



Department
for Education



Employer Perspectives Survey 2016

Research report

June 2017

**Jan Shury, David Vivian, Genna Kik, Andrew Skone James,
Mark Tweddle, Helen Wrathall and Naomi Morrice**

IFF Research

Acknowledgements

Many individuals and organisations have been involved in the design and execution of the UK Employer Perspectives Survey 2016. Particular thanks are given to the 18,028 employers who took part in the survey.

The project was supported by the four UK Governments; a steering group was established to guide the direction of the project. Members attending this group were: Robin Elliott-Marshall, at the former Department for Business, Innovation and Skills (BIS); Thomas Byrne, Department for the Economy Northern Ireland; Joanne Corke, Welsh Government; James Carey, Welsh Government; Stuart King, Scottish Government; Richard Ward, Department for Work and Pensions (DWP); Karen Cave, DWP; Vikki McAuley, Department for Education (DfE); and Hannah Mills, Department for Communities and Local Government (DCLG).

Particular thanks are also due to staff at the UK Commission for Employment and Skills (UKCES), and in particular the project manager and director of the survey, Zoey Breuer and Richard Garrett, as well as Ramona Franklyn at DfE who supported the preparation of this report.

Jan Shury

Managing Director, IFF Research Ltd.

Contents

List of figures	6
List of tables	9
Executive Summary	10
Introduction	10
Employer characteristics	11
Entry to work	12
People Development	14
Apprenticeships	16
1. Introduction	19
Background	19
Methodological overview	21
Structure of the report	23
Reporting conventions	24
2. Characteristics	26
Introduction	26
The nature of UK establishments: understanding the survey population	26
Employer characteristics from the survey	30
3. Entry to work	38
Introduction	39
Employers active in the labour market	40
Recruitment channels	42
What employers look for when recruiting	46
Recruitment of older workers	50
Recruitment of young people	50
Recruitment channels used to recruit young people	53
Recruitment of education leavers	56
Work placements	59
Work placement volumetrics	63
The extent to which work placements result in employment	64

Work inspiration	67
Encouraging more employers to offer work experience opportunities	69
Awareness of Government traineeships	74
Chapter Conclusions	75
4. People development	77
Introduction	78
Employer approaches to training	79
Sources of External Training	82
Reasons for choosing to invest resource in different types of training provider	86
Reasons for not using external providers for training	90
Training to vocational qualifications	92
Take up of vocational qualifications	92
Levels of vocational qualifications arranged / funded	94
The benefits of vocational qualifications to employers and employees	95
Barriers to greater take-up of vocational qualifications	97
Seeking information, advice and other practical help on skills and training-related issues	98
Engagement in the development of content for skills initiatives	101
Employer collaboration	101
Engagement in developing the content of training	103
National Occupational Standards	108
Investors in People	109
Chapter Conclusions	111
5. Apprenticeships	113
Introduction	115
Engagement with apprenticeships	116
Average numbers of apprentices	124
Encouraging more employers to engage with apprenticeships	127
Reasons for offering apprenticeships	127
Reasons for not offering apprenticeships	132
Routes into apprenticeships	134

Age of apprentices	135
Apprenticeships for new recruits and/or existing employees	136
Use of work placements and traineeships to check suitability of prospective apprentices	137
Delivery of apprenticeship training	138
Awareness of apprenticeships	140
Market potential for apprenticeships	141
Future demand for apprenticeships	141
Reasons for planning to enter or exit the apprenticeships market	146
Expected change in apprentice numbers	150
Putting the market potential for apprenticeships into perspective	155
Chapter conclusions	157
6. Conclusions	159
Appendix A: Supplementary tables	166
Appendix B: References	216

List of figures

Figure 2.1 Size and sector profile of UK establishments	27
Figure 2.2 Employer type by nation, sector and size	31
Figure 2.3 Length of time in operation by nation, sector and size	32
Figure 2.4 Proportion of establishments who had increased the number of people employed in the last twelve months by nation, sector and size.....	34
Figure 2.5 Proportion of establishments expecting to grow in the next 12 months by nation, sector and size	35
Figure 2.6 Employer attitudes and priorities.....	37
Figure 3.1 Proportion of establishments with vacancies in the last 12 months, by country, sector and size.....	41
Figure 3.2 Recruitment methods used in the last 12 months	43
Figure 3.3 Recruitment methods used in the last 12 months among particular sectors...	45
Figure 3.4 Factors looked for when recruiting, in 2016 and 2014	47
Figure 3.5 Proportion of employers who had recruited a young person in the last 12 months, by country, size and sector	52
Figure 3.6 Recruitment methods used to recruit last young person	54
Figure 3.7 Preparedness of education leavers for work, by country and in comparison with 2014	58
Figure 3.8 Broad and specific work placements provided in the last 12 months.....	60
Figure 3.9 Work placements offered in the last 12 months, by sector	62
Figure 3.10 Mean number of work placements offered in the last 12 months, by sector .	64
Figure 3.11 Proportion of establishments offering work inspiration activities in the last 12 months, by country, sector and size	68
Figure 3.12 Reasons for offering work experience opportunities in the last 12 months ...	70
Figure 3.13 Most common reasons for not offering work experience opportunities in the last 12 months	73

