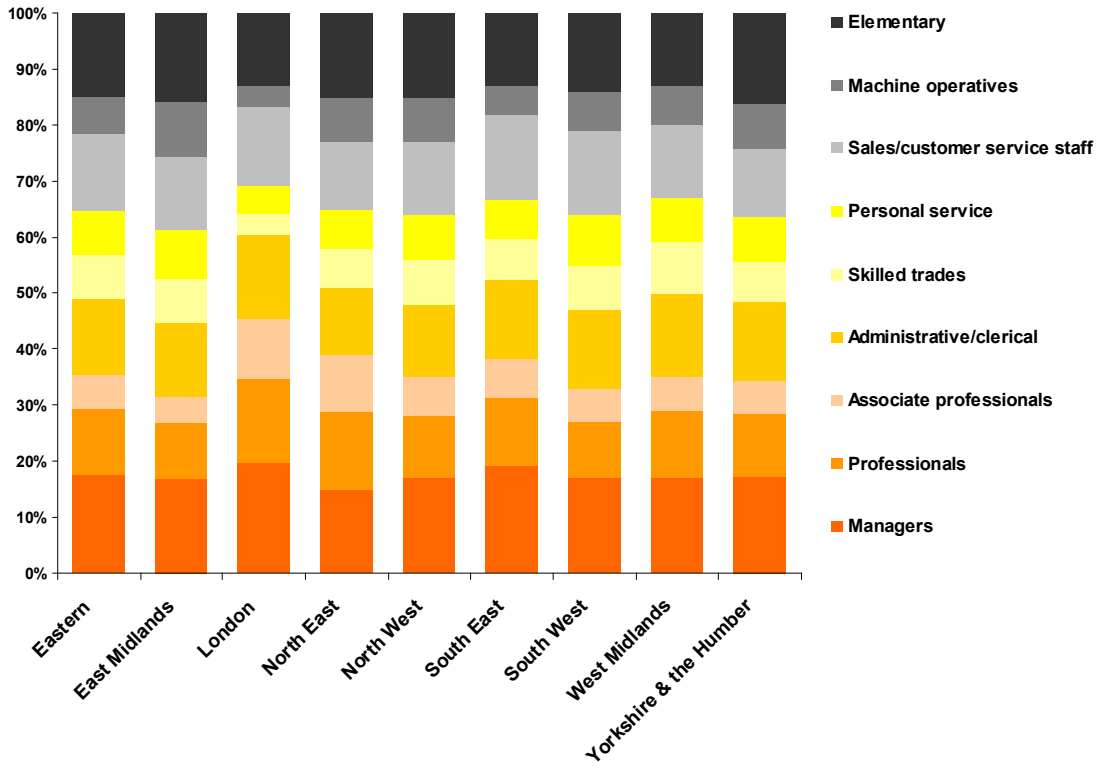


Source: IDBR, March 2006.

These are again differences of degree, however. The regional economies are all mixed and with the exception of London, where the population of establishments covered by Lantra in particular is very small, all sectors are present to a broadly comparable degree across the country and no region is dominated by any one sector.

While the workforce is employed in establishments in different sectors and of different sizes, the people that comprise the workforce are employed to fill specific job roles. The proportion of the workforce employed in each role varies across the regions in line with the variation in sector profile illustrated below (see Figure F.5).

Figure F.5: Profile of employment within region by occupation.



Base: All employment.

Again, London stands out from the rest of the country, here in terms of the larger than average proportion of the workforce employed in managerial, professional, and administrative and clerical roles, and in the small proportions employed in elementary roles or as machine operatives. The other regions are all fairly similar in terms of their occupational profile.

