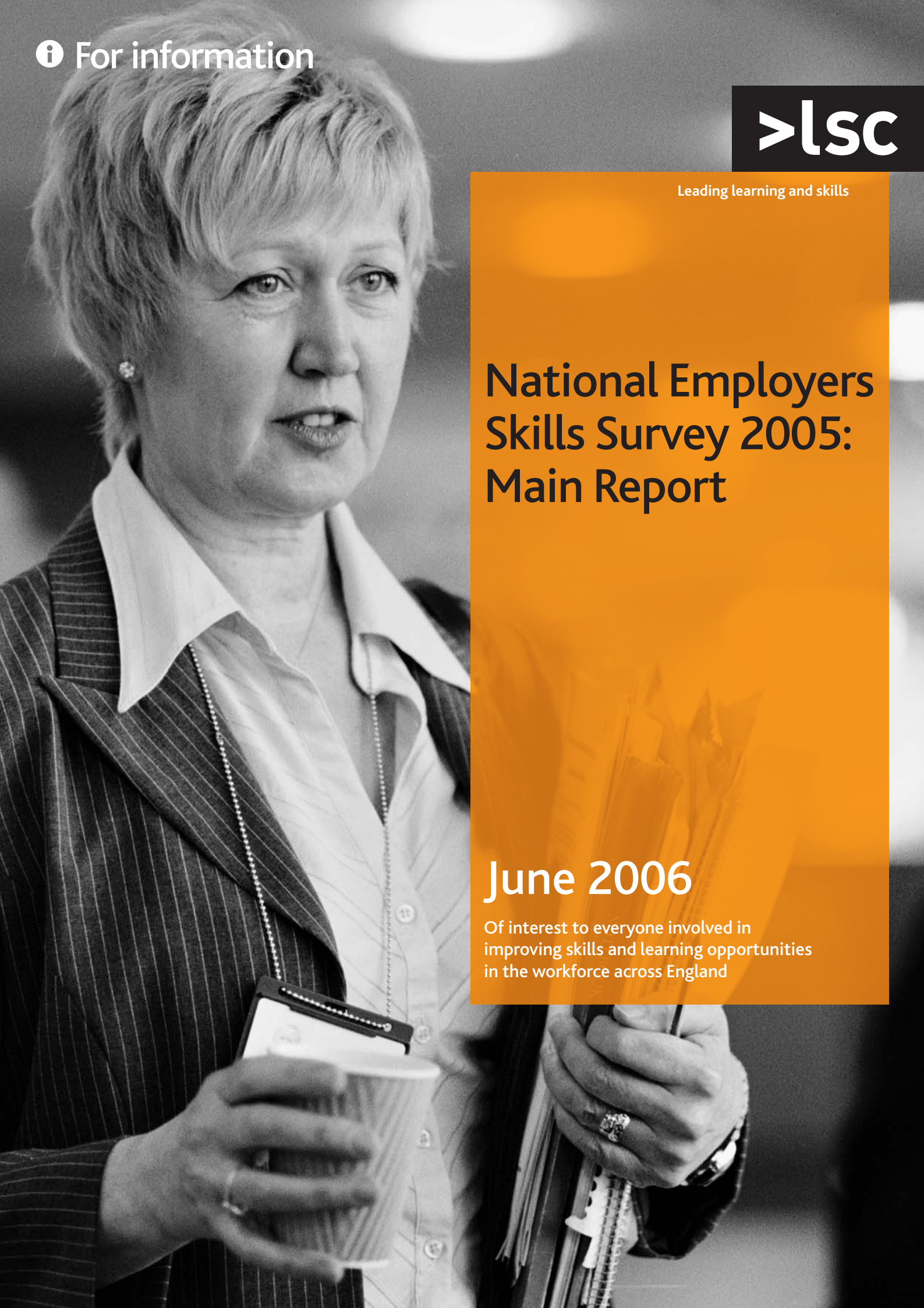

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Leading learning and skills

National Employers Skills Survey 2005: Main Report

June 2006

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

The National Employers Skills Survey 2005 (NESS05) provides detailed information on the incidence, extent and nature of skills problems facing employers, in terms of both recruitment and skill gaps within their existing workforce. It also explores employers' activities and expenditure in relation to training.

NESS05 was produced by the Learning and Skills Council in partnership with the Department for Education and Skills and the Sector Skills Development Agency.

For information

Contents

Figures

Tables

Acknowledgements

Many individuals and organisations have been involved in the design and execution of NESS05.

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 four research agencies, BMG, BMRB, IFF and NOP. Three of these (BMG, IFF and NOP) jointly undertook the fieldwork for NESS03 and NESS04. ORC International merged the data from the four agencies, undertook extensive and thorough checking of the data, and created the Statistical Package for Social Sciences (SPSS) file which lies behind the analysis within this report.

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

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

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There was also a Technical Advisory Group comprising in addition:

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Tony Clarke and John Doherty at the Department for Education and Skills also assisted greatly with the analysis of the Cost of Training study.

Preface

The National Employers Skills Survey 2005 (NESS05) is the third national employers skills survey commissioned by the Learning and Skills Council (LSC) together with the Department for Education and Skills (DfES) and the Sector Skills Development Agency (SSDA). NESS05 shares the aims of the 2003 and 2004 studies, namely to provide detailed analysis of the extent and nature of employers' recruitment problems, skills gaps and training activity. NESS05 also involved detailed follow-up work assessing employer expenditure on training and development, something not covered in NESS03 or NESS04, and results are reported in Section 7.

NESS05 is a major research study allowing detailed and statistically reliable analysis of findings at national, regional and sector level within England.

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, having undertaken the Skills Needs in Britain surveys during the 1990s, the Employer Skills Survey in 1999 and 2001, and as lead contractor on the NESS03 and NESS04 studies and author of the 2004 and co-author of the 2003 reports.

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.

Jan Shury

Mark Winterbotham

Katie Carter

Stefan Schäfer

Foreword

It is with great pleasure that I introduce the National Employers Skills Survey 2005.

With the continued increase in competitiveness in the global market, it is more important than ever to understand the skills issues facing employers. The National Employers Skills Survey (NESS) collects and analyses data on the issues employers face in terms of recruitment, skill gaps and training, giving us a greater understanding of what needs to be done to make England more competitive and continue the progress the LSC is making. This report complements the Leitch Review, which is reinforcing the critical skills challenge we face as a country.

NESS is the most comprehensive survey of its kind, involving over 74,000 interviews with employers of different sizes across different sectors and localities in England. It is produced by the LSC in partnership with the DfES and the Sector Skills Development Agency.

The survey is critical to anyone who has a role in helping to meet the skills needs of learners and employers, whether that is through shaping learning provision to meet demand, or through advice, delivery, planning or funding of learning. We encourage other organisations to use the information here, and the data that lies behind it, which can be accessed and analysed on our website (http://researchtools.lsc.gov.uk).

The NESS series has been running in its current form since 2003 but builds on previous surveys as far back as 1999. It is increasingly evident that the skill gap has closed steadily since 2001 (the percentage of establishments with staff not fully proficient has fallen from 23 in 2001 to 16 in 2005) and employer attitudes to training have become increasingly positive. Training is provided by more employers than ever before (65 per cent in 2005 compared with 59 per cent in 2003) and more training plans are in place. However, there is still much work to do to continue reducing the skill gap in an ever-changing economy and employment structure, with the growth in more highly skilled jobs and a decline in unskilled work. The real benefit is in understanding the detail – this NESS report shows how these factors vary by region and by sector and by size of company.

Real and detailed knowledge of the skills situation in England allows us to develop education and skills policies, such as Train to Gain, the LSC's new flagship service for employers, which will enhance economic competitiveness and enable individuals to achieve their full potential. The LSC, through its extensive research programme, is building this picture and enables us to understand what needs to be done to meet the needs of employers and individuals, and make England better skilled and more competitive.

Christopher N Banks CBE
Chairman, Learning and Skills Council

1 Executive Summary

The National Employers Skills Survey 2005 (NESS05) seeks to provide the Learning and Skills Council (LSC), the Department for Education and Skills (DfES), the Sector Skills Development Agency (SSDA) and their partners with definitive, up-to-date information on skills and workforce development issues facing employers in England.

NESS05 involved gaining the experiences and views of over 74,500 employers, and this represents by far the largest and most comprehensive source of information available to policy-makers on the extent and nature of the skills challenges facing employers in England. The research also enables an assessment of how skills needs are changing over time, and throughout this report comparisons are made with results from major employer surveys carried out between 1999 and 2004.

Recruitment problems

There has been little change since 2004 in the proportions of employers experiencing difficulty filling vacant posts (i.e. the incidence of hard-to-fill vacancies (HtFVs)), nor in the proportion whose difficulties are caused, at least in part, by a lack of available skills in the labour market.

On both measures, it is a small minority of employers who are affected: 7 per cent of employers reported HtFVs at the time of the interview (down from a consistent 8 per cent from 2001 to 2004), and just over half of these (4 per cent in total) report that at least some of these positions are hard to fill because of difficulties finding suitably skilled (or qualified, or 'experienced') candidates. This figure for the incidence of skill-shortage vacancies (SSVs) has remained unchanged since 2001.

One quarter of all vacancies remain unfilled because suitably skilled candidates are not applying for them, with these SSVs representing 7 posts for every 1,000 workers. Again, these figures show no change on those recorded in 2004.

While there has been little change in the reporting of recruitment difficulties at the overall level, there has been an increase in the proportion of the smallest establishments (with fewer than five employees) reporting them, and a decrease amongst establishments with more than five staff. Similarly, although recruitment difficulties are considerably more prevalent the larger the establishment (with the key cut-off point being the employment of 100 people), the greatest volume of recruitment difficulties occur within establishments employing fewer than 25 people.

In occupational terms, skilled trades positions, which were reported as the key area of difficulty in 2004, continue to be a key locus of recruitment difficulties and of skill shortages among applicants, although associate professional positions have emerged as posing significant challenges. In volume terms, associate professionals excepted, lower level occupations such as personal services and sales and customer services appear to pose more of a skills and recruitment challenge than higher level (managerial and professional) occupations in which skills are ostensibly at a greater premium.

Skill shortages in the external labour market are most acutely experienced in the North West, West Midlands, South East and in Yorkshire and the Humber, and are least acute in the East Midlands, South West and London.

In terms of sector, as in 2004, those industries experiencing a higher than average incidence of SSVs tend to be either manufacturing or primary industries, or service industries dominated by public sector employers and/or associate professional occupations. In terms of both incidence and volume, skills-related recruitment difficulties are most acute among employers covered by the following sector skills council (SSC) footprints: SummitSkills, Automotive Skills, ConstructionSkills and SEMTA. The single largest volume of skill shortages is found among employers not covered by an SSC.

Skills gaps

Skills gaps exist where employers report having employees who are not fully proficient at their job. A minority of employers (16 per cent) are affected by skills gaps in their workforce and overall a relatively small proportion of the total workforce (6 per cent) is described as not being fully proficient.

The proportion of employers affected by skills gaps has decreased again over the last 12 months, as it has every year since 2001, with the proportion of the workforce lacking proficiency also on the decline. This is shown in the following table.

Skills gaps	2001 %	2003 %	2004 %	2005 %
Percentage of establishments with a skills gap	23	22	20	16
Percentage of staff described as having a skills gap	9	11	7	6

Source: Employers Skill Survey 2001 (DfES); NESS03, NESS04 and NESS05 (LSC)

Occupationally, lower level occupations continue to be more likely to be described by employers as lacking proficiency, both in volume and density terms. That is, a greater proportion of the workforce in elementary (8 per cent), machine operative (6 per cent), sales (9 per cent) and personal service occupations (7 per cent) lack proficiency than in the more senior occupations (managers and professionals – each 4 per cent). Nearly two in five skills gaps fall within sales and elementary occupations.

As in previous years, lack of experience or staff being recently recruited remains by far the most commonly cited cause of skills gaps: 7 in 10 of all skills gaps that were discussed with respondents were attributed, at least in part, to this cause. A lack of training and the inability of the workforce to keep up with change each account, at least in part, for just under a quarter of all skills gaps. A lack of motivation on the part of staff contributes to almost a third of all skills gaps (and has increased since 2004).

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

Where skills gaps exist they are considerably more likely to be described as having no impact or a minor impact than external skill deficiencies (i.e. skills deficiencies among applicants encountered in recruitment). However, the ways in which skills gaps impact follow a broadly similar pattern as external deficiencies. By far the most common impact is increased workload for other staff, with impacts on 'operations' (increased operating costs, difficulties meeting quality standards and difficulties introducing new working practices) more common where gaps are concerned than impacts on 'the business' (loss of business or orders and/or delays in developing new products or services).

Employers most commonly react to skills gaps by training – either increasing training for the existing workforce, or increasing or expanding trainee programmes. One in eight employers with skills gaps do nothing to resolve them.

Skills gaps are a particular issue in the People 1st, Cogent, Improve Ltd and Skillsmart Retail SSC sectors, in which employers are both more likely than average to report having any staff who lack proficiency and to have a higher than average proportion of staff lacking proficiency.

In terms of occupational patterns of skills gaps within sectors, the Skills for Health and Skills for Care & Development SSC sectors have particular concentrations of skills gaps in personal service occupations, while 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, Financial Services Skills Council, Skillsmart Retail and Skillfast-UK. All the main sectors associated with manufacturing and engineering (covered by SEMTA, Proskills UK, Cogent and Improve Ltd SSC sectors) have concentrations of skills gaps within their plant and machine operator staff.

Sectors fall into two broad categories in terms of the types of skills lacking in their workforces. There are those where technical or practical skills are critical (including the sectors covered by SEMTA, Lantra, ConstructionSkills and SummitSkills). For most of the remainder the skills most likely to be lacking are either communication skills, customer handling or team-working skills.

Recruitment of young people

Questions were introduced to NESS05 asking specifically about the recruitment of young people aged under 24 direct from education. Around a fifth of employers (21 per cent) have recruited a young person into their first job direct from education in the past 12 months.

Of these employers: 53 per cent had recruited a 17- or 18-year-old school or college leaver, 45 per cent had recruited a graduate aged under 24 from a higher education institution and 35 per cent had recruited a 16-year-old school leaver. Most commonly, employers recruiting new labour market entrants from educational establishments focus on just one of these three groups (73 per cent of them), but 1 in 20 (6 per cent, or 1 per cent of all employers) had recruited from all three categories.

The employers who source recruits straight from education tend to be happy with the quality of the people they take on, particularly in the case of graduates. However, almost a third of employers recruiting 16-year-old school leavers (31 per cent), a quarter of those recruiting 17- or 18-year-old school or college leavers (24 per cent) and one in eight recruiting graduates (12 per cent) find them to be poorly prepared.

Where the recruits are poorly prepared for the jobs they are recruited to, this is most commonly in terms of personal attributes and/or because of their lack of experience, rather than explicitly in terms of skills. The data suggest that the longer an individual spends in education the more likely they are to be equipped with the personal attributes that employers require, although this is perhaps as likely to be a function of age as of the benefits of education per se.

Training and workforce development

Employers reported that they had provided training over the previous 12 months to almost 13.1 million workers, equivalent to three-fifths of the total current workforce (61 per cent, unchanged from 2004).

Two-thirds (65 per cent) of employers had provided training in the previous 12 months, little changed from the proportion in 2004 (64 per cent). Size is a key determinant of likelihood to train: half of the smallest establishments with fewer than five employees had not provided any training in the previous 12 months, nor had just over one in five of those with 5 to 24 employees. In contrast, well over 9 in 10 establishments with 25 or more staff had trained some of their employees over the previous 12 months.

The vast majority (71 per cent) of employers that trained provided some off-the-job training (defined as training that takes place away from the individual's immediate work position whether on the employer's premises or elsewhere).

In numeric terms, managers were the most likely occupational group to have received off-the-job training – just over one and a quarter million managers were trained in this way. However, this reflects the large number of managers employed. Just over a third (36 per cent) of managers had received off-the-job training in the previous 12 months, lower than the proportion of professionals, associate professionals and personal service staff receiving off-the-job training (53 per cent, 47 per cent and 53 per cent respectively).

Provision of on-the-job training has a somewhat different occupational pattern. While over half of professionals, associate professionals and personal service staff were provided with on-the-job training in the previous 12 months (57 per cent, 54 per cent and 67 per cent respectively), the provision of this type of training to some of the lower skilled occupational groups was at a relatively high level. In particular three in five sales and customer service staff had received on-the-job training in the previous 12 months, as had half of those in elementary occupations, despite fewer than 3 in 10 of these two occupational groups receiving any off-the-job training in that time.

In total, employers funded or arranged 162 million days of training over the previous 12 months (of which 29 per cent were off-the-job training days), equivalent to 7.5 days of training per annum for every worker in the country.

Just over a quarter (28 per cent) of employers that had funded or arranged training in the last 12 months (representing 18 per cent of *all* employers) had used a further education (FE) college to deliver some of their training. The vast majority were satisfied with the FE provision (82 per cent), though 8 per cent expressed dissatisfaction.

Employer expenditure on training

Results indicate that total employer training expenditure over the previous 12 months was £33.3 billion. This splits almost evenly between expenditure on off- and on-the-job training.

Establishments employing fewer than 25 staff spent just over £14 billion on training in the previous 12 months, this representing 42 per cent of all training expenditure. This is despite the fact that well under a third (29 per cent) of those receiving training over the last 12 months were employed by establishments of this size.

The vast bulk of training expenditure comprises labour costs of those receiving and delivering or organising training. Labour costs of those being trained total a little under £16 billion and represent almost half (48 per cent) of total training expenditure. A further £5.1 billion is spent on the management of training and £6.5 billion on the labour costs of those delivering on-the-job training, and these two elements account for over a third (35 per cent) of total employer expenditure on training.

In comparison a total of around £2.4 billion is spent on fees to external providers of off-the-job training, and this accounts for around 7 per cent of total training costs.

Total training expenditure equates to an average spend of £1,550 per employee. Annual training spend *per trainee* is just over £2,500. This varies somewhat depending on the type of training provided, with more being spent per trainee for off-the-job training than on-the-job training. On average, employers spend about £2,165 per annum on off-the-job training for each off-the-job trainee, compared with about £1,530 per annum on on-the-job training for each on-the-job trainee.

SSC sectors where average training expenditure per employee was particularly high (over £2,000 per employee per annum compared with the average of £1,550) were: Lantra, People 1st, ConstructionSkills, Skills for Care & Development, SummitSkills and Asset Skills. By contrast employers in the following SSC sectors spent less than half the national average: Energy & Utility Skills, Skillfast-UK, GoSkills and Skillset.

Business and training planning

The incidence of business and training planning and budgeting shows little change compared with 2004, though for training plans and training budgets these levels are significantly above those reported in 2003. In 2005, just over half of employers (55 per cent) had a business plan specifying the establishment's objectives for the coming year. Less than half (45 per cent) had a formal training plan specifying in advance the level and types of training employees will need in the coming year (in 2003 only 39 per cent reported such plans) and a third (33 per cent) had a budget for training expenditure.

The majority of employers provide formal written job descriptions for their staff (74 per cent, up from 71 per cent in 2004) and similarly there has been an increase in the proportion that formally assess whether their staff currently have gaps in their skills (55 per cent, up from 52 per cent in 2003 and 2004).

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 Education and Skills (DfES) and the Sector Skills Development Agency (SSDA) – commissioned a National Employers Skills Survey in 2003 (NESS03) and 2004 (NESS04) which explored skill shortages and workforce development activity among approximately 72,000 and 27,000 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 2005 (NESS05) develops further this trend data on skills issues. In incorporating responses from just under 75,000 employers it 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.

- The partnership approach developed by the LSC, DfES 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.

- As in 2004, the survey has been sampled by SSC. The sector skills councils have been charged with leading the skills and productivity drive in business sectors recognised by employers. It should be noted that SSCs vary greatly in the extent to which their footprints correspond with sectors as defined within Standard Industrial Classification (SIC). In most instances, the SIC definition closely matches that of the sector skills councils; in others, elements of the workforce are excluded. SSC sectors are detailed in Annex D of this report, which contains a detailed analysis of the fit between Standard Industrial Classification definition and SSC footprint for each sector. As a note, while very similar, there were some changes in the SSC footprints between the survey conducted in 2004 and the 2005 study.

- 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 sector skills councils to identify sector priorities and to influence the supply of learning and training to meet employer needs; local LSC plans; and, at a national level, policy papers such as the recent White Papers on education and skills.

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, NESS05 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 thus remain unfilled in each of the major occupational categories and what skills are in short supply. A new area for NESS05 was the recruitment and quality of young people taken on, particularly 16-year-old school leavers, 17- to 18-year-old school and college leavers and those recruited to their first job from university or other higher education institutions

- 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. In addition in 2005, a follow-up to NESS05 investigated employer expenditure on training and development

- employer use of (and satisfaction with) FE colleges as providers of workforce development.

As well as providing detailed information on the skills situation in 2005, the survey also aims to build up the stock of trend data on skills issues; hence the report explores and analyses these trend patterns. Details on the main surveys with which comparisons are made, going back to 1999, are given at the end of this section.

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 at regional and local levels, 'employers' were defined as establishments 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 2004. These indicated a total population of 1.4 million employers, with 21.5 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 each local LSC in proportion to the number of establishments within that locality, though in smaller local LSCs the number was boosted to ensure a minimum of 1,000 interviews. Within each local LSC and region, 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 43 per cent, similar to NESS03 (42 per cent) but an improvement on NESS04 (33 per cent).

Survey fieldwork

During the main NESS fieldwork, 74,835 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 May and August 2005. The survey questionnaire is at Appendix A7 to Annex A of this report.

After the main NESS05 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 7,059 interviews were completed for this second stage of fieldwork.

Fieldwork was undertaken by IFF Research from July to September 2005. A copy of the datasheet questionnaire is at Appendix B6 to Annex B.

Structure of the National Employers Skills Survey 2005 report

The remainder of this report is in five main sections:

- Section 3: Recruitment Problems
- Section 4: Skills Gaps
- Section 5: The Recruitment of 16- to 24-year-olds Direct to Employment
- 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.

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.

Section 7 examines employer expenditure on training. Results are derived from a follow-up survey of over 7,000 telephone interviews among employers who took part in the main NESS05 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 2005 picture nationally and how this compares with any trend data that exist, going back to 1999. 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 H.

The characteristics of and relationships between employers and employment by region, sector and size are explored in Annex G, 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.

The collection of occupational data was changed in NESS05 compared with NESS04. Analysis of the 2004 classifications suggested that certain job roles and occupational categories were particularly likely to be under-represented by employers (compared with the LFS). Therefore, changes were made to the way the occupational breakdown question was asked to improve accuracy. Annex G compares the employment profile of 2004 and 2005 and discusses in more detail the impact of changing the way this question was asked.

Methodological note on comparisons

As described above, NESS05 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 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 was the largest survey in the series yet, comparable to NESS03 in its coverage of just under 75,000 establishments and with an identical sample design to NESS04.

Thus 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

There has been little change since 2004 in the proportions of employers experiencing difficulty filling vacant posts, nor in the proportion whose difficulties are caused – in part at least – by a lack of available skills in the labour market.

A small minority of employers are affected by these recruitment difficulties; 7 per cent of employers report current HtFVs (down from a consistent 8 per cent from 2001 through to 2004), and just over half of these (4 per cent in total) report that at least some of these positions cannot be filled because of difficulties finding suitably skilled (or qualified, or 'proven') candidates. This figure for the incidence of (unprompted) SSVs has remained unchanged since 2001.

The scale of the problem is larger when one starts to think in terms of vacant positions rather than of the employers who have these vacancies. One quarter of all vacancies remain unfilled because suitably skilled candidates are not applying for them, with these (unprompted and prompted) SSVs representing 7 posts for every 1,000 workers. Again, these figures show no change on those recorded 12 months ago.

While there has been little change in the reporting of recruitment difficulties at overall level, there has been an increase in the proportion of the smallest establishments (with fewer than five employees) reporting them, and a decrease amongst establishments with more than five employees. Similarly, although recruitment difficulties are considerably more prevalent the larger the establishment (with the key cut-off point being the employment of 100 people), the greatest volume of recruitment difficulties is experienced by companies employing fewer than 25 people (which account for the vast majority of all establishments).

In occupational terms, skilled trades positions – which were reported as the key area of difficulty in 2004 – continue to be a locus of recruitment difficulties and skill shortages, although associate professional positions have emerged as posing significant challenges. In volume terms, associate professionals excepted, lower level occupations appear to pose more of a skills and recruitment challenge than higher level (managerial and professional) occupations – in which one might expect skills to be at a greater premium.

Skill shortages in the external labour market are most acutely experienced in the North West, West Midlands, South East and in Yorkshire and the Humber, and are least acute in the East Midlands, South West and North East. In terms of sector, as in 2004, those industries experiencing a higher than average incidence of SSVs tend to be either manufacturing or primary industries, or service industries dominated by public sector employers and/or associate professional occupations. In terms of both incidence and volume, skills-related recruitment difficulties are most acute among employers covered by the following SSC-sector footprints: SummitSkills, Automotive Skills, ConstructionSkills and SEMTA. The single largest volume of skill shortages is found among employers not covered by an SSC.

Introduction

This section examines the scale and nature of recruitment problems reported by employers. It focuses particularly on vacancies that are proving hard to fill because of skill shortages in the labour market and looks at the incidence, number, distribution and density of these SSVs, as well as identifying the skills that employers indicate are in short supply.

The first part traces national trends in terms of vacancies (HtFVs and SSVs) from 1999 to the present day, before outlining the impacts that they have on businesses, and the actions businesses consequently take to overcome them. Later in the section we discuss in detail the regional and sector pattern underlying these national results.

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

SSVs are those HtFVs which result either from a low number of applicants with the required skills, or a lack of candidates with the required work experience, or a lack of candidates with the required qualifications.

For the 2005 survey – as in 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 if skills, experience or qualifications were not initially mentioned. This report focuses on the overall measure of SSVs, combining prompted and unprompted responses, but also presents an unprompted measure in the section immediately below (which allows comparisons to be drawn with earlier ESSs).

Trends in recruitment difficulties since 1999

Table 3.1 details trends in key measures of recruitment difficulty over time. The top half of Table 3.1 presents trends since 2001 for establishments of all sizes. The bottom half presents trends since 1999 for establishments with five or more staff only (establishments with fewer than five staff were not included in ESS1999).

Table 3.1: Trends in vacancies and recruitment difficulties (1999–2005).

	ESS		NESS		
	1999	2001	2003	2004	2005
All establishments					
% of establishments with any vacancies	n/a	14	17	18	17
% of establishments with any HtFVs	n/a	8	8	8	7
% with (unprompted) SSVs	n/a	4	4	4	4
% of all vacancies which are (unprompted) SSVs	n/a	21	20	17	17
Establishments with 5 or more staff					
% of establishments with any vacancies	32	27	28	27	25
% of establishments with any HtFVs	16	14	12	12	10
% with (unprompted) SSVs	8	6	7	6	5
% of all vacancies which are (unprompted) SSVs	18	18	18	16	17

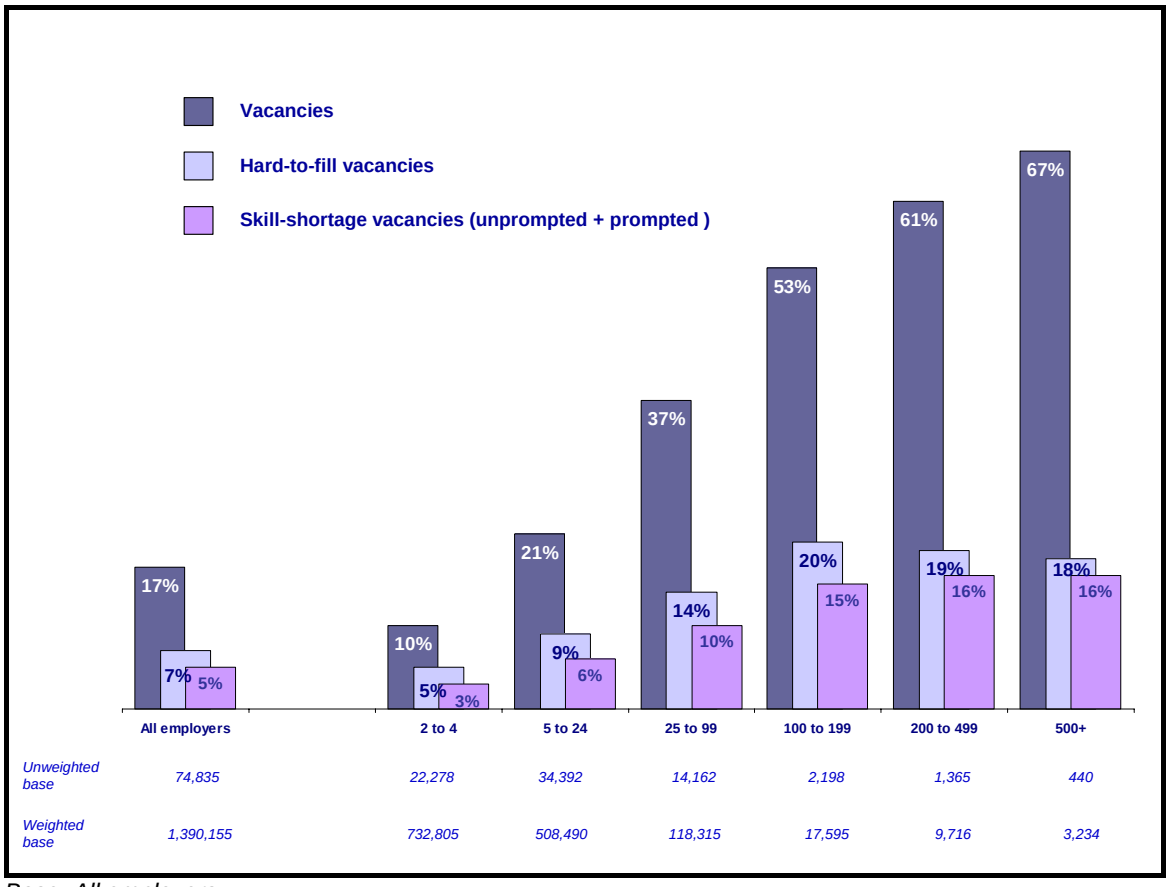
Overall, there has been little change in these key measures in the last few years. In 2005 around 1 in 6 establishments (17 per cent) reported current vacancies, fewer than 1 in 12 (7 per cent) HtFVs and only 1 in 25 (4 per cent) reported (*unprompted*) SSVs. Recruitment difficulties continue to affect a relatively small minority of employers.

If one considers **only establishments with five staff or more**, there has been a slight decrease in the incidence of vacancies and recruitment difficulties since 2004, continuing a relatively consistent downward trend since 1999. Given that the trend among all employers is essentially static, this suggests an increase compared with 2004 in the proportion of the smallest establishments with recruitment problems. Variations in the experience of recruitment difficulties by size of establishment are further illustrated in the following section.

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

Figure 3.1 illustrates that the propensity to report vacancies, HtFVs and SSVs is strongly related to the number of people the establishment already employs.

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



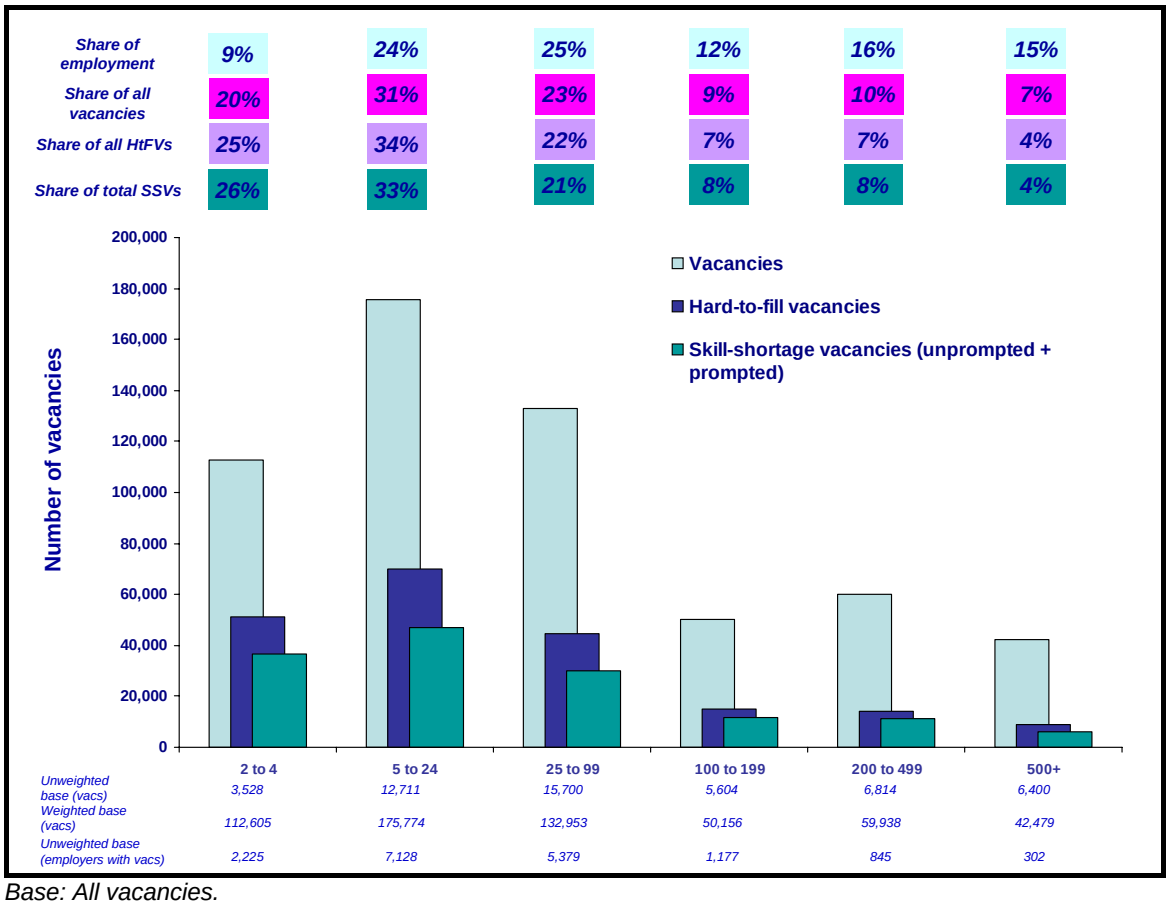
Base: All employers.

In broad terms, the likelihood of an establishment having a vacancy, HtFV or SSV all increase with size.

More specifically, the likelihood of an establishment having hard-to-fill and SSVs increases with size until the establishment reaches a total workforce of 100 people, beyond which size the incidence of recruitment difficulties plateaus.

In volume terms, half of all vacancies (50 per cent) and a clear majority of HtFVs and SSVs (59 per cent and 58 per cent) fall within establishments with fewer than 25 staff. These establishments only account for a third of all employment. That is, ***smaller establishments account for a disproportionately large volume of all recruitment difficulties (whether skills-related or not).***

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



Base: All vacancies.

Compared with 2004, the smallest establishments (i.e. those with fewer than five staff) now account for a larger share of recruitment difficulties (up 5 percentage points in terms of HtFVs, and up 4 percentage points in terms of SSVs).

While we have seen that large employers are particularly likely to be experiencing any HtFVs and SSVs, the actual number of such vacancies they are experiencing is relatively low, especially when compared to their employment. Establishments with 100 or more staff employ approximately 2 in 5 of all employees (42 per cent), but account for only a quarter of all vacancies (27 per cent) and 1 in 5 of all SSVs (20 per cent).

Table 3.2 summarises the volume and density of SSVs by size. Two density measures are presented. The first shows the proportion of all vacancies that are proving difficult to fill because of skill shortages. This provides a measure of the likelihood that establishments will encounter skills-related problems when they look to take on new staff and is an indicator of the extent that skill shortages are likely to be inhibiting growth and development in establishments of different size. The second shows the total number of SSVs (both prompted and unprompted) being experienced per thousand employees.

Table 3.2: Volume and density of skill-shortage vacancies by size of establishment.

	Vacancies	Unprompted SSVs	Prompted + unprompted SSVs	% of vacancies that are SSVs (unprompted and prompted)	SSVs (unprompted and prompted) per 1,000 employees
Unweighted base	*50,757*	*7,946*	*11,326*		
All England	*573,900*	*99,500*	*143,125*	**25**	**7**
Size of establishment					
2 to 4	*112,600*	*22,900*	*36,625*	**33**	**19**
5 to 24	*175,775*	*33,725*	*46,900*	**27**	**9**
25 to 99	*132,950*	*20,800*	*30,250*	**23**	**6**
100 to 199	*50,150*	*9,025*	*11,900*	**24**	**5**
200 to 499	*59,950*	*8,750*	*11,225*	**19**	**3**
500+	*42,475*	*4,275*	*6,225*	**15**	**2**

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

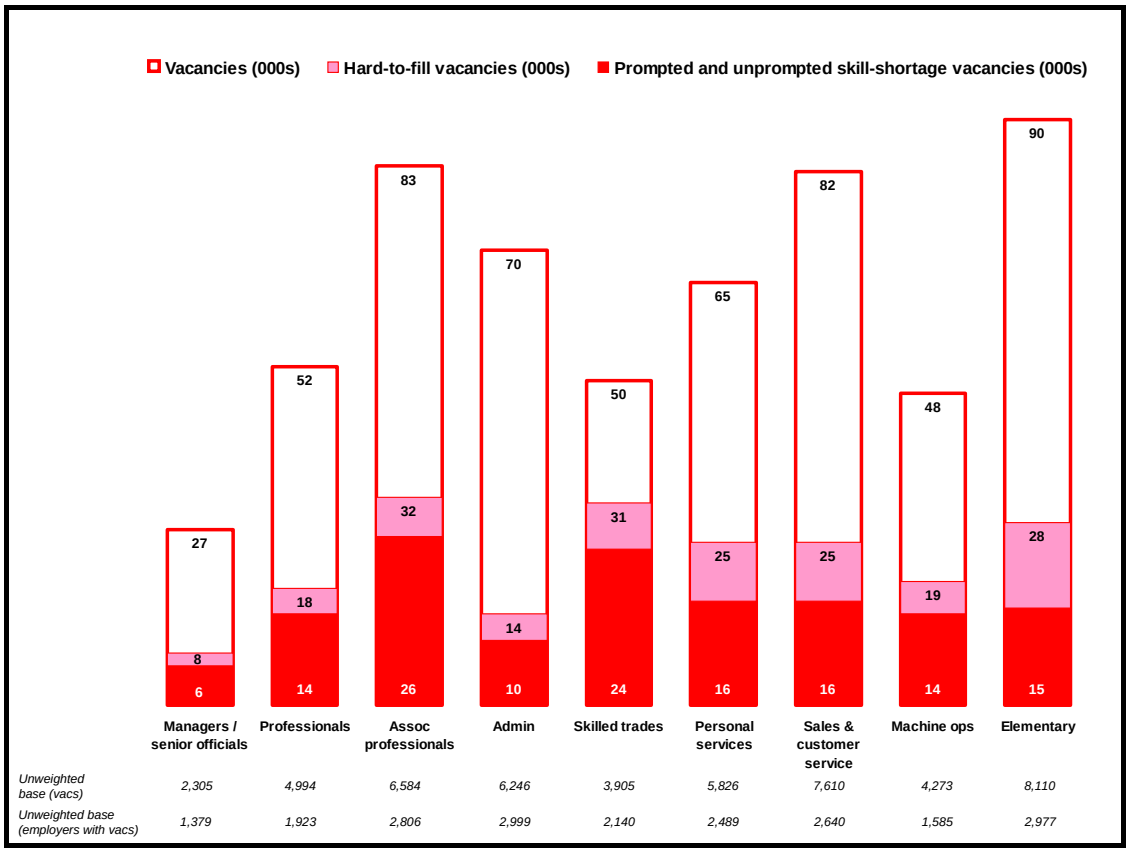
Overall, for 1 in 4 vacancies (25 per cent) employers are experiencing skill shortages in applicants. There is again a clear pattern by size such that the smaller the establishment, the more likely it is that vacancies exist because of skill shortages in applicants. Vacancies reported by the smallest establishments are more than twice as likely to be skills-related than those reported by the largest establishments (33 per cent compared to 15 per cent).

That SSVs are affecting smaller employers much more in numeric terms than larger ones is even more apparent when examining density on an employment base. The number of SSVs in establishments with fewer than 5 staff is equivalent to 19 per 1,000 employees. Among those with 100 or more staff, it is 5 or fewer per 1,000 employees.

The pattern of recruitment difficulties by occupation

Figure 3.3 illustrates the occupational patterns of vacancies and recruitment difficulties, detailing the numbers of vacancies, HtFVs and SSVs reported for each occupation.

Figure 3.3: Overall distribution of vacancies and recruitment difficulties by occupation.



Base: All vacancies.

The greatest volumes of SSVs and HtFVs are for **associate professionals** and **skilled trades**. It is equally likely that HtFVs in these two occupations are caused by a lack of available skills.

The levels of recruitment activity in the two occupations are quite different. Where **skilled trades** are concerned, there is a considerably smaller number of vacancies – i.e. there is considerably less demand for new recruits – but a higher proportion of vacancies are hard to fill than among associate professionals. This suggests particularly dense skills challenges.

Recruitment activity is high for **associate professionals**, and far outstrips the share of current employment in these roles (15 per cent of vacancies fall into this occupation, compared with only 8 per cent of all employment). The market is meeting most of this demand; the high volume of SSVs represents a small proportion of all vacancies relative to skilled trades.

Similar volumes of SSVs were reported for professional, personal service, sales and customer service, machine operative and elementary roles.

Elementary occupations account for the greatest number of vacancies (in line with the size of the workforce in this occupation). While numerous, recruitment difficulties for elementary staff are in fact less common than might be expected from the share of vacancies (the proportion of all vacancies that fall into this group is a little higher than the proportion of all HtFVs), and are relatively unlikely to be skills-related. This pattern is similar to that for **sales and customer service staff** where recruitment activity is lower.

Managers account for the smallest number of recruitment difficulties (both HtFVs and SSVs) and of vacancies, although managers account for more of the workforce than any other occupation. This is likely to point to employers looking to recruit managers from their existing workforce as much as or more than from external sources.

It is relatively uncommon for employers to have difficulty filling administrative posts. **Administrative staff** account for the second smallest number of HtFVs and SSVs, although the number of vacancies is relatively high.

Table 3.3 shows the prevalence of SSVs by occupation in employment density terms (SSVs per 1,000 employees) and in relation to recruitment activity (as a proportion of all vacancies).

This confirms that skill shortages are a particular issue for **skilled trade occupations**, where the proportion of all vacancies that are skills-related is well above average (48 per cent compared with a national average of 25 per cent) and considerably higher than any other occupation. SSVs are also denser than the national average in employment terms (amounting to 16 for every 1,000 employees against an average of 7) but are at similar levels as associate professional roles.

High recruitment activity for **associate professionals** from a relatively low employment base means that skills deficiencies are particularly challenging here in terms of employment density (i.e. in terms of their impact on the growth of the workforce) and to a lesser extent in relation to vacancy levels (the frequency with which vacancies meet skill shortages).

A relatively high proportion of all vacancies for **professionals** (28 per cent) and **transport and machine operatives** (29 per cent) are hard to fill because of skill shortages, but in both cases the density on an employee level is average.

Skill shortages are particularly low for administrative staff both in density terms (representing only 3 employees in every 1,000) and as a proportion of vacancies (15 per cent of vacancies in this occupation are hard to fill because of a lack of suitably skilled applicants).

Table 3.3: Summary of vacancies by occupation.

	Vacancies	Unprompted SSVs	Prompted + unprompted SSVs	% of vacancies that are SSVs (unprompted and prompted)	SSVs (unprompted and prompted) per 1,000 employees
Unweighted base	*50,757*	*7,946*	*11,326*		
All England	*573,900*	*99,500*	*143,125*	**25**	**7**
Occupation					
Managers and senior officials	*27,150*	*4,975*	*6,350*	**23**	**2**
Professionals	*51,625*	*11,250*	*14,400*	**28**	**6**
Associate professionals	*83,225*	*18,425*	*26,050*	**31**	**15**
Administrative and secretarial	*69,625*	*8,100*	*10,225*	**15**	**3**
Skilled trades	*50,175*	*16,925*	*24,300*	**48**	**16**
Personal service	*64,700*	*9,600*	*15,975*	**25**	**10**
Sales and customer service	*81,550*	*10,975*	*16,175*	**20**	**6**
Transport and machine operatives	*48,125*	*9,950*	*13,800*	**29**	**8**
Elementary occupations	*89,575*	*8,800*	*14,975*	**19**	**5**

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

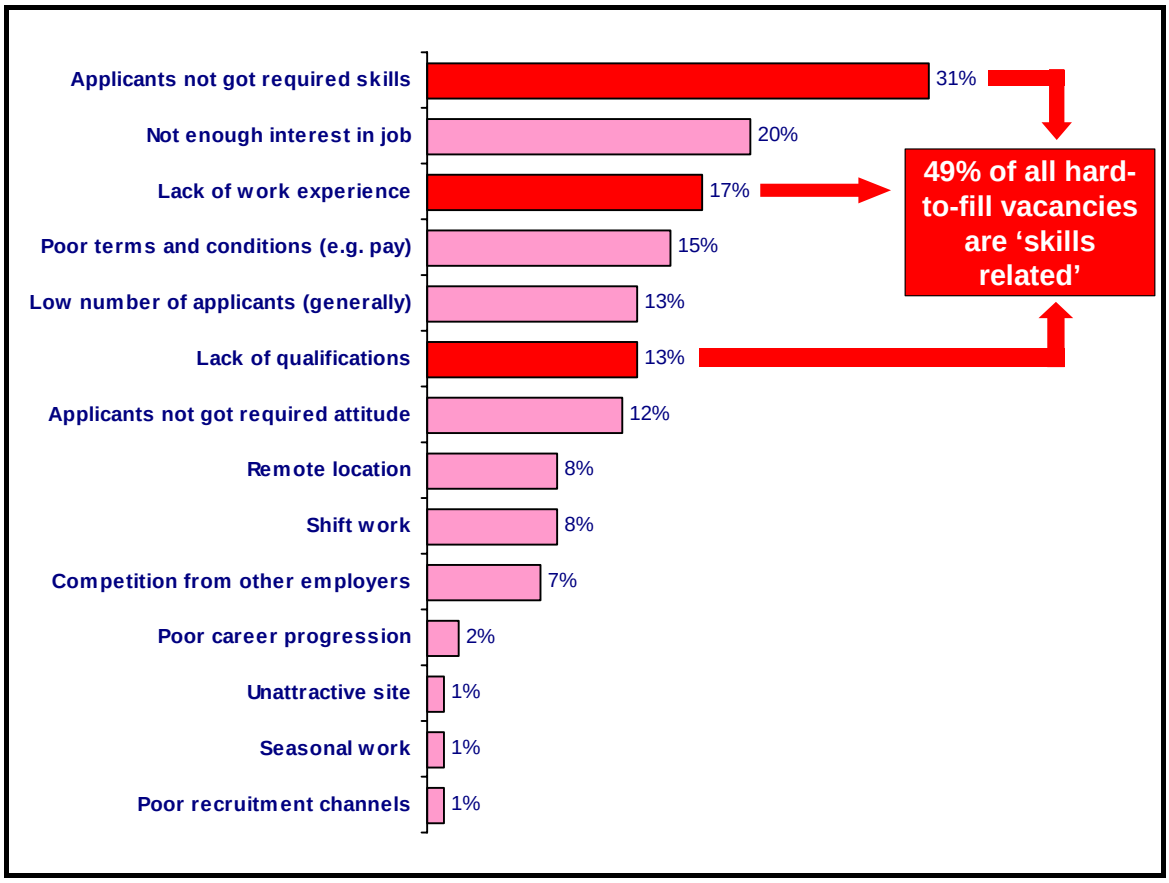
Reasons for hard-to-fill vacancies

Throughout this section we have discussed the incidence and number of HtFVs and SSVs, with SSVs defined as those caused by a low number of applicants with the required skills or work experience or qualifications.

In this part we look further at the range of reasons given for HtFVs, including those not related to skills issues, and also examine the balance within SSVs between lack of skills, qualifications and experience.

The reasons given by employers for why individual vacancies are hard to fill are shown in Figure 3.4. Findings are based on the number of HtFVs, not the number of employers with HtFVs. The question upon which this analysis is based was unprompted: that is, employers were asked to give their responses spontaneously without a list of possible reasons being read out to them. Employers were able to give more than one response, and commonly did (hence the sum of all responses is greater than 100 per cent).

Figure 3.4: Reasons for hard-to-fill vacancies.



Base: All hard-to-fill vacancies (weighted=203,555; unweighted=16,663; unweighted employer base=6,838).

Skills deficiencies lie at the heart of HtFVs; that applicants lack the required skills is the single most common reason given for an establishment finding it hard to fill its vacancies (cited in respect of 31 per cent of HtFVs).

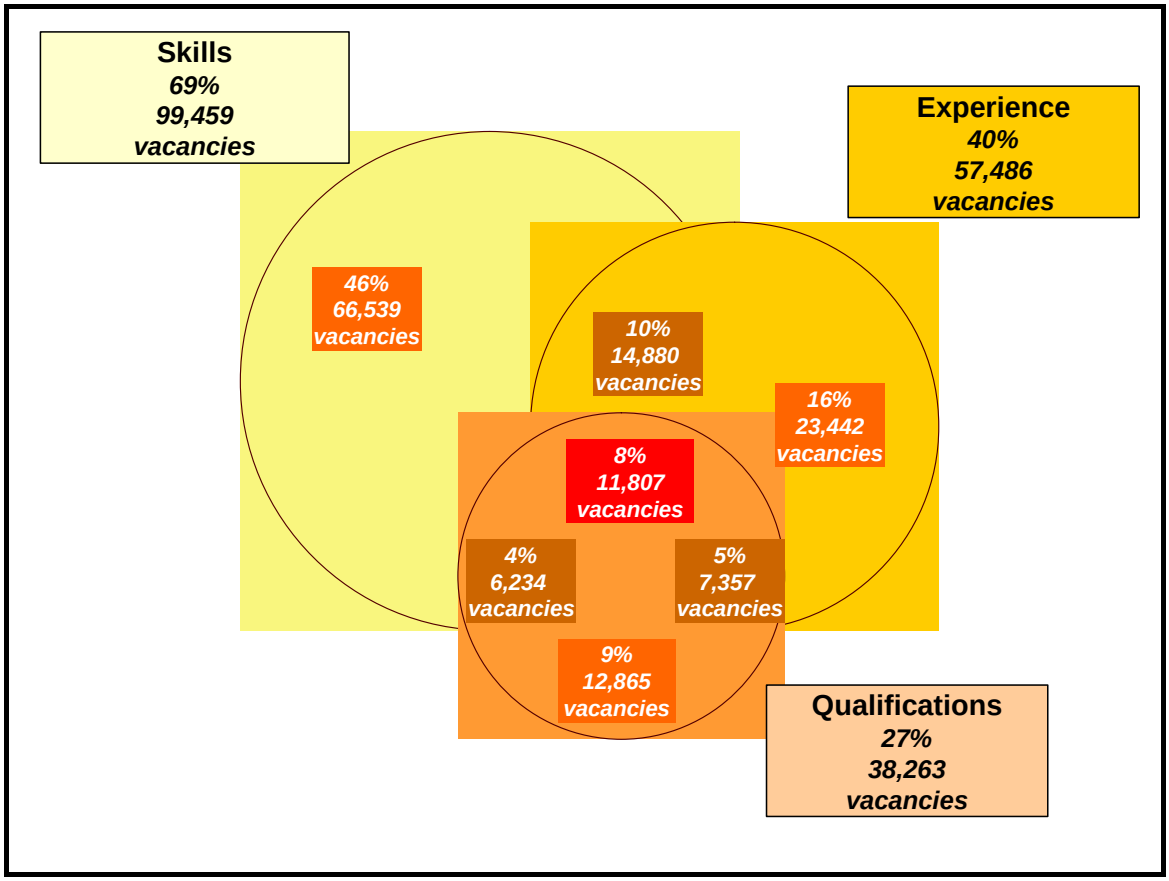
A lack of experience and a lack of qualifications are considerably less common reasons for HtFVs (17 per cent and 13 per cent respectively), but when combined with a lack of skills mean that half of all HtFVs are *skills-related*.

The remaining half of HtFVs are caused by a wide range of over-lapping factors. While the definition of 'skill shortage' excludes factors relating to applicants' personal characteristics and attitude, and to general competition among employers for the best applicants, these relatively common responses could be considered to incorporate an element of skill deficiency.

It is worth noting that, where lack of experience and lack of qualifications (i.e. the other sides of skill shortages) have previously been relatively peripheral causes of HtFVs, lagging behind lack of interest and the simple lack of candidates, they are now placed very firmly in the second order of causes or reasons for unfilled positions, on a par with the lack of interest of applicants, a lack of applicants more generally, the terms and conditions of the job and the poor attitude of applicants.

Figure 3.5 explores the relative balance between SSVs attributed to shortages in skills, experience and qualifications. By far the greatest proportion is attributed to applicants lacking skills (with this being at least part of the reason for 69 per cent of SSVs, and the sole reason for 46 per cent of all SSVs). Qualifications by comparison are seen as at least part of the reason for 27 per cent of SSVs. However, only 9 per cent of SSVs are attributed exclusively to a lack of the necessary qualifications among applicants.

Figure 3.5: Extent to which skill-shortage vacancies are attributed to skills, experience and qualifications deficiencies.