Figure 4.1 Nature and source of training offered by employers in the last 12 months	80
Figure 4.2 Use of private and public training providers among establishments that train, by country and sector	83
Figure 4.3 Top five reasons for and barriers to using different types of training provider	87
Figure 4.4 Reasons for not using external providers	90
Figure 4.5 UK employers training to Vocational Qualifications	93
Figure 4.6 Benefits of Vocational Qualifications.....	95
Figure 4.7 Barriers to training staff towards Vocational Qualifications	97
Figure 4.8 Proportion of employers who have sought external help on skills and training- related issues and the most common sources of advice across all employers	99
Figure 4.9 Proportion of all employers who have worked with other employers on their training and skills development practices in the last 12 months.....	102
Figure 4.10 Proportion of all employers who were involved in designing the content of training that led to Vocational Qualifications	104
Figure 4.11 Proportion of all employers who were involved in designing the content of external training	106
Figure 4.12 Awareness and use of National Occupational Standards (NOS).....	109
Figure 4.13 Engagement with Investors in People (IiP)	110
Figure 5.1 Proportion of establishments offering apprenticeships (by country, size and sector).....	117
Figure 5.2 Changes over time in the proportion of establishments offering apprenticeships, by country	118
Figure 5.3 Proportion of establishments offering apprenticeships, by size	119
Figure 5.4 Proportion of establishments offering apprenticeships, by sector	120
Figure 5.5 Proportion of establishments offering apprenticeships, by sector in each country	122
Figure 5.6 Average number of apprentices employed at the time of the survey (May- August 2016), by sector	125

Figure 5.7 Change in apprentice numbers since first started offering apprenticeships (by country, size and sector).....	127
Figure 5.8 Reasons why establishments started offering apprenticeships (unprompted)	129
Figure 5.9 Proportion of establishments that were approached by external organisations or individuals when deciding to offer apprenticeships, along with the organisations that made the approach	131
Figure 5.10 Main reasons for not currently offering apprenticeships (unprompted)	133
Figure 5.11 Future demand for offering apprenticeships across all establishments	142
Figure 5.12 Future demand for apprenticeships (by sector), including the timescale in which establishments plan to start offering apprenticeships	145
Figure 5.13 Main reasons for planning to start offering apprenticeships in the future (unprompted)	147
Figure 5.14 Main reasons for planning to stop offering apprenticeships in the future (unprompted)	150
Figure 5.15 Expected changes in apprentice numbers over the next two years (by country, size and sector).....	152
Figure 5.16 Reasons why establishments expect the number of apprentices they employ to increase / stay about the same / decrease over the next two years (unprompted)	154
Figure 5.17 Market potential for apprenticeships in terms of the numbers of establishments intending to continue, start or stop offering apprenticeships in future ...	157

List of tables

Table 2.1 UK establishment and employment populations over time (EPS 2010 to EPS 2016)	28
Table 2.2 UK establishment and employment populations by size and sector (EPS 2014 to EPS 2016)	29
Table 2.3 UK employment populations by employer type	31
Table 3.1 Factors looked for when recruiting, by country	48
Table 3.2 Factors looked for when recruiting, by sector	49
Table 3.3 Recruitment methods used to reach young people by role recruited	56
Table 3.4 Recruitment of education leavers by country, compared with 2014	57
Table 3.5 Grouped work placement offering in the last 12 months, by size	61
Table 3.6 Whether taken on an individual in to a full-time role following a placement in the last 12 months, by size of establishment and number of placements offered	66
Table 3.7 Whether taken on an individual in to a full-time role following a placement in the last 12 months, by grouped placement and sector	67
Table 3.8 Broad motivations for offering work placements and work inspiration activities, by sector	71
Table 4.1 Proportion of establishments that funded or arranged training for staff over past 12 months	81

Executive Summary

Introduction

The Employer Perspectives Survey (EPS) is a biennial study, running in its current guise since 2010¹. The survey, conducted between May and August 2016, captures the views of over 18,000 employers across the United Kingdom. Interviews were conducted at an establishment level, with the most senior person at the site with responsibility for human resources.

The study predominantly focusses on what drives employers' decisions around recruitment and people development. This insight will serve to improve initiatives designed to help individuals find work, as well as improve initiatives that support business growth and development of the workforce, so they better meet the needs of employers. There is also a substantial focus on establishments' engagement with apprenticeships, which has become a key focus in recent times for national governments in the UK governments.

While the questionnaire is always updated to reflect policy interest at the time of the study, there is potential for time series analysis across the historic EPS studies. The EPS series complements the Employer Skills Survey (ESS) series, the definitive source of intelligence on the skills challenges employers face and their response in terms of investment in skills and training, which is conducted in alternate years to the EPS.