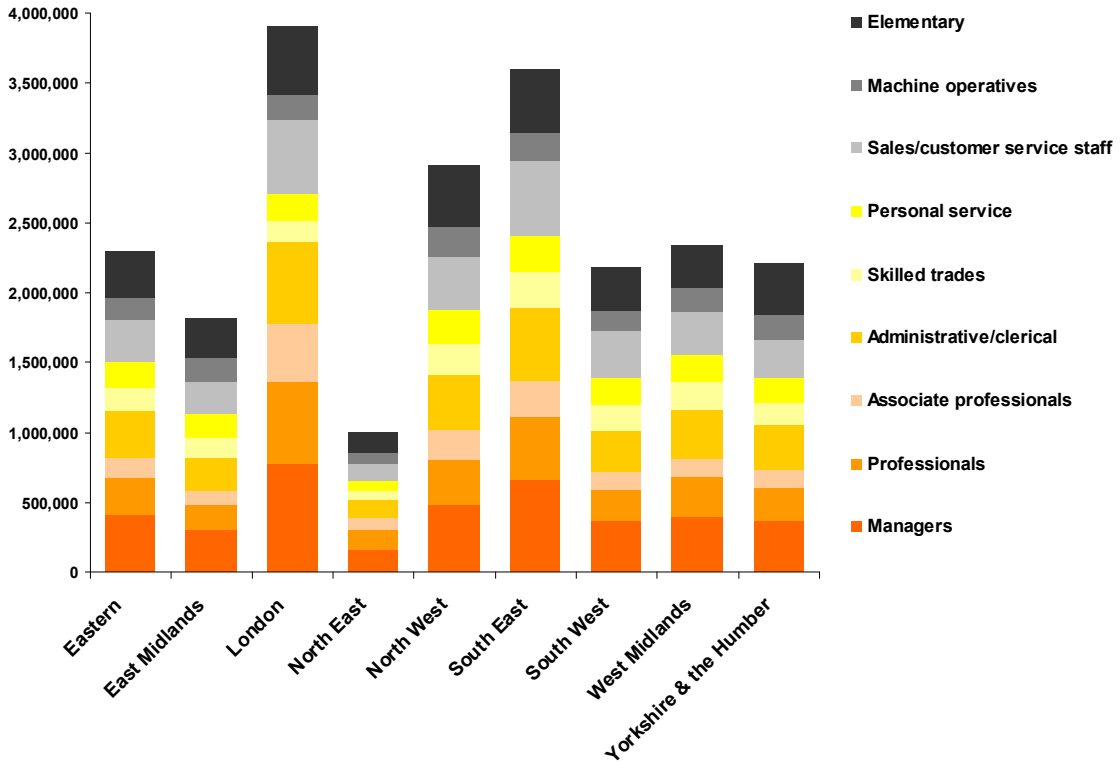
There is limited variation in the proportion of employers in each region employing staff in each occupational group. This is shown in Table F.1, with cells in dark orange highlighting where a particularly large proportion of employers employ at least one person in the occupation, and grey cells highlighting particularly small proportions.

Critically, the really substantial variation is in the volumes of people employed in each occupation in each region (Figure F.6).

Table F.1: Proportion of employers employing anyone in each occupation.

	Eastern	East Mids	London	North East	North West	South East	South West	West Mids	Yorkshire & the Humber
Managers	91	91	94	92	92	92	90	91	92
Professionals	12	10	17	13	13	11	10	10	11
Associate professionals	10	9	14	12	10	9	8	17	10
Administrative/clerical	50	48	49	45	45	49	46	47	46
Skilled trades	18	18	12	21	17	15	18	19	19
Personal service	9	8	9	12	10	8	8	10	9
Sales/customer service staff	23	24	27	25	25	25	25	26	24
Machine operatives	9	11	6	11	9	7	8	10	10
Elementary	25	25	21	32	27	20	24	21	27

Figure F.6: Distribution of employment by occupation within region.