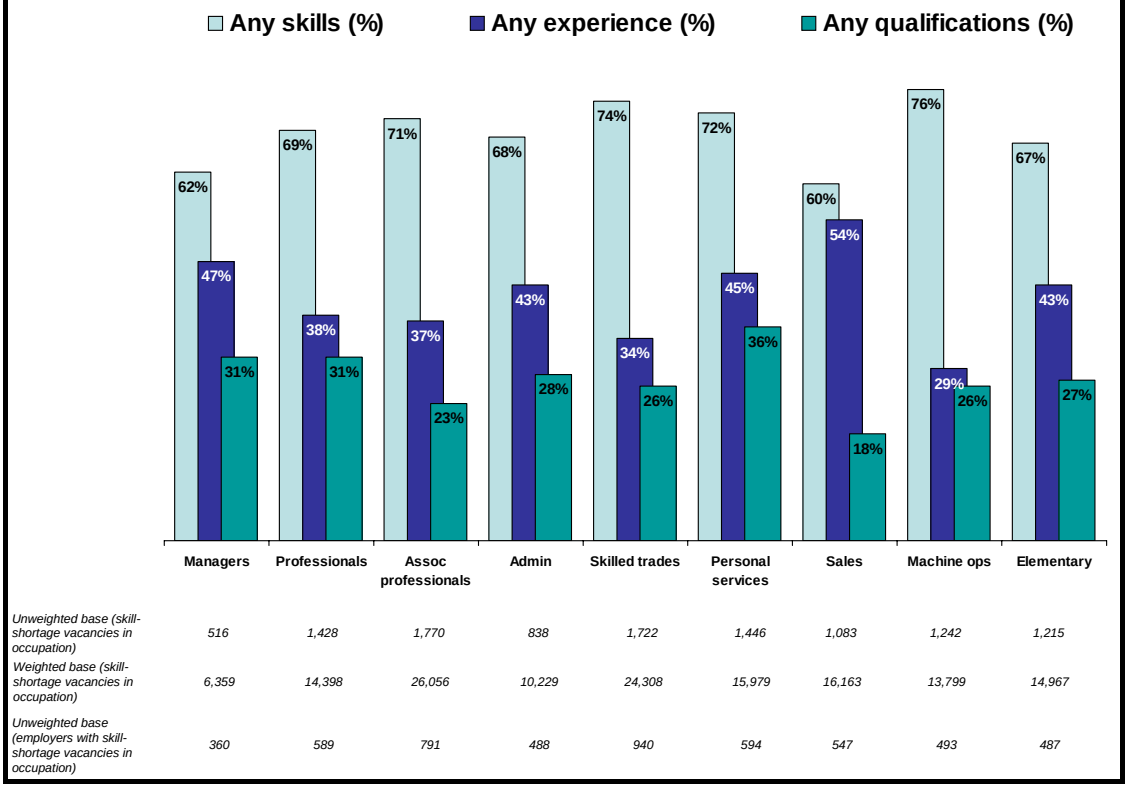
Base: All unprompted and prompted skill-shortage vacancies (weighted=143,124; unweighted=11,326; unweighted employer base=4,847).

A lack of experience underlies 2 in 5 SSVs (40 per cent), and is the only cause given for 1 in 6, with no mention of skills or qualifications.

Also, 1 in 11 SSVs (8 per cent) are attributed to a combined lack of skills, experience **and** qualifications.

Figure 3.6 details the balance of skills, experience and qualifications as causes of SSVs in each occupation and shows that while the hierarchy of the three component factors remains the same, the relative importance of each differs.

Figure 3.6: Extent to which occupational skill-shortage vacancies are attributed to a lack of skills, a lack of experience and a lack of qualifications.



	Managers	Professionals	Assoc professionals	Admin	Skilled trades	Personal services	Sales	Machine ops	Elementary
Unweighted base (skill-shortage vacancies in occupation)	*516*	*1,428*	*1,770*	*838*	*1,722*	*1,446*	*1,083*	*1,242*	*1,215*
Weighted base (skill-shortage vacancies in occupation)	*6,359*	*14,398*	*26,056*	*10,229*	*24,308*	*15,979*	*16,163*	*13,799*	*14,967*
Unweighted base (employers with skill-shortage vacancies in occupation)	*360*	*589*	*791*	*488*	*940*	*594*	*547*	*493*	*487*

Base: All skill-shortage vacancies (unprompted and prompted).

The key differences emerging by occupation are as follows.

- Skill-shortage vacancies for **skilled trades** (which we have seen to be the occupation facing the greatest challenges in terms of the density of its skills-related recruitment difficulties) are considerably more likely than average to be caused by a lack of skills. Employers are less likely than average to cite a lack of experience or of qualifications as underpinning the skill shortages they face. A similar pattern is evident in terms of **machine operatives** (where lack of experience or qualifications is even less frequently cited).

- A lack of qualifications is more likely to be behind SSVs for **personal service occupations** than for any other occupational group.

- Conversely, SSVs for **sales and customer service** staff are less likely to be caused by a lack of (suitably) qualified applicants than for any other occupation. A lack of skills is also cited in relation to a smaller proportion of skill shortages for sales staff than for any other occupations. Experience appears to be the key indicator of skills that candidates lack for sales roles.

- A lack of skills is less common in respect of SSVs for **managers** than most other occupations, although a lack of experience is more common than average.

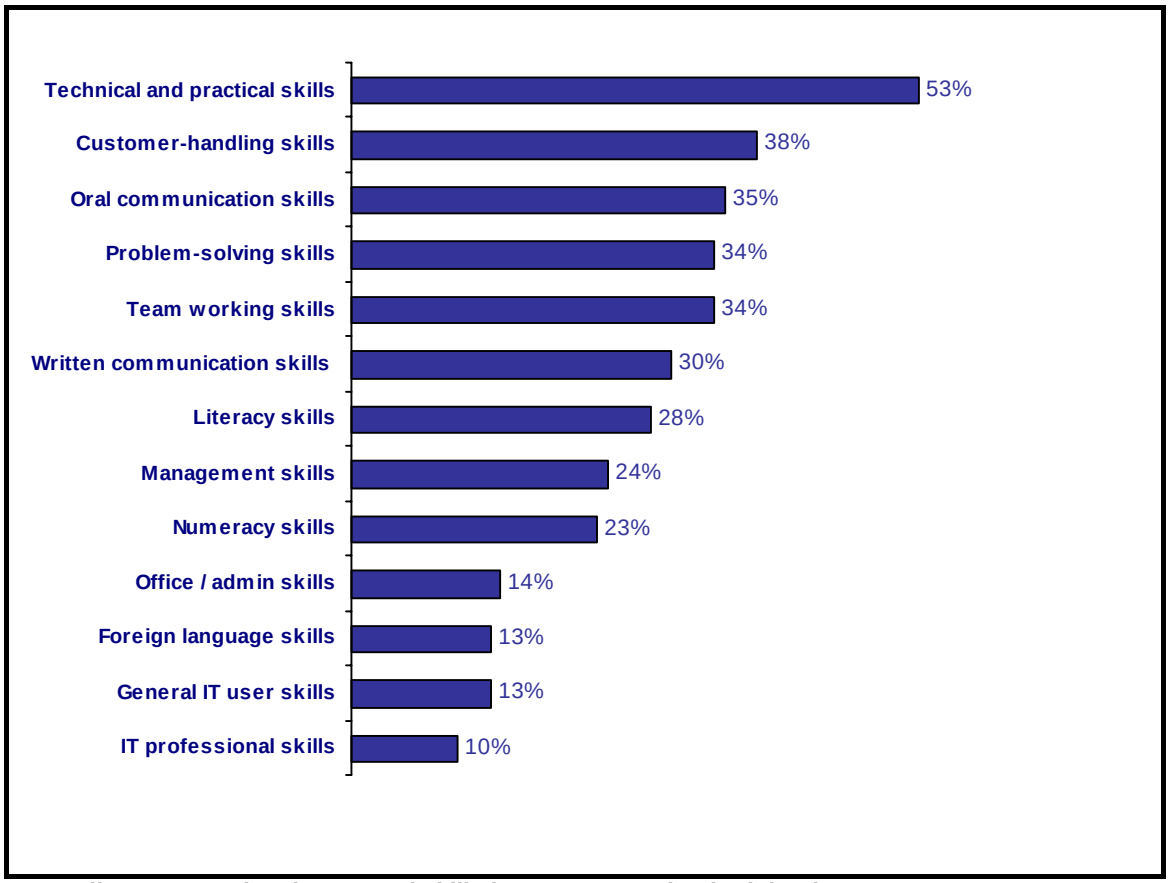
Skills lacking in connection with skill-shortage vacancies

NESS05 obtained information about the particular skills establishments had found difficult to obtain. Findings are shown in Figure 3.7 – which is based on all SSVs and not all establishments with SSVs.

Overall, technical and practical skills (other than information technology (IT)) were the most frequently mentioned problem, lacking in just under half of all instances of SSVs. Customer-handling skills, communication skills (particularly oral communication skills), team working and problem-solving were also commonly cited.

This hierarchy mirrors that seen in previous NESS surveys.

Figure 3.7: Skills lacking in connection with skill-shortage vacancies.



Base:All unprompted and prompted skill-shortage vacancies (weighted=143,124; unweighted=11,326; unweighted employer base=4,846).

The skills lacking among applicants vary by occupation. The findings highlighted in red in Table 3.4 pick out skills that are at a particular premium among applicants for particular positions.

Table 3.4: Main skills lacking by occupation where skill-shortage vacancies exist.

Column percentages	Managers	Professionals	Associate prof.	Admin	Skilled trades	Personal service	Sales	Operatives	Elementary	Overall
Unweighted base (SSVs in occupation)	*516*	*1,428*	*1,770*	*838*	*1,722*	*1,446*	*1,083*	*1,242*	*1,215*	*11,326*
Weighted base (SSVs in occupation)	*6,359*	*14,398*	*26,056*	*10,229*	*24,308*	*15,979*	*16,163*	*13,799*	*14,967*	*143,124*
Unweighted base (establishments with SSVs in occupation)	*360*	*589*	*791*	*488*	*940*	*594*	*547*	*493*	*487*	*4,847*
	%	%	%	%	%	%	%	%	%	%
Technical and practical skills	31	40	45	41	**57**	34	46	**54**	40	45
Customer-handling skills	36	23	33	42	24	**49**	**67**	29	**49**	38
Oral communication skills	26	22	28	39	21	**52**	**50**	40	**50**	35
Problem-solving skills	32	23	33	34	**43**	33	29	30	39	34
Team working skills	30	17	35	25	26	**43**	**45**	31	**48**	34
Written communication skills	27	21	27	37	23	**44**	35	28	36	30
Literacy skills	16	15	19	33	21	**41**	**48**	28	**37**	28
Management skills	**46**	30	22	25	16	24	33	11	27	24
Numeracy skills	16	13	12	29	17	27	**41**	27	**33**	23
Office/admin skills	27	21	22	**35**	18	23	28	18	15	22
Foreign language skills	13	11	9	13	**23**	17	7	11	14	13
General IT user skills	18	12	12	**29**	11	13	15	8	12	13
IT professional skills	17	15	10	**21**	6	10	14	4	6	10

Base: All skill-shortage vacancies (unprompted and prompted).
Note: Percentages do not sum to 100 since multiple responses were allowed.

The key results are that:

- technical and practical skills other than IT particularly affect skilled trades and machine operative occupations
- customer-handling skills were found particularly difficult to obtain from applicants for administrative, personal service, elementary positions and particularly sales positions
- lack of **written** communication skills amongst applicants was most apparent for administrative functions, sales and customer service and personal service occupations. **Oral** communication skills also tended to be lacking in sales and customer service and personal service occupations, as well as in elementary occupations

- team working was a particular issue for personal service, sales and customer service occupations and elementary occupations

- problem-solving was mentioned particularly in relation to skilled trades

- literacy and numeracy problems were especially likely to be reported in relation to elementary, sales, administrative and personal services occupations

- not surprisingly, management skills were particularly lacking in relation to vacancies for managers and senior officials

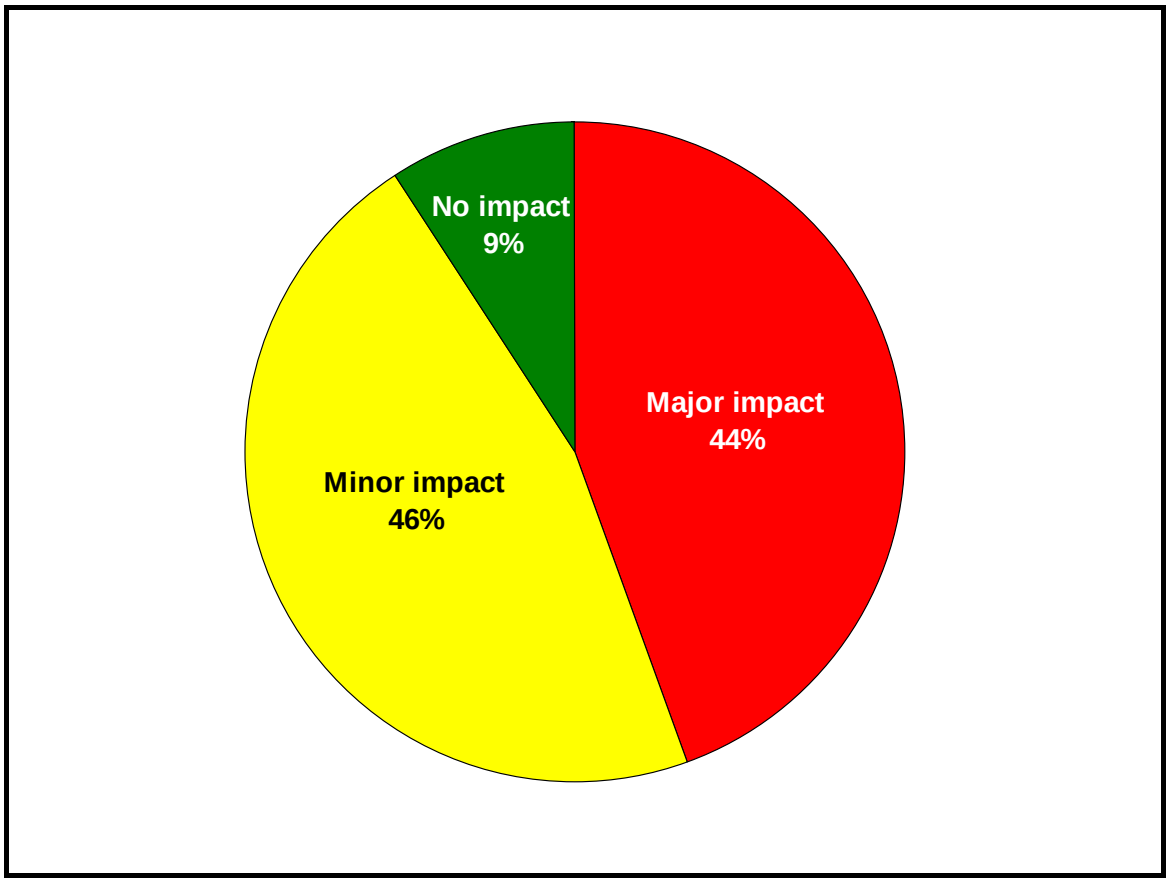
- general IT skills and more advanced IT professional skills were reported as a problem mainly for administrative and secretarial occupations as were office or administrative skills.

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

This section examines the impact of HtFVs and SSVs on employers and what actions employers take to combat them. Employers were asked first whether HtFVs were having a major or minor impact or no impact on their establishment before being asked to describe the nature of the impact that they had experienced.

The majority of employers with HtFVs described them as having at least some impact on their establishment, with a roughly even split between those who felt the impact to be major (44 per cent) and those who felt it to be minor (46 per cent). Only 9 per cent felt that HtFVs had no impact at all (Figure 3.8).

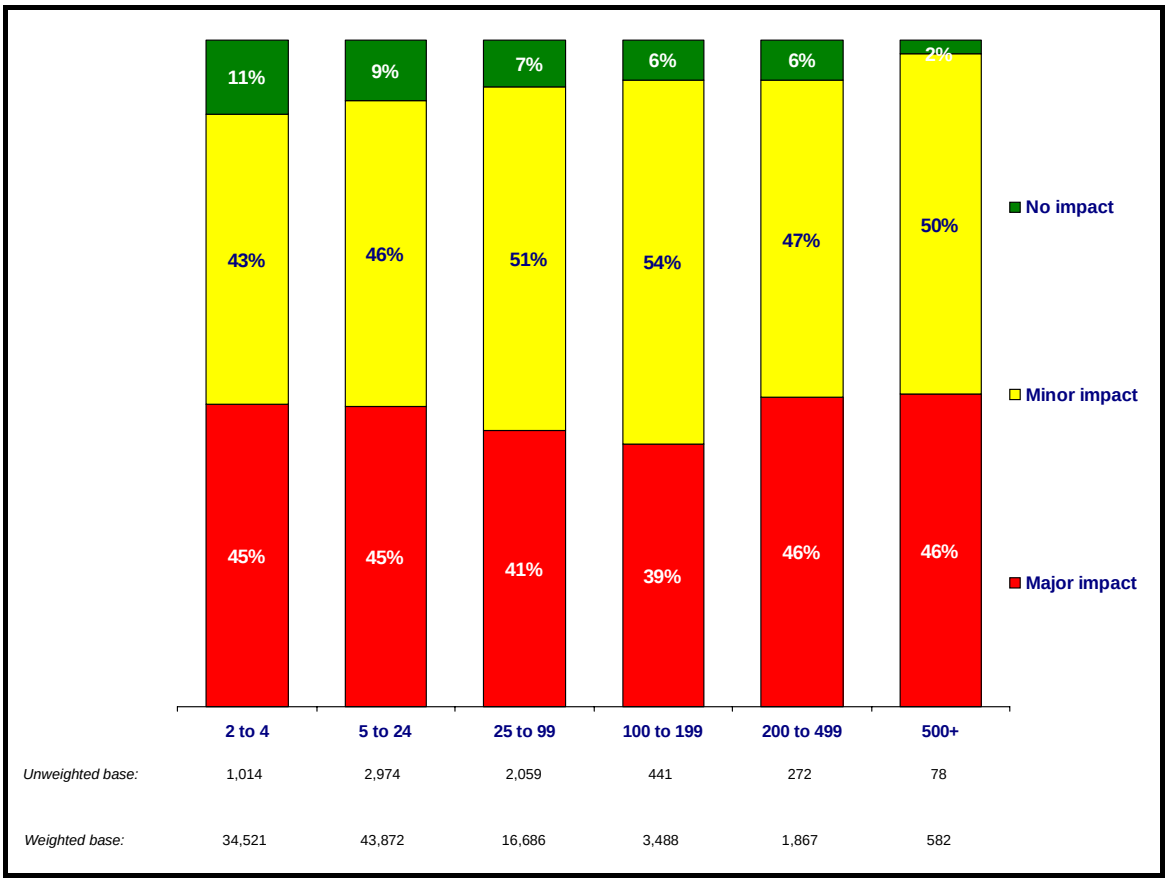
Figure 3.8: Extent of impact of hard-to-fill vacancies.



Base: All employers with hard-to-fill vacancies (weighted=101,016; unweighted =6,838).

When findings are broken down by size, as in Figure 3.9, relatively few differences emerge, although the largest establishments are significantly less likely to describe no impact from having unfilled vacancies. For the smallest establishments (fewer than 5 employees) with HtFVs, 1 in 10 (11 per cent) perceive there to be no impact on the establishment, compared to only 2 per cent among the largest establishments. This is counter-intuitive (insofar as one would expect an extra person in an establishment of 4 people to have **relatively** more impact on capacity than an extra person in an establishment that already counts 500 people within its workforce) and perhaps reflects a focus on the need to continue to exist (not being able to bring new recruits in doesn't change what we can do now) rather than to move forward (not being able to bring new recruits in impacts on what we ***could*** achieve).

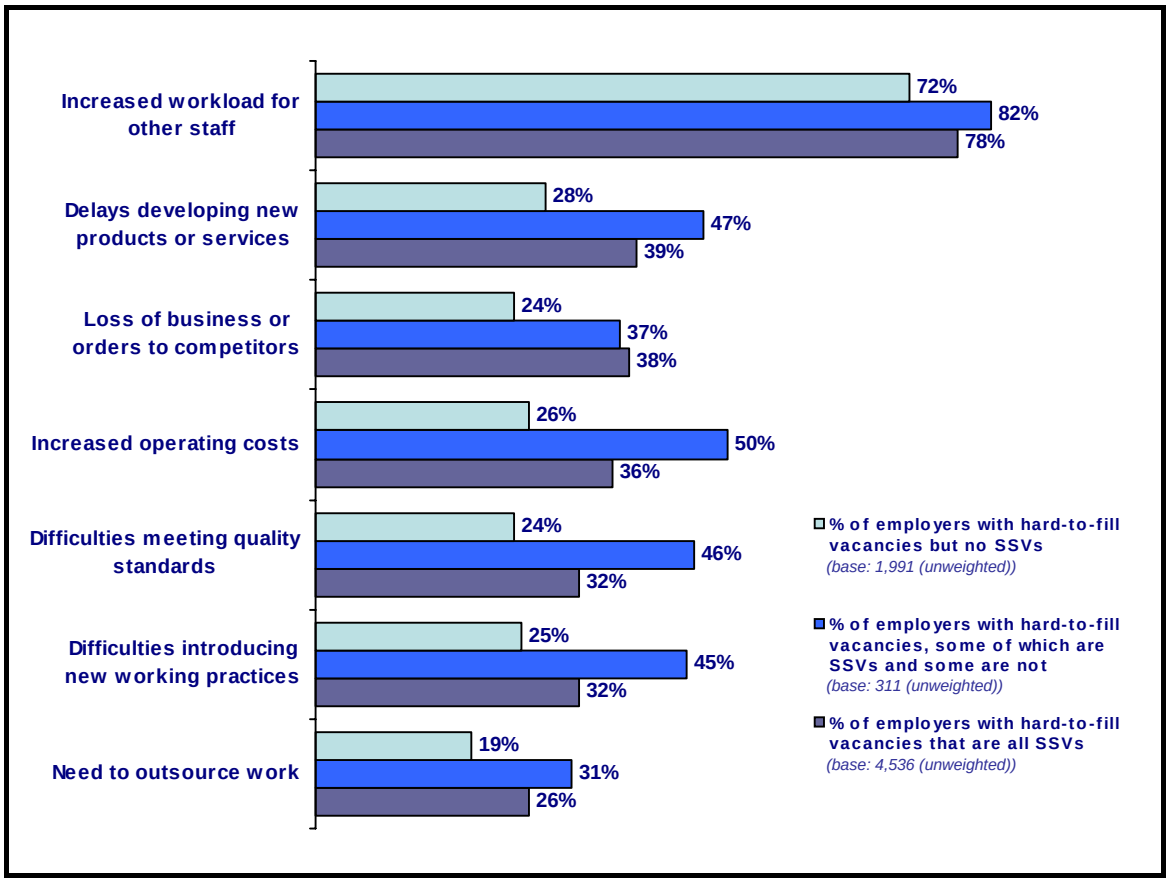
Figure 3.9: Extent of impact of hard-to-fill vacancies by size of establishment.



Base: All employers with hard-to-fill vacancies (HtFVs).

Figure 3.10 presents the **nature of the impacts** experienced by employers reporting HtFVs, and separates employers into three groups: (i) those whose HtFVs are not skills-related; (ii) those with some HtFVs which are skills-related and some which are not; and (iii) those where all HtFVs are skills-related.

Figure 3.10: Impact of hard-to-fill vacancies.



Base: All employers with hard-to-fill vacancies (weighted=101,016; unweighted=6,838).

In all cases, the knock-on effect on existing staff is the single most common impact of not being able to fill vacant posts; this impact is cited more or less evenly by employers regardless of whether their HtFVs are skills-related or not.

Critically, where HtFVs are not caused by a lack of skills, employers are less likely to experience each impact. This appears to suggest that HtFVs which are not skills-related have less impact on businesses than HtFVs which are skills-related.

Actions taken to overcome hard-to-fill vacancies

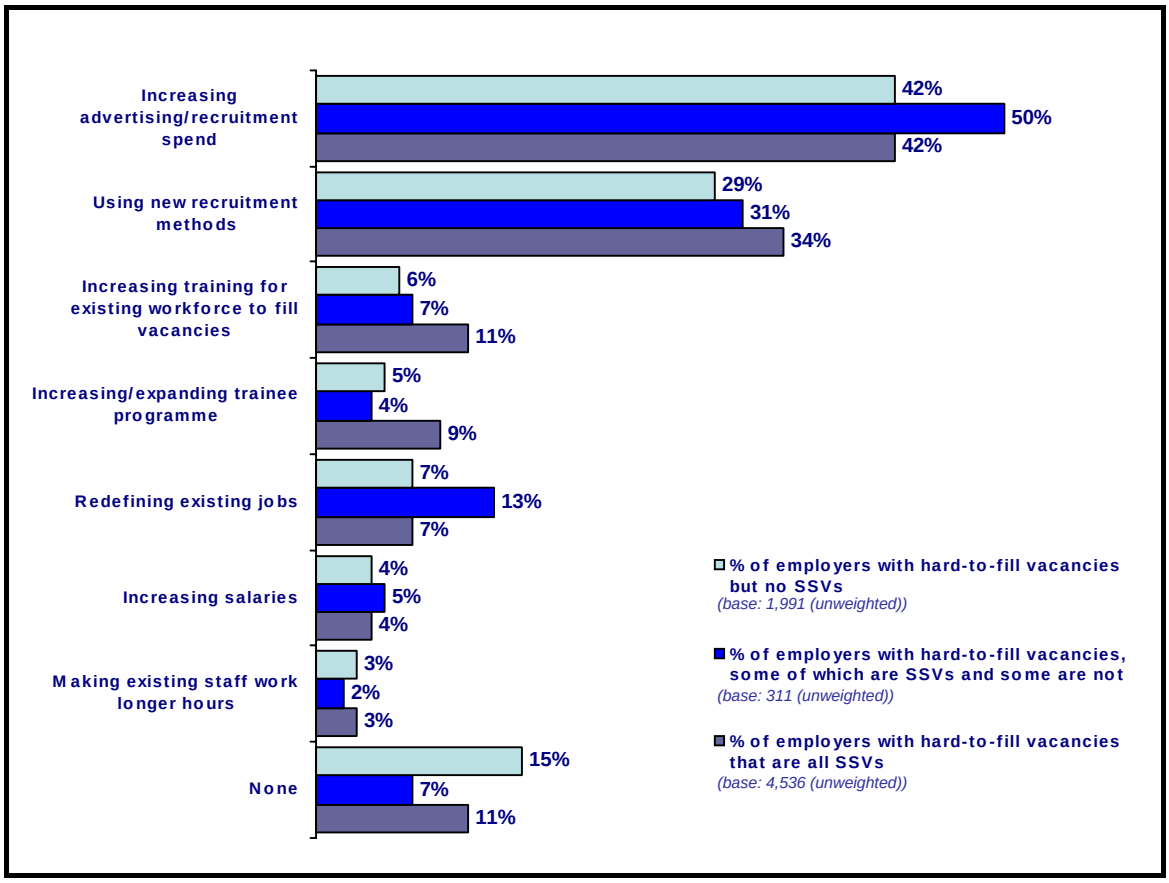
By far the most common actions taken by employers to overcome recruitment difficulties were the use of increasing advertising and recruitment spend and using new recruitment methods or channels.

In around one in eight cases, employers take no action. Whether this is because they have not yet had time to take action, because they do not know what action to take, because they are not sure what action could be successful or for some other reason was not pursued in the survey.

Employers were looking to their existing workforce to overcome the difficulty in recruiting by undertaking training.

It is interesting to note that there is relatively little difference in strategies incorporated by those with HtFVs and those specifically with skill shortages. Employers with SSVs were only slightly more likely to use new recruitment methods, increase training and redefine existing jobs than those with HtFVs generally.

Figure 3.11: Actions taken to overcome hard-to-fill vacancies.

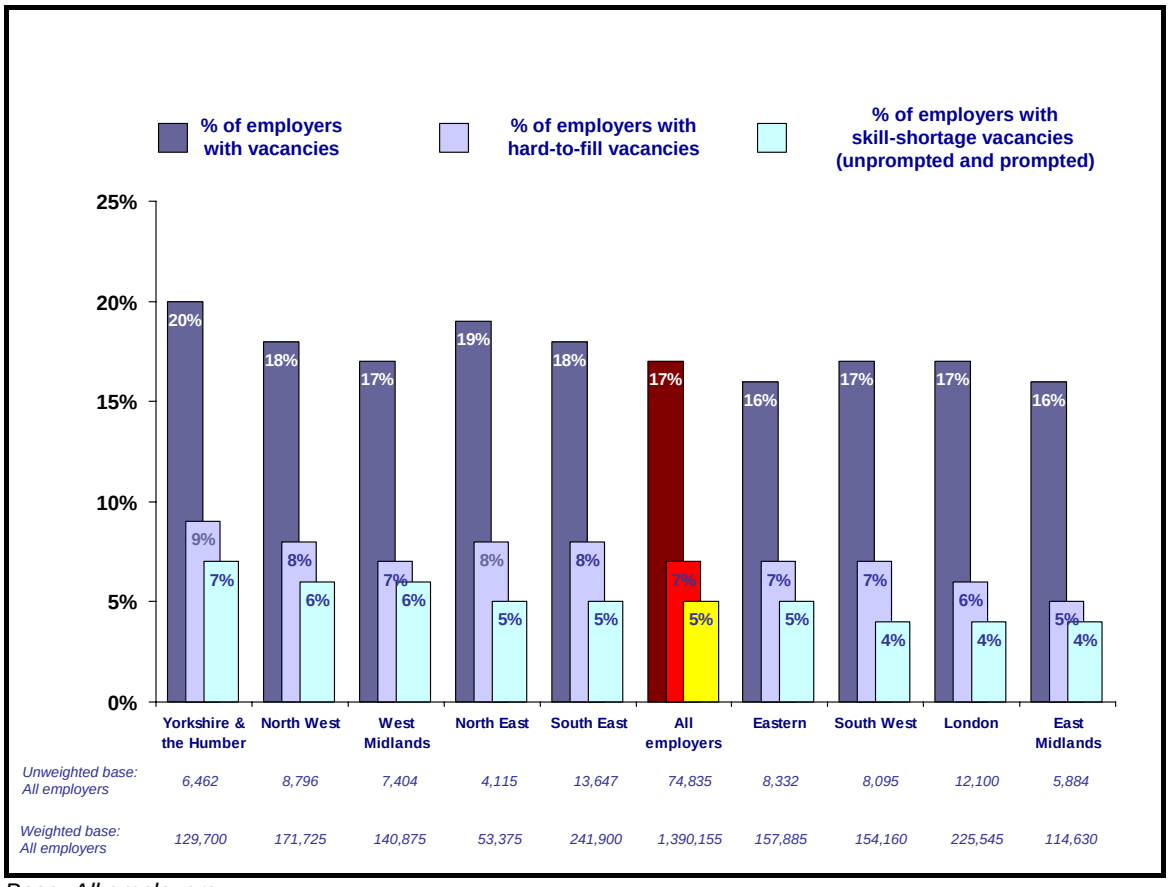


Base: All employers with hard-to-fill vacancies (weighted=101,016; unweighted=6,838).

The regional picture of recruitment difficulties

This section examines how SSVs vary by region. Figure 3.12 presents an analysis of the incidence of vacancies, HtFVs and SSVs by region. Regions are ordered from left to right by incidence of SSVs.

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

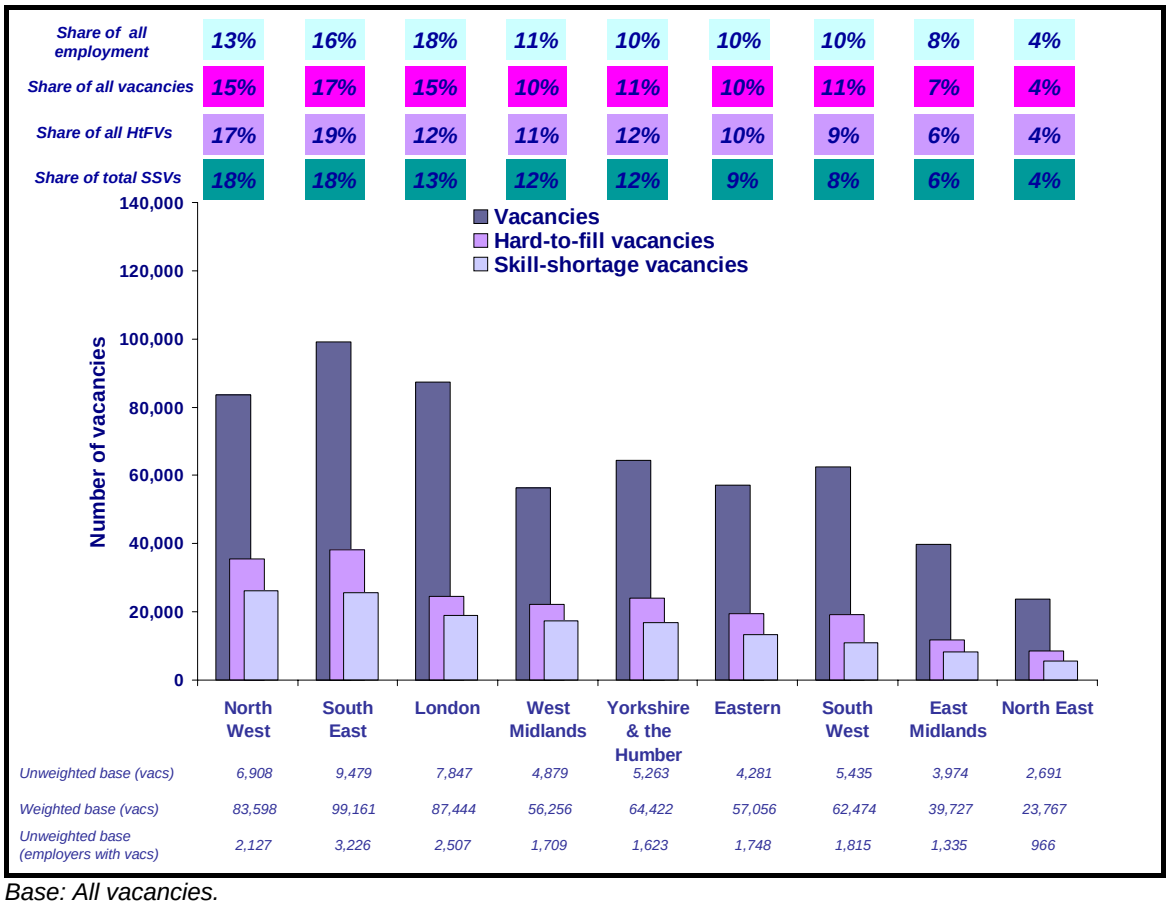


Base: All employers.

Employers in Yorkshire and the Humber were the most likely to report vacancies, HtFVs and SSVs (20 per cent, 9 per cent and 7 per cent respectively), while those in the East Midlands were the least likely.

A slightly more distinct picture emerges in terms of the ***total numbers*** of vacancies, HtFVs and SSVs as they occur in each region, as shown in Figure 3.13. The boxes above the columns show the proportion of employment, vacancies, HtFVs and SSVs accounted for by each region. The regions are ordered, left to right, by volume of SSVs.

Figure 3.13: Number and distribution of vacancies and hard-to-fill vacancies by region.



Base: All vacancies.

The largest numbers of SSVs are to be found in the North West, which accounts for a greater proportion of SSVs (18 per cent), HtFVs (17 per cent) and vacancies (15 per cent) than its share of employment (13 per cent), indicating that this region is facing a greater recruitment drive and greater problems satisfying this drive than other parts of the country.

In the South East, the volume of recruitment activity and difficulties, although significant, is in line with the region's share of employment.

By contrast, London's share of SSVs (13 per cent) is far lower than its share of employment (18 per cent). The region is characterised by low levels of recruitment activity relative to employment, and the vacancies that do exist are relatively unlikely to be described as hard to fill or skills-related.

Elsewhere, the proportion of recruitment activity and of recruitment difficulties caused by skill shortages falling within each region closely matches the size of the region in employment terms.

Comparisons with 2004 indicate that London and the North West are now experiencing a larger share of HtFVs and SSVs, while the East Midlands, the South West and the South East have all seen a drop in the share of all vacancies.

Table 3.5 shows comparative vacancy density measures for 2004 and 2005 (and 2001 and 2003 when looking at HtFVs as a proportion of vacancies). Later we examine specifically the density of SSVs.

Table 3.5: Vacancies and hard-to-fill vacancies as a proportion of employment by region – 2001, 2003, 2004 and 2005 comparison.

	Vacancies as a % of employment		HtFVs as a % of employment		HtFVs as a % of vacancies[1]			
	2004	2005	2004	2005	2001	2003	2004	2005
	%	%	%	%	%	%	%	%
All England	**2.9**	**2.7**	**1.1**	**0.9**	**47**	**40**	**37**	**35**
Region								
Eastern	2.5	2.6	1.0	0.9	48	40	39	34
East Midlands	2.8	2.3	1.1	0.7	36	42	39	30
London	2.3	2.3	0.5	0.7	42	29	21	28
North East	2.7	2.5	1.0	0.9	38	41	36	36
North West	3.1	3.0	1.3	1.3	46	37	40	42
South East	3.3	2.8	1.3	1.1	54	43	39	39
South West	3.0	3.0	1.2	0.9	54	47	39	31
West Midlands	2.8	2.5	1.2	1.0	46	43	42	39
Yorkshire and the Humber	3.0	3.1	1.2	1.1	39	43	39	37

Source: NESS05, NESS04, NESS03 and ESS 2001.
Base: All employment.

Table 3.5 highlights a downward national trend against each of the three density measures over time that is mirrored in all regions with the exception of London, where there has been a slight increase in the ratio of HtFVs to employment since 2004, and a larger increase in the proportion of vacancies that are hard to fill in the same time period.

In terms of relative positions, Yorkshire and the Humber has taken over from the South East as the region with the highest overall density of vacancies (as a percentage of employment). However, in terms of HtFVs, the North West records the highest ratio of HtFVs to both employment (1.3 per cent) and vacancies (42 per cent).

Table 3.6 shows density measures in 2005 for the proportion of all vacancies where skill shortages are encountered, and the number of SSVs per 1,000 employees. The North West and the West Midlands have the highest proportion of SSVs as a proportion of vacancies (each 31 per cent). Conversely, the South West had the lowest proportion of SSVs (18 per cent).

[1] Throughout this section, this measure is calculated using the total number of vacancies followed up, 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 needs to be calculated using the number of vacancies followed up.

Table 3.6: Skill-shortage vacancy density measures by region.

	Vacancies	Unprompted SSVs	Prompted and unprompted SSVs	% of vacancies that are SSVs (unprompted and prompted)	SSVs (unprompted and prompted) per 1,000 employees
Unweighted base	*50,757*	*7,946*	*11,326*		
Overall	*573,900*	*99,500*	*143,125*	**25**	**7**
Region					
North West	*83,600*	*13,450*	*26,225*	**31**	**9**
West Midlands	*56,250*	*12,000*	*17,325*	**31**	**8**
South East	*99,150*	*17,850*	*25,600*	**26**	**7**
Yorkshire and the Humber	*64,425*	*12,150*	*16,925*	**26**	**8**
Eastern	*57,050*	*9,550*	*13,350*	**23**	**6**
North East	*23,775*	*4,175*	*5,525*	**23**	**6**
London	*87,450*	*15,675*	*18,950*	**22**	**5**
East Midlands	*39,725*	*5,975*	*8,175*	**21**	**5**
South West	*62,475*	*8,700*	*11,050*	**18**	**5**

Base: All employment.
Note: Figures rounded to the nearest 25.

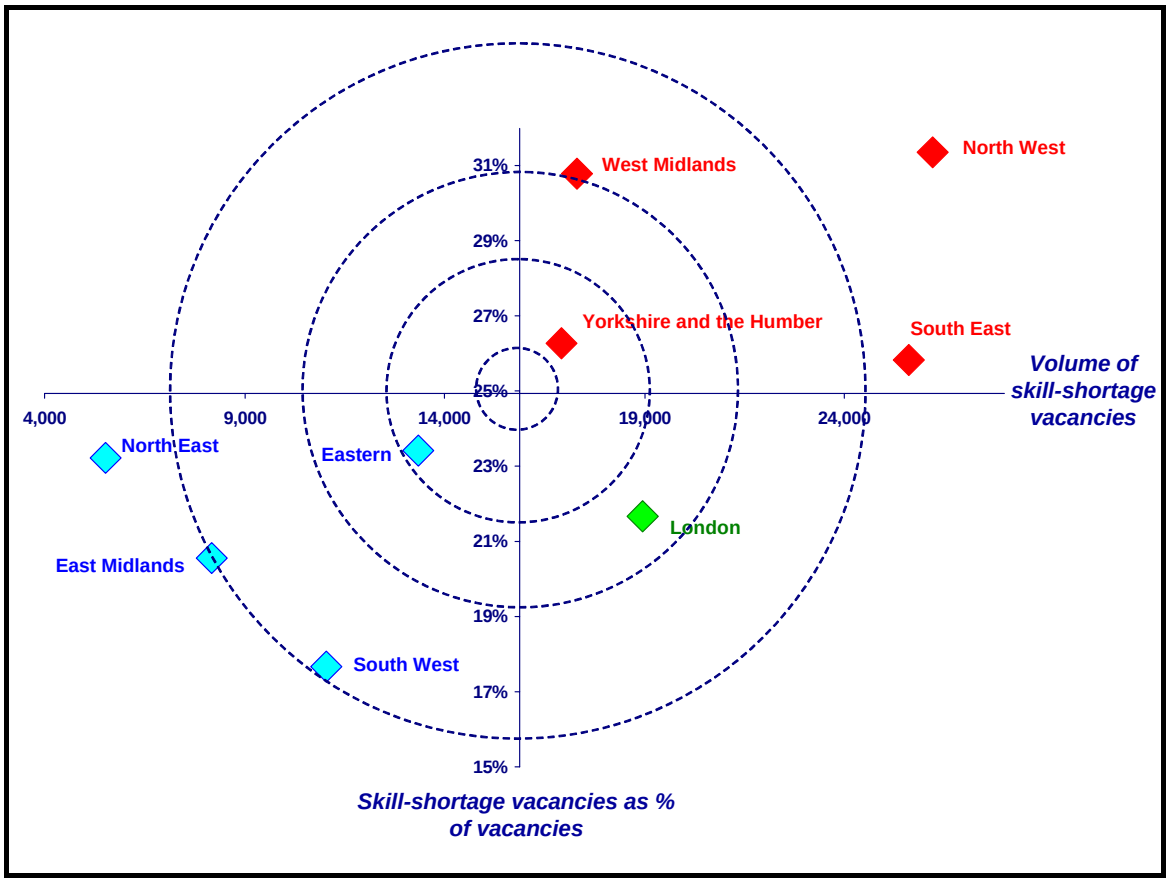
The relationship between the volume of SSVs and their density (using density in terms of the proportion of all vacancies that are skills-related) is shown in Figure 3.14, which uses the overall (unprompted plus prompted) SSV measure. The point at which the axes cross represents the average SSV density for the country as a whole and an average 'region share' of all SSVs.

The North East, South East and North West stand out in terms of 'distance from centre'. The North East and South East are marked by their (polar) volumes of SSVs, the former having particularly few and the latter having the second largest number. The North West has the largest volume of SSVs and also the largest proportion of vacancies that are skills-related.

Along with the North West and South East, the West Midlands and Yorkshire and the Humber emerge as the regions in which recruitment difficulties are most acute – with both large numbers of SSVs and a relatively high density of skill shortages relative to the level of recruitment activity.

The East Midlands and the South West are regions in which both the volume of SSVs and their ratio to all vacancies are lower than the national average.

Figure 3.14: Summary of skill-shortage vacancies (unprompted and prompted) by region.



Base: All vacancies.

The hierarchy of impacts of HtFVs is relatively similar across the country. However, there were some differences when comparing the regions.

- Employers in the East Midlands tended to perceive fewer impacts of HtFVs, as – to a lesser extent – did those in London (with the exception, in London, of 'difficulties in introducing new work practices' which rated above the national average and perhaps reflects the fact that London businesses are more likely to be head offices leading the way in introducing new ways of working).

- Employers in the West Midlands were more likely than others to experience delays developing new products and services, difficulties meeting quality standards and increased operating costs as a result of HtFVs.

- Increased operating costs were also cited in respect of a high proportion of HtFVs in the North West.

Table 3.7: Impact of hard-to-fill vacancies by region.

	Base = establishments with HtFVs			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
	Unweighted	*Weighted*									
Overall	***6,838***	***101,016***	**%**	**76**	**36**	**34**	**33**	**30**	**30**	**24**	**13**
Region											
Eastern	*700*	*10,797*	%	76	43	33	33	32	38	30	13
East Midlands	*437*	*6,194*	%	67	21	25	24	25	14	11	19
London	*795*	*12,640*	%	68	31	37	25	26	20	11	17
North East	*411*	*4,414*	%	77	31	31	32	33	32	26	12
North West	*907*	*13,703*	%	82	41	39	43	37	40	32	10
South East	*1,444*	*19,748*	%	79	38	32	31	29	29	26	11
South West	*683*	*10,821*	%	70	28	30	28	24	19	15	17
West Midlands	*715*	*10,421*	%	79	45	37	45	38	40	32	11
Yorkshire and the Humber	*746*	*12,279*	%	81	35	33	34	30	33	26	11

Base: All employers with hard-to-fill vacancies (weighted=101,016; unweighted=6,838).

Regionally, there were relatively few differences in terms of the actions taken to overcome HtFVs.

Table 3.8: Actions taken to overcome hard-to-fill vacancies by region.

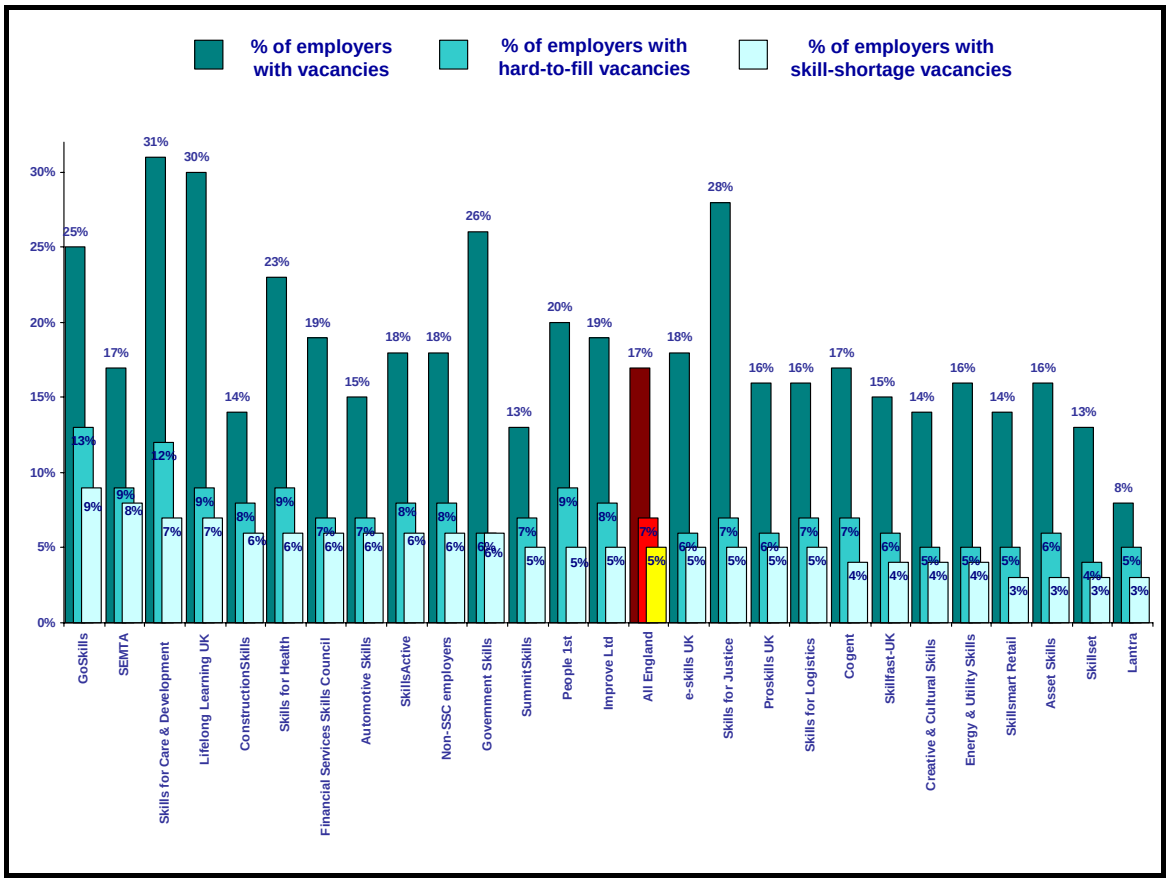
	Base = establishments with HtFVs			Increasing advertising/recruitment spend	Using new recruitment methods or channels	Increasing the training given to your existing workforce in order to fill the vacancies	Increasing/expanding trainee programmes	Redefining existing jobs	Increasing salaries	Making existing staff work longer hours	Nothing
	Unweighted	***Weighted***									
Overall	***6,838***	***101,016***	**%**	**43**	**32**	**9**	**8**	**7**	**4**	**3**	**12**
Region											
Eastern	*700*	*10,797*	**%**	46	32	8	6	8	4	5	10
East Midlands	*437*	*6,194*	**%**	51	33	14	8	6	4	—	9
London	*795*	*12,640*	**%**	43	35	12	9	9	4	*	13
North East	*411*	*4,414*	**%**	39	31	10	6	10	6	1	12
North West	*907*	*13,703*	**%**	42	33	7	8	7	5	6	13
South East	*1,444*	*19,748*	**%**	40	34	7	6	7	4	3	12
South West	*683*	*10,821*	**%**	46	33	12	9	6	4	1	11
West Midlands	*715*	*10,421*	**%**	38	27	10	9	7	5	5	11
Yorkshire and the Humber	*746*	*12,279*	**%**	41	29	10	10	7	5	3	14

Base: All establishments with hard-to-fill vacancies (weighted=101,016; unweighted=6,838).
Note: '' denotes a figure greater than 0 per cent but less than 0.5 per cent.*

The sectoral picture of recruitment difficulties

In terms of industry sectors as defined by the SSC (Annex C of this report describes the scope of each SSC sector in detail), the incidence of vacancies, HtFVs and SSVs is illustrated in Figure 3.15. Sectors have been ordered left to right in terms of decreasing incidence of SSVs.

Figure 3.15: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by sector skills council sector.



Base: All employers (weighted=1,390,155; unweighted=74,835).

SSC sectors that are largely composed of public sector establishments were the most likely to report vacancies with 3 in 10 establishments covered by the Skills for Care & Development SSC reporting vacancies (31 per cent). Similar incidences were reported by those falling under the Lifelong Learning UK (30 per cent), Skills for Justice (28 per cent) and Government Skills (26 per cent) SSC footprints.

Employers covered by GoSkills, Skills for Health and People 1st SSC sectors also stand out, with between a fifth and a quarter of establishments reporting at least one vacancy. These are all sectors where the proportion of small establishments (with fewer than five employees) is much lower than average.

The incidence of HtFVs was highest in GoSkills (13 per cent) and Skills for Care & Development (12 per cent) SSC sectors; with the incidence of SSVs highest in the GoSkills and SEMTA SSC sectors.

Broadly speaking, the pattern of the incidence of SSVs follows that for HtFVs with a couple of exceptions:

- employers represented by Government Skills SSC are more likely to experience SSVs than would perhaps be expected from their incidence of HtFVs – indeed **all** those experiencing recruitment difficulties in this sector are experiencing skill shortages among at least some applicants

- those represented by the GoSkills, Skills for Care & Development, Skills for Health, Improve Ltd and People 1st SSCs are less likely to experience SSVs than their incidence of HtFVs would suggest.

Those industries experiencing a higher than average incidence of SSVs tend to be either manufacturing or primary industry employers or those service industries dominated by public sector employers and/or by associate professional occupations (such as those covered by the Skills for Care & Development, Skills for Health and Skills for Justice SSC sectors).

We have already discussed in this section how the incidence of vacancies and recruitment difficulties is heavily influenced by size of employer, with larger employers much more likely to report having any vacancies and HtFVs. It is also the case that employers covered by different SSC sectors have very different size profiles (see Annex G for details). For this reason density measures, which examine recruitment and recruitment difficulties as a proportion of employment, can give a better indication of the extent to which different sectors are experiencing recruitment problems. In this vein, we look first at vacancies and HtFV density measures – we look later at SSV density measures.

SSCs are ordered in Table 3.9 according to where the 'core' of the industry which the SSC represents falls, running through from primary, manufacturing to service sectors (for full details of the scope of the SSCs, see Annex D).

Table 3.9: Vacancies and hard-to-fill vacancies as a proportion of employment by sector skills council sector.

	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	***2,164,587***	***21,504,975***	***573,905***	**2.7**	**203,555**	**0.9**	**35**
SSC sector							
Lantra	*27,458*	*285,080*	*7,321*	**2.6**	3,893	**1.4**	**53**
Cogent	*49,044*	*424,270*	*6,108*	**1.4**	2,074	**0.5**	**34**
Proskills UK	*44,019*	*359,995*	*6,197*	**1.7**	1,931	**0.5**	**31**
Improve Ltd	*55,573*	*373,985*	*6,572*	**1.8**	1,657	**0.4**	**25**
Skillfast-UK	*24,684*	*247,660*	*5,331*	**2.2**	1,923	**0.8**	**36**
SEMTA	*129,135*	*1,215,405*	*19,301*	**1.6**	8,069	**0.7**	**42**
Energy & Utility Skills	*22,534*	*240,550*	*3,813*	**1.6**	873	**0.4**	**23**
ConstructionSkills	*100,021*	*1,032,130*	*33,727*	**3.3**	16,037	**1.6**	**48**
SummitSkills	*22,668*	*212,535*	*6,406*	**3.0**	3,277	**1.5**	**51**
Automotive Skills	*52,345*	*448,120*	*10,734*	**2.4**	4,703	**1.0**	**44**
Skillsmart Retail	*254,076*	*2,280,595*	*54,189*	**2.4**	17,172	**0.8**	**32**
People 1st	*142,379*	*1,523,195*	*63,363*	**4.2**	22,863	**1.5**	**36**
GoSkills	*44,597*	*384,730*	*11,200*	**2.9**	4,965	**1.3**	**44**
Skills for Logistics	*80,030*	*630,445*	*14,374*	**2.3**	4,494	**0.7**	**31**
Financial Services Skills Council	*87,812*	*907,895*	*21,903*	**2.4**	5,829	**0.6**	**27**
Asset Skills	*53,262*	*702,730*	*20,740*	**3.0**	6,675	**0.9**	**32**
e-skills UK	*47,763*	*659,390*	*27,208*	**4.1**	7,754	**1.2**	**29**
Skills for Justice	*36,078*	*267,505*	*4,051*	**1.5**	605	**0.2**	**15**
Lifelong Learning UK	*103,944*	*725,745*	*15,784*	**2.2**	3,529	**0.5**	**22**
Skills for Health	*134,993*	*1,545,000*	*27,637*	**1.8**	9,384	**0.6**	**34**
Skills for Care & Development	*136,498*	*796,600*	*35,000*	**4.4**	13,754	**1.7**	**39**
Skillset	*16,681*	*127,985*	*3,178*	**2.5**	659	**0.5**	**21**
Creative & Cultural Skills	*37,062*	*194,740*	*5,979*	**3.1**	2,164	**1.1**	**36**
SkillsActive	*42,002*	*250,510*	*6,229*	**2.5**	2,338	**0.9**	**38**
Non-SSC employers	*414,913*	*5,359,340*	*143,265*	**2.7**	49,160	**0.9**	**34**

Base: All employment (weighted=21,504,975; unweighted: 2,164,587).
Note: Government Skills SSC is not shown due to low base sizes.