It is intended that this report be used alongside a number of other outputs from the survey, including data tables (which have been published in tandem with this report on the gov.uk website) and national toolkits, (forthcoming), in order to support policy development and evaluation across a range of areas.

¹ Historically it has been administered by the UK Commission for Employment and Skills (UKCES), but ownership of the survey transferred to the Department for Education (DfE) in 2016. A project Steering Group also oversees the survey, with officials representing: Department for Education (DfE), Department for Communities and Local Government (DCLG) and Department for Work and Pensions (DWP) in England, the Welsh Government, the Scottish Government, and the Department for the Economy in Northern Ireland.

Employer characteristics

To contextualise the findings presented in this report we describe some of the key characteristics of the UK employer population.

Coinciding with the upturn in the economy since the UK left recession, the establishment population (defined as those with at least two people on the payroll) has increased gradually since 2010, from 1.6 million to 1.9 million in 2016. The employment population has also increased in this period, from 27.0 million to 28.6 million. The smallest establishments, with fewer than five employees, account for over half (53%) of all establishments, although they only account for 9% of all employment. In contrast, the largest establishments with 100 or more employees make up just 2% of all establishments, but account for 42% of all employment.

The largest sectors are Business Services and Wholesale and Retail, which account for 22% and 20% of all UK establishments. Public Administration (1%) and Financial Services (2%) are the smallest sectors. There is some variance however between the sectoral distribution of establishments, and the distribution of employment, reflecting the differing size profile of establishments within sectors. For example, 70% of Construction sector establishments have fewer than five employees. In contrast, Public Administration establishments are typically much larger as only 22% have fewer than five staff. This size dimension is important to consider when reflecting on sectoral characteristics throughout the report.

The majority of all UK establishments (89%) were commercially-focussed, seeking to make a profit and employ 75% of the workforce. Of the remaining establishments, 8% were voluntary sector and 4% public sector (although public sector establishments employ 18% of the workforce).

The study also captured businesses' outlook for the next 12 months, providing us with an indication of business confidence over this period. Almost half (49%) of UK establishments expected to grow in the next 12 months, with employers in Business Services, Manufacturing, Financial Services, Hotels and Restaurants and Wholesale and Retail (55% to 57%) most confident regarding their business outlook.

For the first time in the EPS series, the 2016 study assessed establishments' attitudes towards their staff, to explore what drives employers when making decisions regarding training choices and investment in skills. Positively, businesses reported that they prioritise staff welfare and skills (86% agreed that staff happiness is 'as important as organisational performance'). However, there are signs that some employers might lack the ambition required to help drive the skills agenda (although there were considerable differences by sector); less than two-thirds (63%) agreed that they were happy to pay

towards training, while half (51%) agreed that investing in management skills was a top priority.

Entry to work

A key focus of the EPS is to understand how best to support the pipeline of talent into business and ensure entry routes to employment are open to a broad cross-section of society.

In line with the recovering economy, the proportion of establishments with vacancies has risen gradually in recent years. In 2016 just over half (52%) of UK establishments had a vacancy in the 12 months preceding the survey, with this figure increasing from 49% in 2014 and 48% in 2012. By country, employers in Northern Ireland were least likely to have vacancies (44%); this compared to 53% in England and 49% in both Scotland and Wales.

The study captured the broad recruitment methods employers use to recruit staff. This provides both employer *and* employee insights into recruitment; firstly, by establishing whether employers are using appropriate types and ranges of channels to access the skills in the labour market they need, and secondly, by providing evidence on the extent of options open to individuals when they are looking for work.

Typically, employers were more likely to use informal or internal methods of recruitment, such as word of mouth or personal recommendations (79%), placing adverts on their website (54%), or using social media (46%) as opposed to more external resources such as paid-for recruitment services (44%) and Government recruitment schemes (38%). The sizeable proportion of employers (18%) who only used one method of recruitment, or who exclusively used internal resources to recruit (28%) point to a subset of employers who are potentially limiting their ability to access the skills they need. There was considerable variation by sector: Construction employers for example were much less likely to use internal online mechanisms such as their own website or social media, while word of mouth dominated. This may affect their ability to recruit the staff they need: the most recent ESS found that this sector experienced the greatest difficulties recruiting staff with appropriate skills.

While youth unemployment has decreased since the UK left recession, findings from the study suggests this is caused more by an increase in the establishment population, and general business growth, as opposed to a change in approach to employers' recruitment. As in 2014, two-thirds (66%) of recruiting employers took on an individual under the age of 25 in the 12 months preceding the survey. Youth recruitment was notably less common in Public Administration and the Primary Sector and Utilities (both 55%).

Employers were asked about the last young person (aged under 25) they took on and their approach to recruiting this particular vacancy. Around half (51%) only used one method of recruitment; indeed, a quarter (25%) exclusively used word of mouth or personal recommendations. This illustrates that for a number of young individuals their entry to recruitment is restricted, and their chance of obtaining work reliant on personal contacts. This is a particular concern in the Primary Sector and Utilities, Manufacturing and Construction, where around two-thirds of employers who had recruited a young person reported that they only used one method of recruitment the last time they did so.