Base: All employment

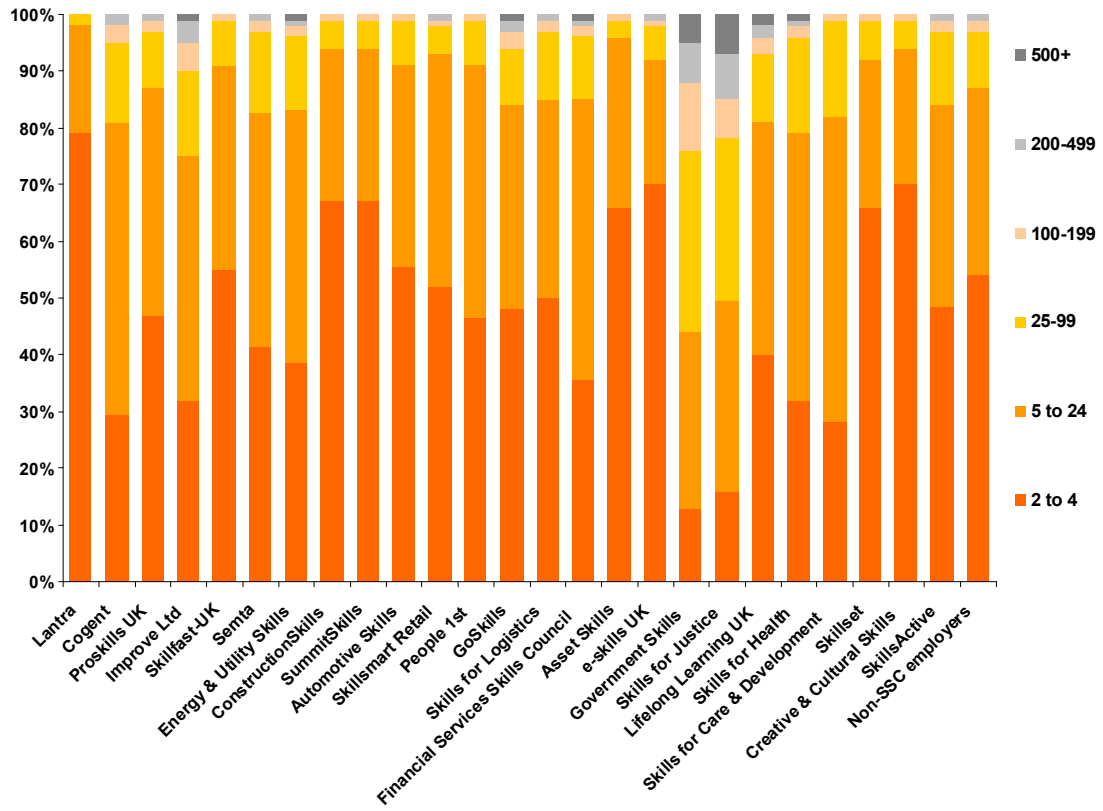
As an indication of the wide variation in the volume of employment between regions, there are more people employed in London or the South East as managers and professionals alone than there are employed across all occupations in the North East.

In summary, the regions are very different in scale, and this will clearly impact on all volume-based findings. Density measures, which standardise or index volumes, will be less sensitive to this regional distortion. London stands out from the other regions to some extent in terms of the size profile of its employment (with more people working in larger establishments), and in terms of its sector profiles (the concentration of business services and of employers not yet covered by the SSC network, a sector dominated by services and the public sector). The other regions are very similar. Variations between regions in findings based on proportions of employers are, *prima facie*, more likely to derive from real differences between the regions' skills equilibrium than from the profile of their economies.

While the regions are fairly similar in terms of their sector and occupational profiles, it does not necessarily follow that the sectors are similar in terms of their regional profile or in terms of their occupational profile. This is explored further below.

Figure F.7 shows that the size profile of employers in each sector is markedly different, with Figure F.8 illustrating the proportion of the workforce in each sector employed in establishments of different sizes.