Nationally, the number of vacancies is equivalent to 2.7 per cent of total employment. Several SSC sectors stand out as having much higher levels of recruitment activity compared with their levels of employment: Skills for Care & Development (4.4 per cent), People 1st (4.2 per cent) and e-skills UK (4.1 per cent).

In contrast, the density of recruitment activity was much lower than average for the Cogent (1.4 per cent), Skills for Justice (1.5 per cent), SEMTA (1.6 per cent) and Energy & Utility Skills (1.6 per cent) SSCs.

In density terms, HtFVs are particularly affecting employers falling within the following SSCs: SummitSkills, Lantra, ConstructionSkills, People 1st and Skills for Care & Development. Within People 1st and Skills for Care & Development, this arises mainly as a result of the high levels of recruitment activity; indeed the proportion of vacancies in these sectors described as hard to fill is close to average. In the remainder of these sectors, around half of vacancies are proving hard to fill, considerably above the average.

By contrast, there are relatively few recruitment issues in the Improve Ltd, Energy & Utility Skills, Financial Services Skills Council, Skills for Justice, Lifelong Learning UK, Proskills UK, Cogent and Skillset SSCs, with these sectors having both low vacancy numbers and density figures as a proportion of employment. These sectors are also less likely to have HtFVs, with between 15 and 25 per cent of their vacancies being described as hard to fill compared with the national average of 35 per cent.

While Lantra and SEMTA SSC sectors have a lower than average density of vacancies to employment (2.6 per cent and 1.6 per cent respectively compared with the national average of 2.7 per cent) they 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.

Table 3.10 shows the number of SSVs occurring in each SSC sector, and the density of these SSVs on a vacancy and employment base.

Table 3.10: Number and density of vacancies by sector skills council sector.

	Vacancies	*Unprompted SSVs*	*Prompted + unprompted SSVs*	% of vacancies that are SSVs (unprompted and prompted)	SSVs (unprompted and prompted) per 1,000 employees
Unweighted base	*50,757*	*7,946*	*11,326*	%	
All England	*573,900*	*99,500*	*143,125*	**25**	**7**
SSC:					
Lantra	*7,325*	*1,575*	*2,350*	**32**	**8**
Cogent	*6,100*	*1,025*	*1,400*	**23**	**3**
Proskills UK	*6,200*	*1,100*	*1,475*	**24**	**4**
Improve Ltd	*6,575*	*875*	*1,125*	**17**	**3**
Skillfast-UK	*5,325*	*925*	*1,225*	**23**	**5**
SEMTA	*19,300*	*5,300*	*6,675*	**35**	**5**
Energy & Utility Skills	*3,825*	*475*	*675*	**18**	**3**
ConstructionSkills	*33,725*	*10,600*	*11,900*	**35**	**12**
SummitSkills	*6,400*	*2,575*	*2,825*	**44**	**13**
Automotive Skills	*10,725*	*3,400*	*4,000*	**37**	**9**
Skillsmart Retail	*54,200*	*5,300*	*9,425*	**17**	**4**
People 1st	*63,375*	*7,050*	*12,900*	**20**	**8**
GoSkills	*11,200*	*2,775*	*3,475*	**31**	**9**
Skills for Logistics	*14,375*	*2,000*	*2,900*	**20**	**5**
Financial Services Skills Council	*21,900*	*3,125*	*4,450*	**20**	**5**
Asset Skills	*20,750*	*2,650*	*4,100*	**20**	**6**
e-skills UK	*27,200*	*6,025*	*6,650*	**24**	**10**
Skills for Justice	*4,050*	*375*	*400*	**10**	**1**
Lifelong Learning UK	*15,775*	*1,750*	*2,525*	**16**	**3**
Skills for Health	*27,625*	*3,050*	*6,625*	**24**	**4**
Skills for Care & Development	*35,000*	*4,025*	*7,725*	**22**	**10**
Skillset	*3,175*	*375*	*500*	**16**	**4**
Creative & Cultural Skills	*5,975*	*1,125*	*1,450*	**24**	**7**
SkillsActive	*6,225*	*1,125*	*1,550*	**25**	**6**
Non-SSC employers	*143,275*	*30,150*	*37,250*	**26**	**7**

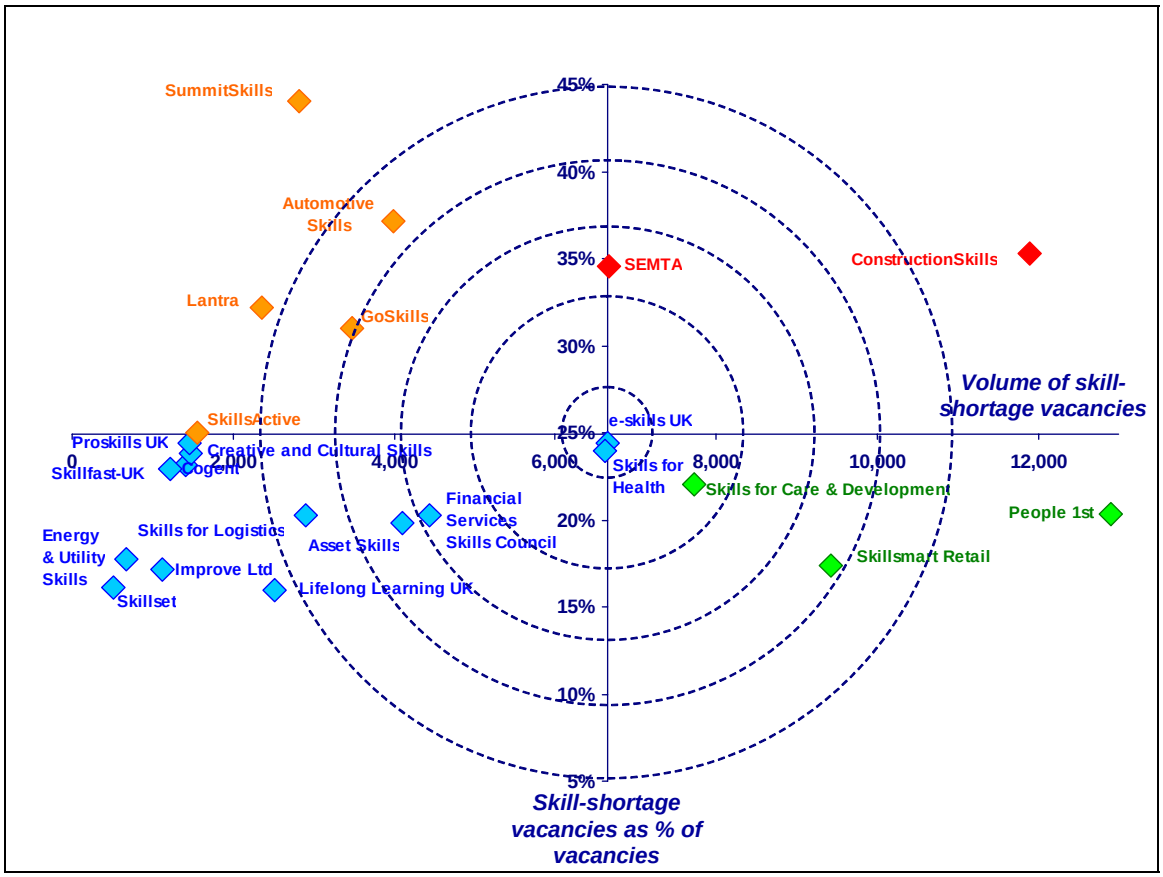
Notes: Figures rounded to the nearest 25.
! is used where the base size was less than 25. Figures in italics denote base sizes of 25 to 49 and should be treated with caution.
Government Skills SSC is not shown due to low base sizes.

In terms of the absolute numbers of SSVs, the sectors covered by ConstructionSkills and People 1st account for nearly 25,000 (spontaneous and prompted) SSVs – nearly a fifth of those for the country as a whole (17 per cent). Employers not currently covered by an SSC account for an even larger volume of SSVs (37,000 in total).

Examination of the density of SSVs (*as a proportion of all vacancies*) shows the problems to be most acute for the sectors covered by SummitSkills (44 per cent). Automotive Skills (37 per cent), SEMTA (35 per cent) and ConstructionSkills (35 per cent) also show higher than average proportions of SSVs (using the prompted and unprompted measure). It is in these industries where the need to recruit is most likely to result in problems finding suitably skilled candidates. These are all sectors where the density of SSVs *as a proportion of employment* is high (this is shown in the last column of data in Table 3.10), with the exception of SEMTA which has a relatively low vacancy rate generally. It is also the case that the sectors covered by e-skills UK and Skills for Care & Development have a higher than average density of SSVs in relation to employment; however, this is caused by a high number of vacancies relative to employment rather than a higher than average proportion of these vacancies being caused by skill shortages.

There are therefore 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 all SSVs is to be 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 3.16 explores the relationship between these two types of problems by plotting SSV numbers (unprompted and prompted) 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 3.16: Summary of skill-shortage vacancies by sector skills council sector.



Base: All skill-shortage vacancies (unprompted and prompted).
Notes: Energy & Utility and Skillset SSC sectors have base sizes of 25 to 49 and should be treated with caution. Skills for Justice and Government Skills SSC sectors have bases of less than 25 and have are therefore not shown.
Employers not covered by an SSC are not shown.

The main conclusion of this analysis is that relatively few sectors are experiencing both a high volume of SSVs and a high proportion of vacancies that are hard to fill for skill-related reasons, indeed the bulk of industry groups fall into the bottom left quadrant where the absolute number of skill shortages is relatively low and also the density of SSVs is lower than average.

The top right quadrant of this figure contains the industries that could be said to be suffering the greatest skill challenges in recruitment, in that both the likelihood of any recruitment events encountering skill shortages and the absolute number of current SSVs is high. These industries are those represented by ConstructionSkills and SEMTA.

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 SummitSkills, Automotive Skills, GoSkills and Lantra. It should be noted that these sectors also suffer from an above average density of SSVs where this is measured relative to employment, confirming particular skills problems in these sectors.

It is the industries in the top two quadrants where skill shortages are likely to be creating the most damage in terms of inhibiting the growth and development of employers.

The bottom right quadrant contains industries experiencing a relatively low density of SSVs but where the sheer volume of employers looking to recruit means that the volume of skill shortages is relatively high. Industries experiencing problems of this nature are those covered by People 1st, Skillsmart Retail and Skills for Care & Development.

A more detailed picture of the overall distribution of all SSVs by occupation *within* industry is provided by Table 3.11 which shows the profile of occupational SSVs within each sector. Rows of data have been shaded to reflect the quadrant of Figure 3.16 into which each industry falls.

Table 3.11: Profile of skill-shortage vacancies by occupation within sector skills council sector.

Row percentages	All SSVs Unweighted	All SSVs Weighted		Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary	Unclassified
Overall	**11,326**	**143,124**	**%**	**4**	**10**	**18**	**7**	**17**	**11**	**11**	**10**	**10**	**1**
Lantra	169	2,357	%	2	7	8	4	29	13	1	11	21	3
Cogent	172	1,412	%	3	2	38	8	11	1	15	18	5	0
Proskills UK	158	1,476	%	2	8	8	16	27	0	8	26	4	0
Improve Ltd	118	1,127	%	3	0	5	6	9	0	14	50	14	0
Skillfast-UK	110	1,223	%	3	6	3	2	23	0	14	40	7	2
SEMTA	572	6,669	%	2	9	12	3	45	0	4	19	5	1
Energy & Utility Skills	*60*	*675*	%	*0*	*0*	*10*	*8*	*22*	*0*	*23*	*22*	*15*	*0*
ConstructionSkills	1,058	11,899	%	4	31	13	4	28	0	1	12	6	1
SummitSkills	263	2,822	%	5	2	1	2	78	0	3	3	4	3
Automotive Skills	322	3,989	%	4	2	6	4	57	0	13	8	5	1
Skillsmart Retail	604	9,431	%	11	1	5	4	13	1	59	1	5	1
People 1st	1,061	12,900	%	6	0	1	4	27	3	7	1	52	0
GoSkills	398	3,471	%	1	*	3	8	2	1	1	77	7	0
Skills for Logistics	281	2,908	%	5	1	1	10	2	5	10	60	5	1
Financial Services Skills Council	344	4,442	%	3	8	35	35	1	0	16	0	0	3
Asset Skills	233	4,110	%	10	7	10	8	3	31	8	2	23	0
e-skills UK	388	6,649	%	4	17	13	9	3	0	53	1	*	*
Lifelong Learning UK	365	2,516	%	5	42	31	8	4	4	3	1	1	1
Skills for Health	555	6,618	%	6	5	42	8	*	34	2	0	3	*
Skills for Care & Development	1,077	7,721	%	4	7	22	4	2	59	*	1	2	*
Skillset	*60*	*512*	%	*10*	*7*	*37*	*11*	*10*	*0*	*14*	*0*	*10*	*0*
Creative & Cultural Skills	252	1,458	%	7	17	36	10	6	2	16	2	3	*
SkillsActive	249	1,558	%	3	0	33	5	4	39	3	*	12	1
Non-SSC employers	2,287	37,241	%	4	14	26	9	7	17	7	8	9	*

Base: All skill-shortage vacancies (prompted and unprompted).
Notes: Percentages sum to 100 across each row (subject to rounding).
Figures in italics denote base sizes of 25 to 49 and should be treated with caution.
'' denotes a figure greater than 0 per cent but less than 0.5 per cent.*
Skills for Justice and Government Skills SSCs are not shown due to low base sizes.
Shading corresponds to quadrants in Figure 3.16.

These results confirm the overall impact of difficulties recruiting for the skilled trades on the pattern of skill shortages across the country as a whole. Of the industries experiencing both large numbers and high densities of SSVs (shaded in red in Table 3.11), both SEMTA and ConstructionSkills are more likely than average to be looking to recruit individuals for skilled trades positions. Several of those SSC sectors experiencing below average numbers but high densities of skill shortages (shaded orange in Table 3.11) are also particularly likely to be looking to recruit people engaged in occupations classed as skilled trades. This applies to employers covered by Lantra, Proskills, SummitSkills and Automotive Skills SSCs.

The industries suffering from very large numbers of SSVs but where these shortages account for a relatively small proportion of vacant positions (shaded in green in Table 3.11) are more likely to be looking to recruit lower skilled occupations. SSVs among employers covered by Skillsmart Retail are dominated by positions for sales and customer service staff while those employers covered by Skills for Care & Development are dominated by personal service vacancies.

Several SSCs felt the impact of HtFVs more than others. Proskills UK, SEMTA, Skills for Logistics, Financial Services Skills Council and Skills for Justice were more likely to be impacted to some degree as a result of recruitment problems. These impacts varied across the sectors with Proskills UK and Skills for Justice employers feeling the impact most in terms of staff workload while SEMTA, GoSkills and Skills for Logistics employers had more operational issues, namely difficulties introducing new working practices, meeting quality standards and needing to outsource work.

More Skillsmart Retail establishments reported feeling no impact of HtFVs.

Table 3.12: Impact of hard-to-fill vacancies by sector skills council sector.

	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	***6,838***	***101,016***	**%**	**76**	**36**	**34**	**33**	**30**	**30**	**24**	**13**
Lantra	*171*	*3,014*	*%*	76	40	39	39	27	35	32	12
Cogent	*119*	*1,002*	*%*	80	32	30	30	26	25	17	13
Proskills UK	*109*	*1,206*	*%*	86	52	37	48	25	35	41	7
Improve Ltd	*83*	*621*	*%*	79	35	24	44	31	31	23	12
Skillfast-UK	*95*	*1,150*	*%*	69	47	35	43	18	23	29	13
SEMTA	*343*	*4,361*	*%*	77	49	48	49	29	28	36	8
Energy & Utility Skills	*53*	*514*	*%*	76	35	36	40	18	30	19	16
ConstructionSkills	*468*	*8,711*	*%*	77	39	46	41	28	31	42	10
SummitSkills	*150*	*1,556*	*%*	73	37	56	43	23	30	31	16
Automotive Skills	*231*	*3,260*	*%*	83	35	49	32	29	38	27	10
Skillsmart Retail	*504*	*10,428*	*%*	73	29	27	26	31	30	14	20
People 1st	*755*	*12,860*	*%*	77	29	25	29	30	30	17	17
GoSkills	*197*	*1,592*	*%*	68	39	57	33	31	29	28	11
Skills for Logistics	*158*	*2,073*	*%*	73	37	49	46	39	31	32	6
Financial Services Skills Council	*150*	*2,465*	*%*	74	36	36	21	29	25	8	8
Asset Skills	*197*	*3,952*	*%*	71	28	20	29	32	27	24	15
e-skills UK	*197*	*3,014*	*%*	79	54	36	27	26	21	25	9
Skills for Justice	*25*	*231*	*%*	*90*	*17*	*1*	*23*	*46*	*33*	*13*	*0*
Lifelong Learning UK	*208*	*1,434*	*%*	85	49	30	35	33	33	23	8
Skills for Health	*266*	*3,388*	*%*	81	26	16	38	35	31	27	12
Skills for Care & Development	*644*	*5,051*	*%*	81	33	18	40	36	30	27	10
Skillset	*55*	*405*	*%*	77	46	39	21	16	24	32	14
Creative & Cultural Skills	*117*	*1,091*	*%*	75	45	33	28	29	35	18	16
SkillsActive	*185*	*1,253*	*%*	76	32	30	28	38	28	17	13
Non-SSC employers	*1,344*	*25,778*	*%*	75	37	36	31	30	30	21	14

Base: All employers with hard-to-fill vacancies (weighted=101,016; unweighted=6,838).
Note: Government Skills SSC is not shown due to low base sizes.

The actions taken to overcome HtFVs within individual SSC sectors are presented in Table 3.13 below. Overall, employers covered by different SSCs tended to use similar strategies to overcome recruitment problems, with increased advertising or recruitment spend and/or new recruitment methods or channels the most common responses across all sectors. However, there were some differences in terms of the extent to which these (and other) strategies were used.

- Employers covered by Skillfast-UK did not increase recruitment spend or use new recruitment channels at a similar rate as those in other sectors.

- Similarly, in the sector represented by Skillset SSC a greater than average proportion of HtFVs met with no organisational response; although it was also the case that a greater than average proportion led the establishment experiencing them to use new recruitment methods or channels. There were very few attempts to redefine existing jobs to overcome the difficulties recruiting in this sector.

- Establishments covered by Energy & Utility Skills were more likely than average to increase or expand their training programme and less likely than average to increase advertising or recruitment spend.

- Fewer establishments covered by GoSkills and Skills for Logistics SSCs used new recruitment methods or channels compared with the national average.

Table 3.13: Actions taken to overcome hard-to-fill vacancies by sector skills council 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	*6,838*	*101,016*	**%**	43	32	9	8	7	4	3	12
Lantra	*171*	*3,014*	**%**	35	27	9	7	5	4	5	17
Cogent	*119*	*1,002*	**%**	49	32	7	5	7	6	3	12
Proskills UK	*109*	*1,206*	**%**	37	37	11	9	8	2	6	11
Improve Ltd	*83*	*621*	**%**	46	35	5	9	4	4	2	13
Skillfast-UK	*95*	*1,150*	**%**	23	22	8	7	10	6	7	22
SEMTA	*343*	*4,361*	**%**	36	30	13	9	5	4	5	14
Energy & Utility Skills	*53*	*514*	**%**	29	35	11	15	5	4	2	16
ConstructionSkills	*468*	*8,711*	**%**	40	33	11	9	6	5	3	10
SummitSkills	*150*	*1,556*	%	32	26	14	11	4	6	6	18
Automotive Skills	*231*	*3,260*	**%**	34	28	9	12	7	5	3	18
Skillsmart Retail	*504*	*10,428*	**%**	44	27	8	6	7	3	3	15
People 1st	*755*	*12,860*	**%**	43	31	9	4	8	4	4	13
GoSkills	*197*	*1,592*	**%**	46	22	6	7	4	5	2	16
Skills for Logistics	*158*	*2,073*	%	46	25	12	7	7	6	1	14
Financial Services Skills Council	*150*	*2,465*	**%**	41	33	6	4	10	1	2	14
Asset Skills	*197*	*3,952*	**%**	46	26	10	6	4	8	3	10
e-skills UK	*197*	*3,014*	**%**	35	44	7	13	7	6	2	11
Skills for Justice	*25*	*231*	**%**	*47*	*32*	*0*	*4*	*3*	*8*	*2*	*6*
Lifelong Learning UK	*208*	*1,434*	**%**	45	36	13	7	8	3	2	5
Skills for Health	*266*	*3,388*	**%**	49	37	6	7	10	3	1	12
Skills for Care & Development	*644*	*5,051*	**%**	48	38	11	8	9	7	2	7
Skillset	*55*	*405*	**%**	41	41	5	6	1	8	5	21
Creative & Cultural Skills	*117*	*1,091*	**%**	38	34	14	7	5	5	2	10
SkillsActive	*185*	*1,253*	**%**	44	28	12	12	6	4	4	8
Non-SSC employers	*1,344*	*25,778*	**%**	46	35	10	9	9	4	3	10

Base: All employers with hard-to-fill vacancies (weighted=101,016; unweighted=6,838).
Note: Government Skills SSC is not shown due to low base sizes.

4 Skills Gaps

Section summary

Skills gaps exist where employees are not fully proficient at their job. They affect a minority of employers (16 per cent) and a smaller minority of the workforce (6 per cent).

The proportion of employers affected by proficiency problems has decreased again over the last 12 months, as it has every year since 2001, with the proportion of the workforce lacking proficiency also on the decline.

Occupationally, lower order occupations (where demand for skills is ostensibly lower) continue to be more likely to suffer proficiency problems both in volume and density terms. That is, a greater proportion of the workforce in elementary (8 per cent), machine operative (6 per cent), sales (9 per cent) and personal service occupations (7 per cent) lack proficiency than in the more senior occupations (managers and professionals – each 4 per cent). Sales and elementary occupations alone account for almost two in five skills gaps.

Most commonly, skills gaps are a temporary or interim problem, caused by a lack of experience or 'time served' (and/or related recruitment and staff turnover difficulties), but a lack of training and the inability of the workforce to keep up with change each account – at least in part – for just under a quarter of all skills gaps. A lack of motivation on the part of staff lies at the heart of almost a third of all skills gaps (and has increased since 2004).

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

Skills gaps are considerably more likely than external skill deficiencies to be described as having no impact or a minor impact. The ways in which skills gaps impact follow a broadly similar pattern to external deficiencies, however. By far the most common impact is increased workload for other staff, with impacts on 'operations' (increased operating costs, difficulties meeting quality standards and difficulties introducing new working practices) more common than impacts on 'the business' (loss of business or orders and/or delays in developing new products or services).

Employers most commonly react to skills gaps by training – either increasing training for the existing workforce, or increasing or expanding trainee programmes. One in eight employers with skills gaps do nothing 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[2] among their existing workforce, and focuses on the incidence, number, distribution and profile of skills gaps, their causes 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 these skills gaps. 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 all staff as either fully proficient or not, and hence takes no account of the gap that can clearly exist between those almost proficient and those significantly lacking in the skills that employers require. Hence, 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 cases where skills levels have been raised but where staff still remain below full proficiency.

Trends since 1999 in the incidence and number of skills gaps

Around 1 in 6 establishments in 2005 (16 per cent) reported that they employed staff whom they considered not fully proficient. Slightly fewer than 1.3 million workers were described by employers as not fully proficient, representing 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 since 2001, with an overall decrease of 7 percentage points between 2001 and 2005 (from 23 per cent to 16 per cent).

If one considers only those establishments with five or more staff,[3] the pattern is even more marked with a decrease of 30 percentage points between 1999 and 2005 in the proportion of employers reporting gaps.

There has been less movement in terms of the proportion of all employment who are reported as lacking proficiency, although the general pattern is moving in the right direction, in the sense that in 2005 a smaller proportion of the workforce is described as lacking proficiency than at any time since the ESS series started.

Some caution is needed when comparing NESS data with the earlier ESS surveys, particularly in regard to the numbers of staff with skills gaps. This is because ESS1999 and ESS2001 obtained information on skills gaps in a slightly different way to the NESS03,

[2] 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.

[3] 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.

NESS04 and NESS05 studies.[4] However, in overall terms, the indication is that as well as fewer employers reporting any gaps, the overall proportion of the workforce affected by skills gaps is smaller than was the case in previous years. That is, ***both the incidence and density of skills gaps would appear to be declining*.**

Table 4.1: Skills gaps, 1999–2005.

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

Source: ESS1999 and ESS2001 (DfES); NESS03, NESS04 and NESS05 (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 4).

This fall in the proportion of employers reporting at least one skills gap since 2004 has occurred across all sizes of employer, with smaller than average decreases among the smallest employers (10 per cent in 2004 to 8 per cent in 2005) and the largest (47 per cent in 2004 to 41 per cent in 2005) employers.

The incidence, number and density of skills gaps in 2005

The incidence of skills gaps increases with the size of establishment (Table 4.2, column A). Fewer than 1 in 10 establishments employing fewer than 5 people have any staff that are not fully proficient (8 per cent). This rises sharply to just under a quarter among establishments with 5 to 24 staff (23 per cent) and just over a third where 25 to 99 staff are employed (35 per cent). Among those with 100 or more staff approximately two-fifths have skills gaps, though this figure is little different between those with 100 to 199 staff and the largest establishments with 500 or more employed. By contrast, the proportion of all staff described as having a skills gap varies relatively little by size of establishment, at between 4 and 6 per cent for each size band (Table 4.2, column C). Across all size bands, the share of skills gaps

[4] 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 NESS03, NESS04 and NESS05 surveys asked respondents directly how many within each occupational group they would describe as fully proficient.

is more or less in line with the proportion of the workforce employed (although the smallest employers account for fewer skills gaps than would be anticipated from their share of employment (6 per cent compared with 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	16	1,265,000	6	100	100
Size:					
Fewer than 5	8	74,300	4	9	6
5 to 24	23	312,600	6	24	25
25 to 99	35	336,000	6	25	27
100 to 199	39	132,300	5	12	10
200 to 499	44	207,200	6	16	16
500+	41	202,500	6	15	16

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

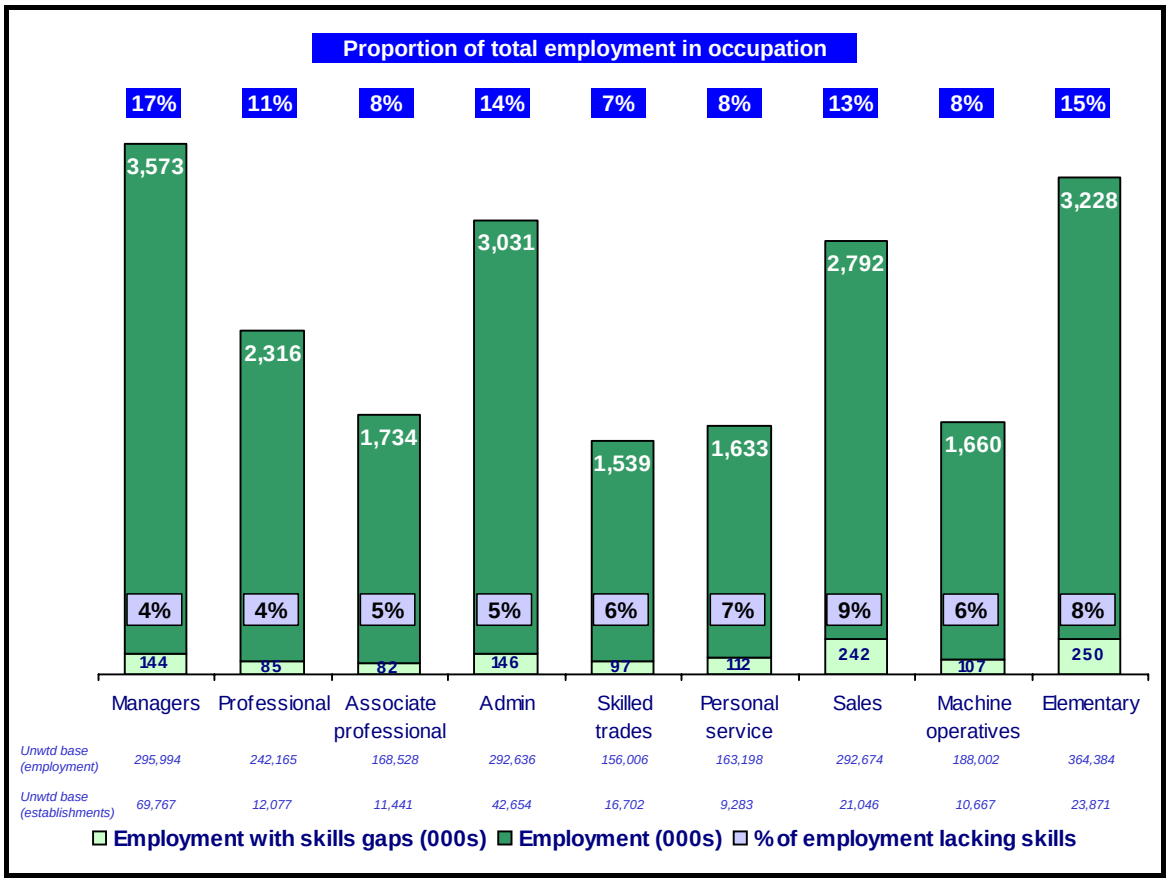
The distribution and density of skills gaps by occupation

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. These two occupational groups account for almost two-fifths (39 per cent) of all skills gaps, much higher than their share of total employment (28 per cent).

In contrast, skills gaps are least likely to be found in professional and associate professional occupations. These two groups account for just 13 per cent of all skills gaps despite accounting for a fifth (19 per cent) of total employment. The same pattern is true for managerial positions: while these occupations account for 17 per cent of total employment, the share of skills gaps attributable to managers and senior officials is 11 per cent.

Figure 4.1 shows the number of workers in each major occupational category described as not fully proficient at their job (shown on the lower part of each column, in thousands). 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. We also show the **proportion** of each occupation described as not fully proficient.

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 in skills.

Consistent with previous years, skills gap density is lowest among managers and professionals, with 4 per cent of staff in each of these occupations described as not fully proficient. Density is also low among associate professionals and administrative staff, with just 1 in 20 staff employed in these occupations regarded as not fully proficient.

The general point, as has emerged in previous skills surveys, is 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 proficiency. Those in more highly skilled occupational areas, such as managers, professionals and associate professionals, are the least likely to have skills gaps. Although the overall number of skills gaps reported is in decline, the broad pattern of occupational distribution of the skills gaps remains very similar to that recorded in previous years. That is, the inroads that appear to be being made in increasing the skills of the workforce are not necessarily impacting on those occupations for which need is the greatest.

Table 4.3 shows how skills gaps are distributed by occupation (with a time series comparison) and by size of employer. Table 4.3 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
Size:											
Fewer than 5	74	%	21	4	6	15	13	5	20	3	14
5 to 24	313	%	10	4	5	10	10	9	27	4	21
25 to 99	336	%	9	5	6	9	8	10	19	9	26
100 to 199	132	%	11	8	5	11	7	6	18	10	24
200 to 499	207	%	12	9	9	11	8	7	14	12	19
500+	203	%	14	12	8	17	2	12	13	12	10

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

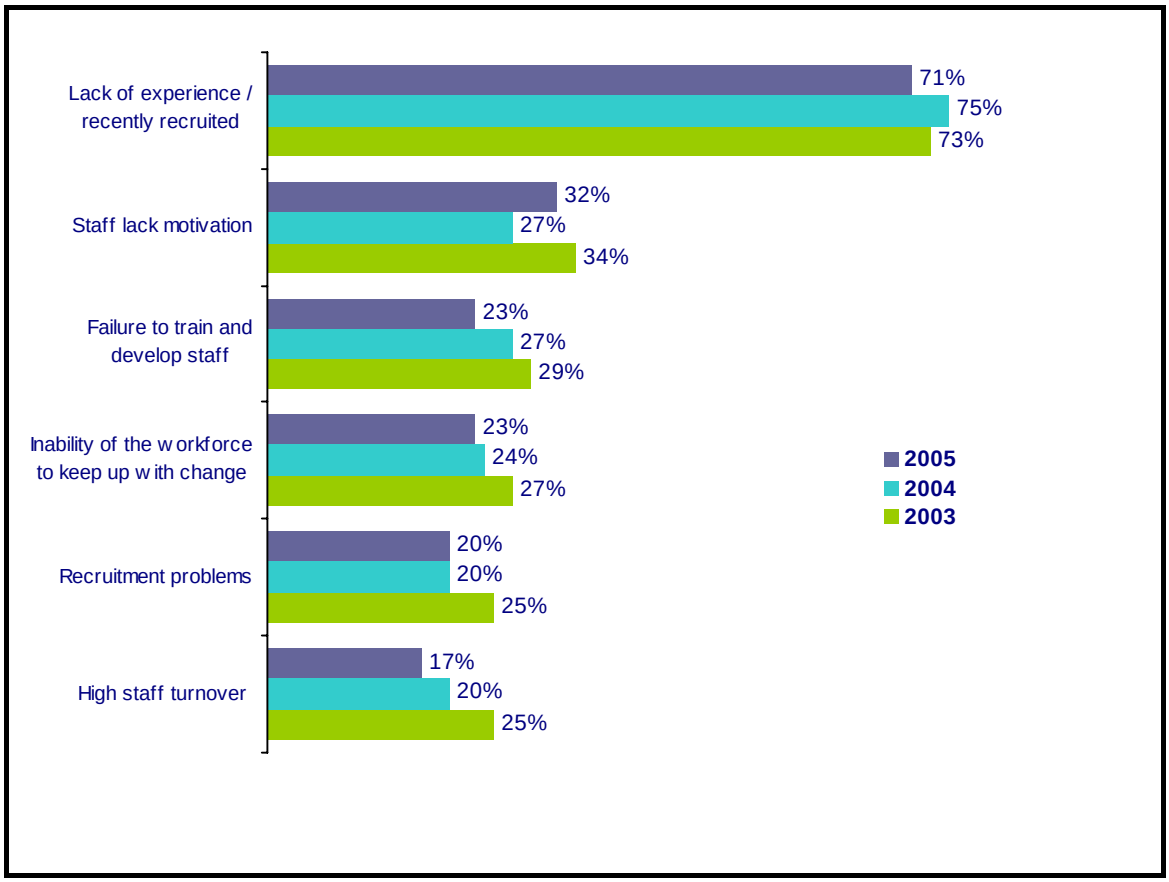
Although a high proportion of skills gaps among the smallest employers fall within managerial occupations (21 per cent), this reflects the high proportion of managerial employment in small establishments (45 per cent of all staff in these establishments are managers). The proportion of managers in the smallest establishments described as not being fully proficient is actually significantly lower (at 2 per cent) than in those where 5 or more staff are employed (5 per cent).

Establishments with between 25 and 499 employees are most likely to have skills gaps among those employed in elementary occupations (accounting for around a fifth to a quarter of all skills gaps), whereas the largest establishments are relatively more likely to experience problems among administrative staff.

The causes of skills gaps

The main causes of staff not being fully proficient are presented in Figure 4.2 for 2005, 2004 and 2003. Results are based on skills gaps rather than establishments with gaps, and show the proportion of skills gaps caused by various factors (not the proportion of establishments reporting skills gaps with these causes). 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
(2005: unweighted=109,310; weighted=1,059,326
2004: unweighted=85,175; weighted=1,240,744
2003: unweighted=112,789; weighted=1,176,477).

As in previous years, lack of experience or staff being recently recruited remains by far the most commonly cited cause of skills gaps, albeit at a slightly lower level than in previous years. Also, 7 in 10 (71 per cent) of all skills gaps that were discussed with respondents[5] were attributed, at least in part, to this cause.

In a similar vein, high staff turnover (17 per cent) and recruitment problems (20 per cent) explain around 1 in 5 skills gaps. In both cases the underlying implication is that staff are not yet up to speed.

The proportion of skills gaps attributed to all three of these reasons (high turnover, recruitment problems and staff being recently recruited) has fallen since 2003.

As explored further in Section 6, there have been significant increases since 2004 in the proportion of employers providing any training to employees (whether on- or off the job). It is possible that employers are increasing training at the point of recruitment, resulting in

[5] Causes of skills gaps in 2005 and 2004 were asked of a maximum 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).

employees gaining full proficiency more quickly. That said, it is still the case that just under a quarter (23 per cent) of skills gaps were attributed to a failure to train on the part of the employer.

Around a third of all skills gaps were attributed, at least in part, to staff lacking motivation, and this was the second most common cause of skills gaps (as in previous years).

In terms of differences by size of establishment, relatively few skills gaps in the smallest establishments are described as being caused by recruitment issues: only 6 per cent were put down to high staff turnover, and only 11 per cent were caused by recruitment problems. Indeed, all the main causes were less likely to be mentioned by the smallest employers.

There is a link between the current recruitment situation and the causes of skills gaps. In particular, establishments which were recruiting at the time of the interview were more likely than average to attribute their skills gaps to recruitment problems (25 per cent) or high staff turnover (21 per cent). Moreover, in organisations with SSVs that also reported skills gaps, 2 in 5 (41 per cent) of these skills gaps were caused in part by recruitment problems.

As seen in 2004, the causes of skills gaps varied by occupation. For all of the main occupational groups, lack of experience or staff being recently recruited was the most common cause of skills gaps. However, the secondary reasons varied, with the second most common cause of managerial skills gaps being the company's own failure to train (explaining, at least in part, 34 per cent of managerial skills gaps). This cause was also more likely than average to explain skills gaps in administrative occupations. An inability of employees to keep up with change was the second most common cause of skills gaps among professionals (30 per cent). Over a third (35 per cent) of personal services 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 than average.

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 read a list of skill areas and asked, for each occupation, which skills were lacking.

Table 4.4 shows the specific skills lacking among employees that 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. (Hence, in 2005, 48 per cent of all skills gaps discussed with employers were described as involving a lack of team working 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	Managers	Professionals	Associate profs.	Administrative	Skilled trades	Personal services	Sales	Operatives	Elementary occupations
Unweighted base	*112,789*	*85,175*	*109,310*	*10,661*	*8,413*	*5,284*	*10,883*	*8,133*	*9,020*	*21,627*	*9,769*	*25,520*
Weighted base (000s)	*1,176*	*1,241*	*1,059*	*115*	*69*	*65*	*114*	*81*	*91*	*218*	*81*	*226*
	%	%	%	%	%	%	%	%	%	%	%	%
Skills lacking												
Team working	**52**	**47**	**48**	47	35	41	43	39	55	48	50	55
Customer-handling skills	**55**	**47**	**46**	34	30	39	52	33	47	63	29	51
Technical and practical skills	**43**	**45**	**44**	31	52	53	36	64	47	36	56	43
Oral communication	**n/a**	**n/a**	**42**	42	28	30	39	36	43	44	47	48
Problem-solving skills	**47**	**40**	**40**	45	36	41	44	43	41	38	43	38
Written communication	**n/a**	**n/a**	**29**	29	28	34	39	30	36	20	34	27
Management skills	**32**	**25**	**26**	76	30	23	23	18	16	23	11	15
General IT user skills	**29**	**26**	**23**	28	33	33	51	17	18	19	18	10
Literacy skills	**24**	**19**	**22**	10	18	22	24	23	32	16	27	27
Numeracy skills	**21**	**16**	**21**	14	16	17	18	19	21	20	28	26
Office admin skills	**n/a**	**20**	**20**	31	22	23	55	15	11	15	8	8
IT professional skills	**13**	**12**	**12**	19	26	21	29	9	8	7	5	5
Foreign languages	**7**	**9**	**9**	13	5	4	7	6	13	8	12	11

Source: NESS05, NESS04 and NESS03.
Base: All skills gaps followed up.
Note: Column percentages do not sum to 100 per cent because of multiple responses.

As in 2003 and 2004, when describing the skills they feel are lacking among their staff, employers generally focus on soft skill areas, in particular team working and customer-handling skills, each of which are mentioned as lacking for just under half of all skills gaps.

Employers were also relatively likely to report technical, practical or job-specific skills as lacking amongst employees. Over 2 in 5 (44 per cent) of employees described by their employers as lacking full proficiency are felt to lack technical, practical or job-specific skills.

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

Much 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. Managerial skills gaps are very concentrated among managers, and in 3 in 4 cases (76 per cent) where managers are described as not being fully proficient, gaps exist specifically in regard to their management skills. General IT user skills are mentioned in connection with fewer skills gaps year on year (2003 – 29 per cent; 2004 – 26 per cent; 2005 – 23 per cent).

A lack of literacy and numeracy skills were each present in around a fifth of skills gaps (22 per cent and 21 per cent respectively). Both were mentioned in connection with a significantly greater proportion of skills gaps than was the case in 2004 (and at levels more comparable with the 2003 survey).

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 (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). The key findings are as follows.

- In three in 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), office administration skills and problem-solving skills.

- **Professionals** who lack proficiency are more likely than average to lack management skills, though overall a lack of technical and practical skills is more likely to be mentioned; indeed is the most commonly lacking skills among this occupation. General IT user skills and IT professional skills are also both mentioned at above-average levels.

- Skills gaps among **associate professionals** are more likely than average to involve a lack of written communication skills, IT user skills (both general and professional) and office administration skills. Technical, practical and job-specific skills were mentioned as lacking in over half of all skills gaps for this occupation.

- Office administration skills, general IT user skills and customer-handling skills were each mentioned as lacking in over half of all skills gaps for **administrative and clerical staff**. A lack of problem-solving, written communication and literacy skills were also more common than average within this occupational group.

- The key skills lacking among **skilled trades** are technical, practical or job-specific skills, with these mentioned in almost two in three cases. Problem-solving was the only soft skill area that was significantly more likely to be mentioned in connection with gaps for skilled trades staff than average.

- Team working skills were the key broad area lacking among **personal service** staff, mentioned as lacking for over half of all staff lacking full proficiency. Written communication, foreign language and literacy skills were also mentioned more commonly than average.

- For **sales** staff, customer-handling skills are the main area of skills that are lacking, this explaining at least in part nearly two-thirds of skills gaps in this occupation. Oral communication skills were also mentioned more commonly than average.

- The skills most often seen as lacking among **plant and machine operatives** are technical, practical or job-specific skills (56 per cent). However, both literacy and numeracy skills deficiencies were much more common than average among this occupational group. Problem-solving skills and both oral and written communication skills were also more likely to be lacking than average.

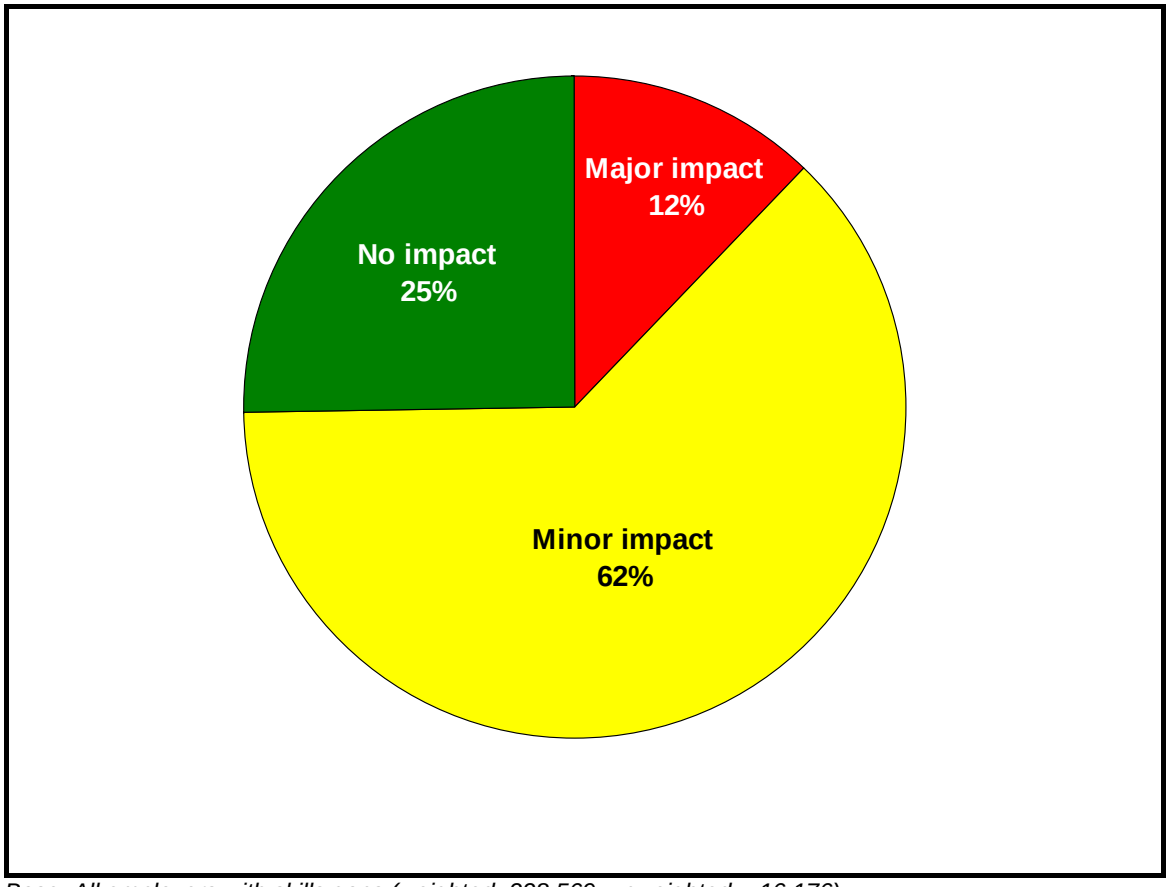
- A lack of literacy and numeracy skills are also more common than average among **elementary** staff that are not thought to be fully proficient (both mentioned in connection with over a quarter of elementary skills gaps). Elementary staff's skills gaps were also more likely than average to be characterised by a lack of team working, customer-handling and oral communication skills (each mentioned as lacking in around half of elementary staff with skills gaps).

Impact of skills gaps

This section examines the impact of skills gaps on employers and what actions employers take to combat them. As with recruitment difficulties, this topic was explored slightly differently in NESS05 than for previous years, with employers asked first whether skills gaps were having a major or minor impact, or no impact, on their establishment before being asked to describe the nature of the impact that they had experienced and the action taken to overcome adverse impacts.

Figure 4.3 illustrates that just under three-quarters (74 per cent) of employers with skills gaps perceived these as having at least some impact on their establishment. For the majority of these employers, this impact was felt to be minor. Although only one quarter felt that skills gaps had no impact at all on the establishment, this figure is considerably higher than the corresponding proportion of employers who felt that HtFVs had no impact at all on the establishment (9 per cent). It seems that employers may adapt more easily to internal skills problems than to external recruitment difficulties, with the skills shortcomings of existing staff often 'normalised'. By comparison, external recruitment difficulties, and especially those that are skills-related, can less easily be 'managed' or 'minimised' in the workplace and tend to be more 'noticeable'. This is especially true for the large numbers of employers who recruit in response to demand and who find the impact has an immediate and detrimental effect (e.g. the quality of their work is affected through increased workloads and pressure or they cannot meet orders and lose business).

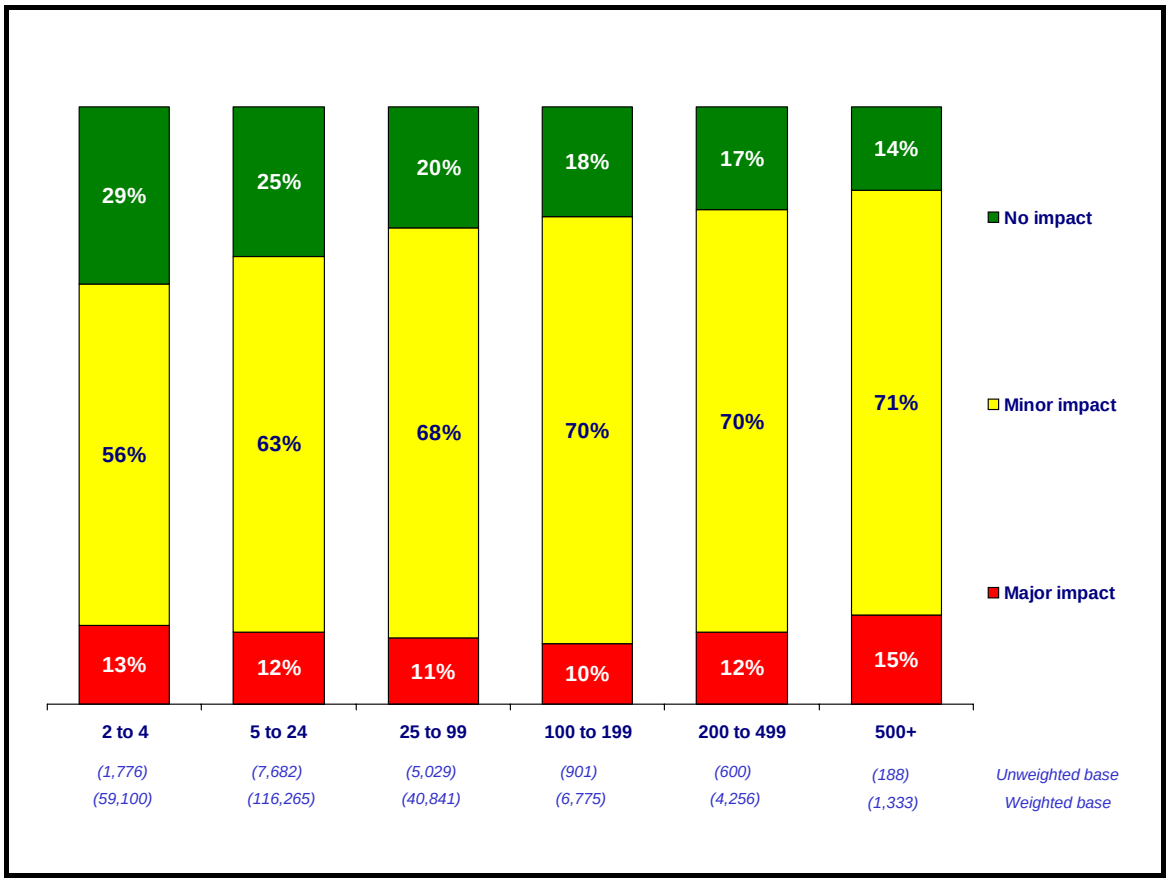
Figure 4.3: Extent of impact of skills gaps.



Base: All employers with skills gaps (weighted=228,569; unweighted = 16,176).

Figure 4.4 shows findings broken down by size.

Figure 4.4: Extent of impact of skills gaps by size of establishment.

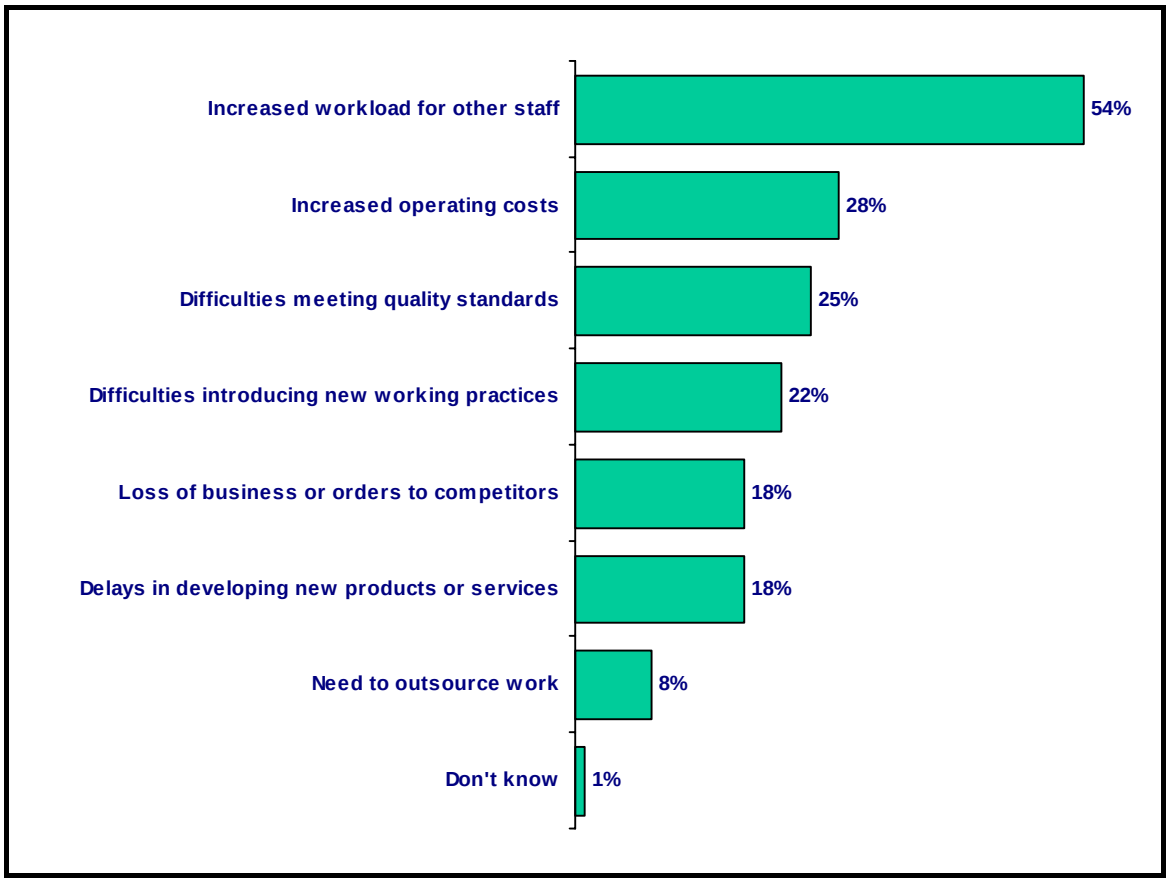


Base: All employers with skills gaps.