The study also sought to understand barriers to (particularly youth) recruitment and thus explored employers' views on education leavers' readiness for work. Three in 10 (31%) establishments in the UK had recruited education leavers in the 2-3 years preceding the survey. This showed no change from 2014 (31%).

Although leavers were generally considered to be well prepared for the workplace, the proportion of employers in Wales and Northern Ireland reporting this notably dropped between 2014 and 2016. In Wales for example, 44% of employers in 2016 deemed their 16 year-old school leavers prepared for work, compared with 59% in 2014; meanwhile in Northern Ireland, 60% of employers in 2016 deemed their 17-18 year-old school leavers prepared for work, compared with 68% in 2014. Across the UK, where education leavers were found to be poorly prepared, this was most commonly due to them having a poor attitude or a perceived lack of working world or life experience.

Work experience is an important facilitator for young people entering, and succeeding, in the workplace; around two-thirds (65%) of employers reported that relevant work experience was a critical or significant factor when taking on (any aged) recruit. Nevertheless, less than two-fifths (38%) of establishments offered any form of work experience placement in the last 12 months (rising to 48% in Northern Ireland). There was considerable variation by sector: for example, employers in the Education sector were more than three times as likely as those in the Construction sector to have offered work placements in the previous 12 months (78% compared with 23%).

Establishments offering placements had an average of 6 individuals on a placement in the 12 months before the survey, although this figure was much lower among establishments in Manufacturing, Primary Sector and Utilities and Construction. Across all placements, one-third (33%) of all employers had taken on an individual into a permanent or long-term role, highlighting that while work placements *can* provide a direct route into employment, the majority of employers do not use work placements for this purpose.

In addition to work placements, a small minority (10%) of establishments also offered work inspiration activities to students, such as mentoring, holding site visits and visiting educational institutions to talk with students about careers.

Some form of altruism was the predominant factor behind businesses' decision to offer work experience opportunities, although a number of these factors would be considered to indirectly benefit the business in some way (such as upholding relations with the local community). Around two-fifths of establishments also cited direct benefits to the company as a reason for offering work experience opportunities, for example using the placement as a trial period for a potential recruit, or where employers were generally looking to raise their profile in the recruitment market.

Employers who did not offer work experience opportunities typically felt that their businesses were not structured to enable these. Over a third (36%) felt they had no suitable roles in the company, while 11% considered they were not able to offer such opportunities due to the size of the establishment. Given the study illustrates that a diverse range of businesses offer work placements these sorts of issues are potentially perceived barriers that could be addressed with appropriate communication and support.

Government traineeships in England and Wales also offer an opportunity for young people to gain the skills or experience they need to secure employment (or further learning with regards to traineeships in Wales).

A relatively new scheme, close to half (48%) of establishments in England were aware of traineeships although only a small minority (1%) had had an individual undertake a traineeship in the 12 months preceding the study. Similarly in Wales, around half (49%) of establishments in Wales were aware of traineeships while only 1% had had an individual undertake a traineeship in the 12 months preceding the study.

People Development

While employers face issues in recruiting the staff that they need, a separate challenge lies in ensuring that their staff are proficient in their job. ESS 2015 showed that one in seven UK employers experienced internal skills gaps among their staff, and this can hinder an establishment's ability to grow (Vivian et al., 2016). The EPS study therefore sought to understand how this skills gap could be closed, by exploring what drives employers' people development decisions, how employers could be encouraged to input into the design of skills initiatives (and thus develop more relevant training courses), and the role of vocational qualifications.

The majority (73%) of establishments offered some form of training for their staff in the previous 12 months, internal (62%) or external (47%). This represented an increase since 2014 when 69% of employers provided any training for their staff (58% internal and 45% external). Small establishments, with fewer than 25 staff, appear to be driving this increase, although these sized employers were still far less likely to offer some form of training than large employers.

The study focussed on employers' engagement with external training providers, split by private providers – such as commercial training organisations, suppliers and regulatory bodies – and public providers (i.e. Further Education colleges and Higher Education institutions). Establishments were much more likely to have made use of private providers (60% of employers who provide training) than public providers (15%) to deliver their training. This shows no change from 2014. At a sectoral level, employers in Education (37%), Public Administration (30%) and Health and Social Work (28%) were most likely to use public training providers, with those from the Transport and Communications and Hotels and Restaurants (both 8%) and Wholesale and Retail sectors (9%) least likely to do so.

Employer decisions regarding the choice of training provider were commonly driven by the perceived relevance of the training. The provision of relevant courses was overwhelmingly the most common reason for choosing both a private (57%) and public (59%) training provider, while a lack of relevance was also the most common reason for *not* choosing a particular provider. This was especially pertinent for those who chose not to use *public* providers; these establishments were twice as likely to cite a lack of relevant courses offered by Further Education colleges (41%) and Higher Education Institutions (40%) as a barrier, compared with those who chose not to use a *private* provider (18%).