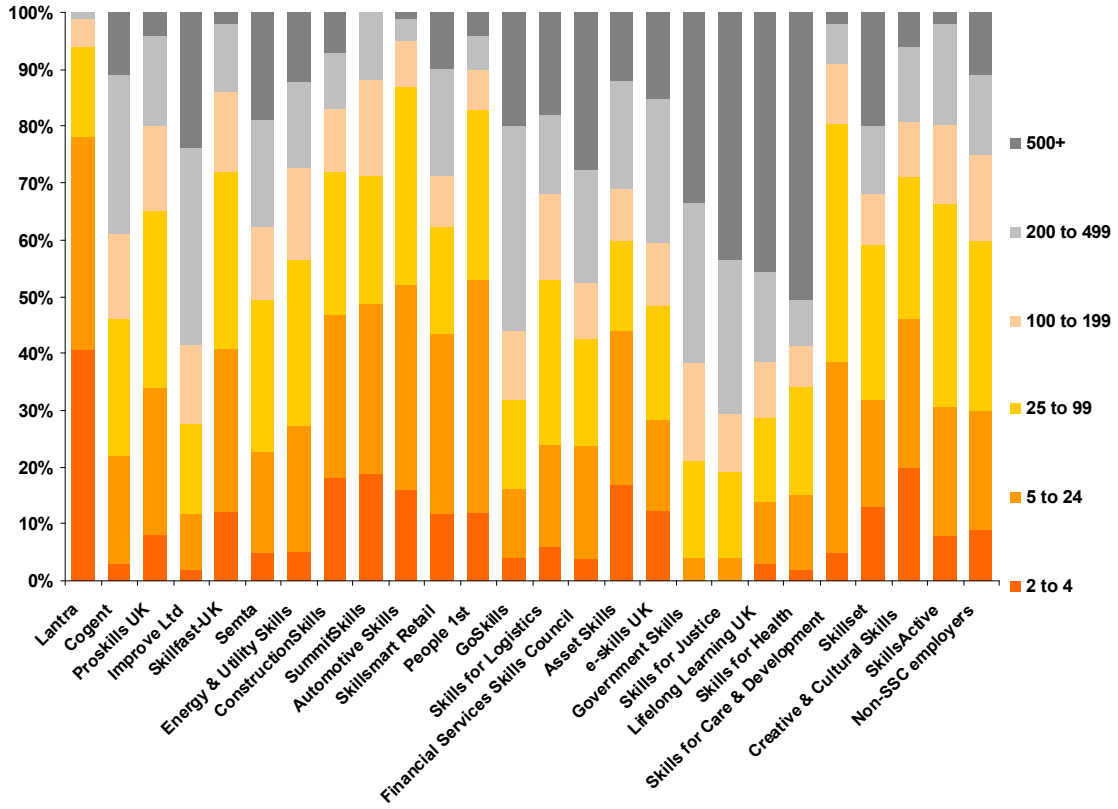
Figure F.7: Sector profile[19] of employers by size of establishment.



Source: IDBR, March 2006.

[19] Automotive Skills is a division of the Institute of the Motor Industry.

Figure F.8: Sector profile of employment by size of establishment.