The main pattern to emerge is that the larger the establishment, the less likely they are to describe internal skills gaps as having no impact. Twice as many of the smallest establishments with skills gaps felt that they had no impact on the establishment compared with the largest establishments (29 per cent versus 14 per cent). This is a similar pattern as described earlier with regard to the impacts of external recruitment difficulties and again seems counter-intuitive (insofar as one would expect one employee with a skills deficiency in an establishment of 4 people to have **relatively** more impact on the establishment than the same employee in an establishment with over 500 people in its workforce).

Figure 4.5 presents the **nature** of the impacts experienced by employers reporting skills gaps.

Figure 4.5: Impact of skills gaps.



Base: All establishments with skills gaps (weighted=228,569; unweighted=16,176).

An increase in workload for other staff is the single greatest impact of having staff with skills deficiencies. Over half of employers with skills gaps (54 per cent) report this a problem although it is interesting to note that this is significantly lower than the proportion of employers with external recruitment problems who report this as an impact (around three-quarters of such employers and slightly higher among those with SSVs).

Other impacts are much less common although increased operating costs and difficulties meeting quality standards are cited by around 1 in 4 employers with skills gaps (28 per cent and 25 per cent respectively). Over 1 in 5 (22 per cent) also felt that they had difficulties introducing new working practices as a result of internal skills deficiencies among staff.

Table 4.5 details the relationship between employers perceiving the overall impact of their skills gaps to be major or minor, and the more detailed characteristics that they describe.

Table 4.5: Specific impacts by whether skills gaps are having a major or minor impact on the establishment.

	Overall	Major impact	Minor impact
Unweighted base	*12,308*	*1,884*	*10,424*
Weighted base	*169,608*	*27,349*	*142,260*
	%	%	%
Increased workload for other staff	72	82	70
Increased operating costs	37	62	33
Difficulties meeting quality standards	34	56	30
Difficulties introducing new working practices	30	52	26
Loss of business or orders to competitors	24	53	18
Delay developing new products or services	23	44	19
Need to outsource work	10	21	8

Base: All establishments with skills gaps that have an impact.

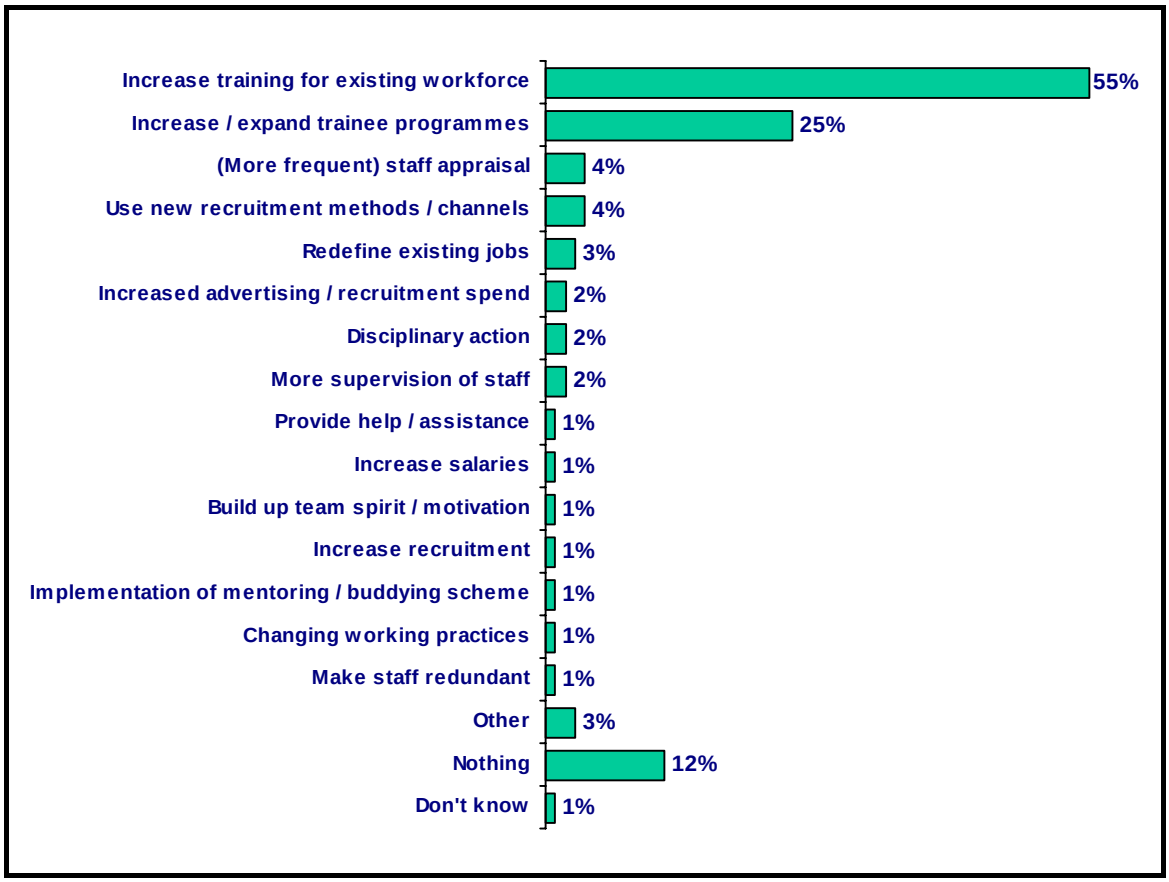
Where the overall impact of the skills gap is felt to be major, it is much more likely that each of the detailed impacts is described. This disparity is least evident in terms of increasing workloads for other staff, which is a common response for employers, irrespective of whether the overall impact of skills gaps is minor or major.

Actions taken to overcome skills gaps

Figure 4.6 illustrates the actions taken to overcome skills gaps. Encouragingly, over half of employers with skills gaps had provided further training (55 per cent) and 1 in 4 employers with skills gaps had increased their trainee programmes (25 per cent). Overall, 3 in 4 employers with skills gaps (74 per cent) had taken one or both of these steps. This still leaves a quarter of employers with skills gaps (26 per cent) who do not provide further training or increase trainee programmes as a response to having skills gaps.

In around one in eight cases, employers take no action. Whether this is because they have not yet had time to take action, because they do not know what action to take, because they are not sure what action could be successful or for some other reason is not clear from the data.

Figure 4.6: Actions taken to overcome skills gaps.



Base: All establishments with skills gaps (weighted=228,569; unweighted=16,176).

The regional pattern of skills gaps

Table 4.6 shows how the incidence of skills gaps varies by region. It also shows (in the final two columns of data) the profile of skills gaps by these same variables and compares this with the profile of employment.

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*	
	%		%	%	%
Overall	**16**	**1,265,000**	**6**	**100**	**100**
Yorkshire and the Humber	23	156,500	8	10	12
North East	21	53,300	6	4	4
South East	18	231,700	7	16	18
North West	16	165,000	6	13	13
West Midlands	16	110,200	5	11	9
East Midlands	15	106,700	6	8	8
South West	15	107,500	5	10	8
Eastern	15	115,100	5	10	9
London	13	218,800	6	18	17

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

London has previously had a particularly distinct pattern of skills gaps. 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). It also accounted for a considerably lower proportion of all skills gaps (14 per cent) compared to its share of overall employment across England (18 per cent). While London still has the lowest proportion of employers with any skills gaps (13 per cent), the proportion of staff lacking proficiency is now more in line with other regions at 6 per cent, and the region now accounts for a similar share of all skills gaps (17 per cent) compared with its share of overall employment (18 per cent).

The South East and Yorkshire and the Humber – where there are higher proportions of employers with skills gaps – are the only two regions that account for a higher share of all skills gaps (18 per cent and 12 per cent respectively) than employment (16 per cent and 10 per cent). These findings largely mirror those from 2004.

While a high proportion of employers in the North East (21 per cent) have any skills gaps, the region has an average proportion of staff lacking proficiency and accounts for the same share of all gaps as it does of employment (4 per cent).

The Eastern, South West and West Midlands regions have the lowest proportion of staff reported as having skills gaps (5 per cent) and all account for a slightly lower share of all skills gaps than their share of employment.

Regional comparisons are summarised in Figure 4.7, 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 4.7: Skills gap density and volume of skills gaps by region.

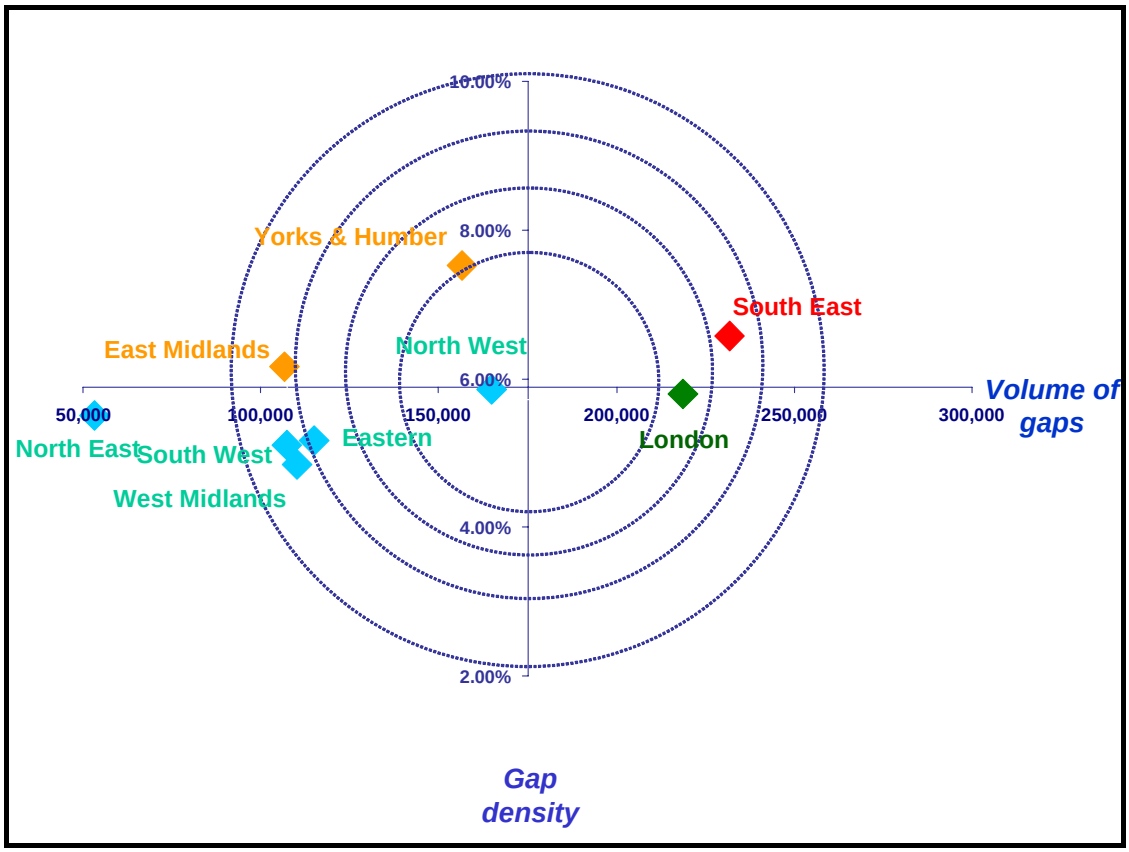


Figure 4.7 shows that the North East has the lowest number of skills gaps in combination with a relatively low skills gap density. While Yorkshire and the Humber and the North West have a broadly similar number of skills gaps overall, Yorkshire and the Humber has a much smaller workforce, and hence the density of skills gaps is much greater (8 per cent versus 6 per cent).

Table 4.7 shows how skills gaps are distributed by occupation within region, and shows in brackets for comparison the profile of employment. 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)	**1,265**	**%**	**11**	**7**	**6**	**12**	**8**	**9**	**19**	**8**	**20**
			(17)	**(11)**	**(8)**	**(14)**	**(7)**	**(8)**	**(13)**	**(8)**	**(15)**
Eastern	115	%	12	4	7	13	10	7	18	8	22
			(16)	(10)	(6)	(15)	(8)	(8)	(12)	(9)	(16)
East Midlands	107	%	11	13	5	10	10	6	15	12	19
			(15)	(11)	(6)	(12)	(9)	(8)	(12)	(10)	(18)
London	219	%	16	9	8	15	5	10	20	5	12
			(19)	(14)	(8)	(16)	(5)	(7)	(15)	(4)	(12)
North East	53	%	11	6	11	12	7	7	15	9	22
			(15)	(11)	(9)	(13)	(7)	(9)	(11)	(9)	(16)
North West	165	%	9	4	6	10	10	7	19	15	21
			(15)	(9)	(9)	(14)	(7)	(9)	(12)	(9)	(15)
South East	232	%	11	7	6	11	7	13	20	5	20
			(17)	(11)	(8)	(14)	(7)	(8)	(14)	(6)	(15)
South West	107	%	11	8	3	11	9	6	25	7	21
			(17)	(10)	(7)	(13)	(9)	(7)	(15)	(7)	(14)
West Midlands	110	%	9	5	7	11	8	10	18	11	22
			(15)	(9)	(10)	(13)	(7)	(7)	(11)	(10)	(16)
Yorkshire and the Humber	157	%	9	4	9	11	7	8	18	10	24
			(15)	(9)	(9)	(14)	(7)	(7)	(12)	(9)	(17)

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

As described previously, at national level, skills gaps are particularly concentrated within sales and customer service positions and elementary positions. This national pattern is repeated in all regions, though the concentration within sales and customer service employees is particularly strong in the South West where they account for 1 in 4 (25 per cent) of all skills gaps in the region (compared with 15 per cent of employment).

In a similar way, the national pattern of elementary positions accounting for a higher proportion of staff who lack proficiency (20 per cent) compared with employment (15 per cent) was found in nearly all regions (other than in London, where the two proportions matched).

Again, as in 2004, all regions also follow the national pattern of fewer skills gaps falling within managerial occupations than this occupation represents of employment. The same is true for professional occupations (other than in the East Midlands where professional occupations account for 13 per cent of all those not fully proficient and 11 per cent of total employment in the region) and administrative staff.

The regional pattern of skills lacking among staff described by employers as not fully proficient is presented in Table 4.8. A number of issues stand out.

- As in 2004, in the North West several 'soft' areas such as communication, customer-handling and team working skills are particularly likely to be mentioned, as are literacy and numeracy skills gaps.

- Technical and practical skills are particularly likely to be lacking in the West Midlands and Yorkshire and the Humber. They are particularly unlikely to be mentioned in London (in part reflecting the low proportion of employment in skilled trades occupations).

- In the Eastern region, office administration skills and foreign language skills are more likely to be mentioned than elsewhere.

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	*109,310*	*8,555*	*11,610*	*18,037*	*6,240*	*12,586*	*20,598*	*9,925*	*9,472*	*12,287*
Weighted base (000s)	*1,059*	*102*	*91*	*176*	*45*	*133*	*194*	*95*	*95*	*128*
	%	%	%	%	%	%	%	%	%	%
Skills lacking										
Team working	**48**	53	36	39	51	**60**	49	37	53	52
Customer-handling skills	**46**	50	35	46	49	50	47	37	51	49
Technical & practical skills	**44**	48	39	24	48	48	47	34	54	**58**
Oral communication	**42**	45	38	36	38	49	41	36	49	44
Problem-solving skills	**40**	44	34	32	46	**56**	39	29	44	44
Written communication	**29**	30	31	25	30	**38**	26	23	33	30
Management skills	**26**	30	27	29	21	30	21	22	25	26
General IT user skills	**23**	24	24	24	27	26	20	18	24	22
Literacy skills	**22**	22	22	17	21	**31**	20	14	26	24
Numeracy skills	**21**	16	21	21	22	**30**	18	15	23	21
Office admin skills	**20**	**28**	16	23	18	20	17	15	20	18
IT professional skills	**12**	15	17	15	9	11	8	10	15	11
Foreign languages	**9**	15	10	12	5	10	8	5	8	6

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

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 compares the profile of skills gaps with employment.

Table 4.9: Incidence and number of skills gaps by sector skills council 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	16	*1,265,000*	6	100	100
People 1st	20	*144,700*	9	7	11
Improve Ltd	21	*30,700*	8	2	2
Skillsmart Retail	20	*186,000*	8	11	15
Cogent	20	*33,500*	8	2	3
Financial Services Skills Council	20	*62,300*	7	4	5
SummitSkills	20	*14,000*	7	1	1
SkillsActive	18	*16,000*	6	1	1
Skills for Care & Development	20	*50,400*	6	4	4
Automotive Skills	19	*26,600*	6	2	2
SEMTA	19	*69,600*	6	6	5
ConstructionSkills	13	*57,200*	6	5	5
Lifelong Learning UK	19	*37,700*	5	3	3
Proskills UK	15	*18,500*	5	2	1
GoSkills	14	*19,500*	5	2	2
Lantra	11	*14,200*	5	1	1
Non-SSC employers	15	*264,000*	5	25	21
Skillfast-UK	13	*12,000*	5	1	1
Skillset	12	*6,200*	5	1	0
e-skills UK	12	*31,000*	5	3	2
Energy & Utility Skills	19	*11,000*	5	1	1
Skills for Health	18	*70,300*	5	7	6
Skills for Justice	19	*11,400*	4	1	1
Skills for Logistics	14	*27,000*	4	3	2
Creative & Cultural Skills	9	*8,100*	4	1	1
Asset Skills	11	*29,000*	4	3	2

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 is not shown due to low base sizes.

Skills gaps are a particular issue in the following SSC sectors: People 1st, Cogent, Improve Ltd and Skillsmart Retail. In all these sectors, employers are both more likely than average to report having any staff who lack proficiency (around 1 in 5 do so) and to have a higher than average proportion of staff lacking proficiency (8 to 9 per cent, highest for People 1st). Three of these SSCs (People 1st, Cogent, Improve Ltd) were among the top four SSCs in 2004 in terms of the proportion of staff lacking proficiency.

The SSC sectors where employers report the lowest proportion of staff as lacking proficiency are those covered by Skills for Logistics, Asset Skills, Creative & Cultural Skills, and Skills for Justice. In these sectors, 4 per cent of staff were reported as lacking skills.

Table 4.10 shows how skills gaps are distributed by occupation within sector. Table 4.10 presents row percentages that sum to 100 per cent (subject to rounding) across the rows. Sectors are ranked in descending order of skills gaps falling in managerial and professional occupations. 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 sector skills council sector.

	Number of skills gaps (000s)		Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
All	**1,265**	**%**	**11**	**7**	**6**	**12**	**8**	**9**	**19**	**8**	**20**
Lifelong Learning UK	38	%	9	36	12	19	3	5	7	*	8
Creative & Cultural Skills	8	%	15	15	9	14	2	5	21	1	18
e-skills UK	31	%	20	9	8	8	5	*	45	*	4
Financial Services Skills Council	62	%	19	8	9	30	1	*	34	*	*
Non-SSC employers	264	%	12	14	8	14	5	13	11	7	14
ConstructionSkills	57	%	17	8	19	11	24	*	3	8	11
Skills for Justice	11	%	9	15	24	41	2	5	*	*	4
Skills for Health	70	%	11	8	15	18	2	39	2	1	7
Skillset	6	%	14	3	14	28	5	*	14	12	10
Energy & Utility Skills	11	%	14	2	6	15	12	*	15	20	16
Lantra	14	%	14	1	4	9	15	11	4	7	35
Cogent	34	%	14	1	5	10	4	0	16	31	19
Skills for Care & Development	50	%	10	5	6	8	1	59	3	1	6
SEMTA	70	%	9	5	5	9	22	*	3	36	11
Asset Skills	29	%	12	2	6	20	7	18	9	1	25
SkillsActive	16	%	12	2	5	10	8	26	8	1	27
Proskills UK	18	%	11	1	2	9	14	*	6	41	14
Improve Ltd	31	%	9	3	2	5	6	0	4	38	34
Skills for Logistics	27	%	10	2	2	16	9	2	12	20	26
Skillfast-UK	12	%	9	2	1	11	9	1	26	21	20
People 1st	145	%	10	*	*	3	5	3	13	*	65
Skillsmart Retail	186	%	9	1	1	3	2	*	64	2	19
Automotive Skills	27	%	8	1	3	12	41	*	19	7	8
GoSkills	19	%	8	*	1	12	16	*	7	49	7
SummitSkills	14	%	6	2	5	7	60	*	2	2	14

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.
Government Skills SSC is not shown due to low base sizes.

To a large extent, the distribution of skills gaps reflects employment patterns. For example, employers within the Lifelong Learning UK, e-skills UK and Financial Services Skills Council SSC sectors have a high proportion of skills gaps falling within managerial and professional occupations, but are at the same time 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 30%) ConstructionSkills (17% v 24%) SummitSkills (6% v 20%) Skillsmart Retail (9% v 16%) Automotive Skills (8% v 19%) People 1st (10% v 17%) Asset Skills (12% v 20%) Skillset (14% v 26%) Creative & Cultural Skills (15% v 26%)
Professionals		Asset Skills (2% v 10%) e-skills UK (9% v 15%) Skillset (3% v 9%) Non-SSC employers (14% v 20%)
Associate professionals	ConstructionSkills (19% v 10%)	e-skills UK (8% v 17%) Skills for Health (15% v 23%)
Administrative occupations	Skills for Justice (41% v 33%) Skillset (28% v 14%) SummitSkills (60% v 47%)	SummitSkills (7% v 13%)
Skilled trades	Automotive Skills (41% v 32%) GoSkills (16% v 9%) Skills for Logistics (9% v 3%)	Skillset (5% v 14%)
Personal service occupations	Lantra (11% v 5%) Skills for Health (39% v 28%) Skills for Care & Development SSC (59% v 45%) Skillfast-UK (26% v 14%)	
Sales and customer service occupations	e-skills UK (45% v 23%) Financial Services Skills Council (34% v 24%) Skillsmart Retail (64% v. 53%) Cogent (31% v 25%)	
Machine operatives	SEMTA (36% v 28%) Improve Ltd (38% v 27%) Proskills UK (41% v 31%) Skillset (12% v 3%)	
Elementary occupations	Lantra (35% v 21%) SummitSkills (14% v 8%) People 1st (65% v 56%) Asset Skills (25% v 19%) Skillset (10% v 3%) Creative & Cultural Skills (18% v 12%) SkillsActive (27% v 20%)	

Note: Figures in italics denote base sizes of 25 to 49 and should be treated with caution.

A number of general themes emerge in regard to sectoral concentrations of skills gaps compared to occupational employment. These generally mirror findings reported in 2004.

- Relatively few managers were described as lacking in proficiency in the vast majority of sectors. Furthermore, a number of sectors associated with high proportions of skilled labour and smaller firms and establishments, namely automotive, construction, building services, engineering, audio-visual and land-based industries, reported a disproportionately low share of managers with gaps relative to employment.

- The health and the care and development sectors have particular concentrations of skills gaps in personal service occupations.

- 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, Financial Services Skills Council, Skillsmart Retail and Skillfast-UK.

- All the main sectors associated with manufacturing and engineering, (covered by SEMTA, Proskills UK, Cogent and Improve Ltd SSC sectors) have concentrations of skills gaps within their plant and machine operator staff.

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 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 sector skills council sector.

		Team working	Customer-handling skills	Technical & practical skills	Oral communication	Problem-solving skills	Written communication	Management	General IT user skills	Literacy	Numeracy	Office admin	IT professional skills
Row percentages													
All	**%**	**48**	**46**	**44**	**42**	**40**	**29**	**26**	**23**	**22**	**21**	**20**	**12**
Lantra	%	43	31	55	38	35	29	26	21	20	20	19	11
Cogent	%	65	32	52	51	51	41	26	26	29	30	17	13
Proskills UK	%	57	21	47	44	51	38	23	34	36	32	14	13
Improve Ltd	%	48	11	48	50	53	39	21	18	39	37	8	2
Skillfast-UK	%	50	37	51	44	46	24	23	17	19	17	18	7
SEMTA	%	49	26	63	35	48	35	26	23	22	19	14	10
Energy & Utility Skills	%	55	43	51	50	43	43	24	20	25	28	23	10
ConstructionSkills	%	40	29	61	35	41	30	32	23	13	14	21	14
SummitSkills	%	39	41	67	41	41	39	16	16	33	20	16	9
Automotive Skills	%	38	44	53	37	44	32	21	23	20	16	20	13
Skillsmart Retail	%	47	61	38	46	38	19	21	17	17	18	14	8
People 1st	%	55	65	40	52	43	23	25	13	21	24	12	7
GoSkills	%	27	74	27	71	31	22	22	20	19	16	16	16
Skills for Logistics	%	44	49	39	43	33	36	20	24	36	25	33	20
Financial Services Skills Council	%	39	52	44	38	36	22	48	16	11	26	30	8
Asset Skills	%	49	45	31	47	44	40	18	29	20	12	29	13
e-skills UK	%	45	32	31	28	44	22	47	22	15	24	16	15
Skills for Justice	%	41	43	41	24	23	31	26	35	22	9	42	13
Lifelong Learning UK	%	33	41	46	27	26	25	21	29	22	20	27	17
Skills for Health	%	54	51	40	38	47	43	31	35	31	24	31	24
Skills for Care & Development	%	54	48	54	45	46	48	22	26	36	22	18	9
Skillset	%	59	55	30	48	29	16	23	51	15	13	47	11
Creative & Cultural Skills	%	44	43	42	39	37	27	34	34	21	16	22	21
SkillsActive	%	52	66	40	59	43	31	28	20	27	20	21	8
Non-SSC employers	%	46	37	42	36	36	28	25	26	19	17	20	15

Base: All skills gaps followed up.
Notes: Column percentages do not sum to 100 per cent because of multiple responses.
Figures in italics denote base sizes of 25 to 49 and should be treated with caution.
Government Skills SSC is not shown due to low base sizes.

Sectors fall into two broad categories in terms of the types of skills lacking in their workforces. There are those where technical or practical skills are critical (including the sectors covered by SEMTA, Lantra, ConstructionSkills and SummitSkills). For most of the remainder the skills most likely to be lacking are communication skills, customer-handling or team working skills.

This pattern closely mirrors findings reported in 2004. It is also clearly shown in Table 4.13, which indicates 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.

Table 4.13: Main skills gaps by sector skills council sector.

	Main two skills gap areas	Areas where much higher than average skills gaps
Lantra	Technical and practical skills (55%) Team working skills (43%)	Technical and practical skills
Cogent	Team working skills (65%) Technical and practical skills (52%)	Team working Problem-solving skills Written communication Oral communication
Proskills UK	Team working skills (57%) Problem-solving skills (51%)	Problem-solving skills General IT user skills Literacy and numeracy
Improve Ltd	Problem-solving skills (53%) Oral communication (50%)	Problem-solving skills Written communication Literacy and numeracy
Skillfast-UK	Technical and practical skills (51%) Team working skills (50%)	–
SEMTA	Technical and practical skills (63%) Team working skills (49%)	Technical and practical skills
Energy & Utility Skills	Team working skills (55%) Technical and practical skills (51%)	Written communication
ConstructionSkills	Technical and practical skills (61%) Problem-solving skills (41%)	Technical and practical skills
SummitSkills	Technical and practical skills (67%) Customer-handling skills (41%) and problem-solving skills (41%) and oral communication (41%)	Technical and practical skills Written communication Literacy
Automotive Skills	Problem-solving skills (44%) Customer-handling skills (44%)	–
Skillsmart Retail	Customer-handling skills (61%) Team working skills (47%)	Customer-handling skills
People 1st	Customer-handling skills (65%) Team working skills (55%)	Customer-handling skills Oral communication
GoSkills	Customer-handling skills (74%) Oral communication (71%)	Customer-handling skills Oral communication
Skills for Logistics	Customer-handling skills (49%) Team working skills (44%)	Literacy Office admin skills
Financial Services Skills Council	Management skills (48%) Technical and practical skills (44%)	Management skills Office admin skills
Asset Skills	Team working skills (49%) Oral communication (47%)	Written communication

continued…

Table 4.13: Main skills gaps by sector skills council sector (continued).

	Main two skills gap areas	Areas where much higher than average skills gaps
e-skills UK	Management skills (47%) Team working skills (45%)	Management skills
Skills for Justice	Customer-handling skills (43%) Office admin skills (42%)	General IT user skills Office admin skills
Lifelong Learning	Technical and practical skills (46%) Customer-handling skills (41%)	–
Skills for Health	Team working (54%) Customer-handling skills (51%)	Written communication General IT user skills Office admin skill IT professional skills
Skills for Care & Development	Technical and practical skills (54%) Team working (54%)	Technical and practical skills Written communication Literacy
Skillset	Team working (59%) Customer-handling skills (55%)	Team working General IT user skills Office admin skill
Creative & Cultural Skills	Team working (44%) Customer-handling skills (43%)	General IT user skills
SkillsActive	Customer-handling skills (66%) Oral communication (59%)	Customer-handling skills Oral communication
Non-SSC employers	Team working (46%) Technical and practical skills (42%)	–

Base: All skills gaps followed up.
Notes: In the final 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.
Government Skills SSC is not shown due to low base sizes.

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

Technical and practical	Skills for Care & Development, ConstructionSkills, SEMTA, SummitSkills
General IT user skills	Creative & Cultural Skills, Proskills UK, Skills for Health, Skills for Justice, Skillset
IT professional skills	Skills for Health
Management skills	e-skills UK, Financial Services Skills Council
Office admin skills	Financial Services Skills Council, Skills for Health, Skills for Logistics, Skillset
Customer-handling skills	GoSkills, People 1st, SkillsActive, Skillsmart Retail
Problem-solving skills	Cogent, Improve Ltd, Proskills UK
Team working	Cogent, Skillset
Literacy	Skills for Care & Development, Skills for Logistics, SummitSkills, Proskills UK, Improve Ltd
Literacy and numeracy	Improve Ltd, Proskills UK
Oral communication	GoSkills, People 1st, SkillsActive
Written communication	Cogent, Improve Ltd, Skills for Care & Development, Skills for Health, SummitSkills, Asset Skills, Energy & Utility Skills

5 Recruitment of 16- to 24-year-olds Direct to Employment

Section summary

Around a fifth of employers (21 per cent) have recruited a young person into their first job direct from education in the past 12 months.

Over half of these (53 per cent) have recruited a 17- or 18-year-old school or college leaver, just under a half (45 per cent) have recruited a graduate (aged under 24) from a higher education (HE) institution and a third (35 per cent) have recruited a 16-year-old school leaver.

Most commonly, employers recruiting new labour market entrants from educational establishments focus on just one of these three groups (73 per cent of them), but 1 in 20 (6 per cent, or 1 per cent of all employers) recruit from all three categories.

Employers who source recruits straight from education tend to be happy with the quality of the people they take on, particularly in the case of graduates. However, almost a third of employers recruiting 16-year-old school leavers (31 per cent), a quarter of those recruiting 17- or 18-year-old school or college leavers (24 per cent) and 1 in 8 recruiting graduates (12 per cent) find them to be poorly prepared.

Where the recruits are 'lacking' (i.e. where they are poorly prepared for the jobs they are recruited to), this is most commonly in terms of personal attributes and/or because of their lack of experience, rather than in terms of skills per se.

Employers in London are considerably more likely to have recruited graduates and considerably less likely to have taken on school leavers.

The data suggest that the longer an individual spends in education, the more likely they are to be equipped with the personal attributes that employers require, although this is perhaps as likely to be a function of age as of the benefits of education per se.

Public sector employers are by far the most likely to recruit from all three groups, and SSC sectors with a high proportion of public sector employers are typically more likely than average to recruit graduates.

Introduction

This section examines the incidence of employers recruiting 16- to 24-year-olds into their first job on leaving an educational institution and investigates the extent to which employers perceive these new recruits to be prepared for work. The section also investigates the skills employers indicate are lacking amongst those young people whom they perceive to be poorly prepared for work.

These questions were new to NESS05 and as such no national trend data are available. The first section looks at the national picture in 2005 before moving on to discuss in detail the regional and sector patterns underlying these national results.

Incidence of recruitment of young people into first jobs

Employers were asked whether or not they had recruited anyone aged under 24 *to their first job* on leaving a school, college or university in the previous 12 months. Those that had were then asked whether the recruits had been:

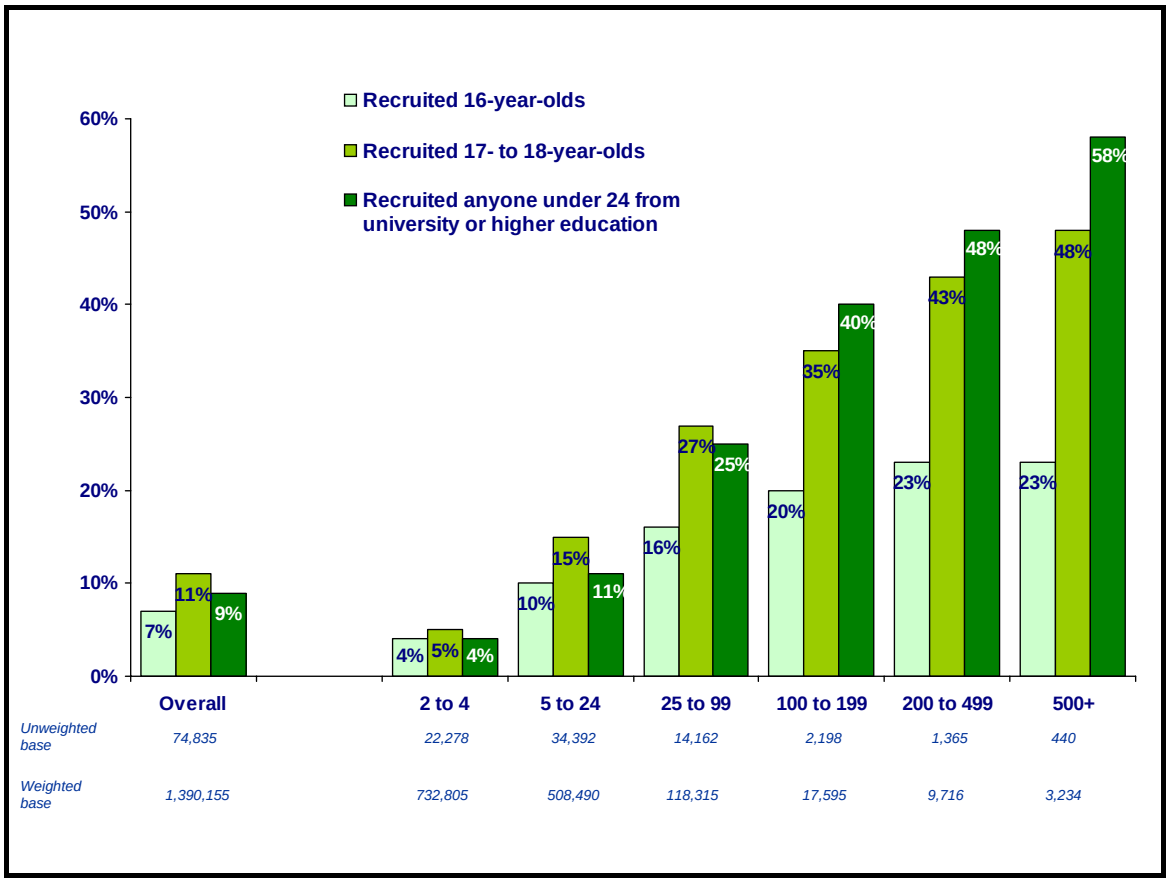
- 16-year-old school leavers (i.e. those that had undertaken compulsory education only)
- 17- or 18-year-olds recruited to their first job from school or college
- recruited to their first job from a university or other HE institution.

At an overall level, just over a fifth (21 per cent) of employers had taken on any recruit under 24 years of age to their first job since leaving school, college or university over the course of the previous 12 months.

Similar proportions of employers had taken on each of the three categories of leavers from education. Overall, 7 per cent of employers had taken on a 16-year-old school-leaver (representing just over a third of all those that had recruited any of these 16- to 24-year-olds in the previous 12 months); just over 1 in 10 had taken on an FE leaver (11 per cent – equivalent to over half of all those recruiting); and 9 per cent had taken on an HE leaver (representing 45 per cent of those recruiting).

As with recruitment activity more generally, the recruitment of young, new labour market entrants from education was more commonplace the larger 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 (weighted=1,390,155; unweighted=74,835).

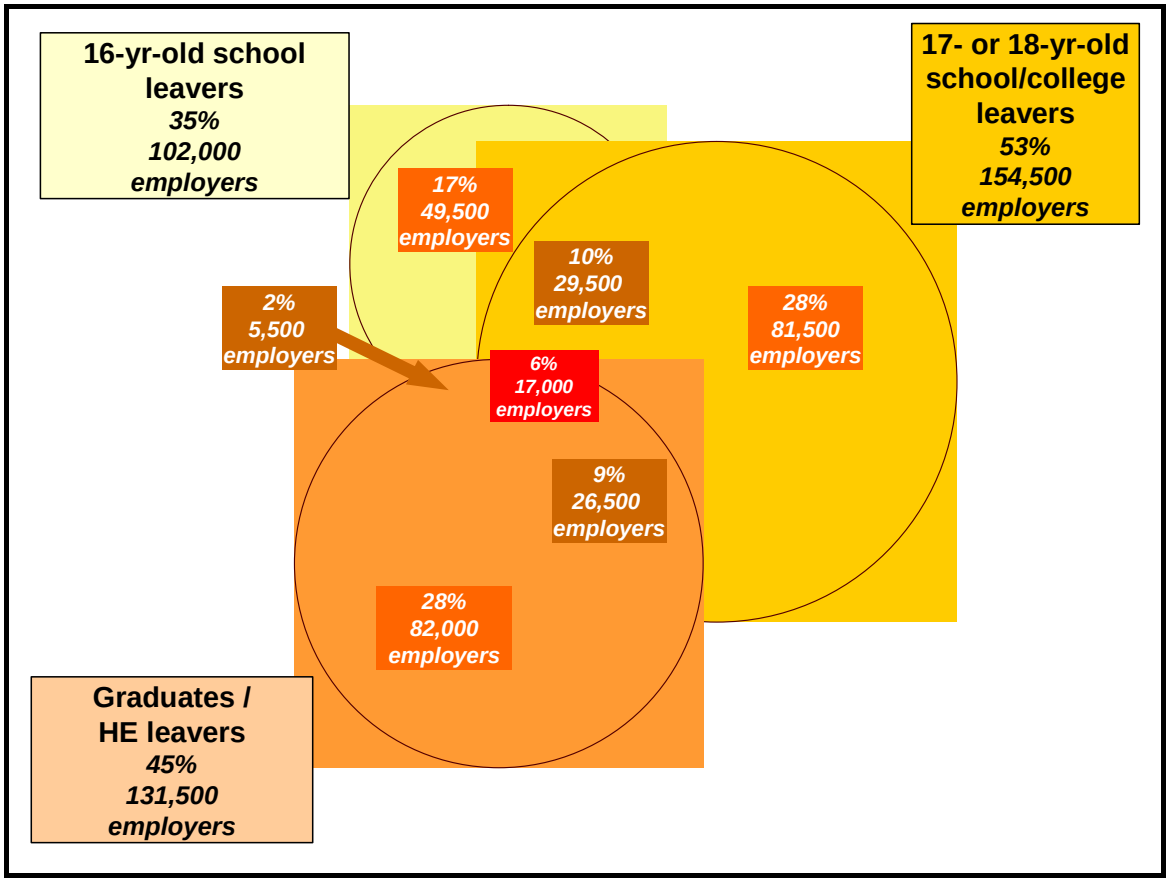
The variance by size is most marked in the case of the recruitment of under 24-year-olds from a university or other higher education (HE) institution; nearly three-fifths (58 per cent) of employers with more than 500 staff had recruited a young HE leaver in the previous year compared with only 4 per cent of micro-establishments (with between 2 and 4 employees).

Indeed, establishments with more than 100 employees were more likely to recruit graduates than to recruit college or school leavers, while employers with fewer than 100 staff were more likely to have taken on 17- or 18-year-old recruits from school or college than to recruit graduates.

There is least variance by size of employer in terms of the propensity to recruit 16-year-olds that have completed only compulsory education, with employers least likely to have taken on 16- or 17-year-old school leavers direct from school across all the different size bands of employer.

Many employers had taken on recruits from more than one of these three groups of 16- to 24-year-olds, with larger employers particularly likely to have done so.

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



Base: All employers who have recruited an under 24-year-old to their first job on leaving education (weighted=291,950; unweighted=20630).
Note: Volume figures rounded to the nearest 500.

Three-quarters (73 per cent) of employers that had recruited a young person into their first job from education in the previous 12 months had only taken on a recruit from *one* of the three educational stages explored.

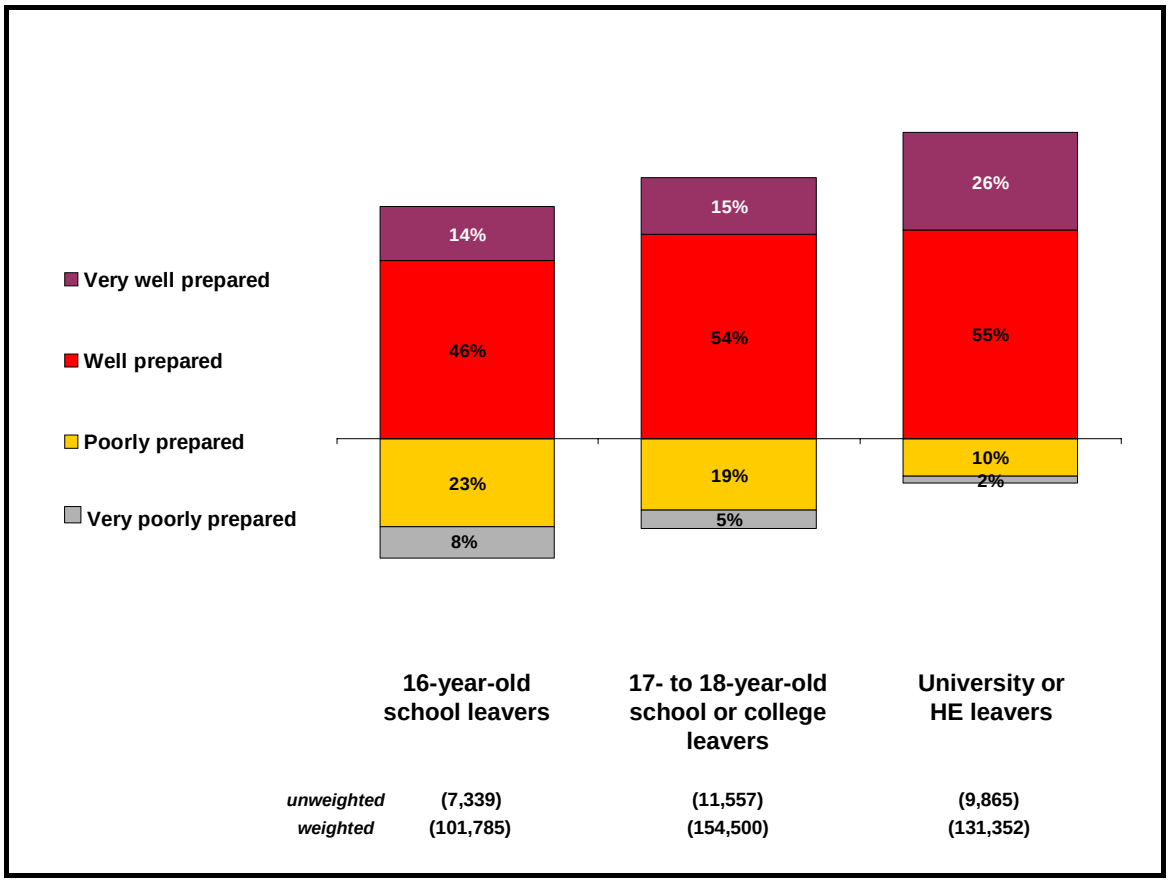
Just over a fifth (21 per cent) had recruited from two of the three educational output groups. Around 1 in 10 had taken on a 16-year-old school leaver as well as a 17- or 18-year-old school or college leaver, but no graduates or HE leavers. A similar proportion (9 per cent) had recruited direct from further or higher education but had not recruited any 16-year-olds who had completed only compulsory education. A significantly smaller proportion (2 per cent) had recruited only 16-year-olds and HE leavers but no 17- or 18-year-old school or college leavers.

A relatively small proportion (6 per cent) had recruited from all three groups. This represents only 1 per cent of employers as a whole.

Perceived level of work-readiness of 16- to 24-year-olds when they leave education

Employers who had taken on each group of young recruits were asked about their views on the readiness for work of individuals recruited, and to state whether recruits from each of the three educational output groups tended to be very well prepared, well prepared, poorly prepared or very poorly prepared for work. Results are shown in Figure 5.3.

Figure 5.3: Level of 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 previous 12 months.

Across all three groups, employers were more likely to state that these 16- to 24-year-olds were well prepared than poorly prepared for work, with their perceived level of work-readiness increasing along with the amount of time they had spent in education.

The proportions of employers considering 16-year-old school leavers and 17- or 18-year-old college or school leavers to be ***very well*** prepared for work are similar, although a greater proportion consider 17- to 18-year-old college leavers to be ***well*** prepared (54 per cent, compared to 46 per cent of those recruiting 16-year-old school leavers) and a greater proportion also consider 16-year-old school leavers to be ***poorly*** prepared for work (just under a third compared with just under a quarter of those recruiting 17- or 18-year-old school or college leavers).

Recruits from university or other HE institutions are significantly more likely to be perceived as work-ready when they leave education. A quarter of employers (26 per cent) that had recruited this type of new labour market entrant found them to be ***very*** well prepared for work, and overall 4 in 5 described them as having been well or very well prepared. That said, around one in eight employers felt that recruits from universities or other HE institutions were poorly or very poorly prepared for work.

Differences exist in the perception of work-readiness by size of employer. Table 5.1 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 5.1: Proportion of employers stating recruits were poorly or very poorly prepared for work by 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*		*Unweighted base*			*Unweighted base*		
		%			%			%
Overall	*7,339*	% 31	*11,557*	%	24	*9,865*	%	12
2 to 4	*739*	% 31	*974*	%	29	*836*	%	19
5 to 24	*3,162*	% 31	*4,831*	%	23	*3,832*	%	12
25 to 99	*2,457*	% 29	*4,064*	%	22	*3,399*	%	8
100 to 199	*501*	% 27	*842*	%	18	*876*	%	6
200 to 499	*365*	% 26	*630*	%	19	*662*	%	5
500+	*115*	% 18	*216*	%	11	*260*	%	4

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

The perception that these 16- to 24-year-olds are poorly prepared for work decreases with size of establishment. That is, larger employers are more likely to regard leavers from each of the three stages of education as work-ready. Whether this reflects the quality of recruits in larger establishments, or differences in perceptions of what new labour market recruits should be able to do, or other factors, was not covered by the survey.

What is clear is that the difference is most marked in the case of staff recruited directly from a university or other HE institution; a fifth (19 per cent) of the smallest employers (with between 2 and 4 staff) found this type of recruit poorly prepared for work compared with fewer than 1 in 20 (4 per cent) of the largest employers.

Skill shortages among young first-jobbers

Employers who stated that the new labour market entrants they recruited were poorly prepared for work were asked (on a spontaneous basis) which skills they were lacking. Responses are shown in Table 5.2. When comparing the list of skills and attributes lacking across the three types of young first-jobbers, it should be borne in mind that employer's expectations of these three groups will vary considerably.

Table 5.2: Ways in which young first-jobbers are poorly prepared for work.

Column percentages	**16-year-old school leavers**	**17-or 18-year-old school or college leavers**	**Under 24-year-olds from university or HE institution**
Unweighted base	*2,173*	*2,581*	*1,020*
Weighted base	*31,138*	*36,460*	*15,656*
	%	%	%
Lack of life/working world experience	16	14	12
Oral communication skills	16	13	9
Lack of motivation/enthusiasm/commitment	13	14	11
Work ethic/poor attitude to work	12	13	7
Numeracy skills	11	8	2
Time keeping skills/punctuality	10	9	6
Poor attitude (inc. manners/respect)	10	8	6
Literacy skills	10	6	3
Technical, practical or job-specific skills	10	12	18
Social/people skills	8	8	6
Common sense	8	6	6
Poor education/general knowledge/skills	7	7	4
Customer service skills	7	7	3
Initiative	4	4	3
Experience (business/practical)	4	6	12
Written communication skills	4	2	1
Working long hours/hard work	4	4	7
Team working skills	3	2	5
Discipline	2	2	1
Confidence	2	3	1
Responsibility	2	2	*
Personal appearance/presentation	2	2	1
Basic IT/computer skills	1	1	2
Interview skills	1	1	1
Office/administration skills	1	2	2
Organisational skills	1	1	1
Other	4	6	9
Don't know	1	1	1

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 are poorly prepared.
Note: '' denotes a finding of less than 0.5 per cent and greater than 0.*

The key results to emerge are as follows.

- The skills that are most top of mind as being lacking in recruits from university or HE institutions are technical, practical or job-specific (mentioned by almost a fifth of employers that perceived HE leavers as being poorly prepared for work). One in eight also found their recruits lacking in business or practical experience.

- Around 1 in 10 employers that had recruited 16-year-old school leavers in the previous 12 months spontaneously cited a lack of literacy skills, with a comparable proportion spontaneously mentioning a lack of numeracy skills.

- A lack of oral communication skills was one of the most commonly cited problems across all three groups, although it was significantly more likely to be a problem among 16-year-old school leavers than those recruited from university or other HE institution.

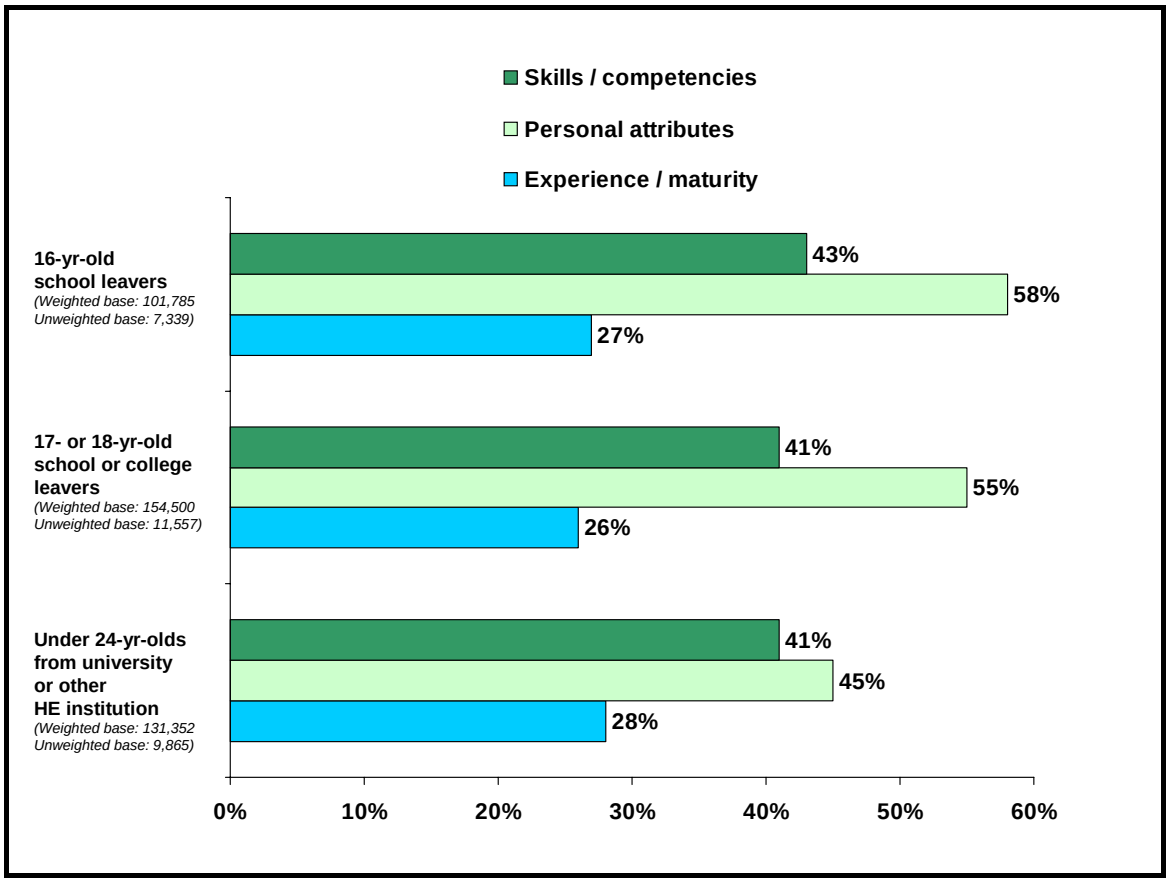
An investigation of the full list of skills and attributes detailed in Table 5.3 shows three overarching categories emerging: 'skills and competencies', 'personal attributes' and issues relating to 'experience or length of time in work'.

Table 5.3: Definition of 'net categories' of ways in which recruits are poorly prepared for work.

Skills/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); working long hours/hard work; 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; experience (business/practical)

The results of analysing the responses in this way can be seen in Figure 5.4.

Figure 5.4: Ways in which 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.

Looking at the data in this way highlights that personal attributes are top of mind for employers when thinking about all three groups of young first-jobbers. Almost three-fifths (58 per cent) of employers stating that 16-year-old school leavers were poorly prepared for work went on to spontaneously mention this issue. This dropped with the age of the recruits to 55 per cent of employers of 17- or 18-year-old school or college leavers and 45 per cent of university or other HE institution leavers under the age of 24 who believe these recruits to be poorly prepared.