Among establishments that had not provided any training to their staff in the previous 12 months, demand-related reasons (such as the perception that staff had all the training or qualifications required) dominated; these factors were even more common among those areas of the economy *least* likely to train (Primary Sector and Utilities, and the smallest establishments).

The study also sought to understand how well the vocational skills offer meets employers' needs. Just over a quarter (26%) of UK employers have arranged or funded training designed to lead to a recognised Vocational Qualification (VQ) in the 12 months preceding the survey, equating to 36% of all those who provided any training for their staff in this period (in 2014 this proportion was 38%).

The vast majority of employers offering VQs (87%) felt that staff training to VQs led to better business performance, while eight in ten (78%) believed it improved staff retention. However, a sizeable minority (17%) reported that VQs alone were not sufficient in covering the range of training needs they had. These figures showed no change from 2014.

Employers not offering VQs stated a number of barriers to offering training leading to VQs, ranging from issues of supply (such as them being too complicated, or taking too long to deliver), demand (a third said staff did not want VQs), and lack of resource

(mostly financial limitations). One in seven (14%) stated that the reason they did not offer training to VQs was due to the lack of availability of relevant VQs.

In order to bridge the current skills gap, recent Government initiatives have encouraged employers to take more ownership of developing skills in the workforce, either by working with other employers to develop skills or with training providers to design the content of external training courses. Only one in seven (14%) reported that they had collaborated with other employers to develop their training and skills development practices in the 12 months preceding the survey. Those in Education (45%) and Public Administration (35%), as well as medium to large establishments (50+: 30%) were much more likely to have done so.

Close to half (47%) of employers who had arranged training that was designed to lead to a VQ had some involvement in the design of its content (14% had designed the content from scratch). Meanwhile, 42% of those who had arranged any external training in the preceding 12 months had had some involvement in its design (10% devised the content from scratch). Across both measures, larger establishments were much more likely to have been involved in this way, as were those in the Arts and Other sector and Public Administration. Employers in Wholesale and Retail tended to be less involved. Typically, employers that did not engage with the design of training content had little desire to do so.

Apprenticeships

Apprenticeships form a key part of government policy, helping to raise skills levels in the economy, support employability and increase productivity of the workforce. Recent initiatives have sought to expand employer engagement with apprenticeships, such as the Government setting a target of supporting three million new apprenticeship starts in England by 2020 and the introduction of the UK wide apprenticeship levy in April 2017. The EPS study sought to determine employer engagement with, and attitudes towards, apprenticeships, as well as the market potential for apprenticeships.

Just under a fifth (18%) of all UK establishments offered apprenticeships at the time of the survey. This represented an increase from 15% in 2014, and was a rise reflected across all nations: from 15% to 19% in England; 9% to 13% in Northern Ireland; 12% to 15% in Scotland and 13% to 15% in Wales.

Similar to the sector trends regarding employers' overall training offer, those in Education (39%) and Public Administration (26%) were most likely to offer apprenticeships. Employers in the Primary Sector and Utilities were least likely to do so (11%). Across a number of sectors the proportion of employers offering apprenticeships has increased since 2014, and, compared with 2012, some increases are stark: Financial Services

businesses were three times as likely to offer apprenticeships in 2016 as they were in 2012 (an increase from 5% in 2012 to 14% in 2016), while other sectors were around twice as likely to be offering apprenticeships in 2016 compared with 2012: Public Administration (from 13% to 26%), Education (from 22% to 39%) and the Primary Sector and Utilities (from 6% to 11%). Only in Transport, Storage and Communications has the proportion offering apprenticeships remained stable across the three surveys (13% in 2012, 14% in 2014 and 13% in 2016).

In addition to the increasing number of establishments offering apprenticeships, the number of apprentices that establishments take on has also increased. Compared to when they first started offering apprenticeships, around a fifth (22%) of establishments with current apprentices had increased the number of apprentices they employ. The average number of apprentices employed by establishments with current apprentices was two.

Employers' reasons for offering apprenticeships fell into four broad categories: the desire to acquire new talent, a need to upskill or nurture the skills of existing staff, an altruistic dimension and financial reasons. Nearly half (48%) of establishments who started offering apprenticeships in the last three years were motivated to do so as a means of acquiring talent; this was close to double the proportion citing a need to nurture talent (25%) and altruistic reasons (22%). Relatively few (12%) cited financial reasons such as apprenticeships representing a cost-effective form of training or the availability of grants.

The main reasons why establishments were not offering apprenticeships related to perceived structural barriers, such as thinking apprenticeships to be unsuitable for the size of their business.

Earlier we covered establishments who offer work placements as routes into employment. Among establishments that offered both work placements and apprenticeships, 41% had used work placements to help determine whether an individual is suitable for an apprenticeship prior to recruiting them as an apprentice. (This equates to 24% of all establishments offering apprenticeships having used work placements in this way). This approach was less common among large establishments with 100+ staff (22%). Meanwhile, 31% of the establishments that had made use of traineeships over the past 12 months had used them to assess the suitability of potential apprentices (equivalent to 1% of all establishments in England offering apprenticeships).