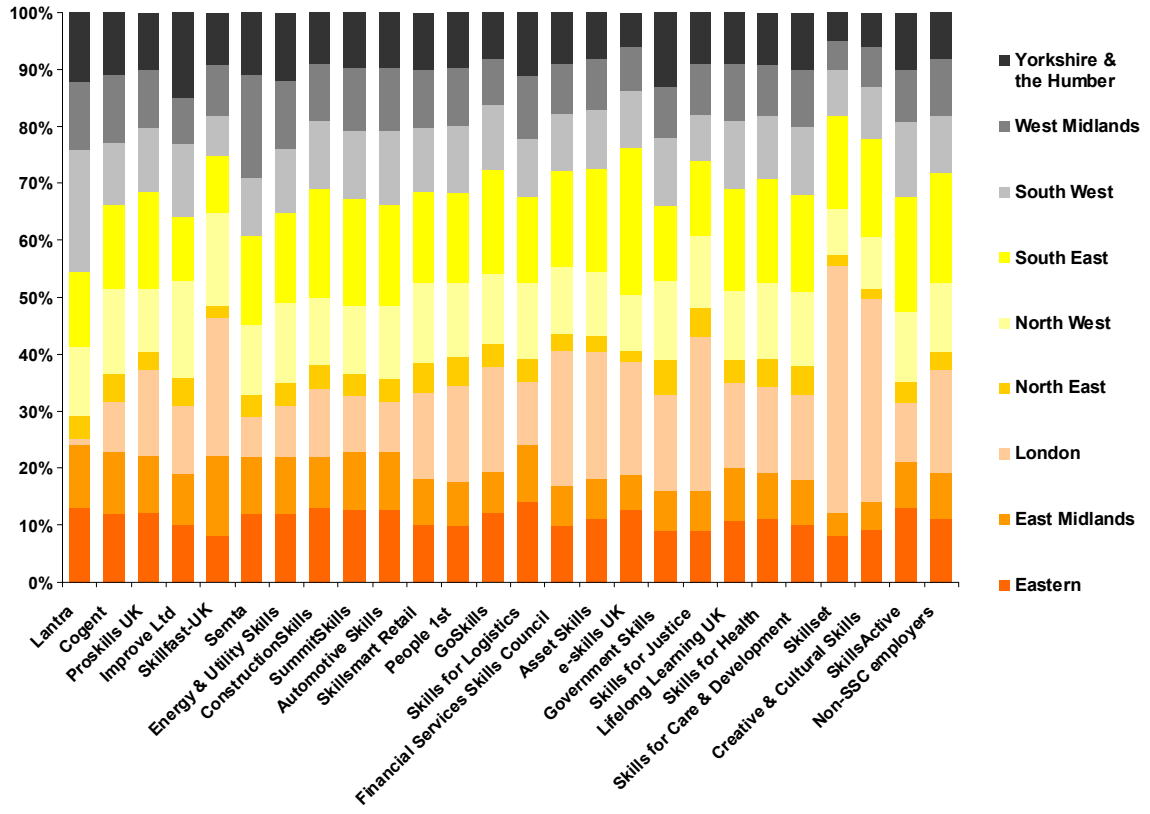


Source: IDBR, March 2006.

Government Skills, Skills for Health, Improve Ltd, Skills for Justice and Lifelong Learning UK are all SSC sectors which are dominated by larger employers. Lantra, Automotive Skills, Skills for Care and Development, People 1st, SummitSkills and Creative & Cultural Skills, on the other hand, are all dominated by smaller establishments, with very small proportions of the workforce employed in large establishments.

Figure F.9 highlights the regional distribution of employers in each SSC sector.

Figure F.9: Regional distribution of employers by sector.



Source: IDBR, March 2006.

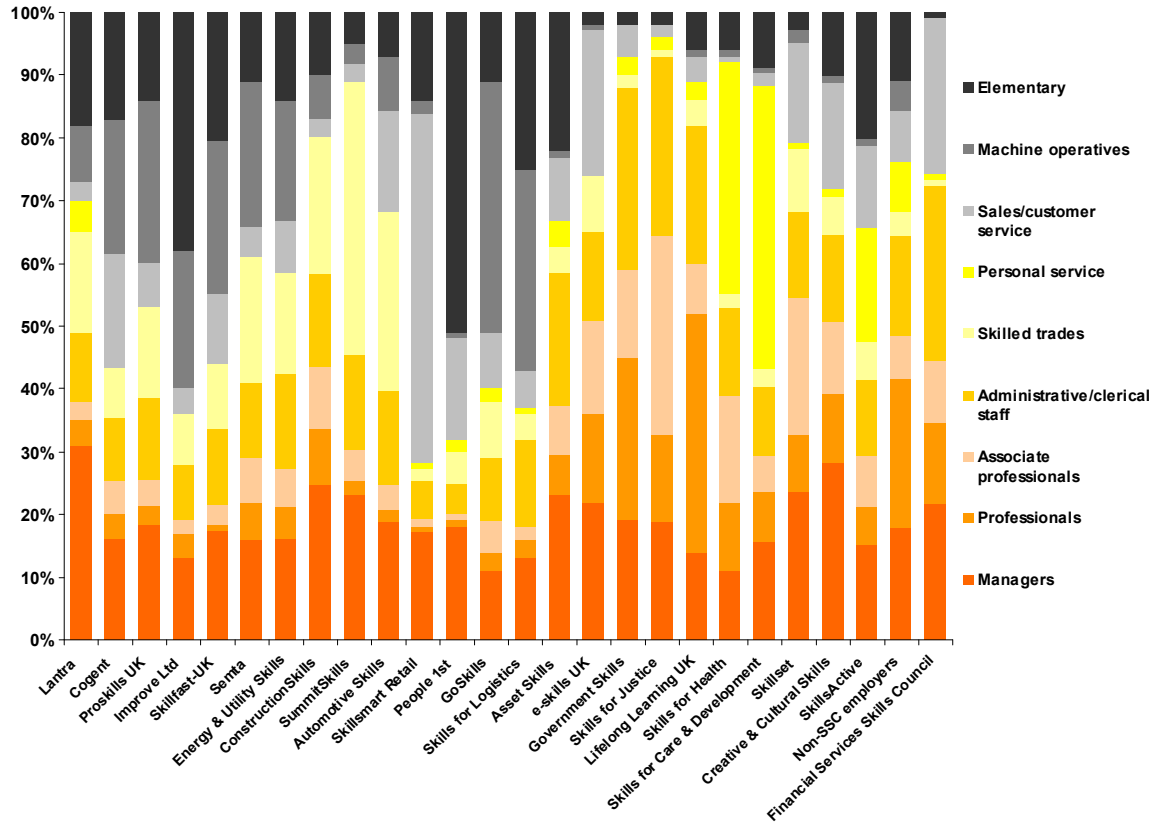
We have already seen, in exploring the profile of the regional economies, that London stands out from the rest of the country. In Figure F.9 this translates to a high degree of variation between sectors in the proportion of their employer-base located in the capital. Employers falling within the footprints of Skills for Justice, Skillset and Creative & Cultural Skills are, not surprisingly, particularly likely to be based in London, with around two-fifths of all employers in these sectors located there. By contrast – and again unsurprisingly – there are very few Lantra employers in London.