This would tend to suggest that the longer an individual spends in education, the more likely they are to be equipped with the personal attributes that employers require, although this is perhaps as likely to be a function of age as of the benefits of education per se.

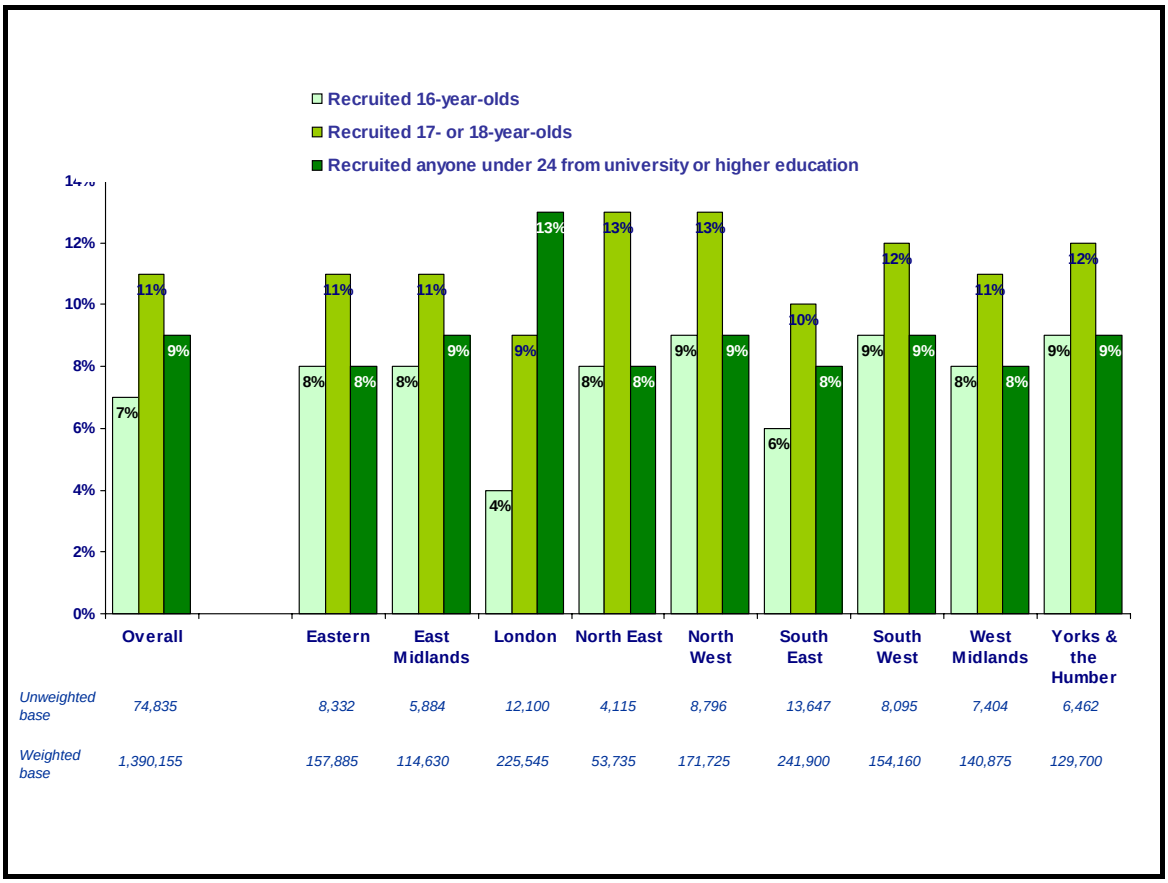
Interestingly, issues relating to experience or maturity showed no variation by type of young first-jobbers (16-year-old school leavers – 27 per cent; 17- or 18-year-olds – 26 per cent; HE leavers – 28 per cent). Shortcomings in this area were the least common across all three types of new labour market entrant.

The same was true of issues relating to skills and competencies. These were mentioned by around two-fifths of employers across all three categories of recruits, suggesting, perhaps counter-intuitively that education has little impact on skills or competencies. This may, however, be a product of differing skills expectations of these different kinds of recruits.

Recruitment of young people across the regions

This part of Section 5 examines how the incidence of recruitment of 16- to 24-year-old leavers from education and the perceptions of their preparedness for work vary by region. Figure 5.5 presents analysis of incidence of the recruitment of under 24-year-olds into their first job from school, college or university.

Figure 5.5: Incidence of recruitment of young people into their first jobs by region.



Base: All employers (weighted=1,390,155; unweighted=74,835).

The pattern of recruitment of these 16- to 24-year-old varies relatively little by region, with London being the notable exception. Employers in London were by far the least likely 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 somebody under 24 from a university or other HE institution (13 per cent).

The incidence of recruiting 17- or 18-year-olds from school or college was higher than average in the North East and North West (13 per cent in both cases).

Table 5.4 shows, for each of the three groups of young recruits, the proportion of employers that felt they were poorly or very poorly prepared for work by region.

Table 5.4: Proportion of employers stating recruits were poorly or very poorly prepared for work by region.

Row percentages	**16-year-old school leavers**			**17- or 18-year-old school or college leavers**			**Under 24-year-olds from university or HE institution**		
	Unweighted base	*Weighted base*		*Unweighted base*	*Weighted base*		*Unweighted base*	*Weighted base*	
Overall	*7,339*	*101,785*	**31**	*11,557*	*154,500*	**24**	*9,865*	*131,352*	**12**
Eastern	*865*	*12,406*	**35**	*1,267*	*17,877*	**23**	*877*	*12,506*	**16**
East Midlands	*681*	*9,373*	**30**	*971*	*12,919*	**22**	*816*	*10,622*	**11**
London	*668*	*8,727*	**23**	*1,471*	*19,755*	**20**	*2,115*	*29,842*	**11**
North East	*430*	*4,446*	**31**	*677*	*6,822*	**23**	*479*	*4,531*	**14**
North West	*1,088*	*15,907*	**30**	*1,658*	*22,666*	**24**	*1,187*	*16,136*	**11**
South East	*1,178*	*14,833*	**32**	*2,015*	*25,236*	**27**	*1,636*	*20,157*	**12**
South West	*894*	*13,516*	**26**	*1,300*	*17,895*	**19**	*1,037*	*14,530*	**10**
West Midlands	*764*	*11,419*	**32**	*1,147*	*15,933*	**25**	*920*	*11,680*	**14**
Yorkshire and the Humber	*771*	*11,158*	**35**	*1,051*	*15,397*	**28**	*798*	*11,347*	**12**

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

Across all three types of leaver from education, employers in London and the South West who took on recent leavers from education were less likely to find recruits poorly or very poorly prepared for work.

Conversely, employers in the Yorkshire and the Humber region were more likely to perceive 16- to 18-year-old school- or college leavers to be poorly prepared for work. Employers in the Eastern region were the most likely to find both HE leavers (16 per cent) and 16-year-old school leavers (35 per cent) poorly prepared for work.

In contrast to what we have seen previously in this section, the spread of responses by region is most marked in terms of perceptions of 16-year-old school leavers.

Sectors and the recruitment of young people

Table 5.5 shows the incidence of recruitment of these 16- to 24-year-old leavers from education by SSC sector.

Table 5.5: Incidence of recruitment of 16- to 24-year-old leavers from education by sector skills council sector.

Row percentages	Unweighted base	Weighted base		16-year-old school leavers	17- or 18-year-old school or college leavers	Under 24-year-olds from university or HE institution
Overall	*74,835*	*1,390,155*	%	7	11	9
Lantra	*3,005*	*64,718*	%	5	7	4
Cogent	*1,620*	*14,640*	%	6	13	10
Proskills UK	*1,746*	*20,260*	%	5	9	6
Improve Ltd	*1,094*	*7,890*	%	8	14	9
Skillfast-UK	*1,412*	*18,875*	%	7	10	6
SEMTA	*2,971*	*46,540*	%	8	11	6
Energy & Utility Skills	*1,199*	*11,038*	%	6	8	6
ConstructionSkills	*4,033*	*112,263*	%	7	8	6
SummitSkills	*1,794*	*22,717*	%	13	14	4
Automotive Skills	*2,828*	*48,252*	%	13	12	4
Skillsmart Retail	*7,631*	*192,000*	%	12	15	8
People 1st	*5,800*	*137,255*	%	11	18	13
GoSkills	*1,374*	*12,155*	%	4	6	5
Skills for Logistics	*2116*	*31445*	%	5	9	6
Financial Services Skills Council	*1746*	*33605*	%	5	12	12
Asset Skills	*2327*	*71300*	%	3	7	7
e-skills UK	*2,558*	*49,955*	%	3	6	12
Government Skills	*146*	*9,544*	%	21	22	28
Skills for Justice	*330*	*3,528*	%	4	15	19
Lifelong Learning UK	*2,166*	*16,487*	%	5	9	14
Skills for Health	*2,383*	*36,015*	%	4	10	9
Skills for Care & Development	*4,615*	*43,510*	%	3	10	11
Skillset	*1,149*	*9,587*	%	2	7	16
Creative & Cultural Skills	*1,658*	*20,876*	%	3	6	12
SkillsActive	*1,847*	*15,550*	%	13	21	13
Non-SSC employers	*15,287*	*340,151*	%	6	10	12

Base: All employers (weighted=1,390,155; unweighted=74,835).
Note: Table shows row percentages.

SSC sectors that are largely composed of public sector establishments were among the most likely to have recruited a new labour market entrant from an HE institution in the previous 12 months. Over a quarter of establishments covered by the Government Skills SSC (28 per cent) had recruited this type of young first-jobber in the previous 12 months. Employers covered by Skills for Justice (19 per cent), Lifelong Learning UK (14 per cent) and Skills for Care & Development (11 per cent) also reported higher than average incidences of recruiting under 24-year-olds from a university or other HE institution. Of these, all but employers covered by the Government Skills SSC footprint were also significantly less likely than average to have recruited a 16-year-old school leaver.

The Financial Services Skills Council, e-skills UK, Skillset, SkillsActive and Creative & Cultural Skills SSC sectors are also characterised by a higher than average propensity to recruit HE leavers, coupled with an average or lower than average incidence of recruiting 16- to 18-year-old school- or college leavers to their first job.

Conversely, employers covered by SummitSkills and Automotive Skills SSC sectors are significantly more likely than average to recruit 16-year-old school leavers (13 per cent in both cases), whereas the proportion of employers in these SSC sectors recruiting HE leavers into their first job was significantly lower than average (4 per cent in both cases).

Employers represented by People 1st SSC were more likely than average to have recruited all three types of young first-jobber, possibly reflecting higher levels of recruitment activity per se in this sector.

Generally speaking, employers in the manufacturing or primary industries are no more likely to recruit any of the three groups of young first-jobbers than average, with the exception of a higher incidence of recruiting 17- or 18-year-old school or college leavers among those covered by Cogent (13 per cent) and Improve Ltd (14 per cent) SSC sectors.

The effect of size of employer should be borne in mind when looking at the incidence of recruiting young people into their first jobs by SSC sector. It is the case that employers covered by different SSC sectors have very different size profiles (see Annex G for details), which will influence the pattern of recruitment by SSC sectors (we have seen earlier in this section that the incidence of the recruitment of young people is heavily influenced by size of employer, with larger employers much more likely to report recruitment of all three types of young first-jobber).

Table 5.6 shows the perception of work-readiness of young recruits by SSC sector. Table 5.6 shows the proportion of employers perceiving the recruits to be poorly or very poorly prepared for work.

Table 5.6: Proportion of employers stating recruits were poorly or very poorly prepared for work by sector.

Row percentages	**16-year-old school leavers**			**17- or 18-year-old school- or college leavers**			**Under 24-year-olds from university or HE institution**		
	Unweighted base	*Weighted base*	**%**	*Unweighted base*	*Weighted base*	**%**	*Unweighted base*	*Weighted base*	**%**
Overall	7,339	101,785	**31**	11,557	154,500	**24**	9,865	131,352	**12**
Lantra	222	3,516	**27**	299	4,413	**27**	207	2,643	**18**
Cogent	106	894	**38**	237	1,965	**29**	169	1,418	**14**
Proskills UK	114	1,106	**26**	177	1,735	**33**	121	1,116	**12**
Improve Ltd	85	607	**31**	159	1,090	**32**	116	732	**8**
Skillfast-UK	114	1,268	**32**	159	1,821	**23**	99	1,108	**7**
SEMTA	327	3,718	**40**	464	5,148	**27**	273	2,814	**15**
Energy & Utility Skills	71	684	**37**	92	852	**32**	61	649	**18**
ConstructionSkills	459	8,275	**32**	551	8,973	**28**	468	6,997	**12**
SummitSkills	314	3,049	**33**	314	3,069	**29**	92	936	**24**
Automotive Skills	478	6,385	**29**	470	5,859	**26**	159	1,857	**17**
Skillsmart Retail	1,518	22,291	**29**	1,969	29,054	**23**	1,053	15,251	**9**
People 1st	1,071	14,983	**29**	1,727	24,707	**21**	1,224	17,936	**10**
GoSkills	61	481	**38**	94	710	**31**	81	652	**12**
Skills for Logistics	125	1,417	**14**	261	2,693	**22**	180	1,766	**17**
Financial Services Skills Council	106	1,620	**30**	253	3,896	**20**	257	4,023	**14**
Asset Skills	106	2,158	**31**	260	4,657	**23**	245	5,085	**12**
e-skills UK	93	1,290	**35**	234	3,053	**28**	451	5,772	**18**
Government Skills	18	2,027	**!**	21	2,123	**!**	29	2,662	**31**
Skills for Justice	12	147	**!**	42	524	**8**	68	676	**6**
Lifelong Learning UK	116	808	**27**	210	1,459	**20**	341	2,313	**10**
Skills for Health	102	1,388	**21**	279	3,462	**18**	258	3,233	**10**
Skills for Care & Development	184	1,495	**35**	574	4,431	**25**	574	4,599	**11**
Skillset	35	217	**23**	96	702	**24**	212	1,540	**17**
Creative & Cultural Skills	92	599	**18**	187	1,318	**17**	337	2,594	**16**
SkillsActive	313	2,043	**27**	484	3,191	**18**	326	2,054	**11**
Non-SSC employers	1,097	19,317	**32**	1,944	33,596	**23**	2,464	40,921	**11**

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 blue denote base sizes of 25 to 49 and should be treated with caution.

Looking at employers' perceptions of the work-readiness of young first-jobbers by SSC sector, a number of general themes emerge.

- In a number of sectors associated with land-based, manufacturing, engineering or construction industries, the perceptions of the work-readiness of young recruits were lower than average (notably across all three types of young first-jobber for employers represented by Cogent, SEMTA, Energy & Utility Skills and SummitSkills SSCs).

- Employers covered by the Skills for Health and Creative & Cultural Skills SSCs were more positive about the school- and college leavers they recruited and much less likely than average to perceive 16-year-old school leavers and 17- to 18-year-old school- or college leavers to be poorly prepared for work.

- A higher than average incidence of recruiting 17- or 18-year-old school- or college leavers was reported by employers covered by the SkillsActive and Skills for Justice SSCs and in both cases the perception of work-readiness was higher than average (the same is true for HE leavers being recruited by employers represented by Skills for Justice).

- The opposite pattern is seen among employers covered by e-skills UK and Skillset SSCs; a high incidence of recruitment of HE leavers is coupled with a higher than average perception that these recruits are poorly prepared for work.

6 Training and Workforce Development

Section summary

Just under two-thirds (65 per cent) of employers had provided any training in the previous 12 months, little changed from the proportion in 2004 (64 per cent). Size is a key determinant of likelihood to train: half (50 per cent) of the smallest establishments with fewer than 5 employees had not provided any training in the previous 12 months, nor had just over 1 in 5 (22 per cent) of those with between 5 and 24 employees. In contrast, well over 9 in 10 (93 per cent) establishments with 25 or more staff had trained some of their employees over the previous 12 months.

Employers reported that they had provided training over the previous 12 months to almost 13.1 million workers, equivalent to three-fifths (61 per cent) of the total current workforce (the same proportion as found in 2004).

The vast majority (71 per cent) of employers that trained over the previous 12 months provided some off-the-job training (defined as training that takes place away from the individual's immediate work position, whether on the employer's premises or elsewhere).

In numeric terms, managers were the most likely occupational group to have received off-the-job training over the previous 12 months (just over 1.25 million managers were trained in this way). However, this reflects the large number of managers employed. Just over a third (36 per cent) of managers received off-the-job training in the previous 12 months, lower than the proportion of professionals, associate professionals and personal service staff receiving off-the-job training (53 per cent, 47 per cent and 53 per cent respectively).

Provision of on-the-job training has a somewhat different occupational pattern. While over half of professionals, associate professionals and personal service staff were provided with on-the-job training in the previous 12 months (57 per cent, 54 per cent and 67 per cent respectively), the provision of this type of training to some of the lower skilled occupational groups was at a relatively high level. In particular, 3 in 5 (60 per cent) of sales and customer service staff received on-the-job training in the previous 12 months, as did half (50 per cent) of those in elementary occupations. Fewer than 3 in 10 of these two occupational groups received any off-the-job training.

In total, employers funded or arranged 162 million days of training over the previous 12 months (of which 29 per cent were off-the-job training days), equivalent to 7.5 days of training per annum for every worker in the country.

Just over a quarter (28 per cent) of employers that had funded or arranged training in the last 12 months (representing 18 per cent of *all* employers) had used a further education (FE) college to deliver some of their training. The vast majority were satisfied with the FE provision (82 per cent), though 8 per cent expressed dissatisfaction.

Introduction

This section explores how employers manage their organisations and their human resources, focusing in particular on the scope and scale of training and workforce development activity. The measures explored are important and interesting in their own right – no other research resource provides evidence of employers' training to the scale or detail of NESS – and they are also useful in enhancing understanding of skills deficiencies, and how and why they occur.

The section is structured into two parts. In the first we explore training and development activity at the overall, national level, detailing:

- how many employers provide training and the proportion of their workforce that they train
- how much training they provide (in terms of number of days) to how many workers in which occupations
- the nature of training activity – for example how much of the training provided is health and safety or induction training as opposed to that focused more directly on raising skill levels
- the extent to which training leads to qualifications for recipients, and the level of qualification targeted
- the extent to which FE colleges engage with employers in providing training, and how this compares with the provision of training by private providers
- the extent to which employers engage in business and training planning, and human resource practices designed to lead to the assessment of training needs.

Throughout this section, the national overview is supported by analysis of differences by size of employer. In the second part of the section, we explore what other factors, beyond employment size, impact on the training approaches and practices that employers adopt, looking both at the role of sector and of region, and at the relationship between training and skills gaps.

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

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

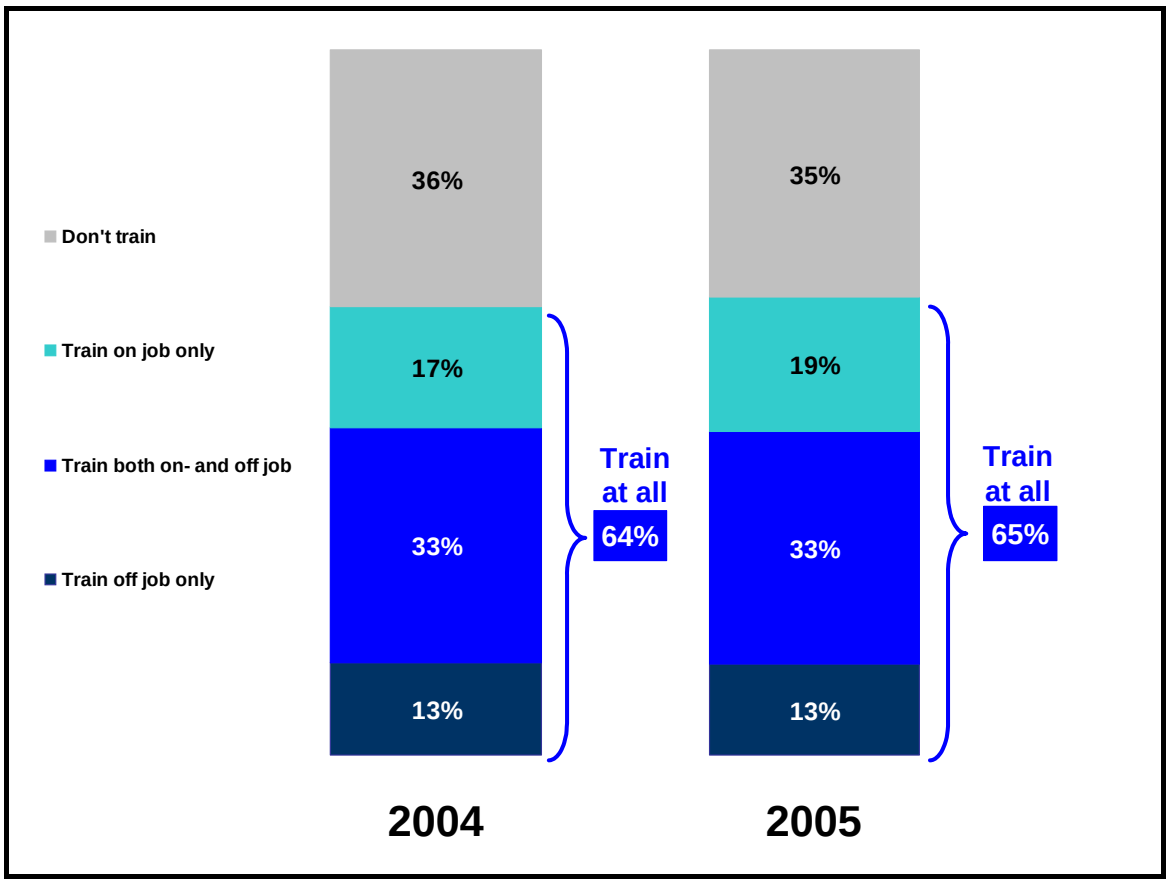
- on-the-job training and development: other training and development activities that would be recognised as training by staff rather than the sort of learning by experience which takes place on an ongoing basis.

The extent of training and workforce development activity

How many employers train and the balance between on- and off-the-job training

Overall, just under two-thirds of employers (65 per cent) had provided any training in the previous 12 months. This compares with 64 per cent in 2004. Figure 6.1 illustrates the proportions of employers who said that they were engaged in the different types of training activity in both 2004 and 2005.

Figure 6.1: Provision of training.



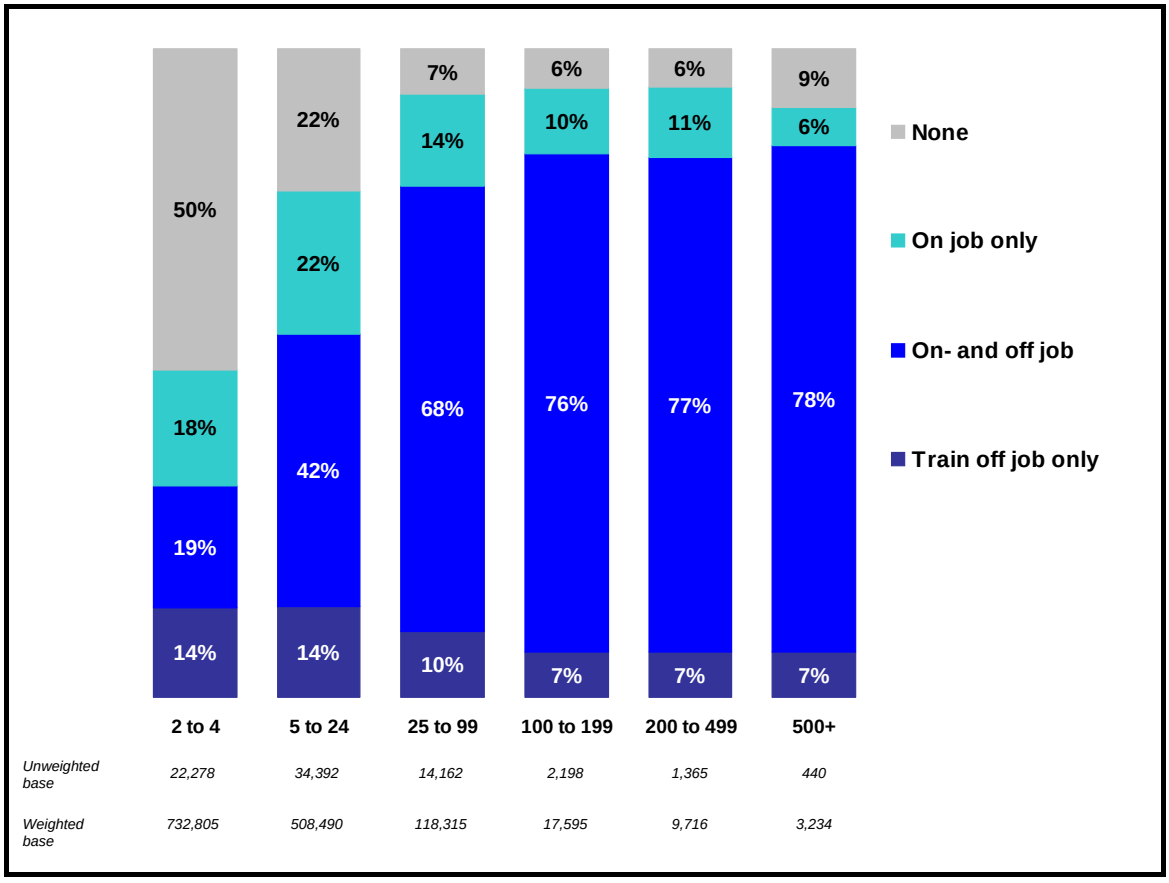
Base: All employers
(2004: weighted=1,410,248, unweighted=27,172
2005: weighted=1,390,155, unweighted=74,835).

As in 2004, employers that train are split fairly evenly between those that use *both* on- and off-the-job approaches, and those that use one mode only; that is, approximately half of employers that train do so both on- and off the job. Where one mode only is employed, this is more likely to be on-the-job training (19 per cent of all employers) than off-the-job training (13 per cent).

The proportion of employers providing *both* on- and off-the-job training and the proportion offering off-the-job training only to employees is unchanged from 2004. However, there has been a slight but statistically significant increase in the proportion of employers that offer *just* on-the-job training to their employees (19 per cent compared with 17 per cent in 2004).

By size, larger establishments with 100 or more staff are considerably more likely to provide training at all (around 9 in 10 provide at least some training), and they most commonly provide training both on- and off the job. Conversely, the smaller the establishment, the less likely that it provides training at all (half of the smallest establishments provide no training), and the more likely that those who provide training only train 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.



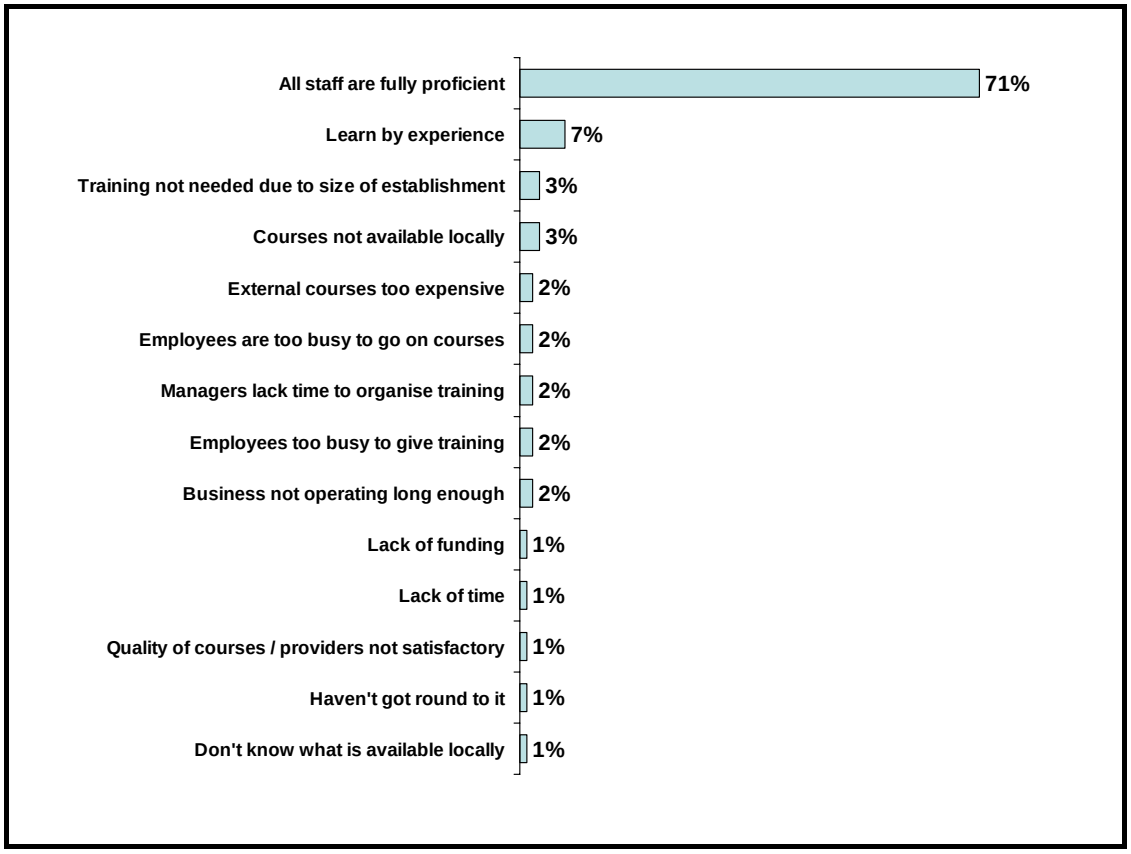
Base: All employers.

The slight overall increase from 2004 in employers providing on-the-job training only is being driven by establishments with fewer than 25 employees. A corresponding slight increase in the proportion of these employers providing any training at all would suggest that the provision of on-the-job training only is the first step for employers starting to engage in training that previously had not. Provision of off-the-job training remains stable for these smaller establishments.

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; this is a spontaneous question (and one that is new to the NESS series in 2005). The reasons employers most commonly gave are shown in Figure 6.3.

Figure 6.3: Reasons for not providing training.



Base: All employers not providing training in previous 12 months (weighted=489,261; unweighted=19,969).

By far the most common reason for not funding or arranging training was a perceived lack of need, with around 7 in 10 non-training employers (71 per cent) saying they had not provided training because all their staff were fully proficient.

The next most common reason (mentioned by 7 per cent of employers) was that employees learn the skills required for their job by experience, making more formal training unnecessary. This rationale is also implicit among the minority (3 per cent) that felt that training was not needed because of the small size of the establishment.

Collectively, around 1 in 8 (12 per cent) non-training employers cited at least one reason which indicated that they perceived a need for training but were somehow restricted from providing this. These barriers were most commonly courses not being (believed to be) available locally, their being viewed as expensive or local provision being seen as of poor quality.

Reasons for not providing training show some variation by size of employer, as illustrated in Table 6.1.

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 to 499**	**500+**
Weighted base	*19,969*	*11,042*	*7,587*	*1,086*	*123*	*94*	*37*
Unweighted base	*489,261*	*366,344*	*112,204*	*8,715*	*1,138*	*558*	*301*
	%	%	%	%	%	%	%
No need (workforce fully proficient)	71	73	64	50	37	19	29
Staff learn by experience	7	7	9	9	10	4	8
Training not needed due to size of establishment	3	4	2	*	1	–	–
Courses not available locally	3	2	3	3	1	–	–
Other Any mention of a barrier to training	12	12	14	15	6	2	6

Base: All employers that had not provided any training in the previous 12 months.
Note: '' denotes a figure greater than 0 per cent but less than 0.5 per cent.*

The perception that there is no need for training decreases with size of establishment, with around a quarter 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.

However, the smaller employers (with fewer than 100 staff) were also significantly more likely to state at least one barrier to training (be this relating to time, funding, awareness or suitability of local courses).

What proportion of the workforce receives training?

In 2005, employers collectively reported that they had provided training over the previous 12 months for 13.1 million workers.[6] This represents 61 per cent of the total current workforce and 70 per cent of the current workforce in establishments that provide any training. These proportions are identical to those seen in 2004.

It is important to note that, as in 2004, the survey asked 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 has two implications. First, employers could give a figure for the number of staff trained over the previous 12 months which is higher than their current number of employees. Second, the overall number of staff trained as a proportion of the workforce reported England-wide is likely to be something of an overestimate, in that 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.

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

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

	NESS04	NESS05
	%	*%*
Less than 10%	1	2
10 to 24%	7	7
25 to 49%	16	17
50 to 59%	12	12
60 to 69%	8	8
70 to 79%	6	5
80 to 89%	5	5
90 to 99%	2	2
100%	32	33
More than 100%	11	9

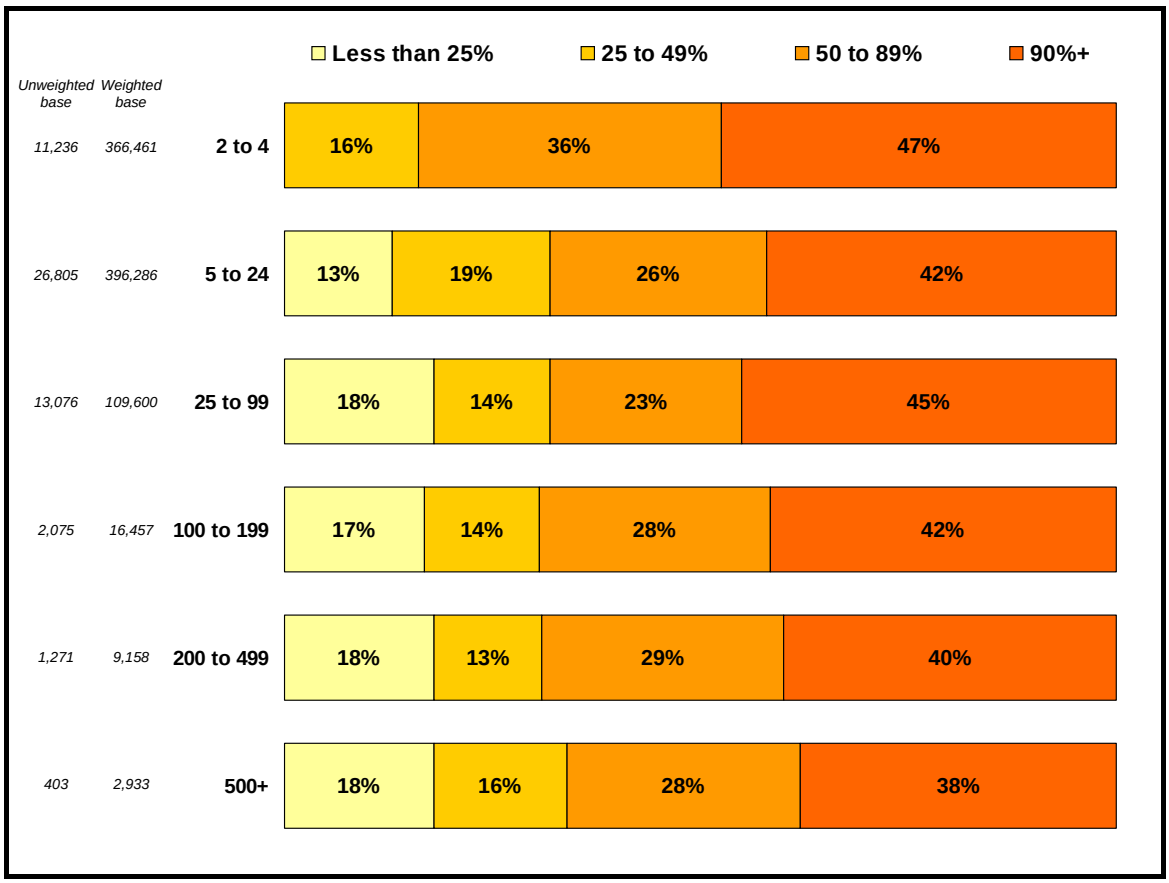
Base: All employers who provide training
(2004: weighted=900,735; unweighted=20,830
2005: weighted=900,894; unweighted=54,866).

[6] Through the rest of this section, for the purposes of brevity we often refer to workers who received training as 'trainees'. It should be noted 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).

For over two-fifths of all employers who provide any training (44 per cent), the number of staff trained over the previous 12 months represents 90 per cent or more of the current workforce, and for three-quarters (74 per cent) the number of staff trained over the previous 12 months represents over half the number currently employed. As in 2004, very few trainers are highly selective in who they provide training for – for only 9 per cent of trainers did the number trained over the previous 12 months represent less than a quarter of their current workforce.

The proportion of their workforce that employers train varies by employment size (Figure 6.4).

Figure 6.4: Staff trained as a proportion of workforce by employment size.



Base: All employers who provide training.

As reported in 2004, although the smallest employers are the least likely to provide training, those that do are the most likely to train all or nearly all of their staff: just under half (47 per cent) of the smallest training employers provided training over the previous 12 months to numbers equivalent to 90 per cent or more of their current workforce, and 83 per cent had trained a number equivalent to at least half of their workforce.7 Among other employers, size has minimal impact on the proportion of staff likely to be trained.

[7] In the smallest-size category analysed (between 2 and 4 employees), any training of necessity must involve at least 25 per cent of the workforce being trained.

As a proportion of current employment, just over two-fifths (42 per cent) of all staff employed in micro-establishments (with fewer than 5 employees) had received training in the previous 12 months. By comparison, nearly two-thirds (64 per cent) of those employed in establishments with 25 or more staff had received training.

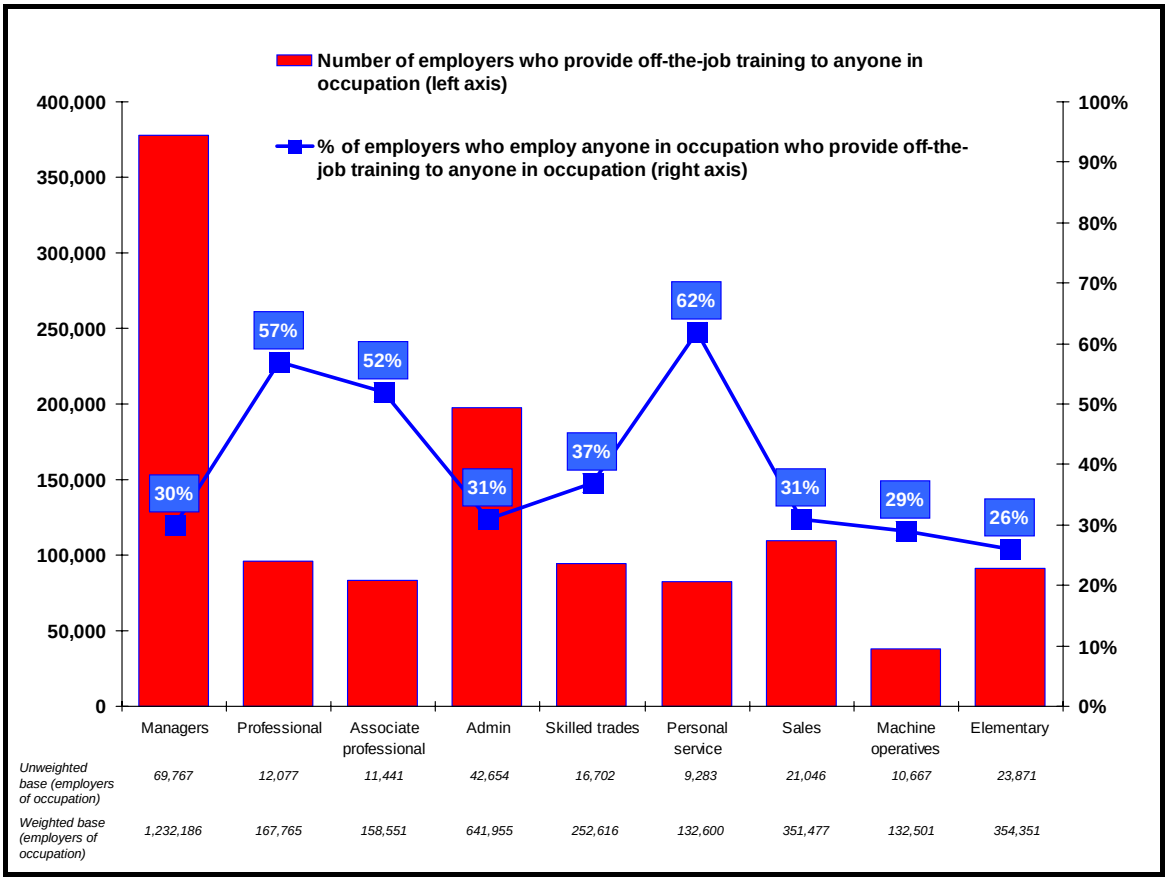
Who do employers train?

Having examined the overall proportion of staff trained, we turn to an analysis of the variation in the provision of training 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

More employers provide off-the-job training for managers than for any other occupational group, though this largely reflects the fact that nearly all establishments employ at least one manager. In fact the proportion of employers with managerial staff who provide off-the-job training to any of their managers is relatively low (30 per cent). This is illustrated in Figure 6.5, which shows the number of employers providing off-the-job training to each occupation as a column (measured against the left-hand axis), and the proportion of employers who employ anyone in each occupation who provide off-the-job training for at least some of them as a line (measured against the right-hand axis).

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



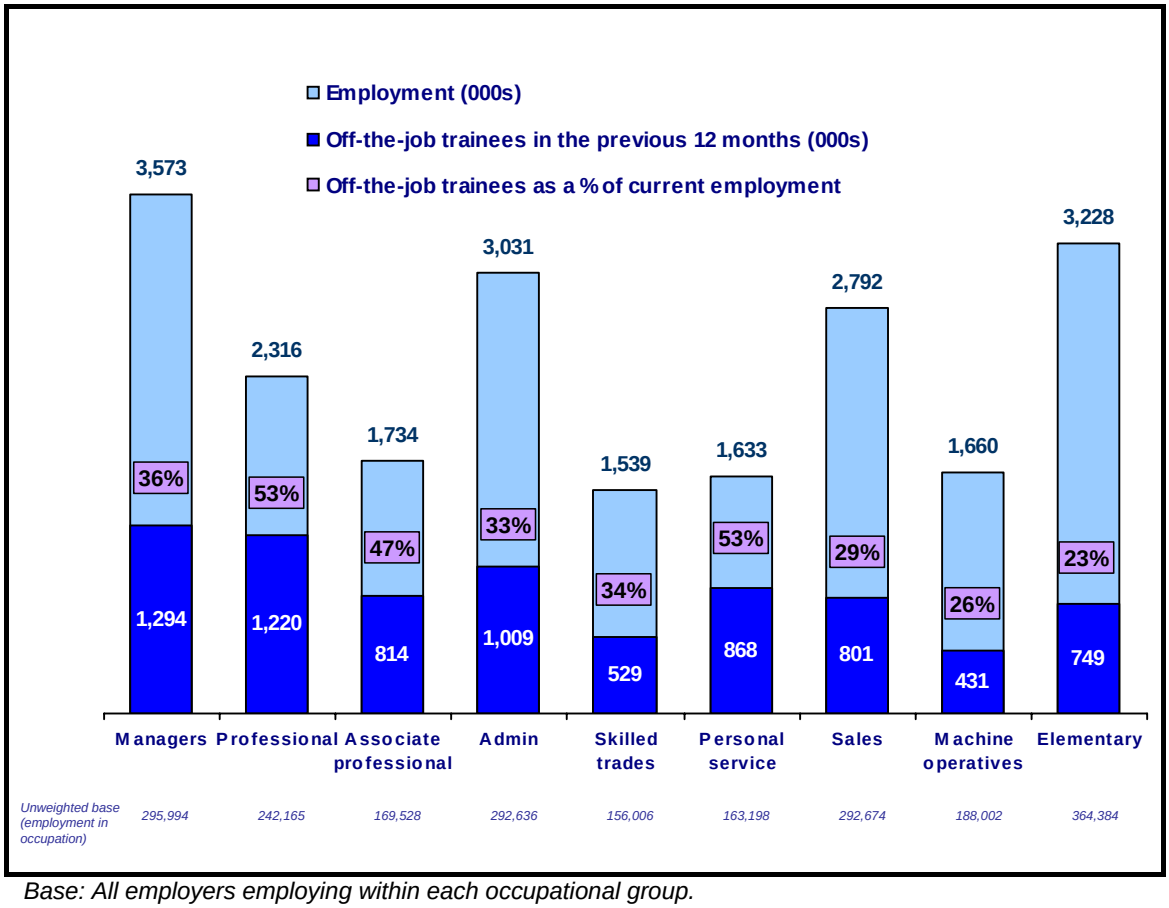
Base: All employers employing within each occupational group.

Where personal service staff are employed, off-the-job training is particularly likely to be given to at least some of this group (62 per cent). Similarly, while relatively few employers provide training for professionals and associate professionals (shown by the red columns), among establishments that employ these occupations, off-the-job training is more likely than average to be given to at least some of these staff (57 per cent and 52 per cent respectively).

As is the case with establishments that employ managers, less than a third of those employing administrative, sales and customer service, machine operative and elementary staff train any of the employees in these occupations.

Having examined the likelihood that employers train each occupational group, Figure 6.6 looks at the number and proportion of staff within each occupational group that had been provided with off-the-job training.

Figure 6.6: 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 occupation, with these two occupational groups each accounting for around 1.25 million trainees (and between them accounting for around a third of all off-the-job trainees in the previous 12 months). However, *expressed as a proportion of employment in each occupation,* professionals are much more likely to receive training than managers; over half (53 per cent) of all professionals have received off-the-job training in the previous 12 months, compared with just over a third (36 per cent) of managers.

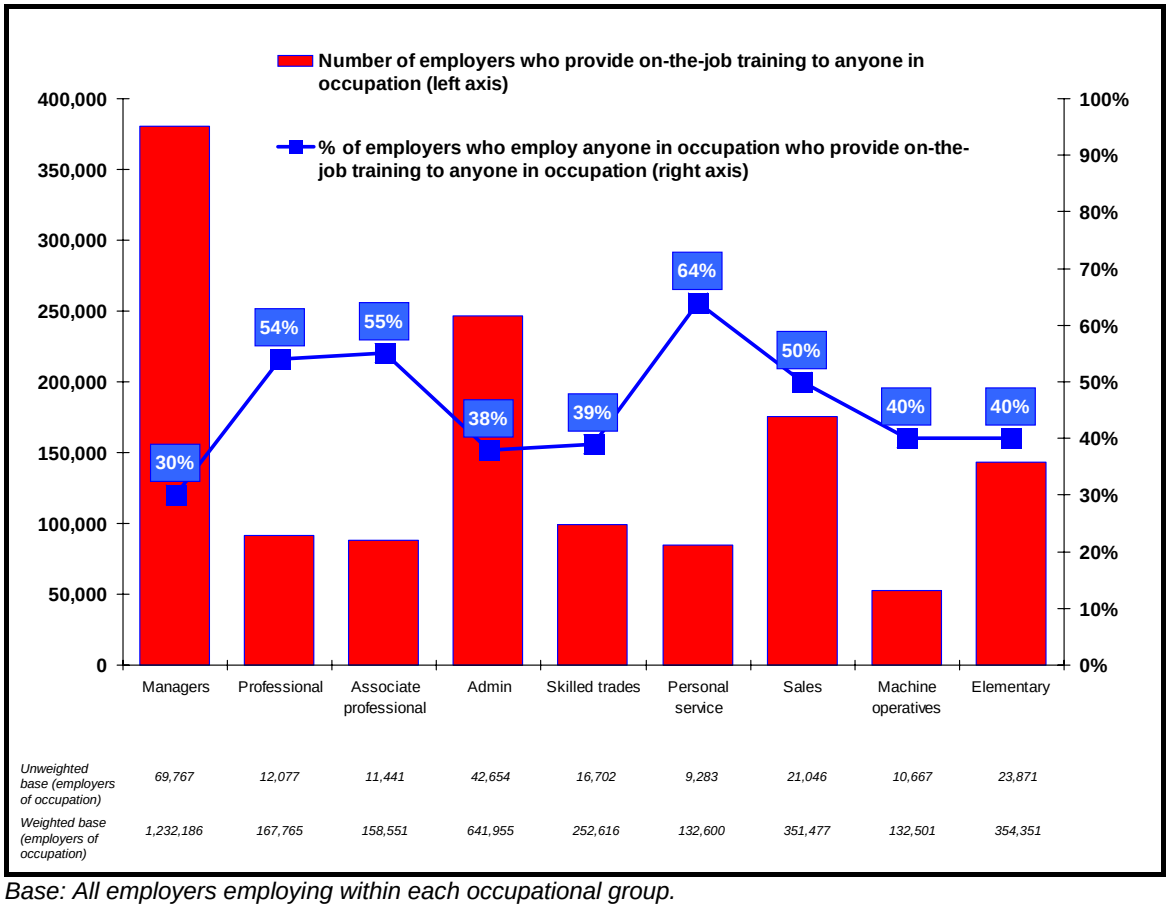
Personal service staff are also particularly likely to receive off-the-job training: the number of such staff trained in the previous 12 months represents just over half of those currently employed in this occupation (53 per cent). Associate professionals were also relatively likely to receive off-the-job training.

As well as having the smallest share of off-the-job trainees, machine operatives were also one of the least likely occupational groups to receive off-the-job training; just over a quarter (26 per cent) had received such training in the previous 12 months. Off-the-job training density was lowest among elementary occupations; less than a quarter (23 per cent) had benefited from this type of training.

On-the-job training

The occupational pattern in the provision of on-the-job training is similar to that of off-the-job training, although some differences were observed. The number of employers providing on-the-job training to each occupation and the proportion of employers who employ anyone in each occupation who provide on-the-job training for at least some of them is shown in Figure 6.7.

Figure 6.7: Employer provision of on-the-job training by occupation.



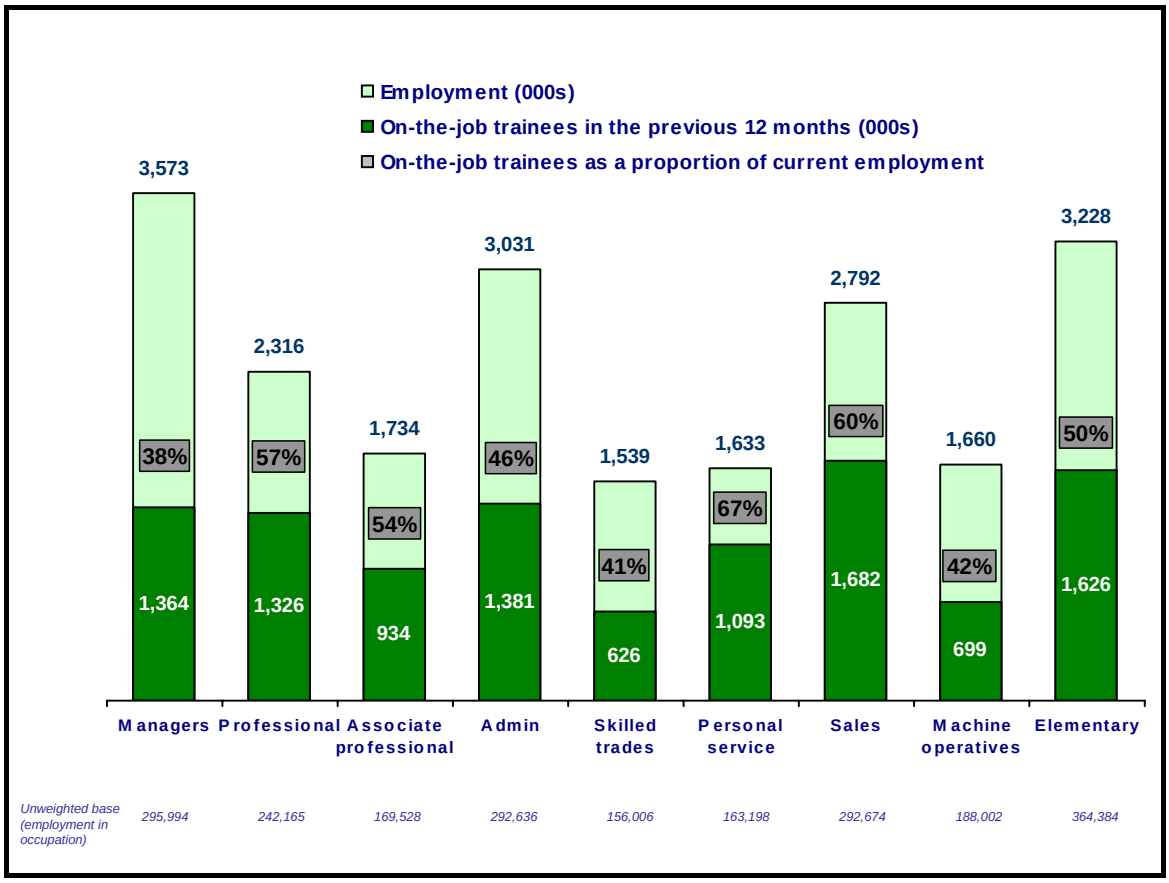
Base: All employers employing within each occupational group.

The key differences from the occupational variation in the provision of off-the-job training are observed in the lower skilled occupational groups. Half of all employers that employ sales and customer services staff had provided on-the-job training for at least some of this occupational group over the previous 12 months, whereas we have seen that just under a third (31 per cent) provide off-the-job training. This bias towards on-the-job training for this occupational group is also seen among those employing machine operative and elementary staff.

Employers were least likely to provide on-the-job training for their managers (30 per cent).

Figure 6.8 illustrates the proportion of the workforce employed in each occupation that has received on-the-job training in the previous 12 months.

Figure 6.8: Distribution of on-the-job training by occupation.



Base: All employment employed in occupations.

The distribution and incidence of on-the-job training differs markedly from that of off-the-job training for sales and customer services and elementary occupations. These two occupational groups account for the largest share of on-the-job trainees (with 3.3 million on-the-job trainees between them), and for both occupational groups more than twice as many employees had received on-the-job training than had received off-the-job training.

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

As well as personal services staff being the most likely to receive off-the-job training, they are also the occupational group most likely to receive training on-the-job (the numbers of such staff trained in the previous 12 months equates to 67 per cent of the current workforce in personal service positions).

How much training do employers fund or arrange?