In terms of the training provided to apprentices, the majority (77%) of employers offering apprenticeships provided formal training sessions delivered in-house, while a similar proportion (82%) used an external training provider to deliver at least some of the training for their apprentices (64% provided both types of training). One feature of the apprenticeship agenda is to encourage employers to take more ownership of the content of training. Positively, just over half (55%) of establishments that used external providers

for their apprenticeship training had at least some involvement in designing or tailoring the training content (19% had designed the training content from scratch). In addition, 33% of employers who had not been involved in the design of external apprenticeship training reported that they would have liked to have been involved, with the most common reasons for them not doing so relating to uncooperative training providers, or not knowing enough to get involved.

Bearing in mind the target for 3 million apprenticeship starts in England, the vast majority (87%) of employers already offering apprenticeships planned to continue offering them in future. Additionally, 18% of those who did not offer apprenticeships at the time of the study reported that they planned to offer apprenticeships in future (7% within the next year, a further 7% within 2-3 years – i.e. before 2020 – and the remaining 4% intending to offer them later than 2020 or were unsure of the timescale in which they plan to offer them). Combined, this means that 30% of all establishments in the UK were planning to offer apprenticeships in the future (in 2014 it was 34%). We know from previous editions of the EPS series, however, that employers' stated intentions for offering apprenticeships in the future do not necessarily materialise.

The study helps identify where government communication to encourage employers to engage with apprenticeships might be best focussed. Among those who did not offer apprenticeships at the time of the study, establishments in the Manufacturing, Education and Construction sectors were more likely to have plans to offer apprenticeships in future compared to other sectors. However, when considering the size of sectors (i.e. the number of establishments operating in a given sector) there is potentially greatest scope to increase the number of apprenticeships in the two largest sectors: Wholesale and Retail and Business Services. It is nevertheless important to consider the nature of sectors in terms of the typical size of employers as larger employers tend to employ more apprentices. Employers' reasons for wanting to offer apprenticeships in future were broadly similar to the reasons why employers had started offering apprenticeships in the last three years as well as an intention to expand the business. While few reported financial reasons (6%), 12% of large businesses with 100+ employees spontaneously cited the impending introduction of the apprenticeship levy as a reason for engagement (among all sizes the apprenticeship levy was mentioned by 1% of employers intending to start offering apprenticeships in future).

Furthermore, three in 10 (30%) establishments currently offering apprenticeships reported that they were expecting the number of apprenticeships they offered to increase, while only 4% expected a decrease. Large employers were the most likely to be expecting to increase their apprentice numbers over the next two years and, among these, a quarter (24%) spontaneously cited the apprenticeship levy as a reason for this expected increase.

1. Introduction

Background

The Employer Perspectives Survey (EPS) is a biennial study, running in its current guise since 2010. Historically it has been administered by the UK Commission for Employment and Skills (UKCES), but ownership of the survey transferred to the Department for Education (DfE) in 2016. A project Steering Group oversees the survey, with officials representing: Department for Education (DfE), Department for Communities and Local Government (DCLG) and Department for Work and Pensions (DWP) in England, the Welsh Government, the Scottish Government, and the Department for the Economy in Northern Ireland.

The survey captures the views of over 18,000 employers across the United Kingdom regarding their approach to recruitment and training, as well as their awareness and use of various initiatives designed to support employers in these areas. It thus forms an evidence base to inform strategic and operational decisions across the UK and by national, regional, local and sectoral stakeholders. The EPS series complements the Employer Skills Survey (ESS) series, which delivers a comprehensive assessment of skills within the UK workforce and is conducted in alternate years to the EPS survey.

In this report we present findings across the UK, including time series analysis that compares results from 2014 with those from 2016. We also compare the experiences and behaviours between employers across the countries of the UK, and split by the size of the establishment and broad sector. Such findings are commonly interspersed with cross-cutting analysis that highlights the relationships between the different behaviours.

The need for in-depth labour market intelligence shows no signs of abating. Recent research has shown that as recruitment activity has increased since the recession of 2008-09, this has been accompanied by a similar increase in the number of vacancies which employers find hard-to-fill due to a lack of skills, qualifications or experience among applicants (Vivian et al., 2016)². Skills deficiencies among existing staff occur across all sectors of the economy, with employer investment in training proving relatively stable over the last few years. If these skills shortages remain, they are likely to act as a major barrier to the growth and prosperity of businesses and the wider UK economy.

Ensuring employers are able to recruit effectively and access relevant training is a focus of today, but Working Futures 2014-2024 (Wilson et al., 2016) identified a developing

² The ESS 2015 report is accessible here: <https://www.gov.uk/government/publications/ukces-employer-skills-survey-2015-uk-report>

requirement – across a number of sectors – for more high-skilled workers over the next decade as well. This links into the impact of the Information Revolution which continues to drive change in the job market, both in terms of the skills that are required in the modern economy and in how employers engage to find them. The provision of relevant training must keep pace accordingly.