Not all the differences in this regional profile of sectors are about the particularities of the London economy, however. In particular:

- Employers covered by Lantra are particularly likely to be in the South West
- e-Skills UK employers are particularly likely to be based in the South East
- Semta employers are particularly likely to be based in the West Midlands.

To close this exploration of sector profiles, Figure F.10 highlights the occupational profile of employment in each sector.

Figure F.10: Occupational profile of employment by sector.



Base: All employment.

The differences here are considerable, and will impact on current skills levels within each of the sectors, but they are not necessarily indicative of future skill requirements or challenges.

Annex G: Sampling Error and Statistical Confidence

Sampling error for the survey results overall and for different sub-groups by which analysis is presented in the report is shown in Table G.1. 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 +/- 0.34 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 49.64 per cent to 50.34 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).

Table G.1: Sampling error (at the confidence 95 per cent level) associated with findings of 50 per cent.

	Number of interviews	(Maximum) Standard Error (±%)		Number of interviews	(Maximum) Standard Error (±%)
Overall	**79,018**	**0.34**	**By sector**		
			Lantra	3,481	1.62
By region			Cogent	1,807	2.15
Eastern	8,454	1.04	Proskills UK	2,071	2.02
East Midlands	7,612	1.09	Improve Ltd	1,146	2.67
London	12,077	0.87	Skillfast-UK	1,865	2.14
North East	5,608	1.24	Semta	3,335	1.63
North West	8,838	1.02	Energy & Utility Skills	467	4.41
South East	12,219	0.86	ConstructionSkills	4,843	1.36
South West	8,454	1.04	SummitSkills	1,913	2.13
West Midlands	8,047	1.06	Automotive Skills	3,258	1.63
Yorkshire and the Humber	7,709	1.08	Skillsmart Retail	8,092	1.04
			People 1st	5,782	1.23
By size of establishment			GoSkills	1,430	2.37
2 to 4	24,084	0.62	Skills for Logistics	2,353	1.88
5 to 24	36,778	0.49	Financial Services Skills Council	2,213	1.94
25 to 99	13,830	0.78	Asset Skills	3,220	1.61
100 to 199	2,424	1.85	e-skills UK	2,844	1.69
200 to 499	1,407	2.42	Government Skills	222	6.00
500+	495	4.10	Skills for Justice	299	5.04
			Lifelong Learning UK	2,385	1.74
			Skills for Health	2,416	1.77
			Skills for Care & Development	3,971	1.35
			Skillset	1,275	2.3
			Creative & Cultural Skills	2,621	1.61
			SkillsActive	2,076	1.77
			Non-SSC employers	13,633	0.71