We turn now to the volume of training that employers provide in terms of the number of days of training. In total, employers had funded or arranged 162 million days of training in the previous 12 months. Overall, this is equivalent to 7.5 days of training per annum for every worker in the country.

NESS04 reported that average number of days training per capita was 5.9. However, it should be noted that questionnaire changes mean these findings are not directly comparable: whereas NESS04 asked about the average number of days training overall, NESS05 asked about the average number of on-the-job and off-the-job training days separately, and the figure reported above is derived by summing these two averages. Asking for a more detailed breakdown in this way could be expected to increase the number of training days recorded per annum since, in considering training days overall, some employers may tend to focus more on courses and other off-the-job training rather than more informal training conducted at the employees' workstation.

Within establishments providing any training, the number of training days provided equates to 8.7 days per employee, or 12.3 days per person trained.

These headline values are shown in Table 6.3, which 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.

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

	All	Train both on- and off-the job	Train off-the-job only	Train on-the-job only
Base: All employers (weighted)	*1,390,155*	*454,803*	*186,624*	*259,467*
Base: All employers (unweighted)	*74,835*	*31,425*	*9,879*	*13,562*
Total training days (millions)	*161.8m*	*130.4m*	*6.1m*	*25.3m*
Per capita training days (total workforce)	7.5	9.6	2.8	8.6
Per capita training days (training employers' workforce)	8.7	9.6	2.8	8.6
Per trainee training days	12.3	12.6	6.6	13.6

Days off-the-job training per off-the-job trainee	6.1	6.1	6.3	–
Days on-the-job training per on-the-job trainee	10.8	10.1	–	14.1

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 reported in 2004, employers whose training is only conducted on the job provide a greater number of days training per person trained than those whose training is only provided off the job.

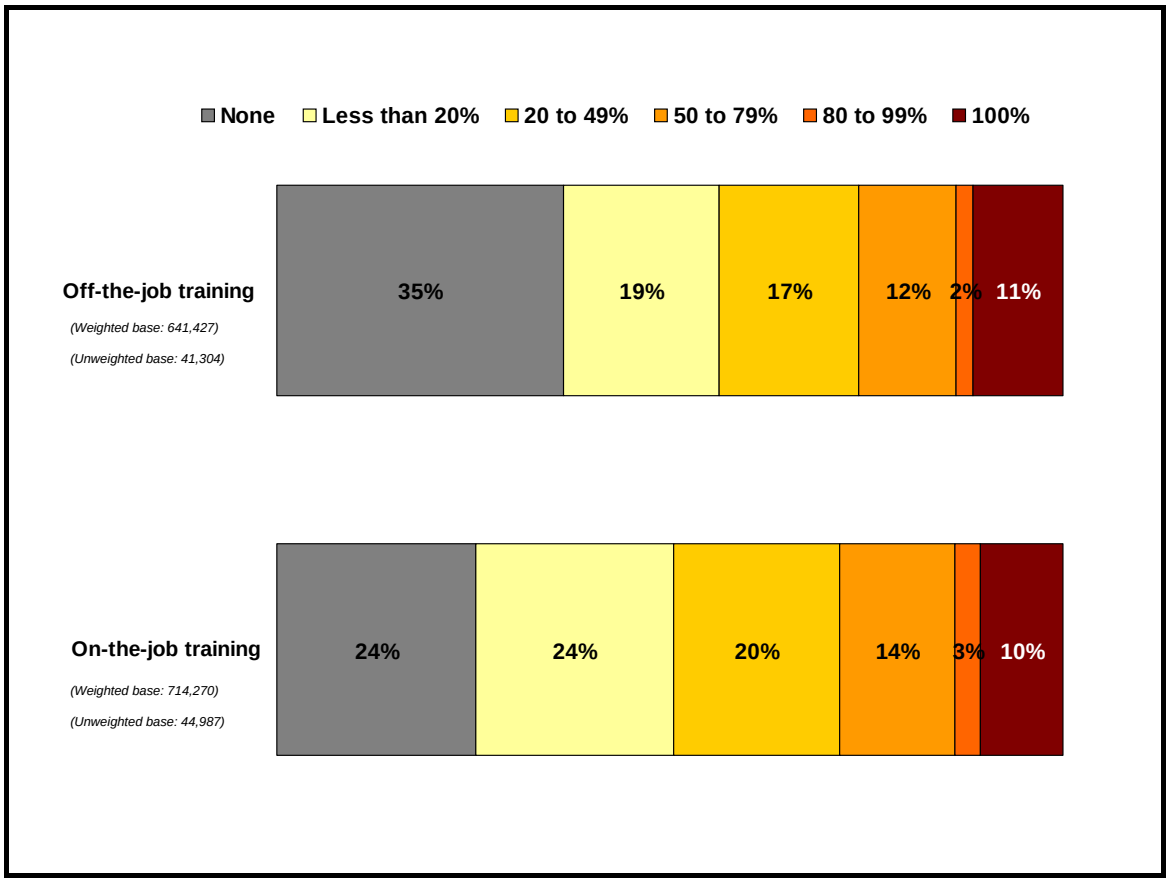
The nature of training activity

What proportion of all training activity does induction or health and safety training account for?

Employers who had funded or arranged any off-the-job training were asked what proportion of that training had been for health and safety or induction training. The same was asked of those employers that had funded or arranged on-the-job training. Interest in this issue relates to the fact that this training is often only incidentally related to skills development or enhancing productivity (though clearly improved health and safety and good induction can improve productivity), and it can often be delivered simply as a legislative requirement.

The NESS04 survey reported that 4 in 5 employers that trained had funded or arranged health and safety training and two-thirds had provided induction training for employees, though only 5 per cent of employers that trained funded or arranged *only* induction or health and safety training. The NESS05 survey investigated what *volume* of off-the-job and on-the-job training was accounted for by these less productivity-orientated types of training. The results are shown in Figure 6.9.

Figure 6.9: 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 around 1 in 9 (11 per cent) of employers that fund or arrange off-the-job training, the entirety of their off-the-job training over the previous 12 months was health and safety or induction training, and for a quarter at least half of the off-the-job training they provided was health and safety or induction training.

The figures are very similar among employers providing on-the-job training: 10 per cent of these employers provided only health and safety or induction on-the-job training in the previous 12 months and for just over a quarter (27 per cent), this type of training represented at least half of the on-the-job training that they undertook.

However, there are some differences as to whether *any* health and safety or induction training is delivered by either of these two methods, with this type of training less likely to be given off the job: over a third (35 per cent) of those delivering off-the-job training say none of their training covers induction or health and safety, compared with just a quarter (24 per cent) for on-the-job training.

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	*%*	*%*	*%*	*%*	*%*	*%*	*%*
None	35	46	31	22	20	18	18
Less than 20%	19	14	19	26	30	22	23
20 to 49%	17	14	18	19	18	23	20
50 to 99%	14	11	15	16	17	19	18
100%	11	11	12	10	8	7	10
Don't know	5	4	5	6	8	10	11
Weighted base	*641,427*	*236,090*	*286,777*	*93,075*	*14,643*	*8,114*	*2,728*
Unweighted base	*41,304*	*7,341*	*19,635*	*10,998*	*1,850*	*1,110*	*370*
On-the-job training							
Base: On-the-job trainers	*%*	*%*	*%*	*%*	*%*	*%*	*%*
None	24	33	20	14	9	9	11
Less than 20%	24	22	25	27	28	23	28
20 to 49%	20	17	21	22	23	26	22
50 to 99%	16	14	17	19	22	22	22
100%	10	9	11	12	9	11	9
Don't know	6	5	6	7	8	8	8
Weighted base	*714,270*	*267,463*	*323,053*	*97,335*	*15,210*	*8,495*	*2,714*
Unweighted base	*44,987*	*8,165*	*21,760*	*11,581*	*1,907*	*1,197*	*377*

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

Across both on-the-job and off-the-job training, the proportion of employers that provide *only* induction or health and safety training shows little variation by size of employer.

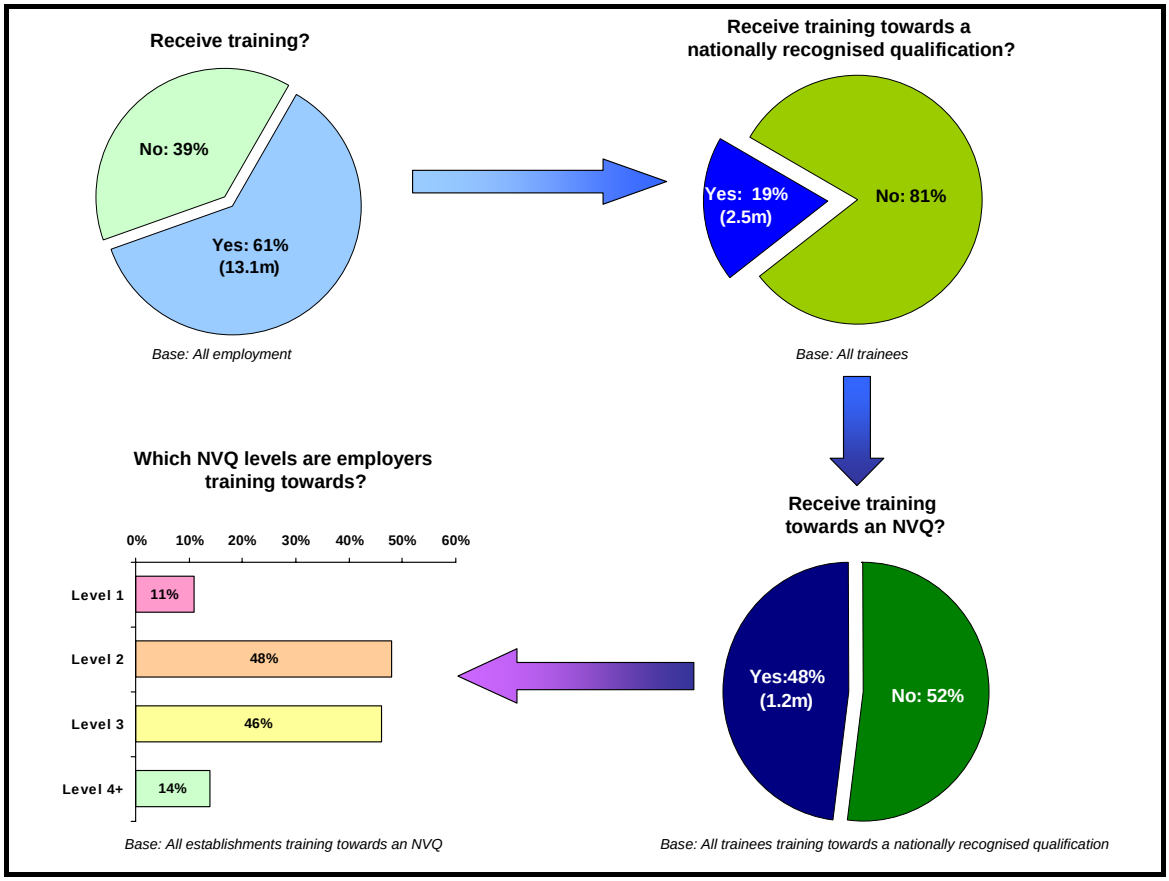
However, larger employers that train are more likely to provide at least *some* induction or health and safety training to employees. Among those employers that have funded or arranged off-the-job training for employees over the previous 12 months, almost three-quarters of establishments with 25 or more employees had provided at least some health and safety or induction training. By contrast, just half of all micro-establishments (with fewer than five employees) included induction or health and safety training within their off-the-job training provision.

The same pattern was true among those employers providing on-the-job training; 62 per cent of the smallest employers had arranged at least *some* on-the-job health and safety or induction training, rising to around 4 in 5 among those with 25 or more employees.

Training towards qualifications

Employers that had funded or arranged any training for employees over the previous 12 months were asked how many of their employees were being trained towards a nationally recognised qualification, and of those how many were being trained towards a national vocational qualification (NVQ) and at what level. Figure 6.10 presents the findings from this line of enquiry.

Figure 6.10: Proportion of employees trained, trained towards a nationally recognised qualification and towards a national vocational qualification.



Collectively, employers reported that of the 13.1 million employees that had received training in the previous 12 months, 2.5 million (representing 19 per cent of all trainees) were being trained towards a nationally recognised qualification. Of these employees, just under half were being trained towards an NVQ, equating to 1.2 million employees (5.5 per cent of the total workforce).

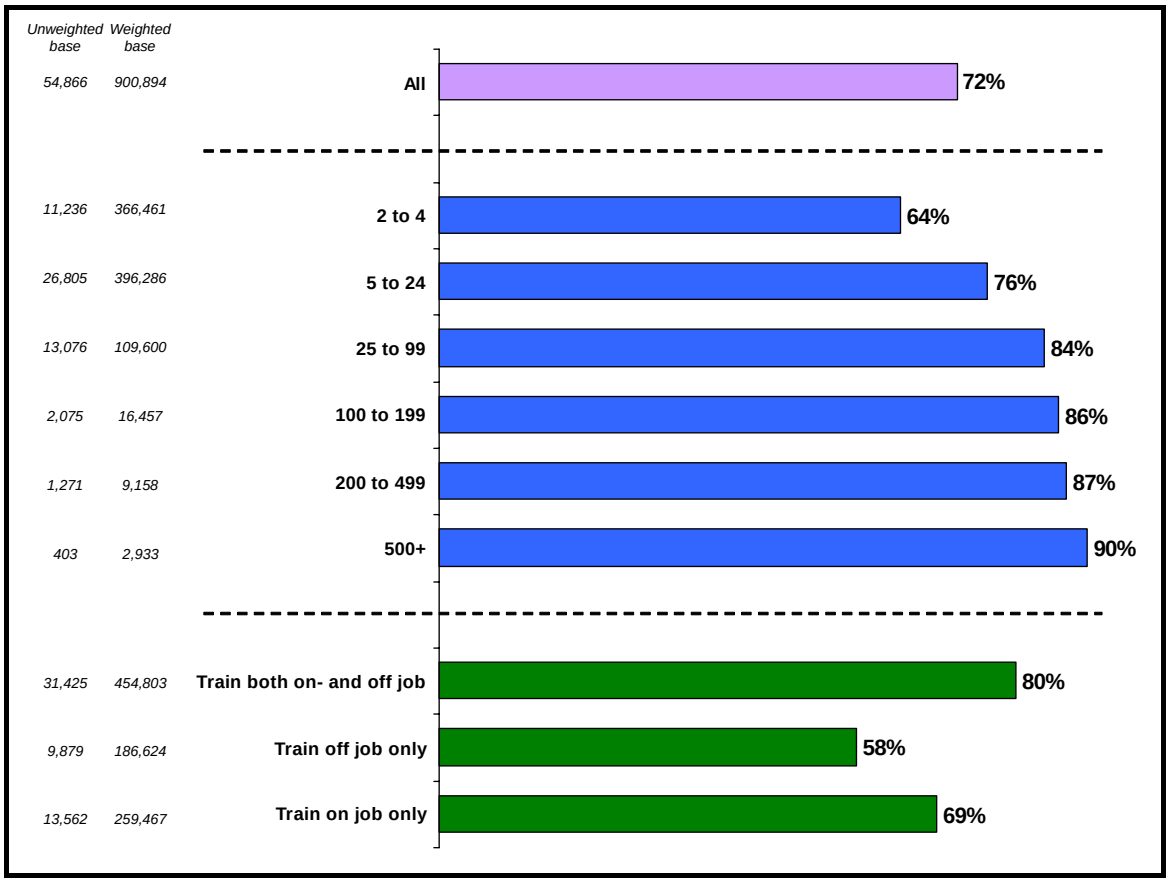
Around 1 in 6 employers (17 per cent) were training or had trained in the previous 12 months at least one member of staff towards an NVQ, most commonly an NVQ Level 2 or an NVQ Level 3. As might be expected, engagement with NVQs increases with size of employer; among the largest establishments that train almost half (49 per cent) had trained at least one member of staff towards an NVQ. This fell to 1 in 6 (16 per cent) among the smallest establishments that provide any training.

Assessing the impact of training

Employers that had funded or arranged any training were asked if the establishment formally assessed whether the training or development had impacted on the performance of the individuals receiving this training. The vast majority of trainers (72 per cent) said that they formally assessed the impact of training at least some of the time.

Propensity to assess formally the impact of training varies by both size of employer 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.

The proportion of employers that formally assess the impact of their training increases with size. Just under two-thirds (64 per cent) of the smallest employers assess the impact of training on employee performance compared with 9 in 10 of the very largest employers.

Those employers that had funded or arranged only off-the-job training for employees over the previous 12 months were significantly less likely than average to assess formally the impact of this training. This is perhaps surprising given that on average off-the-job training is delivered at a greater cost to the employer (see Section 7). Just under 7 in 10 (69 per cent) of employers that provide only on-the-job training assess its impact, with employers that provide both on- and off-the-job training the most likely to assess the impact on employee performance (80 per cent).

Assessment of the impact of training is particularly low among micro-establishments that only provide off-the-job training (52 per cent).

Engagement and satisfaction with further education colleges and other providers

Employers that had funded or arranged any training for employees were asked whether they had used FE colleges to provide this teaching or training. They were also asked whether they had used any other providers (such as an external consultant or private training provider) to deliver teaching or training to employees. Findings are shown in Table 6.5.

Table 6.5: Incidence of using further education colleges or other external providers to deliver teaching or 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+**
% of all employers who fund or arrange training who…	%	%	%	%	%	%	%
Have used FE colleges to provide teaching or training	28	21	28	44	53	57	63
Have used other external providers to provide teaching or training	53	46	55	70	75	78	81
Weighted base	*900,894*	*366,461*	*396,286*	*109,600*	*16,457*	*9,158*	*2,933*
Unweighted base	*54,866*	*11,236*	*26,805*	*13,076*	*2,075*	*1,271*	*403*

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

Just over half (53 per cent) of all employers that had funded or arranged any training in the previous 12 months had used an external provider such as a consultant or private training provider, and just over a quarter (28 per cent) had used an FE college. This means that overall just under a fifth (18 per cent) of employers had used an FE college in the previous 12 months, and a third (35 per cent) had used another external training provider.

NESS04 asked employers that had funded or arranged off-the-job training whether any of this training had been sourced through an FE college; a third (33 per cent) had been. NESS05 found that usage of FE colleges among off-the-job trainers has risen slightly to 35 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. Nearly two-thirds (63 per cent) of the largest employers that train had funded or arranged at least some training through an FE college in the previous 12 months, and 4 in 5 (81 per cent) did so through other training providers. By comparison, a fifth (21 per cent) of the smallest employers that train sourced any training through an FE college, and 46 per cent funded or arranged training provided by other training providers.

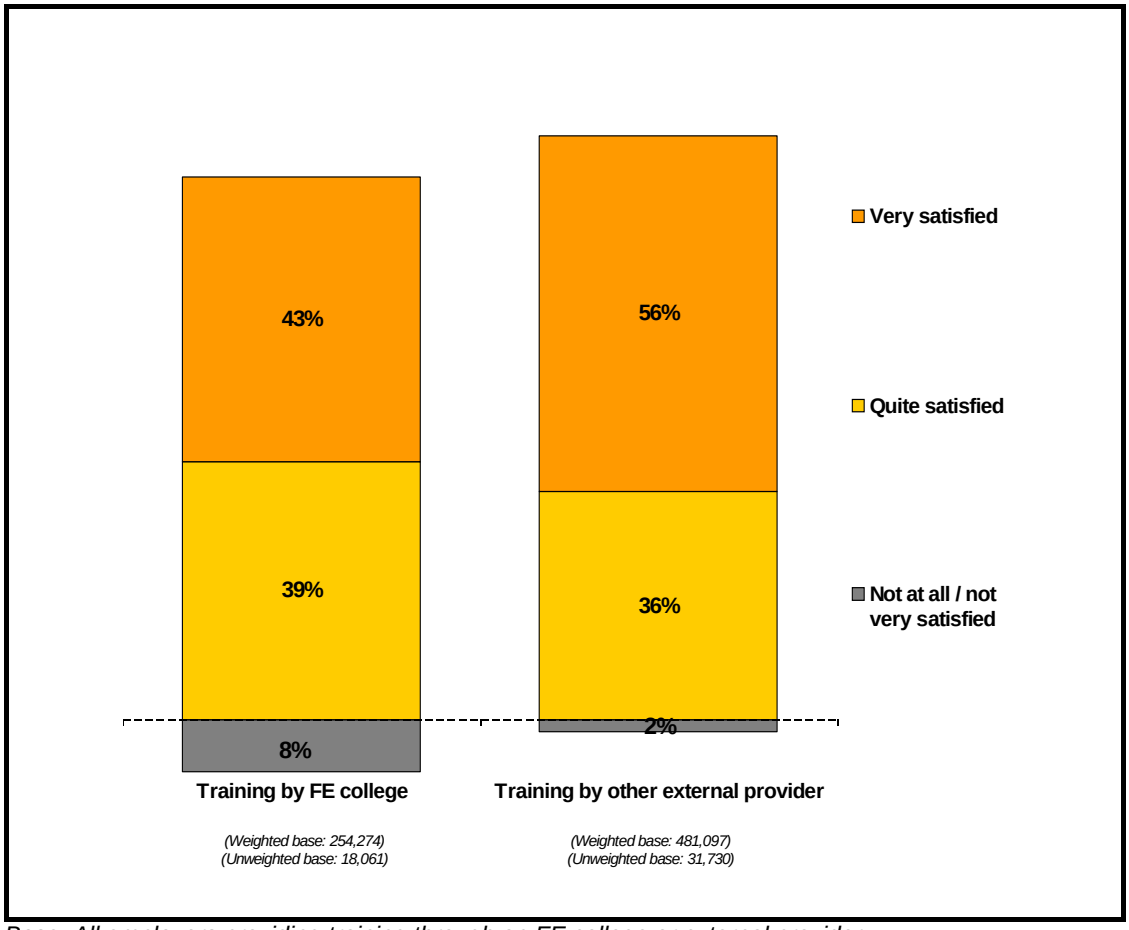
FE colleges clearly continue to have greater success in engaging larger employers than small ones. Larger employers are an easier group with whom to engage: there are fewer such employers to deal with compared with the mass of micro- and small businesses; there is a much greater likelihood that they already engage in training and development activity; and there is more likely to be a human resource or indeed training specialist to deal with.

The vast majority of employers were satisfied with the training they sourced through FE colleges, and only around 1 in 12 were dissatisfied with their experience of FE training.

Levels of satisfaction were slightly higher with the training provided by other providers such as external consultants; only 2 per cent of employers that had sourced this type of provision were dissatisfied. Results for FE colleges and other providers are presented in Figure 6.12.

The high levels of satisfaction with both type of provider varied little by size of employer.

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

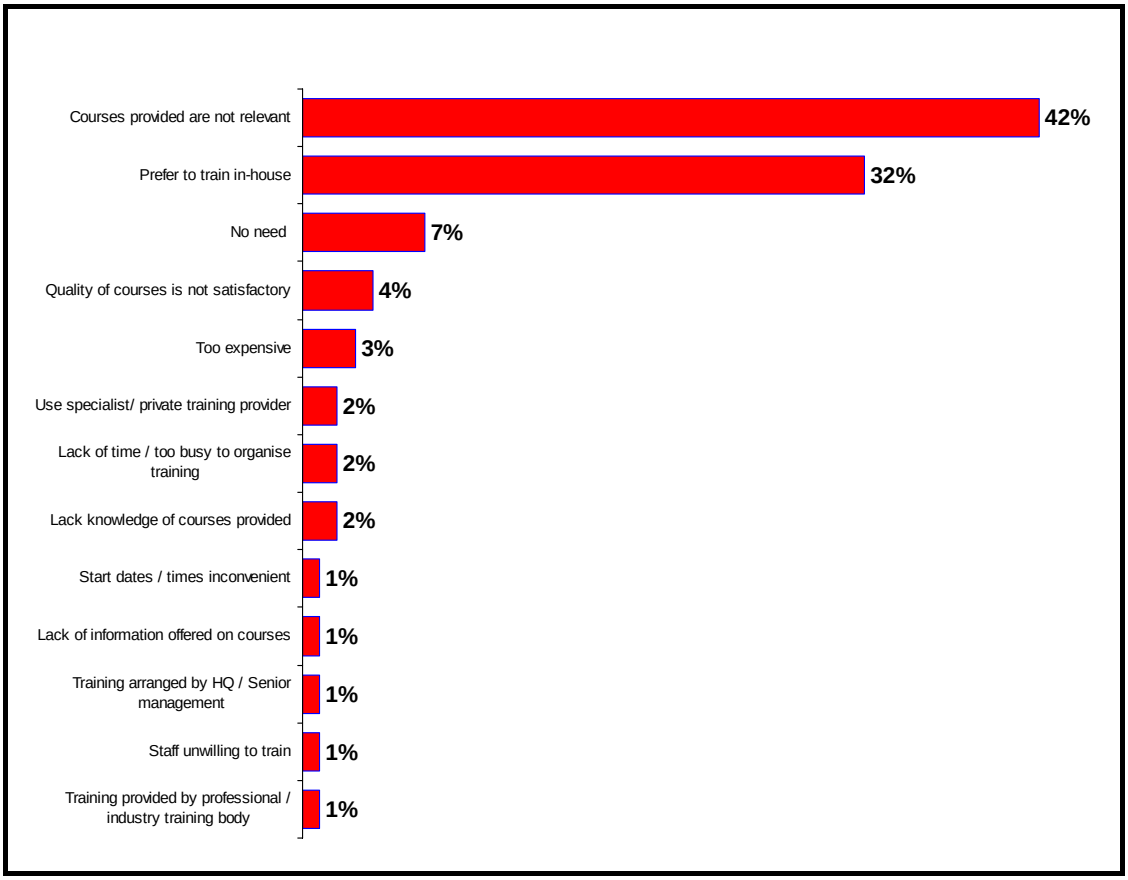


Base: All employers providing training through an FE college or external provider.
Note: Percentages do not sum to 100 per cent as 'neither satisfied nor dissatisfied' and 'don't know' responses are excluded.

Barriers to engaging with further education colleges

Figure 6.13 shows the reasons given by employers that train for not sourcing training through an FE college.

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=638,120; unweighted=36,235).

The most common reasons given by employers that train for not using FE colleges to source their training are that the courses provided by FE colleges are not relevant in their case (42 per cent) or that they prefer to train in-house (32 per cent).

All other reasons were much less likely to be spontaneously mentioned by employers: these included perceived poor quality of local FE provision (4 per cent) and it being seen as too expensive (3 per cent), though it is unclear if this is expensive in relation to other external providers or compared with delivering training in-house.

There was little variation in the reasons given by size of employer, although not using FE colleges because of a preference to train in-house was more prevalent among larger employers.

Planning the business and training activity and human resources practices

In this part of the section, we examine 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 their business, in terms of their overall objectives and in terms of their human resources, and at how commonly they set formal training budgets.

Business planning, training plans and training budgets

Just over half of employers had a business plan specifying the establishment's objectives for the coming year (55 per cent). Less than half had a formal training plan specifying in advance the level and types of training employees will need in the coming year (45 per cent) and a third had a budget for training expenditure (33 per cent). The incidence of employers having a training plan has increased significantly from NESS03 (by 6 percentage points), though overall results are little changed from 2004.

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

	NESS03	NESS04	NESS05
Base (weighted)	*1,915,053*	*1,410,248*	*1,390,155*
Base (unweighted)	*72,100*	*27,172*	*74,835*
	%	%	%
Have a formal business plan that specifies objectives for the coming year	56	58	55
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
Have a budget for training expenditure	31	34	33

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

As reported in previous years, there was a high degree of correlation between size of employer and the likelihood to engage in each type of planning.

Among establishments with more than 25 employees, all three forms of formal planning were 'standard' in the sense that a sizeable majority of businesses (well over two-thirds) had them in place. Among establishments with fewer than 25 people, all formal planning is much less common: still half had a business plan, though fewer than 1 in 3 had a training budget (Table 6.7).

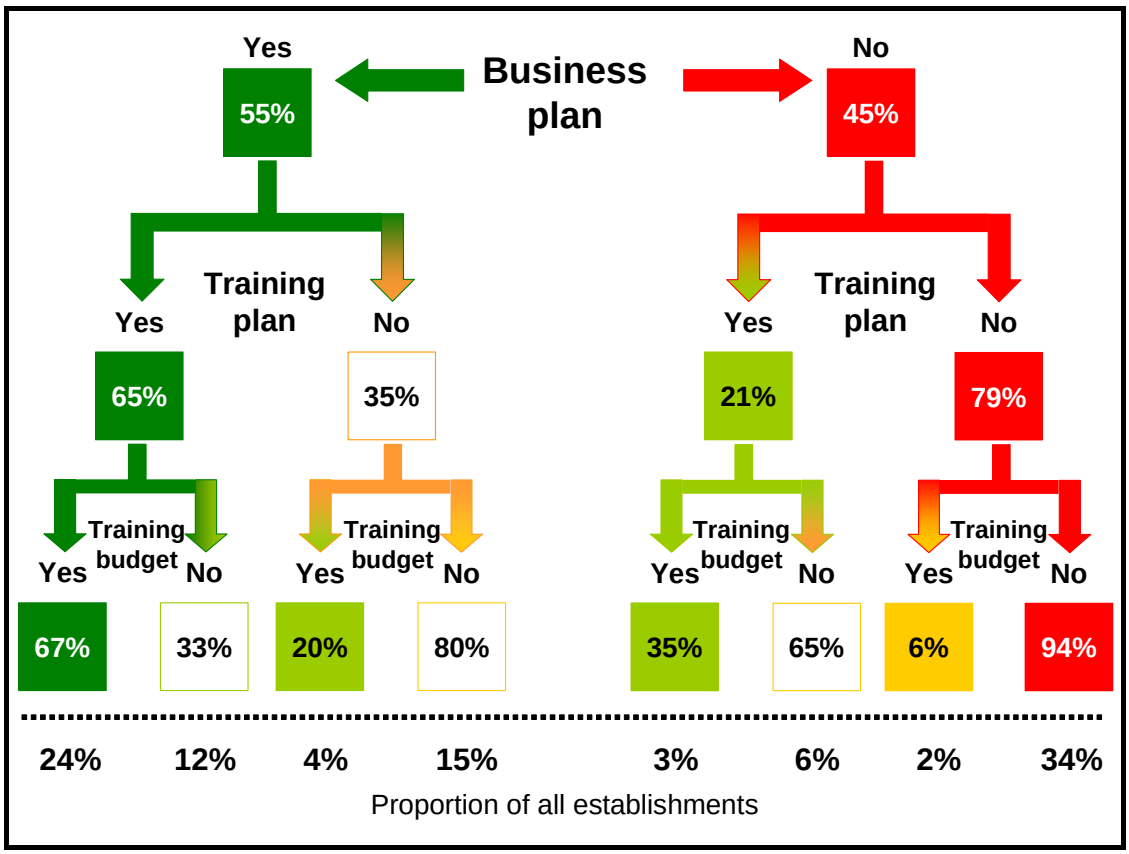
Table 6.7: Business and training planning by size of establishment.

	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)	*1,390,155*	*732,805*	*508,490*	*1,241,295*	*118,315*	*17,595*	*9,716*	*3,234*	*148,860*
Base (unweighted)	*74,835*	*22,278*	*34,392*	*56,670*	*14,162*	*2,198*	*1,365*	*440*	*18,165*
	%	%	%	**%**	%	%	%	%	**%**
Business plan	**55**	45	61	**51**	80	87	90	92	**82**
Training plan	**45**	29	58	**41**	77	82	85	91	**78**
Training budget	**33**	20	41	**29**	68	83	87	93	**71**
None	**34**	45	24	**37**	8	4	3	2	**7**

Base: All employers.

Although it is not the case that in all instances where a training plan exists 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 correlation 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 the proportion of those who did not have a business plan but who did have a training plan etc., on the right-hand branch. The final level then adds training budgets into the equation.

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



Base: All employers (weighted=1,390,155, unweighted= 74,835).

As reported in NESS04, when an employer has a formal plan of business objectives it is more likely to have a training plan, and where it has a training plan it is more likely to have a training budget.

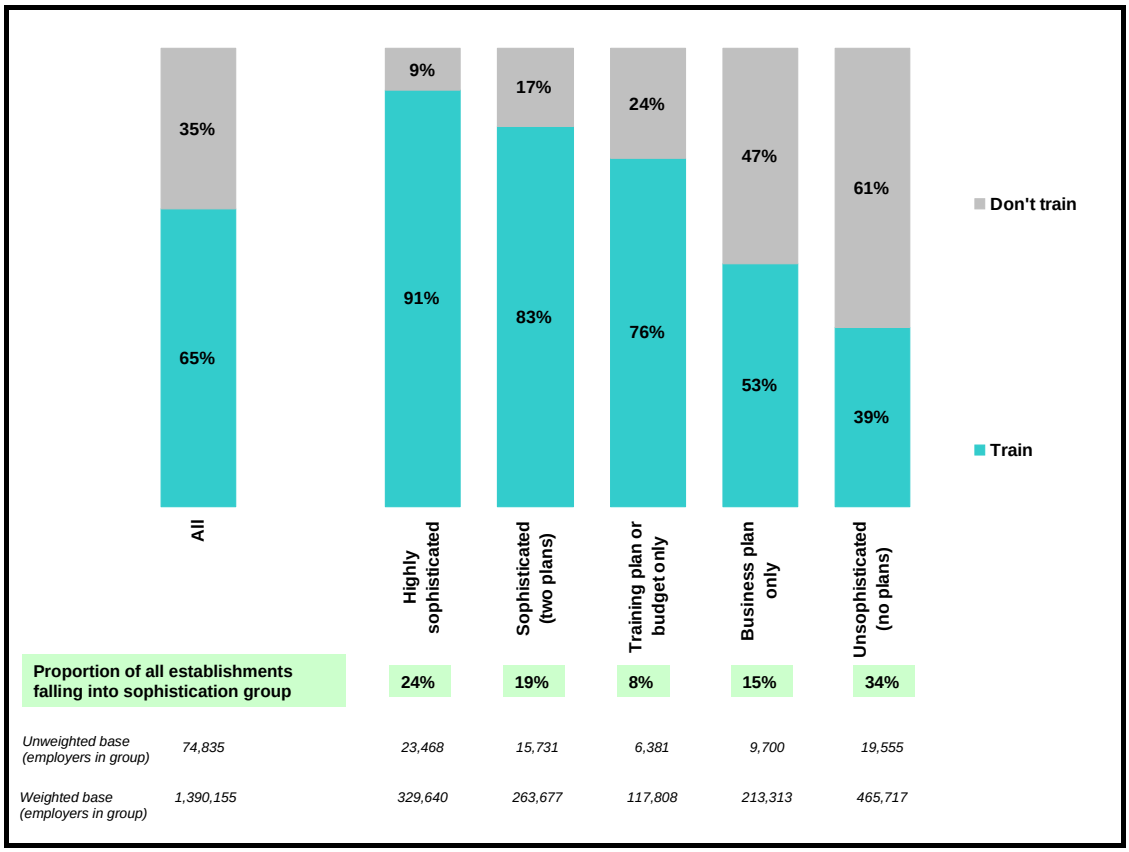
The relationship between training plans and training budgets holds (relatively) firm independently of whether the establishment has a business plan or not: employers with a training plan but no business plan are more likely to have a training budget than employers with a business plan but no training plan.

Overall, just under 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 form a minority of the overall business population, however just under a quarter (24 per cent) of establishments had all three types of formal plan. A slightly larger minority (34 per cent) adopt no formal planning processes in running their organisations. Just over two-fifths (43 per cent) of all employers employ some but not all of the methods of formal planning. This is most commonly a business plan with no distinct training plan and no training budget (15 per cent of all employers).

Just under a fifth (19 per cent) of employers have two of the plans: 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 plan for spending the budget; and 3 per cent have a budgeted training plan (but no business plan). Hence it is not uncommon to encounter employers with training plans but no allocated training budget, and, less commonly, budgets for training expenditure without training plans directing how it is anticipated this money will be spent.

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' (those 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 plans. Figure 6.15 clearly illustrates that planning businesses are more likely to be training businesses, and that establishments with a business plan but no training plan or a training budget are less likely than average to provide training. These findings closely match those reported in NESS04.

Figure 6.15: Training activity and business planning.



Base: All employers.

It is noticeable that as many as 1 in 11 of the most sophisticated business planners do not provide any training for their workforce, as is the case for 17 per cent of the sophisticated planners and 25 per cent of those with a training plan or budget only.

Conversely, much training takes place without any planning or budgeting; indeed as many as 39 per cent of those with no form of business or training plan actually undertook training in the last 12 months.

Formally assessing training needs

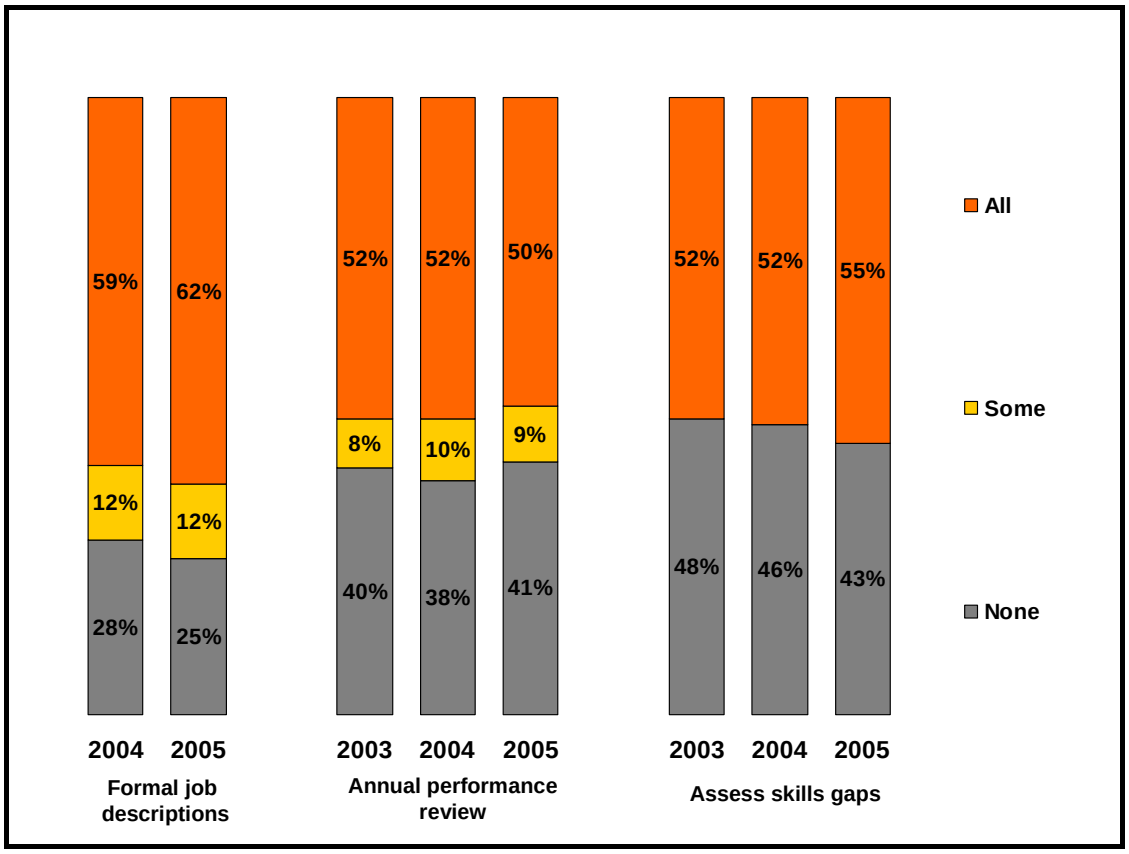
The existence of business and training plans, and of training budgets, indicates a level of formality in the business and human resource process. A further measure of the extent to which employers engage in a planning process is whether employers:

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

The majority of employers provide formal written job descriptions for their staff (74 per cent) and annual performance reviews (58 per cent). Typically employers who do have such practices in place use them for all of their staff, rather just some of them.

The situation was similar in 2004, though in 2005 slightly more report having formal job descriptions for staff (74 per cent up from 71 per cent in 2004). A greater proportion do now formally assess whether their staff currently have gaps in their skills (55 per cent, up from 52 per cent in 2003 and 2004). The proportion that conduct annual performance reviews (APRs) has remained broadly stable over time.

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



Base: All employers (2003 unweighted=72,100, weighted=1,915,053; 2004 unweighted=27,172, weighted=1,410,248; 2005 unweighted=74,835, weighted=1,390,155).

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.
2003 data for the percentage of staff with a formal job description are not shown due to changes in the questionnaire between 2003 and 2004.

Again in keeping with the trend seen in previous years, there is a steady increase by size in the use of these formal methods of assessing training needs using these three measures. Just 3 per cent of employers with 100 or more staff do not have formal job descriptions for any staff, and the great majority (78 per cent) have them for all of their staff. Similarly, just 5 per cent of this size of employer had no APRs for staff (77 per cent had them for all staff) and 89 per cent of these large employers assess skills gaps in their workforce, a rise from 83 per cent in 2004.

Among the very smallest establishments (with between 2 and 4 staff), 38 per cent have no formal job descriptions (42 per cent in 2004), 56 per cent have no APRs (52 per cent in 2004, 48 per cent in 2003), and three-fifths do not assess whether staff have gaps in their skills (57 per cent compared with 59 per cent in 2004 and 55 per cent in 2003).

As noted in 2004, this reflects the fact that in smaller establishments employers (in the sense of managers, owners, etc.) are more likely to have a good understanding of the relative strengths and weaknesses of employees without seeing the need for a formal process (on the basis that each member of their workforce is better known to them).

Employers who use APRs and/or job descriptions are more likely to assess their staff for skills gaps. Where employers formally assess for gaps, they are more likely to find them (21 per cent versus 11 per cent of those who do not assess for gaps). Of course it may be that the awareness of skills gaps existing is the reason for an employer formally assessing whether individual employees have gaps in their skills.

In the next part we look more closely at the relationship between skills gaps and training.

What influences training activity?

In this part of the section, we explore the relationships between training activity and skills gaps, and then go on to look at the relationship between training activity, sector of activity and the region in which employers are located.

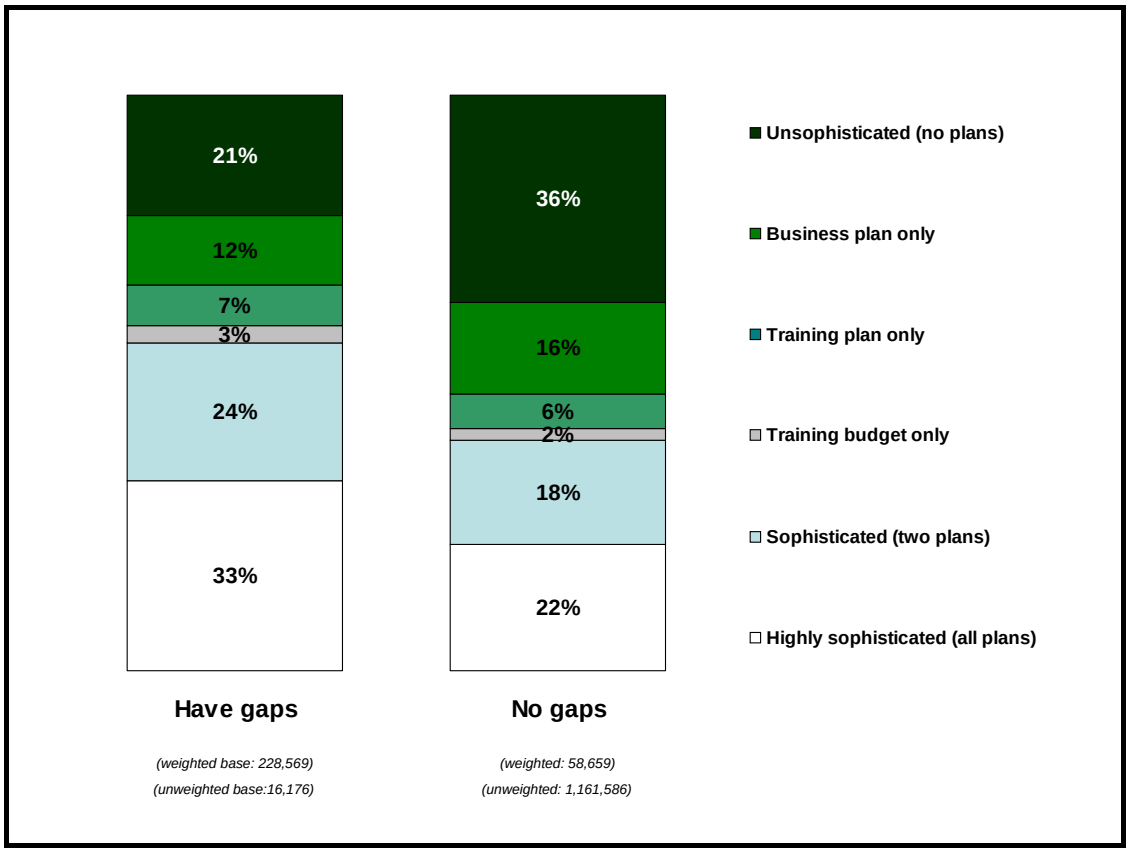
Training activity and skills gaps

Employers who have skills gaps are more likely than those who do not to engage in training activity, and tend to engage in more of it. Employers with skills gaps are more likely to:

- train at all (84 per cent versus 61 per cent among those with no skills gaps)
- have trained a greater proportion of their staff (36 per cent had trained 90 per cent or more of their employees versus 27 per cent, though in both cases this was an increase over 2004). On an employee base, 68 per cent of staff in organisations with skills gaps had received training, compared with 57 per cent where no skills gaps were reported.

Employers with gaps also make more use of job descriptions and of APRs as well as showing a higher level of sophistication in planning and are more likely to have plans of all types (Figure 6.17). These figures are almost identical to those seen in 2004.

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



Base: All employers.

What the survey cannot determine is whether employers with gaps are reporting more training-related activity because they have gaps. It may be that there are other factors that make them more likely to train and which also make them more likely to have gaps.

Training activity and sector

Tables 6.8 to 6.11 show training activity, volume, type and planning by SSC sector.

Table 6.8: Training activity by sector skills council sector.

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	***1,390,155***	***74,835***	**%**	**65**	**13**	**19**	**45**	**9**	**61**
Lantra	*64,718*	*3,005*	%	50	17	11	33	5	47
Cogent	*14,640*	*1,620*	%	71	12	24	36	17	58
Proskills UK	*20,260*	*1,746*	%	58	11	23	26	22	45
Improve Ltd	*7,890*	*1,094*	%	63	15	17	30	19	49
Skillfast-UK	*18,875*	*1,412*	%	47	7	24	37	17	42
SEMTA	*46,540*	*2,971*	%	62	14	17	24	22	48
Energy & Utility Skills	*11,037*	*1,199*	%	71	14	19	38	11	50
Construction Skills	*112,263*	*4,033*	%	58	17	14	34	9	51
SummitSkills	*22,717*	*1,794*	%	69	28	10	26	8	51
Automotive Skills	*48,252*	*2,828*	%	56	14	16	29	13	47
Skillsmart Retail	*192,000*	*7,631*	%	57	9	27	48	9	63
People 1st	*137,255*	*5,800*	%	61	11	22	48	9	66
GoSkills	*12,155*	*1,374*	%	50	11	17	36	15	53
Skills for Logistics	*31,445*	*2,116*	%	61	14	19	39	17	49
Financial Services Skills Council	*33,605*	*1,746*	%	84	12	21	55	7	68
Asset Skills	*71,300*	*2,327*	%	69	15	21	51	5	67
e-skills UK	*49,955*	*2,558*	%	67	15	20	43	6	49
Government Skills	*9,544*	*146*	%	90	11	17	!	!	!
Skills for Justice	*3,528*	*330*	%	85	9	16	41	16	55
Lifelong Learning UK	*16,487*	*2,166*	%	89	13	12	58	5	69
Skills for Health	*36,015*	*2,383*	%	83	12	14	56	7	73
Skills for Care & Development	*43,510*	*4,615*	%	89	15	12	65	3	83
Skillset	*9,587*	*1,149*	%	60	13	21	42	9	57
Creative & Cultural Skills	*20,876*	*1,658*	%	57	13	20	43	7	51
SkillsActive	*15,550*	*1,847*	%	72	14	17	46	8	63
Non-SSC employers	*340,151*	*15,287*	%	69	14	17	45	7	63

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

Table 6.9: Training volume by sector skills council 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	**8**	**12**	**6**	**11**
Lantra	7	14	7	14
Cogent	6	11	4	11
Proskills UK	5	12	5	12
Improve Ltd	5	11	5	12
Skillfast-UK	5	12	6	12
SEMTA	4	9	5	9
Energy & Utility Skills	4	8	6	6
ConstructionSkills	7	14	7	11
SummitSkills	7	14	7	12
Automotive Skills	7	14	8	12
Skillsmart Retail	9	14	6	14
People 1st	13	19	6	19
GoSkills	8	15	7	13
Skills for Logistics	6	12	6	11
Financial Services Skills Council	9	14	6	12
Asset Skills	8	12	8	12
e-skills UK	6	11	6	9
Skills for Justice	9	15	16	7
Lifelong Learning UK	6	8	4	6
Skills for Health	7	9	5	7
Skills for Care & Development	10	13	7	10
Skillset	6	11	7	10
Creative & Cultural Skills	5	10	5	9
SkillsActive	8	12	6	11
Non-SSC employers	7	11	6	9

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 6.10: Types of training by sector skills council 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	**%**	**6**	**18**	**12**	**6**
Lantra	%	6	17	13	5
Cogent	%	8	16	7	4
Proskills UK	%	6	12	8	4
Improve Ltd	%	8	23	12	6
Skillfast-UK	%	4	7	5	3
SEMTA	%	6	21	9	5
Energy & Utility Skills	%	8	15	7	3
ConstructionSkills	%	7	19	13	5
SummitSkills	%	7	39	23	9
Automotive Skills	%	3	18	11	5
Skillsmart Retail	%	6	7	6	3
People 1st	%	9	14	11	5
GoSkills	%	6	9	18	6
Skills for Logistics	%	6	9	7	3
Financial Services Skills Council	%	2	14	12	2
Asset Skills	%	6	15	17	9
e-skills UK	%	2	13	7	2
Skills for Justice	%	1	23	9	4
Lifelong Learning UK	%	4	41	16	5
Skills for Health	%	6	38	18	9
Skills for Care & Development	%	7	46	30	22
Skillset	%	3	8	3	1
Creative & Cultural Skills	%	4	12	7	3
SkillsActive	%	9	22	21	7
Non-SSC employers	%	4	22	13	6

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: Training planning by sector skills council sector.

Row %		Highly sophisticated (all plans)	Sophisticated (two plans)	Unsophisticated (no plans)	Provides staff with APR	Formally assesses individuals' skills gaps	Measure the impact of training
Overall	**%**	**24**	**19**	**34**	**58**	**55**	72
Lantra	%	10	14	45	29	36	56
Cogent	%	27	20	28	61	60	73
Proskills UK	%	18	14	42	51	47	65
Improve Ltd	%	22	19	31	55	51	69
Skillfast-UK	%	12	15	44	46	45	71
SEMTA	%	17	18	41	53	51	67
Energy & Utility Skills	%	27	24	24	69	62	73
ConstructionSkills	%	14	16	45	46	44	61
SummitSkills	%	11	16	48	44	50	71
Automotive Skills	%	17	15	47	48	48	73
Skillsmart Retail	%	18	19	39	53	51	73
People 1st	%	19	20	37	51	52	76
GoSkills	%	18	15	42	45	44	71
Skills for Logistics	%	21	19	36	55	53	74
Financial Services Skills Council	%	42	25	13	85	76	80
Asset Skills	%	27	20	30	66	58	74
e-skills UK	%	22	20	27	60	55	61
Government Skills	%	61	25	3	95	92	93
Skills for Justice	%	55	20	19	85	80	78
Lifelong Learning UK	%	53	23	9	85	81	82
Skills for Health	%	37	24	20	78	74	80
Skills for Care & Development	%	53	26	7	88	84	83
Skillset	%	15	15	39	50	49	64
Creative & Cultural Skills	%	19	18	31	57	50	67
SkillsActive	%	31	21	26	61	59	73
Non-SSC employers	%	28	19	29	66	59	73

Base: All employers (see Table 6.8 for actual base numbers in each SSC sector).

As in 2004, training activity was most common amongst those sectors dominated by public service sector establishments. Around 9 out of 10 employers in sectors covered by Government Skills, Lifelong Learning UK and Skills for Care & Development SSCs offered training. Employers that train in these sectors were also the most likely to train a large proportion of their staff (equivalent to 90 per cent or more of individual establishments' current workforces). Employers covered by the Skills for Justice and Skills for Health SSC sectors were relatively less likely to provide training (85 per cent and 83 per cent respectively), though in the former trainers were less likely than average to be training large proportions (90 per cent plus) of their workforce. Outside these sectors, employers in the Financial Services Skills Council SSC sector were also more likely than average to train (Table 6.8).

Employees covered by SSCs that predominantly represent public sector employers were most likely to receive training (Skills for Health and Skills for Care & Development, especially the latter where the number of trainees over the last 12 months represents 83 per cent of the current workforce), along with employees in establishments covered by the following four SSCs: Financial Services Skills Council, People 1st, Skillsmart Retail and Asset Skills (where the numbers trained in the last 12 months represent 63 per cent to 68 per cent of current workforce numbers in those sectors).

Establishments covered by Lantra (50 per cent) and GoSkills (50 per cent) SSC sectors were the least likely to train.

There was some variation by sector in the balance between off- and on-the-job training. Employers covered by Skillfast-UK and Skillsmart Retail SSC sectors appear to be particularly unlikely to use off-the-job training: 51 per cent of Skillfast-UK employers train on the job and 47 per cent of employers within the Skillsmart Retail SSC sector. Across all sectors the equivalent figure is 29 per cent.

On the other hand, employers covered by SummitSkills SSC favour off-the-job training over other methods and over a quarter of all employers in this sector (28 per cent), representing 2 in 5 of those that train, fund or arrange *only* off-the-job training.

In keeping with the high proportion of staff receiving training in the People 1st SSC sector, these employers provided markedly higher numbers of days' training (equivalent to 13 days per capita in their workforce as a whole, and 19 days per trainee) than employers in other sectors. This difference was principally driven by on-the-job trainees receiving a much higher than average number of days training (19).