The results of 2016 referendum, which determined that the United Kingdom would leave the European Union, cast greater significance on the skills of the workforce, and intensify the focus on ensuring UK businesses are able to compete in a global marketplace.

Against this backdrop, the learning and skills landscape has undergone a series of changes in recent years. Apprenticeships now form a central policy component for improving skills, building sustainable growth and enabling individuals to succeed in the workplace. In England for example, there is now a commitment to fund 3 million starts by 2020, alongside the creation of the UK wide apprenticeship levy, designed to encourage employers to take on more apprentices. Meanwhile, the Welsh Government has committed to creating a minimum of 100,000 all-age apprenticeship opportunities, while the Scottish Government has set a target of 30,000 Modern Apprenticeship starts each year by 2020.

There has been a renewed emphasis on developing skills with a number of publicly-funded initiatives across each nation geared towards helping individuals find work, and provide the support that businesses need to grow and develop their workforce. The survey also coincides with the change in participation age in England whereby young people are required to continue in education or training until they are at least 18.

The 2016 survey reflected this changing policy landscape, with a greater emphasis on employer engagement with apprenticeships, and the choices that they make regarding staff development. It also covers employers' approach to recruitment, their engagement with work placements and their general attitudes towards training.

The project involved 18,028 interviews with employers representing the entire UK employer population, across all parts of the country, operating in all sectors and across all size bands (with 2+ staff). The survey is therefore able to respond to requirements for labour market information from the UK countries (England, Northern Ireland, Scotland and Wales), and can be used at a Local Enterprise Partnership (LEP) or Regional Output Agreement (ROA) level in England and Scotland respectively. More information on questionnaire development, as well as the methodological detail of the study, are available in the separate technical report.

The main evidence report explores this rich data source, but further, more detailed analysis is possible. Headline findings are presented from the 2016 survey, highlighting where important differences exist between different types of employer and, where

possible, it tracks significant changes and developments over time. However, data tables have also been published on the gov.uk website, which provide the wealth of detail underpinning this report.

Methodological overview

The Employer Perspectives Survey 2016 was a large-scale, telephone survey of 18,028 establishments across all sectors of the economy (including the public and not for profit sectors) in England, Scotland, Wales and Northern Ireland.

This section briefly summarises the key features of the methodology adopted for the survey. Further detail can be found in the separate technical report which accompanies this report.

Survey sampling

UK establishments³ across all sizes and sectors of the economy with two or more staff were deemed eligible for the survey, in line with previous EPS surveys and the last two Employer Skills Surveys (ESS). Sole traders and establishments with just one employee (and no working proprietors) were excluded.

Prior to the 2016 EPS, a statistical review of the sampling strategy was conducted to weigh up the relative merits of different approaches to the sampling; this was independent of both UKCES⁴ and IFF Research. While this review confirmed the previous approach to sampling had been sufficiently robust, it led to a series of recommendations that would enhance the statistical rigour of the 2016 sampling strategy⁵. The final decisions on sampling strategy accounted for wider considerations such as user needs, practical concerns and the need to allow for time series analysis.

As in 2014, interviews were allocated to countries on a purposive basis, rather than in proportion to the population (England: 10,000; Northern Ireland: 2,000; Scotland: 4,000; Wales: 2,000).

Within country, target interviews were then stratified against a two-dimensional sector by size grid (12 sectors and seven size bands). As a result of the sampling strategy review, sector and size classifications were modified slightly from 2014, in order to improve sampling efficiencies. Size bands were made more granular, with the 25-99 size band split into 25-49 and 50-99, while the 100+ size band was split into 100-249 and 250+. By

³ i.e. individual sites or premises rather than enterprises or whole organisations

⁴ The survey was originally commissioned by UKCES before ownership was later transferred to DfE.

⁵ The separate technical report contains more detail on the recommendations from the sample review.

contrast the level of granularity by sector was reduced, with Agriculture, Mining and Quarrying, and Electricity, Gas and Water combined into 'Primary sector and Utilities'.

Within the grids, interviews were first allocated to employer size bands, using a set of ratios that over-sampled larger employers. These ratios aimed to balance the tension between maximising the potential for subgroup analysis on the one hand (by not allowing the smallest employers, which account for the vast majority of establishments, to dominate), and maximising the efficiency of the sample on the other (by not straying too far from a "natural" distribution of different sized employers).

Interviews were then allocated to sector within size band such that they accounted for the representative distribution of sectors in a particular sizeband according to the business population. In this way the sampling strategy returned improved sampling efficiency at the overall and country level, while incurring minimal impact on the ability to conduct time series analysis.

The profile of the population was established through the Office for National Statistics (ONS) based on data from Inter-Departmental Business Register (IDBR) March 2015 statistics.

In summary, the sampling approach was modified for 2016 to improve sampling efficiencies but it still followed a similar structure as in 2014. This leads to a more statistically robust set of findings without reducing the potential for time series analysis.