Glossary

National Employers Skills Survey 2007 (NESS07)	The survey on which this report is based. It involved 79,018 interviews with employers in England, and covered issues relating to recruitment and recruitment difficulties, skills gaps and training activity.
Cost of Training 2007	This was a follow-up to the main NESS07 study and involved re-contacting 7,190 employers that trained and that indicated willingness to take part in further research. Training expenditure data were collected via a datasheet. Section 7 of this report discusses findings from this element of the study.
National Employers Skills Survey 2005 (NESS05)	The survey involved 74,835 interviews with employers in England, and covered issues relating to vacancies, hard-to-fill vacancies, skills gaps and training activity.
Cost of Training 2005	This was a follow-up to the main NESS05 study and involved re-contacting 7,059 employers that trained and that indicated willingness to take part in further research. Training expenditure data were collected via a datasheet.
National Employers Skills Survey 2004 (NESS04)	The survey involved 27,172 interviews with employers in England, and covered issues relating to vacancies, hard-to-fill vacancies, skills gaps and training activity. It also looked at product market strategy.
National Employers Skills Survey 2003 (NESS03)	This was a larger study than conducted in 2004, involving approximately 72,000 interviews with employers, but in other respects the subject matter and methodology were very similar.
Employers Skills Survey 2001 (ESS2001)	This involved around 27,000 interviews with employers in England, and covered all establishments with more than one employee.
Employers Skills Survey 1999 (ESS1999)	This involved also around 27,000 interviews with employers in England, though this study excluded establishments with fewer than five employees.
Learning and Training at Work 2000 (LTW 2000)	This Department for Education and Skills study collected information on training activity but also, via a datasheet, training expenditure. Results on training expenditure were reported just for establishments with 10 or more employees (a base of 711 employers).
Hard-to-fill vacancies (HtFVs)	Those vacancies classified by respondents as hard-to-fill.
Skill-shortage vacancies	These are defined as hard-to-fill vacancies where

(SSVs)	at least one of the following causes was cited spontaneously (at C5a) or on prompting (at C6b): low number of applicants with the required skills, lack of work experience the company demands or lack of qualifications the company demands.
Density of vacancies	Vacancies expressed as a percentage of employment.
Skills gaps	These are said to exist at an establishment when the employer indicates that staff at the establishment are not fully proficient at their jobs. The number of skills gaps refers to the number of staff not fully proficient.
Establishment-based measures	These are survey results which are based on the proportion of employers responding in a particular way (e.g. the proportion of employers providing training for their staff).
Employee-based measures	These are survey results which are based on the number of employees (e.g. the proportion of employees for whom training has been provided).
Row %	These are percentages calculated using as a denominator the total in that row. If appropriate they sum to 100 per cent across the row. This may not always be the case for multiple response-type questions.
Column %	These are percentages calculated using as a denominator the total in that column. If appropriate they sum to 100 per cent down the column. This may not always be the case for multiple response-type questions.
Weighting	Weighting of the survey data was undertaken to ensure that the survey results are representative of the population of employers. The weighting process involved grossing-up the survey results to population estimates on an establishment and an employment basis separately.
Unweighted base	This refers to the number of respondents on which a survey result is based.

Notes

Further Information

Related publications

National Employer Skills Survey 2007: Key Messages Publication Reference: LSC-P-NAT-080037

Skills in England 2007 Volume 1: Key Messages Publication Reference: LSC-P-NAT-070160

Skills in England 2007 Volume 2: Research Report Publication Reference: LSC-P-NAT-070161

Skills in England 2007 Volume 3: Sectoral Evidence Publication Reference: LSC-P-NAT-070162

Skills in England 2007 Volume 4: Regional and Local Evidence Publication Reference: LSC-P-NAT-070163

Useful websites

http://research.lsc.gov.uk/

NESS07 data is available at **http://researchtools.lsc.gov.uk (http://researchtools.lsc.gov.uk)**

Further Information:

Visit the LSC website at **www.lsc.gov.uk (http://www.lsc.gov.uk)** for up-to-date news on the LSC and education and training in England.

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Published by the Learning and Skills Council

This publication is available in electronic form on the Learning and Skills Council website: **www.lsc.gov.uk**.

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Publication reference: LSC-P-NAT-**080036**