The fewest days training per employee were reported by employers covered by SEMTA and Energy & Utility Skills SSCs (four days per employee in each sector). Echoing the pattern noted already, employers covered by Lantra SSC, though they give fewer days' training than average relative to their total workforce, do provide a higher than average number of days for those whom they do train (14 days per trainee). Employers covered by GoSkills and Skills for Justice SSCs also provide a high number of days training per trainee.

Employers covered by People 1st and SkillsActive were the most likely to offer just induction or health and safety training (both 9 per cent); those covered by e-skills UK (2 per cent) and Skills for Justice (1 per cent) were the least likely.

As might be anticipated, the SSC sectors most likely to provide training through FE colleges were those most likely to be training their employees towards both nationally recognised qualifications in general and NVQs in particular. As many as 22 per cent of Skills for Care & Development employers were training any employees towards an NVQ, reflecting regulatory requirements for qualifications at all levels in the social care sector. Engagement with FE was also particularly high among employers covered by the following SSCs: Lifelong Learning UK, SummitSkills, Skills for Health and Government Skills.

In SSC sectors such as Skillfast-UK, Skillsmart Retail and Skillset there were far lower levels of FE usage and the proportion providing training towards NVQs falls away to small, single-digit percentages.

It is the sectors dominated by public sector services organisations (covered by Government Skills, Skills for Justice, Lifelong Learning UK and Skills for Care & Development SSCs) that 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 96 per cent of establishments covered by Government Skills SSC do so) and to formally assess individuals' training needs (92 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 ConstructionSkills, SummitSkills, Automotive Skills and Lantra SSCs, sectors with high proportions of employees in skilled trades 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. And although these sectors were low on all measures of training planning, employers covered by Lantra SSC again stood out, with the lowest 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 6.12 to 6.15 repeat the above analysis for regions.

Table 6.12: 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	*1,390,155*	*74,835*	%	**65**	**13**	**19**	**45**	**9**	**61**
Eastern	*157,885*	*8,332*	%	65	14	17	42	9	61
East Midlands	*114,630*	*5,884*	%	66	12	22	45	10	60
London	*225,545*	*12,100*	%	62	12	24	48	8	58
North East	*53,735*	*4,115*	%	71	12	19	47	7	70
North West	*171,725*	*8,796*	%	64	14	16	42	9	60
South East	*241,900*	*13,647*	%	70	15	18	45	7	66
South West	*154,160*	*8,095*	%	65	13	22	47	8	60
West Midlands	*140,875*	*7,404*	%	60	13	14	42	10	56
Yorkshire and the Humber	*129,700*	*6,462*	%	64	15	14	42	9	62

Base: All employers.

Table 6.13: 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	**8**	**12**	**6**	**11**
Eastern	8	13	6	12
East Midlands	8	14	6	11
London	8	14	8	11
North East	8	12	6	10
North West	8	13	6	12
South East	6	10	5	8
South West	7	12	6	10
West Midlands	7	12	6	12
Yorkshire and the Humber	8	13	7	12

Base: All employers (see Table 6.12 for actual base numbers in each region).

Table 6.14: Types of training 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	%	**6**	**18**	**12**	**6**
Eastern	%	6	18	13	5
East Midlands	%	7	21	11	6
London	%	5	13	10	3
North East	%	5	23	16	9
North West	%	6	20	14	8
South East	%	5	17	11	4
South West	%	6	19	11	6
West Midlands	%	6	20	13	7
Yorkshire and the Humber	%	6	21	15	7

Base: All employers (see Table 6.12 for actual base numbers in each region).

Table 6.15: Training planning by region.

Row %		Highly sophisticated (all plans)	Sophisticated (two plans)	Unsophisticated (no plans)	Provides staff with APR	Formally assesses individuals' skills gaps	Measure the impact of training
Overall	%	**24**	**19**	**34**	58	**55**	72
Eastern	%	23	19	34	58	54	74
East Midlands	%	25	18	33	58	56	72
London	%	25	20	30	65	58	73
North East	%	26	18	34	57	57	71
North West	%	24	20	33	58	56	76
South East	%	22	19	35	57	53	67
South West	%	24	18	33	57	55	72
West Midlands	%	25	18	33	58	55	77
Yorkshire and the Humber	%	23	19	36	54	53	72

Base: All employers (see Table 6.12 for actual base numbers in each region).

As in 2004, there was little variation in training activity by region.

Employers in London and the West Midlands were a little less likely to fund or arrange training than employers in the rest of the country (62 and 60 per cent respectively); those in the North East and the South East were the most likely to train (71 per cent and 70 per cent respectively). Despite this, where they did train, London-based employers along with those in the North East and the South West were the most likely to train a large proportion of their staff (with numbers trained equivalent to 90 per cent or more of their current workforce).

The average number of days' training provided per employee was lowest in the South East (six days), with the same pattern being 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 do all of these things.

7 Training Expenditure

Section summary

Total employer training spend over the 12 months prior to the survey was £33.3 billion, split roughly evenly between off- and on-the-job training expenditure.

The labour costs of those receiving and of those delivering or organising training account for just over four-fifths of total employer expenditure on training, with the labour costs of on-the-job training accounting for the lion's share (60 per cent of all labour costs).

In comparison, the total of around £2.4 billion spent on fees to external providers of off-the-job training is relatively modest, accounting for just 7 per cent of total training costs.

The average annual cost of providing training is £1,550 per employee at the overall level, rising to just short of £1,800 per employee if companies who do not provide training are discounted. On a 'trainee' basis (i.e. considering only those members of the workforce who received training), the annual per capita cost rises to just over £2,500.

Per trainee spend is lower among larger employers than among smaller employers. Indeed, the average spend per trainee amongst the smallest employers is over three times that of the largest employers (£5,600 compared to £1,600).

In overall spend terms, establishments employing fewer than 25 staff spent more on off-the-job training than on-the-job training, while the reverse was true for those with 25 or more staff. On a per trainee basis, however, across establishments of all sizes, more was spent per (off-the-job) trainee on off-the-job training than was spent per (on-the-job) trainee on on-the-job training.

Generally, the overall amount spent on training in each SSC sector closely reflected the size of employment in the sector, although average expenditure per employee was particularly high in the following SSC sectors: Lantra, People 1st, ConstructionSkills, Skills for Care & Development, SummitSkills and Asset Skills. It was particularly low in Energy & Utility Skills, Skillfast-UK, GoSkills and Skillset.

There are very wide variations in the proportion of expenditure spent on off- and on-the-job elements. Off-the-job training costs accounted for a particularly high proportion of total training expenditure among employers covered by Lifelong Learning UK (73 per cent), GoSkills (67 per cent) and Financial Services Skills Council SSC (65 per cent). On-the-job costs represented the vast majority of training expenditure by employers covered by SEMTA (69 per cent) and People 1st (65 per cent).

Per trainee, employers covered by Lantra SSC have the highest expenditure (£5,750) followed by those covered by ConstructionSkills and SummitSkills (£4,775 and £4,250 respectively).

In terms of training expenditure across the regions, the North West and South East stand out as having a higher share of training expenditure than employment, and hence a higher training spend per employee, while the reverse is true for the West Midlands and the South West.

On a per trainee basis, annual expenditure was highest in the North West (£2,900 per trainee per annum) and the Eastern region (£2,800 per trainee per annum) and lowest in the North East (£2,100 per trainee per annum).

Introduction

In order to measure employer expenditure on training, after the main NESS05 fieldwork a follow-up survey was conducted among employers who indicated that they had funded or arranged training in the previous 12 months.[8] We refer to this follow-up study as the Cost of Training survey. Full details of the survey methodology are appended (see Annex B), however, the key aspects were as follows.

- To allow respondents time to collect the relevant information on their training expenditure over the previous 12 months, employers agreeing to take part were sent a datasheet. The datasheet was based very closely on the one employed for the Learning and Training at Work 2000[9] study. The datasheet information was collected by telephone.

- Information on training expenditure was collected from 7,059 employers.

Results have been grossed up to the profile of trainers derived from the main NESS05 survey findings.[10] Population figures for establishments providing training were drawn from the weighted NESS05 survey data on an interlocked training type (on-the-job training only, off-the-job training only, both) by size and by region grid, with an additional SSC sector weight added at national level. Findings, therefore, are representative of all employers.

This was the first time a cost of training survey had been conducted in the NESS series, and hence directly comparable trend data are not available.

Overall training expenditure

The NESS05 Cost of Training survey indicates that total employer training spend over the previous 12 months was £33.3 billion. This splits almost evenly between expenditure on off-the-job training and on-the-job training. Within off-the-job training, the bulk of this outlay is on the costs of providing course-related training (£14.3 billion), with other off-the-job training (such as seminars, workshops and open and distance learning) accounting for the remaining £2.5 billion.

[8] 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.

[9] IFF Research, 2000, *Learning and Training at Work 2000*, DfES Research Report RR269, Nottingham: DfES

[10] The overall total population of trainers this generates (897,000) is not exactly the same as that derived using the main survey data (901,000). 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 cost data.

Table 7.1: Training expenditure over the previous 12 months.

Unweighted base	*7,059*
Weighted base	*896,639*
Total	£33.3bn
Off-the-job training:	£16.8bn
Course related	*£14.3bn*
Other (seminars, workshops etc.)	*£2.5bn*
On-the-job training	£16.5bn

Base: All trainers completing the Cost of Training survey.

Training cost components

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 total expenditure on each element, and 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).

Table 7.2: Training cost components.

Unweighted base	*7,059*	
Weighted base	*896,639*	
	Overall cost	%
Off-the-job training: course-related:		
(a) Trainee labour costs (Q1-3)	£4,173m	13
(b) Fees to external providers (Q4)	£1,654m	5
(c) On-site training centre (Q6a/b)	£2,287m	7
(d) Off-site training centre (in the same company) (Q7a)	£381m	1
(e) Training management (Q8-Q10)	£5,100m	15
(f) Non-training centre equipment and materials (Q11)	£446m	1
(g) Travel and subsistence (Q12)	£337m	1
(h) Levies minus grants (Q13-Q14)	-£67m	*
Off-the-job training: other (seminars, workshops etc.):		
(i) Trainee labour costs (Q15-Q17)	£1,788m	5
(j) Fees to external providers (Q18)	£708m	2
On-the-job training:		
(k) Trainee labour costs (Q19-Q21)	£9,998m	30
(l) Trainers' labour costs (Q22-Q24)	£6,526m	20

Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted= 896,639).
Note: '' denotes a figure greater than 0 per cent but less than 0.5 per cent.*

The labour costs of those receiving and of those delivering or organising training account for just over four-fifths of total employer expenditure on training. Labour costs of those being trained (elements (a), (i) and (k) in Table 7.2) total a little under £16 billion and represent almost half (48 per cent) of total training expenditure. A further £5.1 billion is spent on the management of training and £6.5 billion on the labour costs of those delivering on-the-job training – these two elements account for over a third (35 per cent) of total employer expenditure on training.

In comparison, the total of around £2.4 billion spent on fees to external providers of off-the-job training (elements (b) and (j) in Table 7.2) is relatively modest, accounting for just 7 per cent of total training costs.

Training expenditure per capita

Total employment in establishments covered by NESS05 is a little over £21.5 million (weighted). With total employer training expenditure being £33.3 billion, this means the average annual cost of providing training is £1,550 per employee. If this is limited to the workforce of just those employers providing training this rises to £1,789: in other words, employers that train spend on average a little under £1,800 per employee on training.

Annual training spend *per trainee* is £2,544. This varies somewhat depending on the type of training provided, with more being spent per trainee for off-the-job training than on-the-job training. On average, employers spend £2,167 per annum on off-the-job training for each off-the-job trainee,[11] compared with £1,531 per annum on on-the-job training for each on-the-job trainee (Table 7.3).

Table 7.3: Training cost per capita and per trainee.

	All trainers	All off-the-job trainers	All on-the-job trainers
Unweighted base	*7,059*	*5,437*	*5,861*
Weighted base	*896,639*	*636,249*	*709,521*
Training cost	£33,331m	£16,807m	£16,524m
Per capita training cost (total workforce)	£1,550		
Per capita training cost (training employers' workforce)	£1,789	£1,071	£1,005
Per trainee training cost	£2,544	£2,167	£1,531

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 NESS05 data.

[11] This is not saying employers spend on average £2,167 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.

Training expenditure by size

Table 7.4 shows the overall training spend and the split between off-the-job and on-the-job expenditure by size of establishment. The final columns show the proportion of total training expenditure falling within each size band, and how the proportion of all trainees, as derived from the main NESS05 survey, is distributed by size.

Table 7.4: Total training cost by size.

			Training expenditure				
	Unweighted base	*Weighted base*	**Total**	**Off-the-job training**	**On-the-job training**	**% of total training expenditure**	**% of all trainees (NESS05)**
Overall	*7,059*	*896,639*	£33,331m	£16,807m	£16,524m	%	%
Fewer than 5	*1,665*	*366,461*	£4,552m	£2,590m	£1,962m	14	6
5 to 24	*3,309*	*392,031*	£9,518m	£5,034m	£4,483m	29	23
25 to 99	*1,457*	*109,600*	£8,862m	£4,088m	£4,774m	27	27
100 to 199	*356*	*16,365*	£3,152m	£1,482m	£1,670m	9	12
200 to 499	*221*	*10,032*	£4,217m	£1,961m	£2,256m	13	17
500+	*51*	*2,151*	£3,030m	£1,650m	£1,380m	9	15

Base: All trainers completing the Cost of Training survey.
Note: Trainee distribution is calculated using respondents' trainee numbers from main NESS05 data.

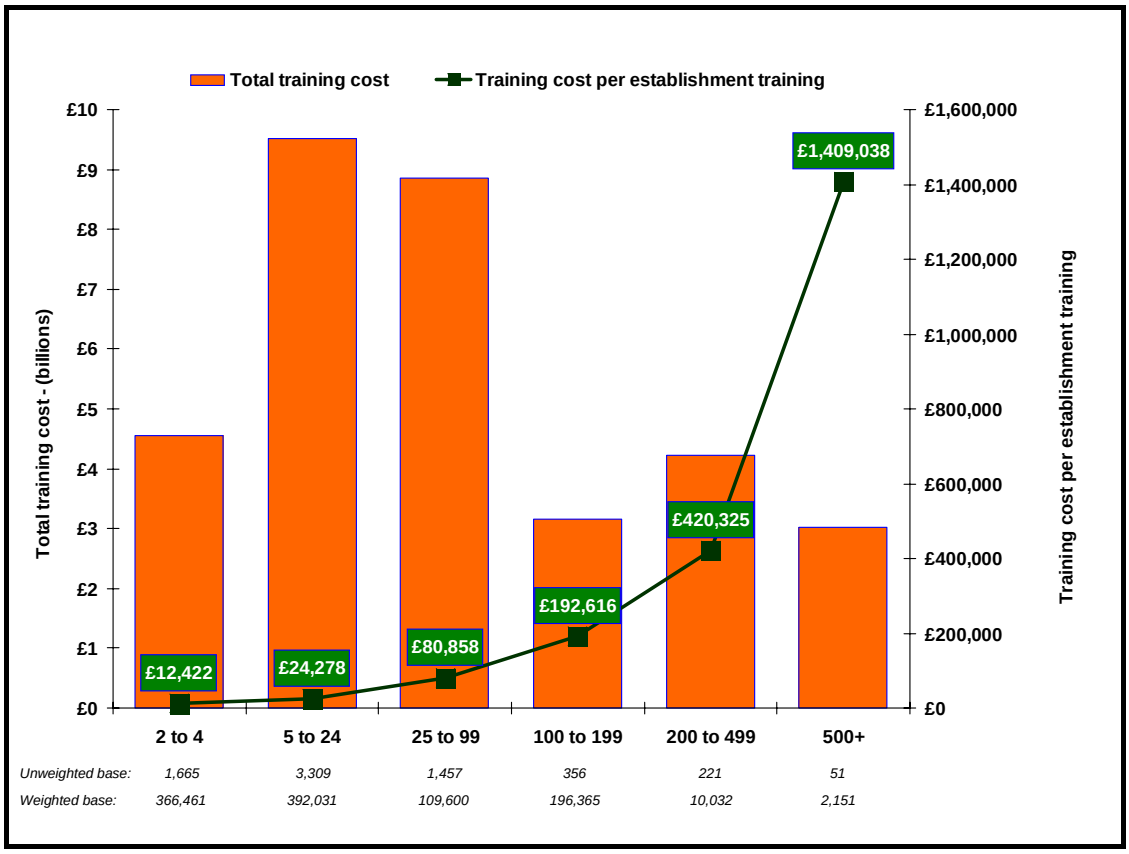
Establishments employing fewer than 25 staff spent just under £14.1 billion on training in the previous 12 months, representing over two-fifths (42 per cent) of all training expenditure. This is despite the fact that well under a third (29 per cent) of those receiving training over the previous 12 months were employed by establishments of this size.

Establishments employing 100 or more staff account for just under a third of all training expenditure (31 per cent) despite the fact that they employ almost half (44 per cent) of all those receiving training over the previous 12 months. We look later in this section at how training spend per employee and per trainee varies by size of establishment, though clearly these results indicate that the per trainee spend is lower among larger employers.

There was relatively little variation in the balance of costs between on- and off-the-job training by size. Establishments employing fewer than 25 staff spent more on off-the-job training than on-the-job training; the reverse was the case for those with 25 or more staff.

The *mean* per establishment training spend shows a straightforward increase with size, and is presented in Figure 7.1. The very largest employers (with 500 or more staff) that train spend on average £1.4 million each on training per annum (though the base size of 51 means that this number must be taken as indicative only). The smallest employers delivering training spend an average of just under £12,500 each per annum on training.

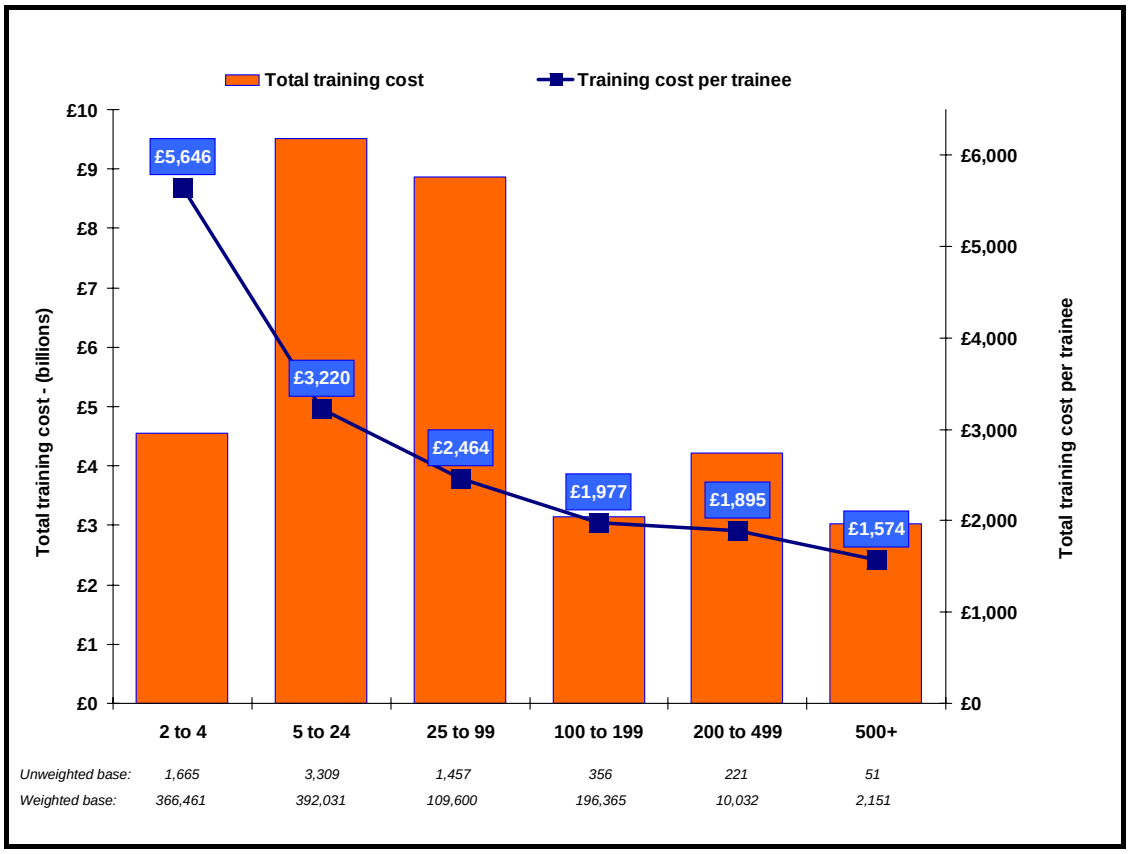
Figure 7.1: Training cost and mean training cost by size.



Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted=896,639).
Note: Per trainee figures are calculated using respondents' trainee numbers from main NESS05 data.

The total training cost per trainee is shown in Figure 7.2. This demonstrates that the larger the employer, the less they spend per trainee. Indeed, the average spend per trainee among the smallest employers (£5,646) is over three times that of the largest employers (£1,574).

Figure 7.2: Training cost and cost per trainee by size.



Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted=896,639).
Note: Per trainee figures are calculated using respondents' trainee numbers from main NESS05 data.

The pattern of lower costs per trainee the larger the size of the employer is found for on- and off-the-job training to a similar degree, and in each case the average cost per trainee is approximately four times as great among the smallest establishments compared with the largest.

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	£37,173	£2,550	£2,175	£1,525
Fewer than 5	£12,422	£5,650	£5,675	£3,300
5 to 24	£24,278	£3,225	£2,975	£1,850
25 to 99	£80,858	£2,475	£1,875	£1,600
100 to 199	£192,616	£1,975	£1,600	£1,250
200 to 499	£420,325	£1,900	£1,525	£1,225
500+	£1,409,038	£1,575	£1,350	£850

Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted=896,639).
Notes: Costs per trainee rounded to nearest £25.
Per trainee figures calculated using respondents' trainee numbers from main NESS05 data.

Training expenditure by sector skills council

The total expenditure on training by SSC sector is presented in Table 7.6. Given that the 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.

Table 7.6: Total training expenditure and per capita spend by sector skills council sector.

	Unweighted base	*Weighted base*	**Total**	**% of total expenditure**	**% of all employment**	**Training spend per employee**
Overall	*7,059*	*896,639*	£33,331m			£1,550
				%	%	
Lantra	*168*	*32,214*	£766m	2	1	£2,675
Cogent	*155*	*10,417*	£413m	1	2	£975
Proskills UK	*159*	*11,631*	£413m	1	2	£1,150
Improve Ltd	*112*	*4,874*	£267m	1	2	£725
Skillfast-UK	*75*	*8,901*	£136m	*	1	£550
SEMTA	*297*	*28,519*	£1,790m	5	6	£1,475
Energy & Utility Skills	*120*	*7,828*	£109m	*	1	£450
ConstructionSkills	*472*	*64,224*	£2,520m	8	5	£2,450
SummitSkills	*186*	*15,646*	£457m	1	1	£2,150
Automotive Skills	*247*	*26,980*	£570m	2	2	£1,275
Skillsmart Retail	*611*	*109,840*	£3,025m	9	11	£1,325
People 1st	*532*	*82,427*	£3,741m	11	7	£2,450
GoSkills	*88*	*6,004*	£264m	1	2	£675
Skills for Logistics	*154*	*19,027*	£556m	2	3	£875
Financial Services Skills Council	*213*	*28,251*	£1,708m	5	4	£1,875
Asset Skills	*283*	*48,738*	£1,450m	4	3	£2,075
e-skills UK	*382*	*33,438*	£1,054m	3	3	£1,600
Skills for Justice	*55*	*3,050*	£213m	1	1	£800
Lifelong Learning UK	*283*	*14,595*	£1,052m	3	3	£1,450
Skills for Health	*243*	*29,601*	£2,019m	6	7	£1,300
Skills for Care & Development	*553*	*38,579*	£1,856m	6	4	£2,325
Skillset	*115*	*5,750*	£90m	*	1	£700
Creative & Cultural Skills	*125*	*11,842*	£316m	1	1	£1,625
SkillsActive	*161*	*11,161*	£304m	1	1	£1,225
Non-SSC employers	*1,253*	*234,696*	£7,732m	23	25	£1,450

Base: All trainers completing the Cost of Training survey (7,059 unweighted, 896,639 weighted)
Notes: Training spend per employee rounded to the nearest £25.
Employers covered by Government Skills SSC have not been shown due to a low base size.
Per employee figures calculated using respondents' employment numbers from main NESS05 data.
'' denotes a figure greater than 0 per cent but less than 0.5 per cent.*

The non-SSC employer sector has the single largest training expenditure as a consequence of being by far the largest sector in unit and employment terms. It accounts for almost a quarter (23 per cent) of total training expenditure, a little less than its share of employment (25 per cent).

Following this, the largest training costs were reported by employers covered by the People 1st (£3.7 billion), Skillsmart Retail (£3.0 billion) and ConstructionSkills (£2.5 billion). Employers covered by People 1st and ConstructionSkills SSC sectors each accounted for a larger share of total training expenditure than employment, the reverse was true for employers covered by the Skillsmart Retail SSC sector.

Generally, the overall amount spent on training in other SSC sectors closely matched what might be expected from their share of overall employment. However, in addition to employers covered by ConstructionSkills and People 1st SSC sectors, those covered by the Skills for Care & Development SSC sector also accounted for a higher proportion of total training (6 per cent) than employment (4 per cent).

The average training spend per employee over the previous 12 months, shown in Table 7.6 in the final column of data, reveals quite wide variation around the national average of £1,550. Sectors where average expenditure per employee was particularly high (over £2,000 per employee per annum) were as follows:

- Lantra
- People 1st
- ConstructionSkills
- Skills for Care & Development
- SummitSkills
- Asset Skills.

In the following sectors, the average annual training spend per employee was less than half the national average:

- Energy & Utility Skills
- Skillfast-UK
- GoSkills
- Skillset
- Improve Ltd.

Table 7.7 shows the distribution of training costs 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 7.7: Total training expenditure by sector skills council sector: on- and off-the-job training.

	Total	Off-the-job	On-the-job	% of training costs accounted for by off-the-job training
Overall	£33,331m	£16,807m	£16,524m	50
Lantra	£766m	£433m	£333m	56
Cogent	£413m	£200m	£213m	48
Proskills UK	£413m	£162m	£252m	39
Improve Ltd	£267m	£111m	£156m	41
Skillfast-UK	£136m	£73m	£62m	54
SEMTA	£1,790m	£559m	£1,231m	31
Energy & Utility Skills	£109m	£62m	£47m	57
ConstructionSkills	£2,520m	£1,268m	£1,252m	50
SummitSkills	£457m	£209m	£248m	46
Automotive Skills	£570m	£299m	£272m	52
Skillsmart Retail	£3,025m	£1,299m	£1,726m	43
People 1st	£3,741m	£1,297m	£2,443m	35
GoSkills	£264m	£176m	£88m	67
Skills for Logistics	£556m	£279m	£278m	50
Financial Services Skills Council	£1,708m	£1,113m	£595m	65
Asset Skills	£1,450m	£747m	£704m	51
e-skills UK	£1,054m	£637m	£417m	60
Skills for Justice	£213m	£114m	£99m	54
Lifelong Learning UK	£1,052m	£767m	£285m	73
Skills for Health	£2,019m	£1,063m	£957m	53
Skills for Care & Development	£1,856m	£1,116m	£740m	60
Skillset	£90m	£48m	£42m	54
Creative & Cultural Skills	£316m	£163m	£153m	51
SkillsActive	£304m	£180m	£124m	59
Non-SSC employers	£7,732m	£4,007m	£3,725m	52

Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted =896,639).
Note: Employers covered by Government Skills SSC have not been shown due to a low base size (17 interviews).

There are very wide variations in the proportion of expenditure spent on off- and on-the-job elements. Off-the-job training costs accounted for a particularly high proportion of total training expenditure among employers covered by the following SSC sectors: Lifelong Learning UK (73 per cent), GoSkills (67 per cent) and Financial Services Skills Council (65 per cent).

On the other hand, in a number of SSC sectors, on-the-job costs represented the vast majority of training expenditure, in particular employers covered by SEMTA (69 per cent) and People 1st (65 per cent).

In Table 7.8, data are presented by SSC sector on the average expenditure on training per training establishment, expenditure per person trained, and then average off-the-job expenditure for each person receiving off-the-job training and the same for on-the-job training.

Table 7.8: Average training expenditure per trainee by sector skills council sector.

	Mean cost per training establishment	Average cost per trainee	Average off-the-job training costs per off-the-job trainee	Average on-the-job training costs per on-the-job trainee
Overall	£37,175	£2,550	£2,175	£1,525
Lantra	£23,775	£5,750	£5,100	£3,375
Cogent	£39,650	£1,675	£1,725	£1,025
Proskills UK	£35,550	£2,525	£1,750	£2,075
Improve Ltd	£54,850	£1,475	£1,075	£1,075
Skillfast-UK	£15,250	£1,325	£2,000	£750
SEMTA	£62,775	£3,075	£1,575	£2,850
Energy & Utility Skills	£13,950	£925	£775	£475
ConstructionSkills	£39,250	£4,775	£3,500	£3,075
SummitSkills	£29,200	£4,250	£2,525	£3,400
Automotive Skills	£21,125	£2,700	£2,200	£1,750
Skillsmart Retail	£27,550	£2,100	£2,275	£1,325
People 1st	£45,375	£3,750	£3,100	£2,775
GoSkills	£43,950	£1,300	£1,425	£550
Skills for Logistics	£29,225	£1,800	£1,950	£1,000
Financial Services Skills Council	£60,450	£2,775	£2,775	£1,125
Asset Skills	£29,750	£3,075	£3,075	£1,825
e-skills UK	£31,525	£3,250	£3,300	£1,425
Skills for Justice	£69,700	£1,450	£1,325	£750
Lifelong Learning UK	£72,075	£2,100	£2,175	£700
Skills for Health	£68,225	£1,775	£1,425	£1,050
Skills for Care & Development	£48,100	£2,825	£2,500	£1,400
Skillset	£15,575	£1,225	£1,300	£625
Creative & Cultural Skills	£26,725	£3,200	£3,025	£1,950
SkillsActive	£27,225	£1,925	£2,225	£875
Non-SSC employers	£32,950	£2,300	£1,800	£1,400

Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted=896,639).
Notes: Per trainee figures calculated using respondents' trainee numbers from main NESS05 data.
All costs rounded to the nearest £25.
Employers covered by Government Skills SSC are not been shown due to low base size.

Per trainee, employers covered by Lantra SSC have the highest expenditure (£5,750), followed by those covered by ConstructionSkills and SummitSkills (£4,775 and £4,250 respectively). ConstructionSkills employers reported a high off-the-job training cost per off-the-job trainee (£3,500) and SummitSkills a high on-the-job training cost (£3,400).

Low per-trainee costs were reported by employers covered by Energy & Utility Skills (£925 per trainee per annum) and Skillset (£1,225). In both, expenditure per trainee was less than half the national average.

Training expenditure by region

Training expenditure by region broadly reflected the distribution of employment, as shown in Table 7.9.

Table 7.9: Total training expenditure by region.

	Unweighted base	*Weighted base*	**Total**	**% of total expenditure**	**% of all employment**	**Training spend per employee**
Overall	*7,059*	*896,639*	£33,331m			£1,550
				%	%	
Eastern	*838*	*102,385*	£3,749m	11	10	£1,675
East Midlands	*580*	*75,485*	£2,457m	7	8	£1,425
London	*901*	*138,012*	£5,783m	17	18	£1,525
North East	*522*	*38,293*	£1,404m	4	4	£1,450
North West	*685*	*109,429*	£4,835m	15	13	£1,725
South East	*1,518*	*167,801*	£6,033m	18	16	£1,700
South West	*702*	*99,179*	£2,801m	8	10	£1,325
West Midlands	*641*	*83,598*	£2,828m	8	11	£1,250
Yorkshire and the Humber	*672*	*82,457*	£3,442m	10	10	£1,650

Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted=896,639).
Notes: Spend per employee rounded to the nearest £25.
Per employee figures calculated using respondents' employment numbers from main NESS05 data.

The two largest regions in employment terms, London and the South East, were the regions with the largest overall training expenditure (£5.8 billion and £6.0 billion respectively). Between them these two regions account for over a third (35 per cent) of total training expenditure, almost exactly their share of employment England-wide (34 per cent).

While the regional distribution of employment is a reasonable guide to the distribution of training expenditure, the North West and South East stand out as having a higher share of training expenditure spend than employment, and hence a higher training spend per employee, while the reverse is true for the West Midlands and the South West.

Table 7.10 examines the distribution of training spend between on- and off-the-job training by region.

Table 7.10: On- and off-the job training expenditure by region.

	Training cost			% of training costs in region accounted for by off-the-job training
	Total	Off-the-job training	On-the-job training	
Overall	£33,331m	£16,807m	£16,524m	50%
Eastern	£3,749m	£1,736m	£2,013m	46%
East Midlands	£2,457m	£1,124m	£1,333m	46%
London	£5,783m	£2,724m	£3,059m	47%
North East	£1,404m	£847m	£557m	60%
North West	£4,835m	£2,347m	£2,489m	49%
South East	£6,033m	£3,191m	£2,842m	53%
South West	£2,801m	£1,276m	£1,525m	46%
West Midlands	£2,828m	£1,515m	£1,313m	54%
Yorkshire and the Humber	£3,442m	£2,047m	£1,395m	59%

Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted=896,639).

Employers in the North East, South East, West Midlands and Yorkshire and the Humber had greater off- than on-the-job training costs, with employers in the North East reporting the largest proportion of their total cost (60 per cent) being accounted for by off-the-job training. In contrast, employers in Eastern, East Midlands and South West regions had the largest proportion of their total training costs accounted for by on-the-job costs, each at 54 per cent.

Average (mean) training costs per annum per training establishment were highest in the North West, at £44,000, and only slightly lower in London and Yorkshire and the Humber (£42,000 per training establishment). Cost per training establishment was lowest in the South West (28,000). Results are summarised in Table 7.11.

Table 7.11: Training expenditure per establishment by region.

	Mean cost per training establishment	Cost per trainee (all training)	Cost per trainee (off-the-job training)	Cost per trainee (on-the-job training)
Overall	£37,175	£2,550	£2,175	£1,525
Eastern	£36,625	£2,775	£2,075	£1,875
East Midlands	£32,550	£2,375	£1,850	£1,525
London	£41,900	£2,625	£2,225	£1,700
North East	£36,650	£2,075	£2,150	£950
North West	£44,175	£2,875	£2,225	£1,750
South East	£35,950	£2,600	£2,375	£1,475
South West	£28,250	£2,200	£1,700	£1,450
West Midlands	£33,825	£2,225	£1,975	£1,250
Yorkshire and the Humber	£41,750	£2,650	£2,575	£1,400

Base: All trainers completing the Cost of Training survey (unweighted=7,059; weighted=896,639).
Notes: All costs rounded to the nearest £25.
Per trainee figures calculated using respondents' trainee numbers from main NESS05 data.

There was quite wide variation in the average spend per annum per trainee, being highest in the North West (£2.9,000 per trainee per annum) and the Eastern region (£2,800 per trainee per annum) and lowest in the North East (2,1000 per trainee per annum). Note that the training expenditure in the North East region is lower than the national average despite the region having the largest proportion of employers delivering training and the largest proportion of the workforce trained. This suggests that although training in this region is common, it is relatively inexpensive and less intensive than that delivered elsewhere.

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Annex A: Technical Appendix for National Employers Skills Survey 2005

The following section provides further details on the key aspects of the survey methodology employed for the National Employers Skills Survey 2005 (NESS05). 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 70,000 interviews were distributed across each of the 47 local LSC areas in proportion to the number of establishments within that locality.

- This initial distribution was boosted such that each local LSC area was allocated at least 1,000 interviews.

- **This set an overall target sample of 72,523 interviews**.

- Within each local area and region, half of the target number of interviews was distributed across each of 28 sectors (defined using the sector skill council (SSC) footprints) in proportion to the number of establishments within the sector, and the remaining half was 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 72,523 interviews across more than 7,500 cells (i.e. a matrix of 6 size bands crossed by 28 sectors within 47 local LSCs).

- This detailed distribution of interviews across local LSC areas was then aggregated to the regional level, such that targets were set for each region against 28 ‘sectors’ and 6 size bands.

- Boosts took place in Milton Keynes learning aims database, LSC London East LSC and LSC Kent and Medway. These brought the total sample size up to 74,835.

Sample was drawn from Experian, the established sample list supplier who also provided sample for NESS03 and NESS04 (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 ***74,835 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	London, South West and East Midlands
BMRB	Yorkshire and the Humber and West Midlands
IFF Research	South East and North East
NOP World	Eastern and North West,

Interviews were conducted with '*the most senior person at the site who [had] responsibility for human resource and personnel issues*'. To assist the interviewing process, if the establishment had been interviewed on NESS04 the respondent from 2004 was targeted, though even if the person was still employed at the establishment we still checked that they were the most appropriate person to speak to.

Fieldwork took place from May to early August 2005.

Appendix A3: Industry coding

Allocating each establishment to sector was done 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, and this 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 to a three-digit level SOC where possible, 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. There were four main areas:

- characteristics of the workplace, including the occupational profile of employees
- recruitment and hard-to-fill vacancies with a series of questions in 2005 specifically on the recruitment of young people
- the experience of skills problems within the workforce
- training and workforce development, and engagement and satisfaction with further education colleges and other providers.

Although the questionnaire drew heavily on the NESS03 and NESS04 questionnaires to maximise comparability, changes were introduced, for example new questions on the recruitment of young people and re-ordering of questions asking about the employment profile of the establishment.

The questionnaire is presented in Appendix A7.

Appendix A6: Grossing-up

Data for the survey were grossed up to population estimates of establishments (some 1.4 million establishments) and to the population of employees (21.5 million). These population estimates were derived from the 2004 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 provided in an SPSS file supplied to the LSC.) Within each region the grossing-up took place on a 28-sector and 5-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. within a size band merging different across sectors).

Appendix A7: The questionnaire

PRIVATE and CONFIDENTIAL	National Employers Skills Survey 2005 Telephone	3995 Version 14

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 A4TOT < 2
Don't know exact employment	A4TOT = DK
Residential number	S1 = code 14
Dead line	S1 = code 15
Company closed	S1 = code 16
Out of quota	From A4TOT

[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 OR NESS 2004, 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
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 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 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. Results will be reported in the form of aggregated statistics.

We work strictly within the Market Research Society Code of Conduct

Contact at IFF Research is Stefan Schäfer if they would like to find out more about the survey (020 7250 3035) EACH CONTRACTOR TO ADAPT

Contact at Learning and Skills Council is Rob Cirin (Tel: 02476 823 439)

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 EXCEPT SIC CODES 36639, 74879, 93059 AND 52489 (SIC CODES 36639, 74879, 93059 AND 52489 GO TO A2)

A1. **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 A3*
No	2	*ASK A2*

ASK IF NO AT A1, OR IF SIC CODES 36639, 74879, 93059 OR 52489 (OTHERS GO TO A3)

A2. **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

A3. **Would you classify your organisation as one <u>mainly</u> seeking to make a profit; as a charity / voluntary sector organisation; as a local-government financed body, or as a central government financed body? CODE ONE ONLY**

Seeking a profit	1
Charity / voluntary sector	2
Local government financed body	3
Central government financed body	4
None of the above / other	5

ASK IF NONE OF THE ABOVE / OTHER AT A3

A3a **How would you classify the activities of the organisation?'**

ASK ALL

A4. **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)_ [DK = THANK AND CLOSE]

A4RAN CATI INSTRUCTION – AUTOMATICALLY CODE TO GRID BELOW

1	1	*THANK AND CLOSE*
2-4	2	
5-9	3	
10-24	4	
25-49	5	
50-99	6	*ASK A5*
100-199	7	
200-250	8	
251-499	9	
500+	10	

IF A4 > 1500 ASK:

A4chk **I've recorded that as** [insert number from A4] **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 A4*

ASK ALL

A5. **How many working proprietors does your organisation have AT THIS SITE, if any?**
INTERVIEWER NOTE: A working proprietor is a person who owns or part owns and manages a business as a sole proprietorship or a partnership
WRITE IN NUMBER __(0-99)

A4TOT – CATI DUMMY VARIABLE CALCULATING TOTAL EMPLOYMENT: take from A4

A5DUM – CATI CLASSIFY ESTABLISHMENT SIZE BY EMPLOYMENT AGAINST QUOTA GRIDS

A7 *THERE IS NO A7*

ASK ALL

A8. **In the last 12 months have you recruited anyone aged under 24 to their first job on leaving school, college or university?**

Yes	1	*ASK A9*
No	2	*GO TO SECTION C*
Don't Know	X	

IF RECRUITED ANYONE AGED under 24 IN LAST 12 MONTHS (A8a/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
Very poorly prepared	4	
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 FROM POST-COMPULSORY EDUCATION IN LAST 12 MONTHS (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
Very poorly prepared	4	
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
Very poorly prepared	4	
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	

THERE IS NO SECTION B

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 DK. IF 0 OR DK 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 C3a.

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*

	Occupation					
	1	**2**	**3**	**4**	**5**	**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.*

	Occupation					
	1	**2**	**3**	**4**	**5**	**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 AND PRACTICAL SKILLS, ANY OTHER SKILLS, NONE AND DK 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 IF 'TECHNICAL, PRACTICAL OR JOB SPECIFIC' SKILLS MENTIONED AT C6c

C6d. **What technical, practical or job-specific skills do candidates for** *[OCCUPATION]* **particularly tend to lack?** *RECORD VERBATIM*.

	C6d
Occupation 1 -	WRITE IN
Occupation 2 -	WRITE IN
Occupation 3 -	WRITE IN
Occupation 4 -	WRITE IN
Occupation 5 -	WRITE IN
Occupation 6 -	WRITE IN

ASK ALL WITH HARD-TO-FILL VACANCIES AT C4, OTHERS GO TO D1

C7. **Generally speaking**, *[TEXT SUBSTITUTION: IF MORE THAN ONE OCCUPATION WITH VACS AT C5:* ***thinking of ALL hard-to-fill vacancies you are currently experiencing***], **how much of an impact are hard-to-fill vacancies having on this establishment?**

( )

A major impact	1	
A minor impact	2	
No impact	3	
Don't Know	4	

ASK ALL WHERE HARD TO FILL VACS HAVING IMPACT (c7/1-2 or 4)

C8 **Generally speaking, are hard-to-fill vacancies causing this establishment to…** *READ OUT***?**
CODE ALL MENTIONED

CATI - ROTATE ORDER APART FROM 'OTHER'/'NONE'/DK.

CATI – IF 'NO IMPACT' CODED AT C7 AUTOMATICALLY CODE C8/9

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	9
(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 in order to fill the vacancies	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 A4TOT] **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 A4TOT]]

CATI CHECK AFTER D1: IF NUMBER OF STAFF EMPLOYED AT A4 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 '<A4')*

ASK IF A4 > D1, OTHERS GO TO D2

D1a **And how many – if any – of your** <insert total of A4-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 A4TOT – D1;]

ASK IF A4 > 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. A4TOT – (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 A3 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 = **A4TOT,** GO TO SECTION E

OTHER (= HAVE SKILLS 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

ASK ALL, ASKING FOR EACH OCCUPATION WITH STAFF NOT FULLY PROFICIENT AT D2

D2a **I'd like to understand a bit more about your …OCCUPATION… who are not fully proficient in their current job roles. First of all, can you describe for me in more detail the job titles or primary roles of your …OCCUPATION….who are not fully proficient?**

INTERVIEWER NOTE: ENTER EACH DETAILED RESPONSE AS SEPARATE ENTRY (UPTO 5 FOR EACH OCCUPATIONAL GROUP). SOC TO 3-DIGIT-LEVEL.

D2a
Managers **i)** _____ **ii)** _____ **iii)** _____ **iv)** _____ **v)** _____
Professional occupations **i)** _____ **ii)** _____ **iii)** _____ **iv)** _____ **v)** _____
Associate professional and technical occupations **i)** _____ **ii)** _____ **iii)** _____ **iv)** _____ **v)** _____
Administrative and secretarial occupations **i)** _____ **ii)** _____ **iii)** _____ **iv)** _____ **v)** _____

Skilled trades occupations

i) _____

ii) _____

iii) _____

iv) _____

v) _____

Personal service occupations

i) _____

ii) _____

iii) _____

iv) _____

v) _____

Sales and customer service occupations

i) _____

ii) _____

iii) _____

iv) _____

v) _____

Process, plant and machine operatives

i) _____

ii) _____

iii) _____

iv) _____

v) _____

Elementary occupations

i) _____

ii) _____

iii) _____

iv) _____

v) _____

ASK ALL WITH SKILLS GAPS (IF NO SKILLS GAPS, GO TO SECTION E)

*ASK D3 AND D4 OF UP TO **2 OCCUPATIONS** (CHOSEN AT RANDOM IF > 2 OCCUPATIONS WITH SKILLS GAPS) FROM D2 WHERE STAFF NOT FULLY PROFICIENT [I.E WHERE D2 LESS THAN A9]*

D1. *[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'/DK

	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

D2. **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 IT USER SKILLS FIRST, FOLLOWED BY IT PROFESSIONAL SKILLS. TECHNICAL & PRACTICAL SKILLS, ANY OTHER SKILLS, NONE & DK MUST ALWAYS APPEAR LAST).

	Occ 1	Occ 2
General IT user skills	1	1
IT professional skills	2	2
Oral communication skills	3	3
Written communication skills	4	4
Customer handling skills	5	5
Team working skills	6	6
Foreign language skills	7	7
Problem-solving skills	8	8
Management skills	9	9
Numeracy skills	10	10
Literacy skills	11	11
Office admin skills	12	12
Technical, practical or job-specific skills	13	13
Any other skills (WRITE IN)	14	14
No particular skills difficulties	15	15
Don't know	X	X

IF TEND TO LACK TECHNICAL OR JOB-SPECIFIC SKILLS (D4/12)

D4a. **What technical or job-specific skills do (OCCUPATION(s) CODE 12 AT D4) tend to lack?**

	Occ 1	Occ 2
RECORD TECHNICAL OR JOB-SPECIFIC SKILLS VERBATIM		

ASK ALL WITH SKILLS GAPS

D5a. **Generally speaking**, *[TEXT SUBSTITUTION: IF MORE THAN ONE OCCUPATION WITH SKILLS GAPS AT D2:* **thinking of ALL your staff who are not fully proficient**], **how much of an impact is their lack of proficiency having on this establishment?**

A major impact	1	ASK D5b
A minor impact	2	
No impact	3	ASK D6
Don't Know	4	ASK D5b

ASK ALL WHERE SKILLS GAPS HAVING IMPACT (D5a/1-2 or 4)

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'/DK

CATI – IF 'NO IMPACT' CODED AT D5A AUTOMATICALLY CODE D5B/8

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 SKILLS 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.*

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.

Increase salaries	1
Increase the training given to your existing workforce	2
Redefine existing jobs	3
Increase advertising / recruitment spend	4
Increase/expand trainee programmes	5
Using new recruitment methods or channels	6
Take any other action (WRITE IN)	7
Nothing	8
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 DK, 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 DK, 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	
DK	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	
DK	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 DK

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 provided 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 have arranged or provided 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 A3 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 E5A**

IF SUM(E5a) > (A4 x 2) ASK:

E5chk. **You said you currently had** (insert value from A4) **full time 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?'**

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 DK RANGE] **days over the last 12 months**

Yes	1	*GO TO E5b*
No	2	*RE-ASK E5a*

There is no E5c

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 A3 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) > (A4 x 2) ASK:

E6achk. **You said you currently had** (insert value from A4) **full time 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	
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 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 DK 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 DK, 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

There is no E6e

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 DK

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 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**

ASK ALL PROVIDING TRAINING (YES AT E4a/1 or E4b/1)

E8. **Thinking only of out of pocket expenses and not staff time, in the last 12 months how much has this establishment spent in total on** [*IF E4a AND E4b YES, ADD:* **on and off-the-job**] **training and development of staff?**

WRITE IN £ _____(0 – £999,999)___

PROMPT WITH RANGE IF DON'T KNOW

Nothing	1
Under £100	2
£100 – £249	3
£250 – £499	4
£500 – £999	5
£1,000 – £4,999	6
£5,000 – £9,999	7
£10,000 - £19,999	8
£20,000 – £29,999	9
£30,000 – £39,999	10
£40,000 – £49,999	11
£50,000– £74,999	12
£75,000 – £99,999	13
£100,000+	14
Don't know	X

THERE IS NO E9-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
Sometimes	3
Don't know	4

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 **Based on your experience, how satisfied were you with the quality of the teaching or training you have received from further education colleges?** *READ OUT*

Very satisfied	1	
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	

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
Lack of knowledge about the courses that they provide	3
Lack of information on offer about the courses they provide	4
The start dates or times of the courses provided are inconvenient	5
It is too expensive	6
Past use has not delivered the benefits you expected	7
Prefer to train in-house	8
Other (WRITE IN)	9
None of the above	10

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 G1
Don't know	3	

ASK IF 'YES' AT E22a (OTHERS ASK Q22D)

E22b **Based on your experience, how satisfied were you with the quality of the teaching or training you have received from these other providers?** *READ OUT*

Very satisfied	1	ASK G1
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	

There is no E22c or E22d

ASK TO 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 FULLY.*

The courses you are interested in are not available locally	1
The quality of the courses or providers locally is not satisfactory	2
It is difficult to get information about the courses that are 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
None of the above	12

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

G1c **Can you tell me your fax number?**

INTERVIEWER NOTE: READ NUMBER BACK TO RESPONDENT TO CONFIRM IT IS CORRECT
INTERVIEWER NOTE: CODE NULL FOR DK / DO NOT HAVE AN EMAIL ADDRESS

WRITE IN NUMBER _____ GO TO G1d

ASK IF G1a/1

G1d. **Can you tell me your email address?**

INTERVIEWER NOTE: CODE NULL FOR DK / DO NOT HAVE AN EMAIL ADDRESS

WRITE IN ADDRESS _____ GO TO G2

ASK IF NOT NULL AT G1c

G1e **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 A3 = 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. **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 2005

The NESS questionnaire has, since 2003, contained a straightforward question asking employers how much they spent on training over the past 12 months. 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. This approach does not probe respondents to consider costs they might not have remembered and has thus not been taken as a reliable estimate even of out-of-pocket training expenditure. For this reason the LSC and DfES commissioned IFF Research to undertake a separate Cost of Training study to provide detailed estimates on employer expenditure on training. The following appendices detail the methodology employed for the conduct of this survey.

Appendix B1: Sampling

Towards the end of the main NESS05 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.

A total of just over 35,000 pieces of sample (i.e. employers that trained who were willing to take part in a further study) were collected in three batches of roughly equal size throughout the course of main survey fieldwork, allowing the Cost of Training survey 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 e-mailed, 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 35,000 establishments in the sample, a little over 23,000 establishments were called at least once in the pre-contact stage of fieldwork and 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 837 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 7,059 employers.

Quota control was exercised 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 was based very closely on the one used for Learning and Training at Work (LTW) 2000, the last major national study to measure training expenditure.[12]

Fieldwork was undertaken by IFF Research from July to September 2005.

Appendix B3: Weighting

In studying the initial, unweighted, training expenditure data a difference in spending patterns was identified 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.

Population figures were calculated from the main NESS05 weighted survey data for establishments providing training. This was created using a three-dimensional interlocking population grid of size by region by type of training provided (on-the-job only, off-the-job only, both) and a separate non-interlocking unidimensional sector population grid for trainers. Weights for individual cases were adjusted iteratively to place the sector population targets as a randomised iteration method (RIM) over the main interlocking grid and ensure a representative sector profile at a national level.

Once weighted, therefore, findings are representative of trainers as a whole as derived from the main NESS survey. Note though that due to the initial re-weighting of establishments in the main NESS05 survey data for the Cost of Training grossing up (splitting the 5 to 24 size category into 5 to 9 and 10 to 24) the total population of trainers generated by the Cost of Training survey (896,639) differs slightly from that generated in the main survey (900,894).

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 those 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.

[12] Learning and Training at Work 2000, IFF Research. DfES Research Report RR269.

In outline this is the same approach adopted in the LTW 2000 study. One major methodological improvement, however, was that unlike the LTW 2000 survey the NESS05 training expenditure survey was set 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, since the modelling for these range responses was based just on respondents giving an exact answer which fell into that range.

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 their 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 LTW 2000, though with the addition of range data. Initially, as above, range and overall means were calculated. Location of establishment (London or non-London) was seen to be the major determinant of salary levels rather than size of the establishment, 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)	5,437	1	*
Q2	Mean within 7 employment size bands (within recorded range where available)	5,280	4	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	5,280	23	9
Q4	Mean within 7 employment size bands (within recorded range where available)	5,280	17	9
Q6A	Mean within 7 employment size bands (within recorded range where available)	548	19	24
Q6B	Mean within 7 employment size bands (within recorded range where available)	548	19	28
Q7A	Mean within 7 employment size bands (within recorded range where available)	1,918	-	*
Q8	Mean within 7 employment size bands (within recorded range where available)	5,280	*	*
Q9	Mean within 7 employment size bands (range information not recorded for this question)	4,871	-	7

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	4,871	29	14
Q11	Mean within 7 employment size bands (within recorded range where available)	5,280	13	7
Q12	Mean within 7 employment size bands (within recorded range where available)	5,280	16	5
Q13	Mean within 7 employment size bands (within recorded range where available)	5,280	4	8
Q14	Mean within 7 employment size bands (within recorded range where available)	5,280	4	8
Q15	Mean within 7 employment size bands (within recorded range where available)	5,437	1	1
Q16	Mean within 7 employment size bands (within recorded range where available)	3,780	2	1
Q17	Same procedure as Q3 but different order of selection: Q3, Q21, Q24, Q10	3,780	20	7
Q18	Mean within 7 employment size bands (within recorded range where available)	3,780	16	13
Q19	Mean within 7 employment size bands (within recorded range where available)	5,861	1	1
Q20	Mean within 7 employment size bands (within recorded range where available)	5,518	4	2
Q21	Same procedure as Q3 but different order of selection: Q3, Q17, Q24, Q10	5,518	23	11
Q22	Mean within 7 employment size bands (within recorded range where available)	5,518	1	1
Q23	Mean within 7 employment size bands (within recorded range where available)	5,304	4	2
Q24	Same procedure as Q3 but different order of selection: Q10, Q3, Q17, Q21	5,304	17	10

Appendix B5: Cost calculations

With modelling and data simulation complete, all cases had exact responses for all questions. The next stage was to convert responses into cost related components. This was done by converting and combining the answers to all questions into annual total costs (for some questions the raw data were in monthly rather than yearly terms or per trainee terms rather than total, for example). Factors were also included 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 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	205	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. Calculated from Autumn 2004 Labour Force Survey: Working age employees in England received an average of 33.6 paid days holiday and worked an average of 4.74 days per week. This gives: 4.74 x 52 = 246.5 possible working days, less 33.6 days annual leave and 8 days bank/public holiday = 205 days worked per year.
Hours worked a day	7.2	Used to convert number of working hours of training to working days. Source Labour Force Survey 2004: average hours worked a week excluding overtime (34.25) divided by the average days worked a week (4.74) = 7.2.
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.

continued…

Table B.2: Factors used in cost calculations (continued).

Full/part time adjustment to training centre labour costs	0.79	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. The 0.79 was calculated using Autumn 2004 working age employees in England whose main job is in adult or other education (SIC 80.4). In total there are 87,000 people working in the sector: 57,000 work full-time and 30,000 part-time. The full-time workers work on average 38 hours, whilst the part-time workers work on average 15 hours. Converting the part-time workers into full-time equivalence gives a total full-time equivalent (FTE) of 68,800 (which represents 0.79 of the 87,000 working in the sector).

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 / 205
B	Fees to external providers (Q4)	Q4
C	On-site training centre (Q6a/b)	(133.6% * 0.79 * 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 / 205
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 / (205 * 7.2)
L	Trainers' labour costs (Q22–Q24)	Q22 * Q23 * 133.6% * Q24 * 11 / (205 * 7.2)
	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 NESS05 data and that in the data for the training expenditure survey, the data from the main survey are used as base sizes are larger 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: 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 Stefan Schäfer or Zehra Koroglu 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?
£_____

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.
If you have completed your questionnaire and would like to arrange an appointment with our interviewers, please call free-phone 0808 108 0311 quoting the reference number in the covering letter

Annex C: A Note on Time Series Comparisons

Some care needs to be taken in drawing time series comparisons. Particular attention is drawn to the following differences in population base.

The 2004 and 2005 surveys departed from previous employer surveys undertaken in England in defining establishments (and sampling them, and weighting findings) on an employment base rather than an employee base.

Where NESS03 and ESS2001 surveyed the population of establishments with at least one employee (excluding working proprietors), NESS04 and NESS05 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 or 2005, and similarly some establishments which were eligible in 2004 and 2005 were not in 2001 or 2003, as summarised in Figure C.1.

Figure C.1: Survey eligibility in 2004, 2003 and 2001.

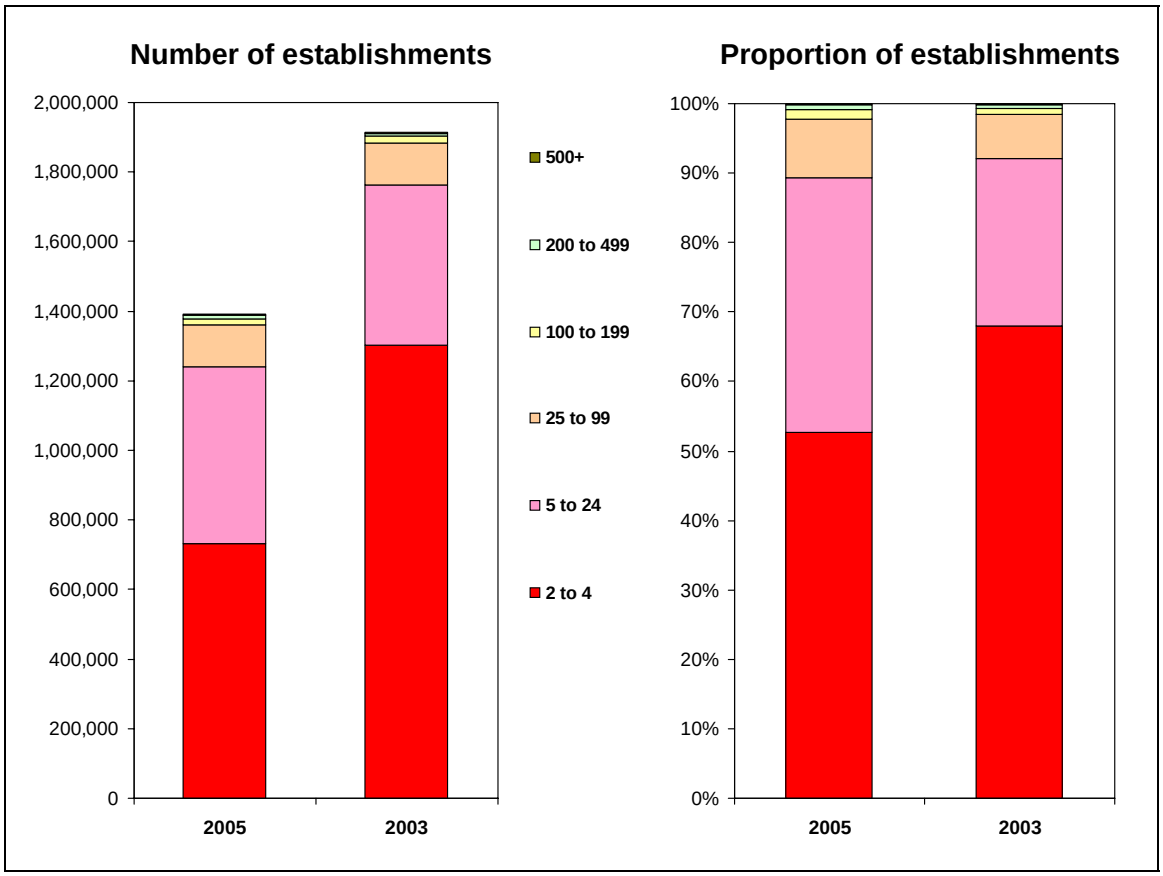
		Included in 2004 and 2005	
		Yes	**No**
Included in 2003/2001	**Yes**	All establishments with more than two employees	Establishments with one employee and no working proprietors
	No	Establishments with at least two working proprietors and no employees	Establishments with one working proprietor and no 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; NESS05 population estimates were therefore established through the Inter-Departmental Business Registry (IDBR) for March 2004. These suggested a total population of 1.4 million establishments who collectively accounted for 21.5 million workers.

Figure C.2 illustrates these differences between the establishment populations, and the way in which they break down by size. 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 each survey (rather comparisons should focus on proportions of employers)

- the proportion of all employers in the smallest size band is considerably lower in 2005 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 making comparisons between 2003 against 2004 and 2005

- this does not mean, however, that the two surveys are not comparable where findings are based on the proportion of employers.

There are far fewer differences of scale between the employee/employment populations for 2003 and 2005. 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, sector analysis of NESS05 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 and 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. The category 'Non-SSC employers' represents those SICs not allocated to an SSC at the time of the study.

SSCs are ordered in Table D.1 according to where the 'core' of the industry which the SSC represents falls, running through from primary, manufacturing to service sectors.

SSCs can provide further depth analysis of skills and productivity within their sector, and website links are provided in the table below.

Table D.1: Sector skills council 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, 85.2, 92.53
Lantra also cover 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 cover the nuclear industry and signmaking, but it is not possible to isolate these in terms of SIC.		
Proskills UK **Web** www.proskills.org.uk	Process and manufacturing of extractives, coatings, refractories, building products, paper and print	10, 12–14, 21, 22.2, 24.3, 26.1, 26.26, 26.4–26.8, 40.3
Improve Ltd **Email** info@improveltd.co.uk	Food and drink manufacturing and processing	15 (excluding 15.92), 51.38

continued…

Table D.1: SSC sector names, SIC definitions and description (continued).

SSC name	SSC description	SIC definition
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, 27.4, 27.5, 28.1–28.3, 28.5–28.7, 29–35
SEMTA also cover 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, 51.54, 51.55, 60.3, 90
Energy & Utility Skills also have an interest in gas fitters, covered by SummitSkills SSC.		
ConstructionSkills **Web** www.citb-constructionskills.co.uk	Development and maintenance of the built environment	45.1, 45.2, 45.32, 45.34, 45.4, 45.5, 71.32, 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
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

continued…

Table D.1: SSC sector names, SIC definitions and description (continued).

SSC name	SSC description	SIC definition
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 cover 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. Additionally, as a fast changing sector, sector boundaries are continually changing.		
Government Skills **Web** www.government-skills.gov.uk	Central government	75.1, 75.21, 75.22, 75.25, 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

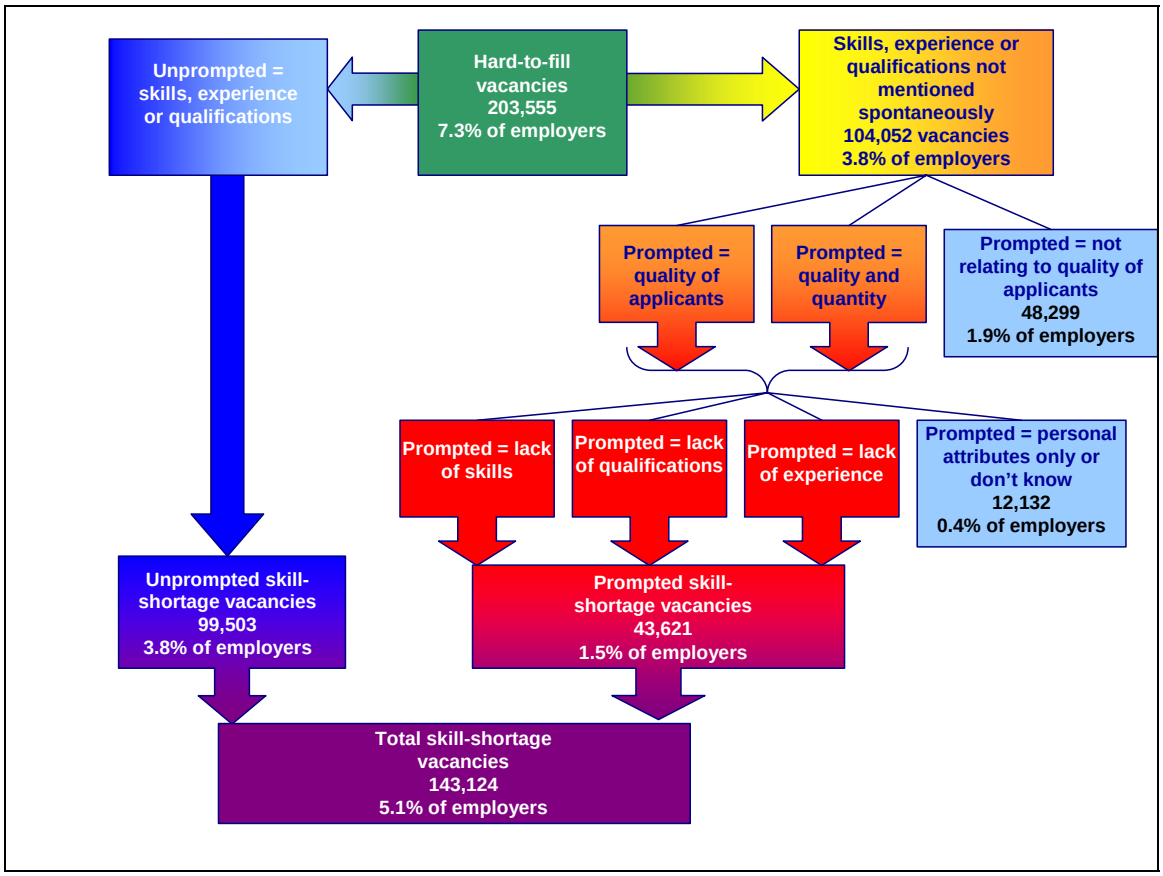
continued…

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 & 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 and is included within the core of e-skills UK, therefore 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, 36.3, 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 this point in time, spread across manufacturing and service sectors.	All other SICs

Annex E: Definition of Skill-shortage Vacancies

Figure E.1: Definition of skill-shortage vacancies.



Base: All hard-to-fill vacancies.

Annex F: A Note on Proficiency and Skills Gaps

To ascertain the number of staff with skills gaps, respondents were asked for each major (1-digit SOC) occupation where they employed staff, how many 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'. However, it should be noted that a 'proficient employee' 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 on one day but if the requirements of the job change (for example, some new machinery or technology being introduced) then the next they could be regarded as not being able to do their job to the required level

- 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 this newly promoted member of staff was not fully proficient in their new job, despite the fact that the skills possessed by each member of staff were unchanged

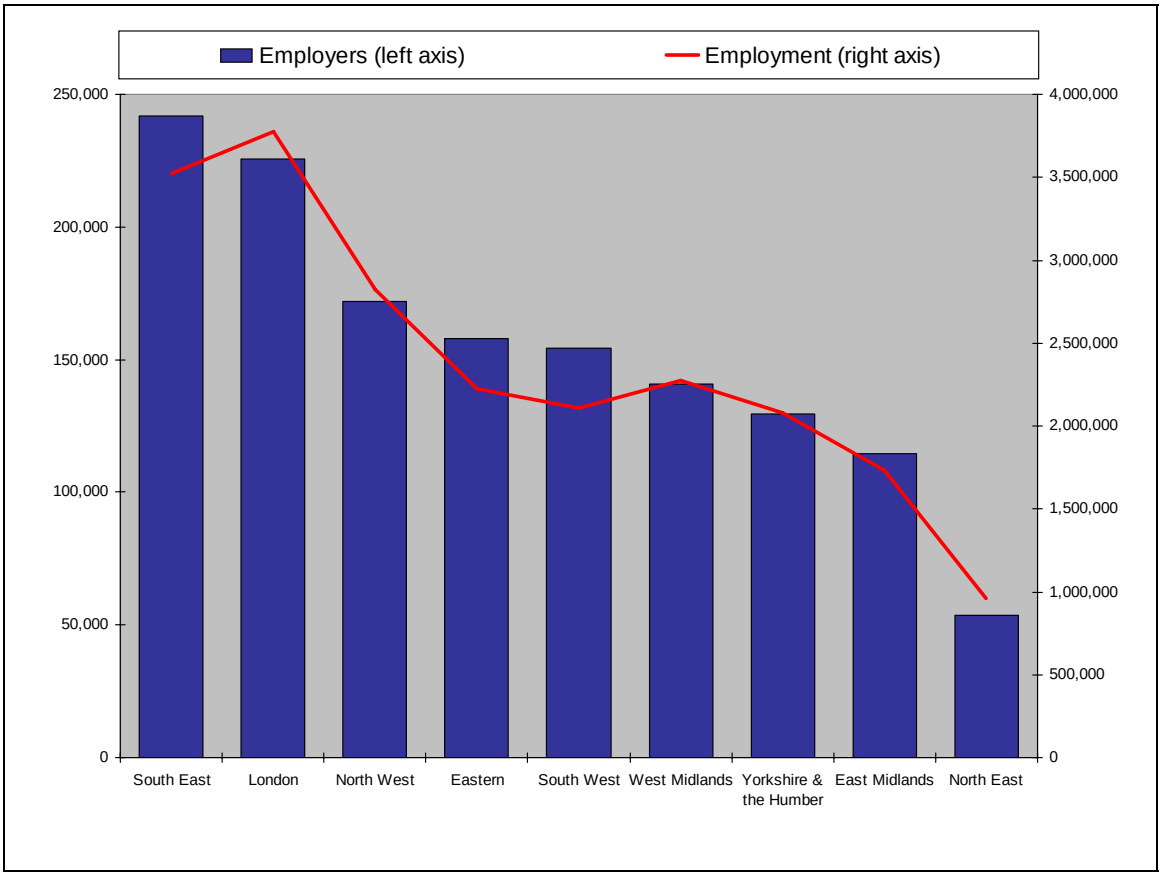
- different companies may be more demanding and 'critical' of their staff than others; hence an individual may be considered as fully proficient by one company, but in performing the same role to the same standard in another company be seen as having a skills gap.

A final point to note is that the survey categorises all staff as either fully proficient or not, and hence takes no account of the gap that can clearly exist between those almost proficient and those significantly lacking in the skills that employers require. Hence, 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 cases where skills levels have been raised but where staff still remain below full proficiency.

Annex G: 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 G.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 G.1: Employers and employment across the regions.



Source: IDBR, March 2004.

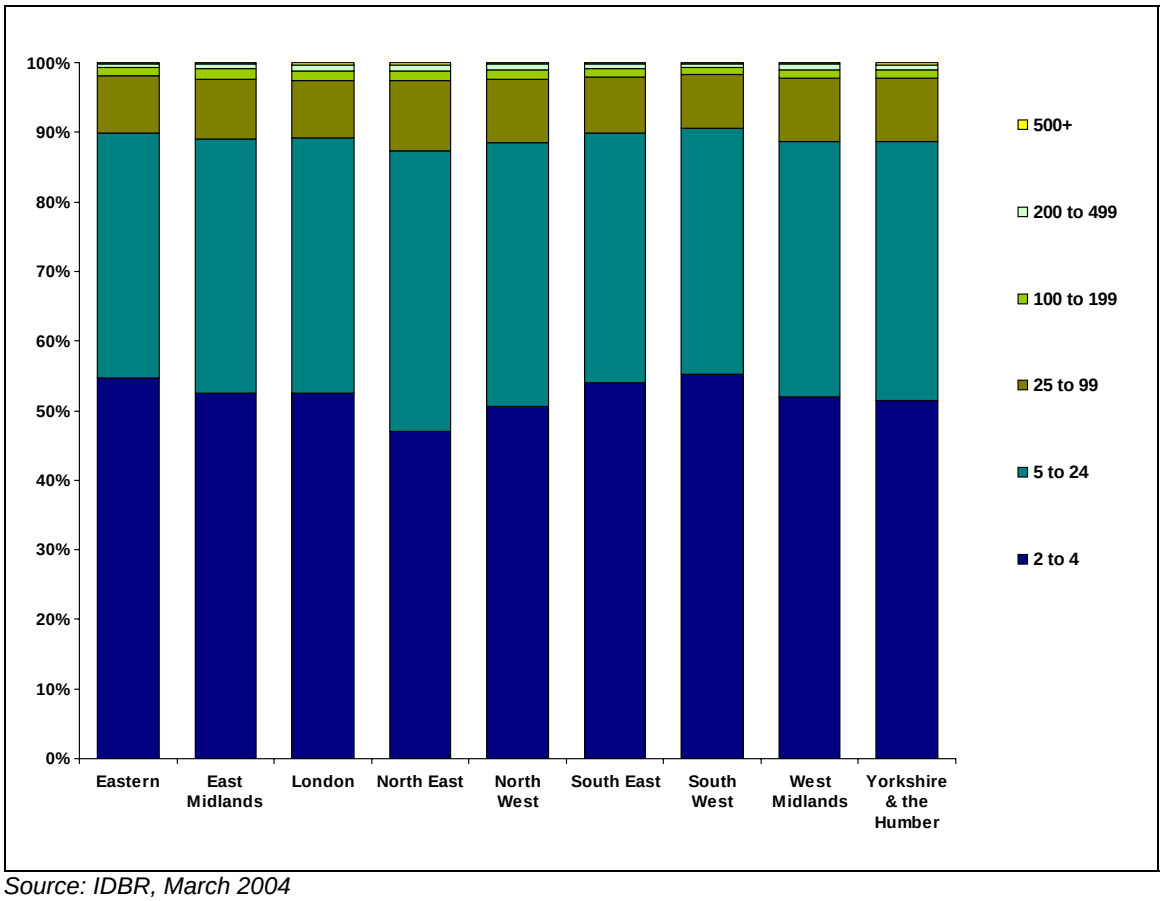
Figure G.1 also illustrates that the relationship between the number of employers and the volume of employment in each region is not wholly linear. The South East accounts for the largest share of all employers, but for less employment than London. Similarly, there are more employers in the South West than in the West Midlands, but employment here is larger than in the South West. This indicates some variation in the average size of employers (in employment terms) across the regions, and suggests that West Midlands employers are likely to be larger than those in the South West, and that employers in London are likely to be largest of all.

This does not mean that London, or 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 G.2).

There is slightly more variation in the proportion of the workforce employed in larger and smaller establishments across the regions, however. Between a third and two-fifths of the workforce in the Eastern region (37 per cent) works with 100 or more co-workers, compared to 47 per cent in London (Figure G.3). Conversely, only 3 in 10 people working in London and the North East are in establishments in which fewer than 25 people are employed in total, compared to 36 per cent in the South West.

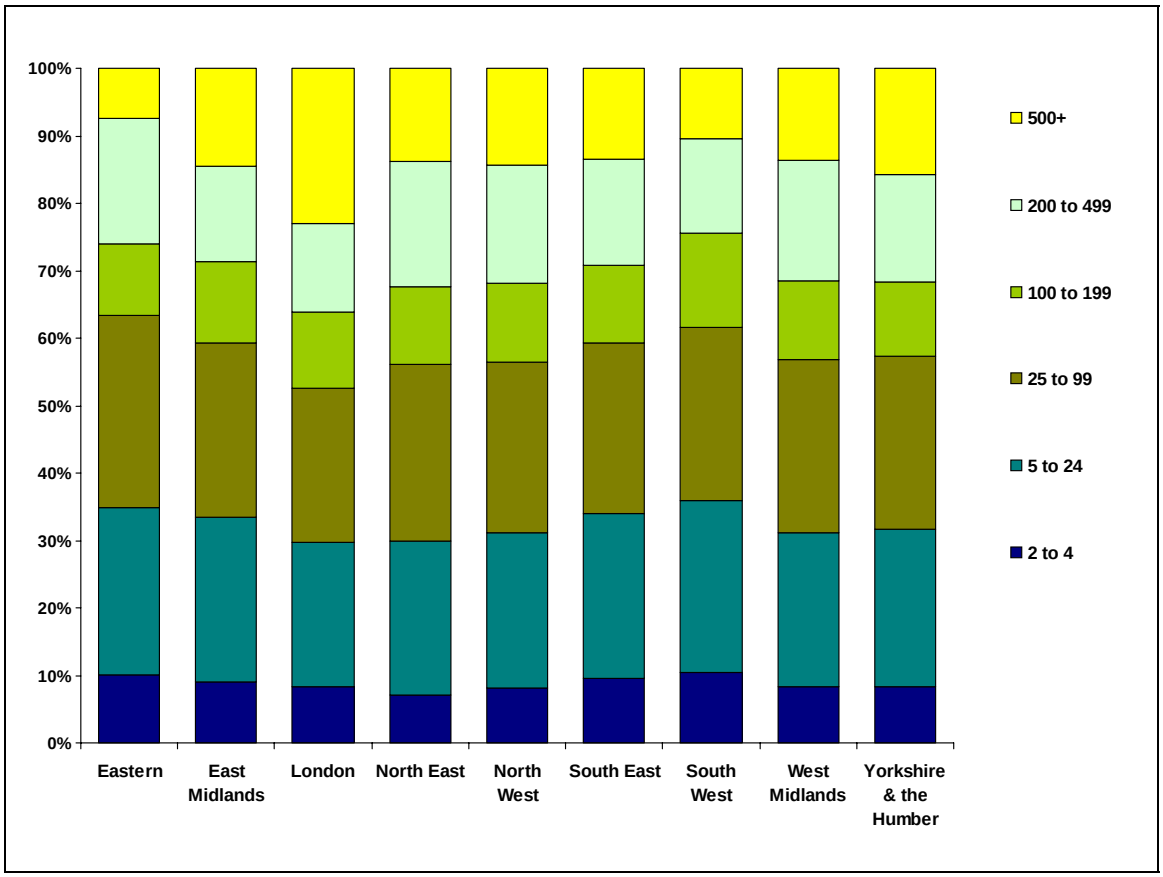
This means that differences in the experiences of employers across the regions are unlikely to be attributable to differences in the size profile, and that differences in the experience of workers across the regions are slightly more likely to be so. So, for example, if there is a significant difference between the proportion of employers providing training in London and in the South West, it is unlikely to be differences in the size profile of employers that explains the difference. By contrast, if a higher proportion of workers in London (or the North West) benefited from training, this might reflect that a larger proportion work in larger establishments.

Figure G.2: Regional profile of employers by size of establishment.



Source: IDBR, March 2004

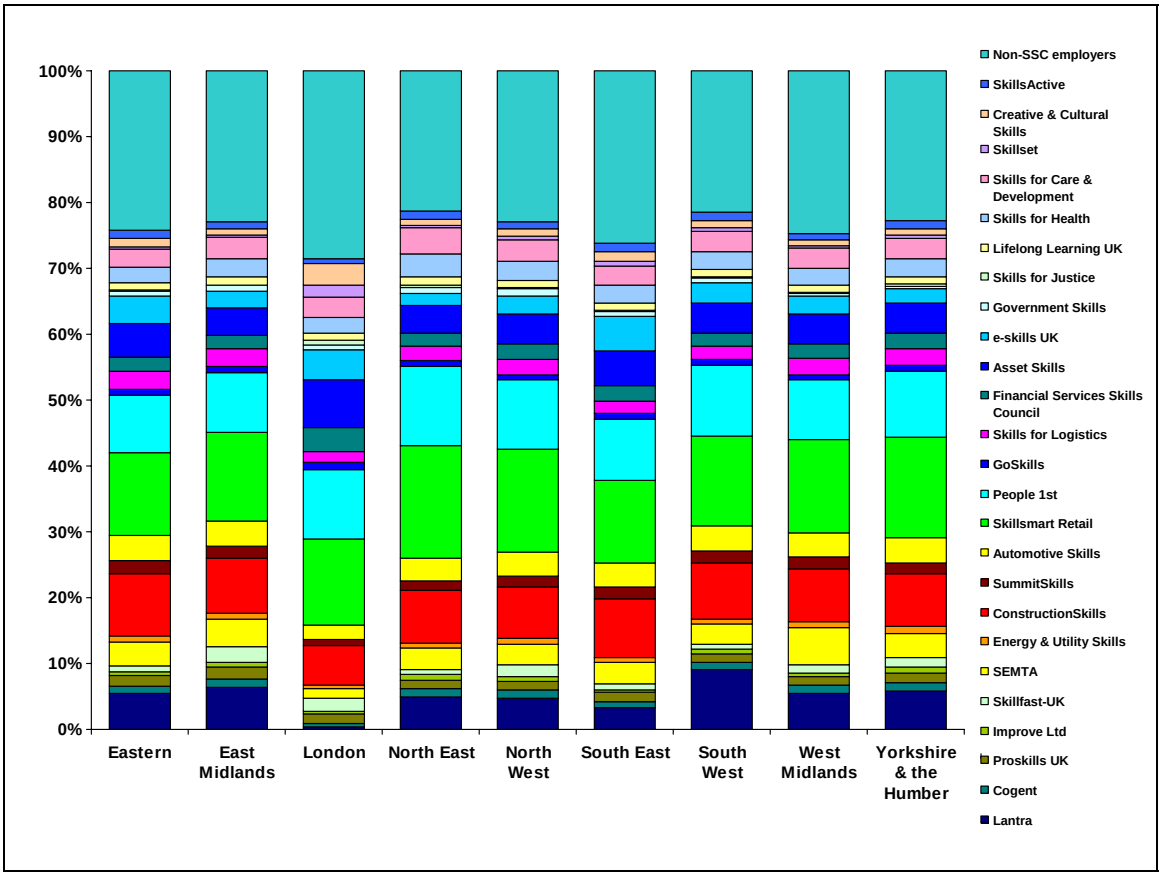
Figure G.3: Regional profile of employment by size of establishment.



Source: IDBR, March 2004.

There are a few slightly stronger patterns in terms of the sector profile of the regional economies (Figure G.4). In particular, London has a larger than average proportion of employers covered by Financial Services Skills Council, Creative & Cultural Skills, Skillset and Skills for Justice SSC sectors and smaller than average proportions of employers covered by Lantra, Cogent, Automotive Skills, SummitSkills and SEMTA SSC sectors 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 Improve Ltd form a larger than average proportion of the employer population in both Yorkshire and the Humber and the North East. Establishments covered by SEMTA are particularly common in the West Midlands; those covered by Skillfast-UK are particularly common in the East Midlands.

Figure G.4: Regional profile of employers by sector.

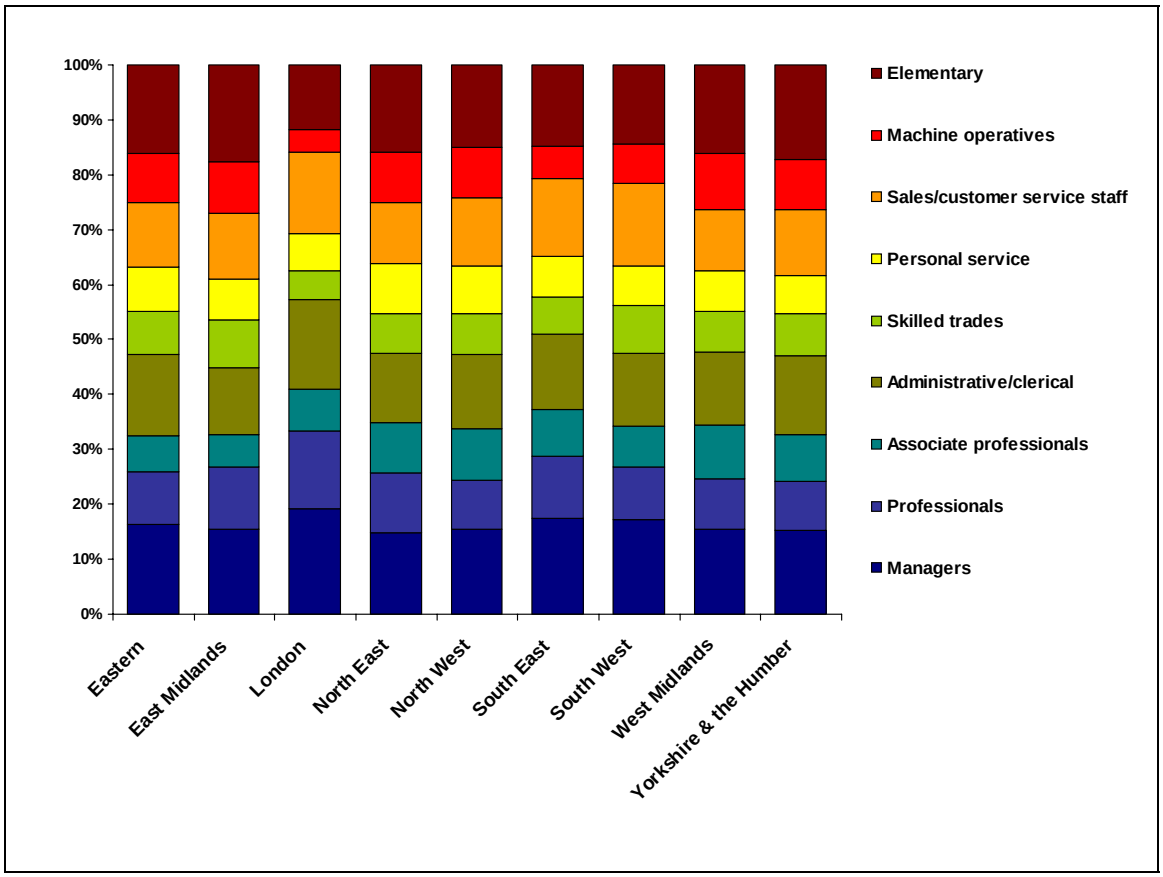


Source: IDBR, March 2004.

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 SSC sector 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 above (see Figure G.5).

Figure G.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.

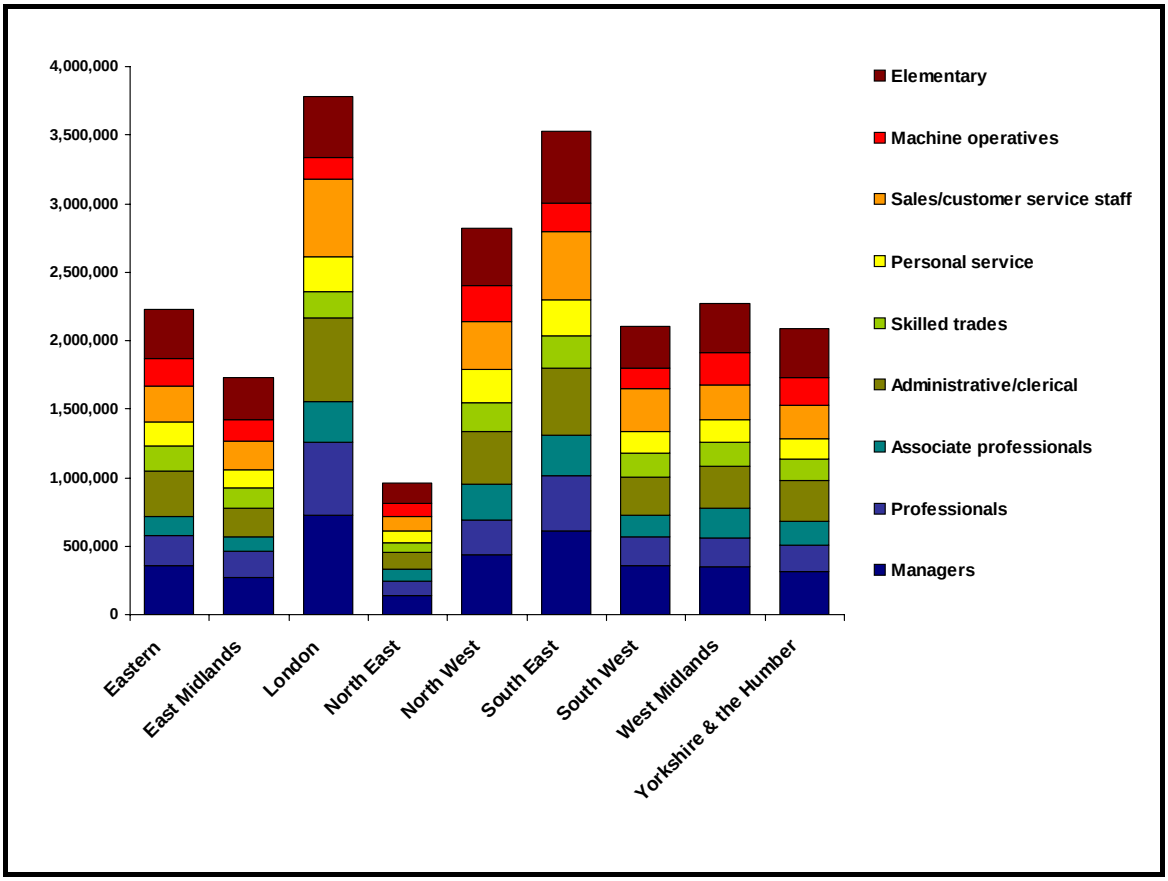
There is limited variation in the proportion of employers in each region employing staff in each occupational group. This is shown in Table G.1, with figures in red highlighting where a particularly large proportion of employers employ at least one person in the occupation, and figures in blue particularly small proportions.

Critically, the volumes of people employed in each occupation are very different in each region (Figure G.6).

Table G.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	92	93	90	91	90	90	90	88
Professionals	11	12	14	12	12	13	11	10	11
Associate professionals	12	8	12	13	13	14	8	11	12
Administrative/clerical	50	44	45	44	47	47	41	48	48
Skilled trades	20	18	11	21	20	19	20	19	20
Personal service	9	9	8	12	10	9	9	11	11
Sales/customer service staff	23	24	27	29	26	26	25	23	25
Machine operatives	12	11	5	11	11	9	8	12	12
Elementary	26	25	18	31	29	24	24	29	30

Figure G.6: Distribution of employment by occupation within region.



Base: All employment

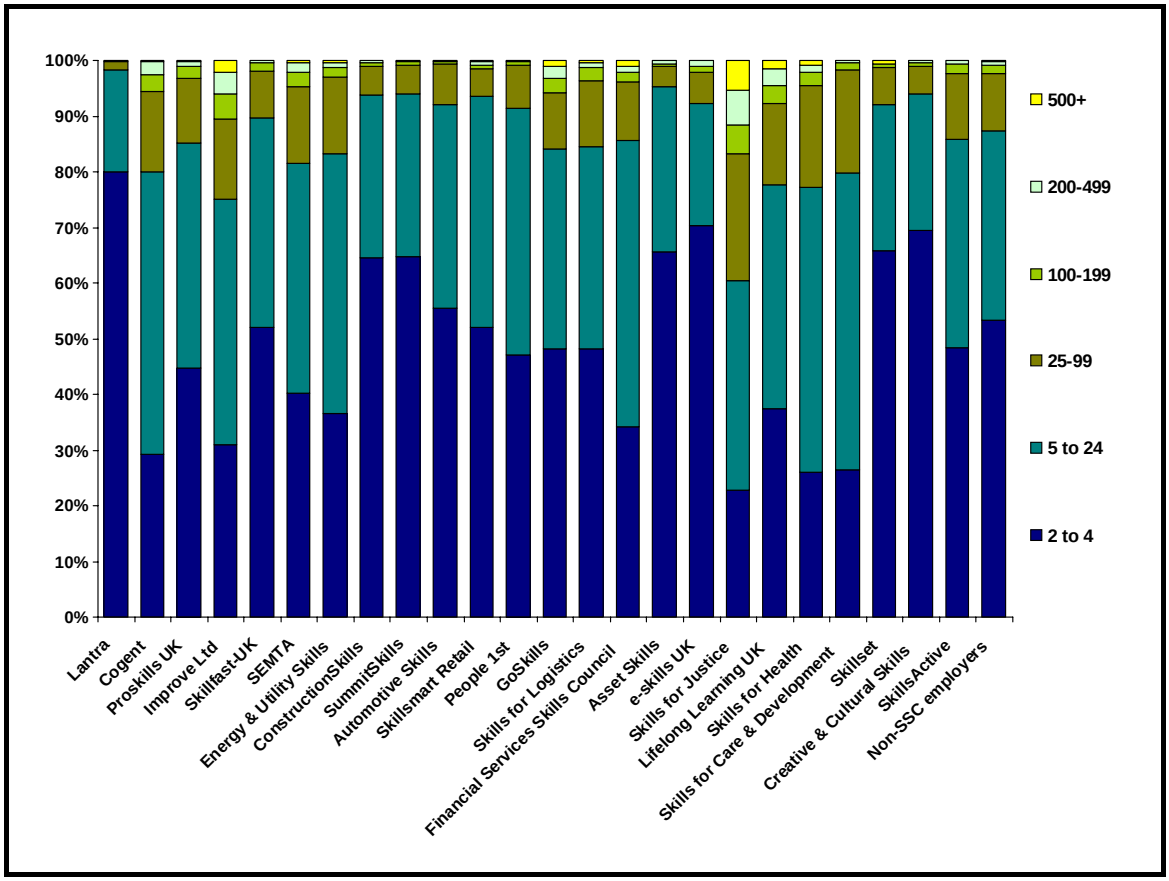
There are as many people employed as managers and professionals in London or the South East as employed across all occupations in the North East.

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 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, this does not necessarily mean that the sectors are similar in terms of their regional profile or in terms of their occupational profile. This is explored further below.

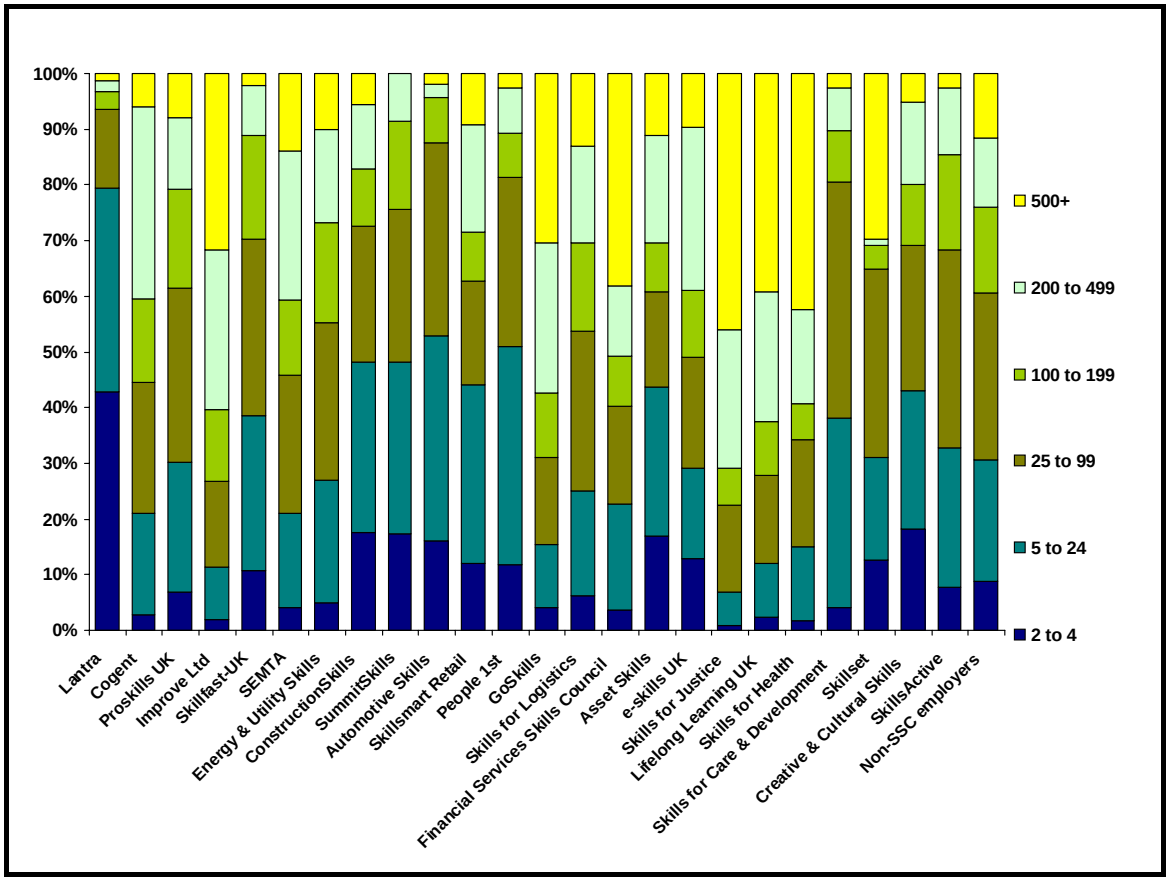
Figure G.7 shows that the size profile of employers in each sector is markedly different, with Figure G.8 illustrating the proportion of the workforce in each sector employed in establishments of different sizes.

Figure G.7: Sector profile of employers by size of establishment.



Source: IDBR, March 2004.

Figure G.8: Sector profile of employment by size of establishment.

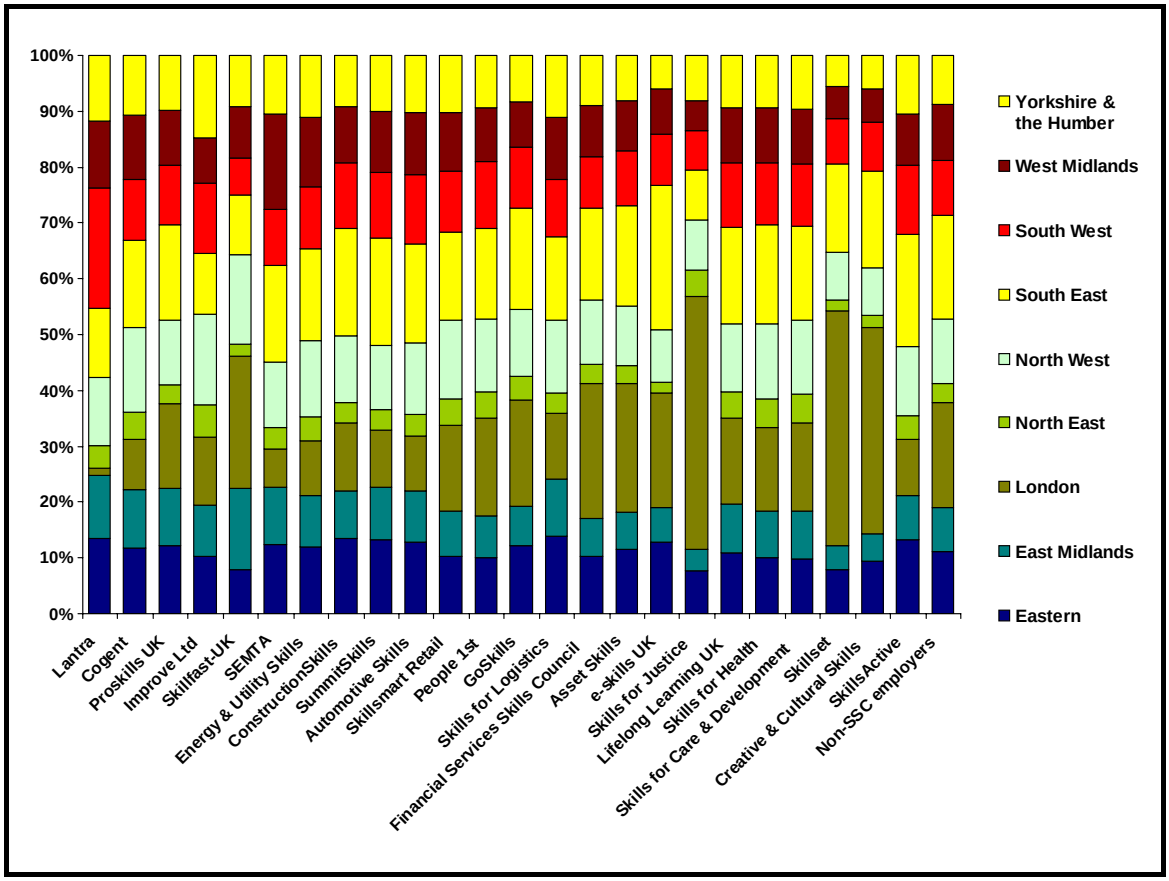


Source: IDBR, March 2004.

Central Government, Skills for Health, Improve Ltd, Skills for Justice and Lifelong Learning are all SSC sectors which are dominated by larger employers, while, on the other hand, Lantra, Automotive Skills, Skills for Care & Development, People 1st, SummitSkills and Creative & Cultural Skills are all dominated by smaller establishments, with very small proportions of the workforce employed in large establishments.

Figure G.9 highlights the regional distribution of employers in each SSC sector.

Figure G.9: Regional distribution of employers by sector.



Source: IDBR, March 2004.

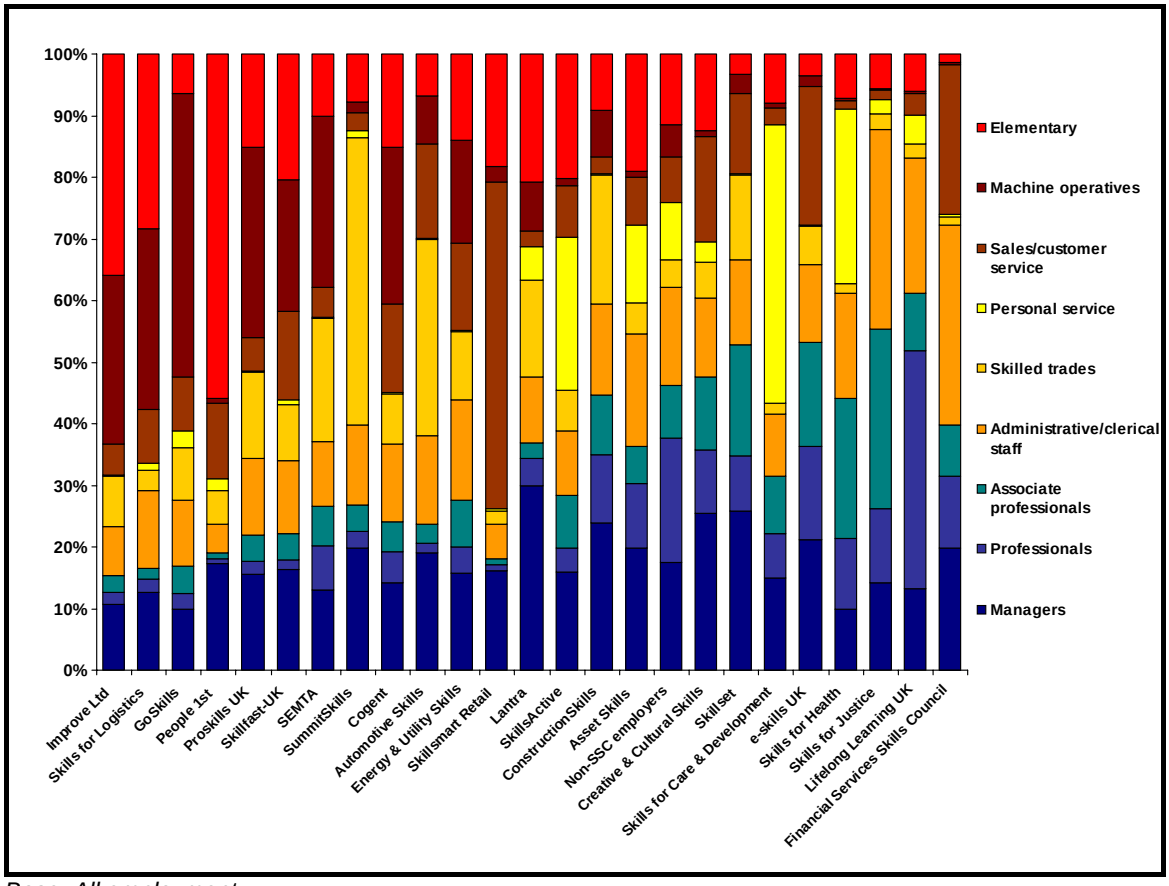
We have already seen, in exploring the profile of the regional economies, that London stands out from the rest of the country. In Figure G.9 this translates to a high degree of variation between sectors in the proportion of their employer-base located in the capital. Employers represented by Skills for 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 – Lantra barely features in London at all.

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 heavily centred in the South West
- e-skills UK has a particularly strong South East focus
- there is a very strong base of SEMTA employers in the West Midlands.

To close this exploration of sector profiles, Figure G.10 highlights the occupational profile of employment in each sector. The sectors in this figure have been ordered slightly differently to previous figures in this report, in order to facilitate understanding of differences. The SSC sectors to the left have the largest part of their employment in the elementary, machine operative and/or skilled trades, while those to the right of the figure are those in which employment is predominately in the 'management' categories (managers, professionals and associate professionals). The exact order of the SSCs is determined by calculating the ratio of the 'management' group to the elementary, machine operative and skilled trades group and ranking them from the lowest (far left) to the highest (far right).

Figure G.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 are not necessarily indicative of future skill requirements or challenges.

Annex H: 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 F.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 +/- 0.36 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 50.36 per cent'.

Table F.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	**74,835**	**0.36**	**By sector**		
			Lantra	3,005	**1.79**
By region			Cogent	1,620	**2.43**
Eastern	8,332	**1.07**	Proskills UK	1,746	**2.35**
East Midlands	5,884	**1.28**	Improve Ltd	1,094	**2.96**
London	12,100	**0.89**	Skillfast-UK	1,412	**2.61**
North East	4,115	**1.53**	SEMTA	2,971	**1.80**
North West	8,796	**1.04**	Energy & Utility Skills	1,199	**2.83**
South East	13,647	**0.84**	ConstructionSkills	4,033	**1.54**
South West	8,095	**1.09**	SummitSkills	1,794	**2.31**
West Midlands	7,404	**1.14**	Automotive Skills	2,828	**1.84**
Yorkshire and the Humber	6,462	**1.22**	Skillsmart Retail	7,631	**1.12**
			People 1st	5,800	**1.29**
By size of establishment			GoSkills	1,374	**2.64**
2 to 4	22,278	**0.66**	Skills for Logistics	2,116	**2.13**
5 to 24	34,392	**0.53**	Financial Services Skills Council	1,746	**2.35**
25 to 99	14,162	**0.82**	Asset Skills	2,327	**2.03**
100 to 199	2,198	**2.09**	e-skills UK	2,558	**1.94**
200 to 499	1,365	**2.65**	Government Skills	146	**8.11**
500+	440	**4.67**	Skills for Justice	330	**5.39**
			Lifelong Learning UK	2,166	**2.11**
			Skills for Health	2,383	**2.01**
			Skills for Care & Development	4,615	**1.44**
			Skillset	1,149	**2.89**
			Creative & Cultural Skills	1,658	**2.41**
			SkillsActive	1,847	**2.28**
			Non-SSC employers	15,287	**0.79**

Glossary

National Employers Skills Survey 2005 (NESS05)	The survey on which this report is based. It 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 they were willing 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 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 less 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.
Unprompted skill-shortage vacancies (SSVs)	These were defined as hard-to-fill vacancies where at least one of the following causes was spontaneously cited by the respondent (at C5a): low number of applicants with the required skills, lack of work experience the company demands or lack of qualifications the company demands.
Prompted skill-shortage vacancies (SSVs)	These were defined as hard-to-fill vacancies where at least one of the following causes were cited on prompting (at C6b) but had not been cited spontaneously (at C5a): 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 across 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 employee basis separately.
Unweighted base	This refers to the number of respondents on which a survey result is based.

Related Publications

National Employers Skills Survey 2005: Index
Publication reference: LSC-P-NAT-060306

National Employers Skills Survey 2005: Key Findings
Publication reference: LSC-P-NAT-060305

National Employers Skills Survey 2005: CD
Publication reference: LSC-P-NAT-060307

Skills in England 2005: Index
Publication reference: LSC-P-NAT-060312

Skills in England 2005 Volume 1: Key Messages
Publication reference: LSC-P-NAT-060308

Skills in England 2005 Volume 2: Research Report
Publication reference: LSC-P-NAT-060309

Skills in England 2005 Volume 3: Regional/local
Publication reference: LSC-P-NAT-060310

Skills in England 2005: CD
Publication reference: LSC-P-NAT-060313

Useful Websites:

NESS05 data is available at
http://researchtools.lsc.gov.uk

Further Information

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