Survey questionnaire

UKCES sought to maximise the relevance, usage and impact of the Employer Perspectives Survey, acquiring stakeholder feedback to develop a comprehensive set of objectives that reflected policy needs and had the potential to lead to greater analytical insights than the previous studies have afforded. However, maintaining time series was also an integral consideration during questionnaire design for 2016 so core parts of the survey needed to remain the same.

A set of overarching policy questions were developed to guide decisions on what to keep, amend / improve, remove or add / develop. These focussed particularly on employers' choices regarding their investment in skills, their approach to recruitment and their engagement with apprenticeships, and have been used to frame this report.

Full cognitive and pilot interviewing was carried out to test new questions that were designed to meet these objectives. As part of this process, existing questions from the 2014 survey were also reviewed and revised where appropriate. Throughout this testing phase, an overarching consideration for the final survey design was to retain the possibility of time series analysis where relevant.

The final questionnaire covered a range of employer experiences of skills. Key new questions for 2016 included employers' involvement in the design of training courses, more nuanced questions on apprenticeships and an assessment of establishments' attitudes and priorities that might inform their decisions regarding training choices and investment in skills. The survey also covered employers' approach to recruitment (and recruitment of young people) work placements and work inspiration, employers' approach to training and vocational qualifications, traineeships and their use of National Occupational Standards

The average survey length was 22 minutes, although this varied depending on the level of engagement with particular approaches and schemes. A copy of the questionnaire can be found in the Technical Report.

Survey fieldwork

Fieldwork for the survey was undertaken between May and August 2016, involving 18,028 telephone interviews using computer-assisted telephone interviewing (CATI) software. By country, 10,015 interviews were achieved in England, 2,007 in Northern Ireland, 4,009 in Scotland and 1,997 in Wales.

Interviews were conducted with the most senior person at the site with responsibility for recruitment, human resources and workplace skills.

The survey achieved an overall response rate of 41%, the same as achieved in 2014.

Data weighting

Findings from the survey have been weighted and grossed up to reflect the total population of UK establishments with two or more people working in them. The weighting was designed and undertaken on an interlocking size and sector basis separately for each country. In contrast with the 2014 survey, no weights were employed to account for regional differences.

A separate weight was generated to report on the volume of work placements employers reported over the previous 12 months, grossing data to the total UK *employment* population as opposed to the UK *establishment* population.

Structure of the report

The EPS study focussed particularly on employers' choices regarding their approach to recruitment, their investment in skills, and their engagement with apprenticeships. As such the report is grouped around these three core topics, as shown below:

- Chapter 2: Characteristics

This chapter describes some of the key characteristics of the UK employer population, employer attitudes, and business outlook that form the basis of analysis throughout the report, thereby providing context to the report's findings.

- Chapter 3: Entry to Work

This chapter provides evidence on how best to support the pipeline of talent into business and ensure entry routes to employment are open to a broad cross-section of society. It therefore covers employers' approach to recruitment, what employers look for in applicants, recruitment of education leavers and their engagement with work experience.

- Chapter 4: People Development

This chapter explores employers' decisions on staff development, and what drives those decisions, examining how employers can be encouraged to input into the design of skills initiatives and vocational qualifications (VQs).

- Chapter 5: Apprenticeships

This chapter determines employer engagement with, and attitudes towards, apprenticeships, as well as the market potential for apprenticeships, with a view to exploring where and how engagement with apprenticeships can be increased.

- Chapter 6: Conclusions

The final chapter revisits the key stories emerging from the different strands of the survey, bringing them together and considering their implications

Supplementary data tables which typically present key data broken down by country, employer size and sector are provided in Appendix A and are referred to throughout the chapters.

Reporting conventions

As noted earlier, the survey was carried out at an establishment level. The terms 'establishment', 'employer' and 'workplace' are used interchangeably throughout this report to avoid excessive repetition and to aid reading. When terms such as "all employers" or "all establishments" are used, these refer specifically to the UK population of employers (those with two or more employees).

Throughout the report, unweighted base figures are shown on tables and charts to give an indication of the statistical reliability of the figures.

As a general convention throughout the report, figures with a base size of fewer than 25 establishments are not reported (with a double asterisk, '**' displayed instead), and

figures with a base size of 25 to 49 are italicised to indicate that caution is needed when interpreting them. Due to the size of the survey (18,000 interviews), these notations are rarely required.

In tables findings of 'zero' are denoted by a dash '-'; an asterisk '*' is used if the figure is larger than zero but smaller than 0.5.

All differences noted are significant to a 95 per cent confidence level unless otherwise stated.

In some cases figures in tables and charts may not always add to 100 per cent due to rounding (i.e. 99 per cent or 101 per cent). For example, when combining and summarising answer codes which are presented individually in a chart but reported on a combined basis in the text (such as combining 'well prepared' with 'very well prepared' to present an overall percentage), adding the individual percentages may not always sum exactly to the combined percentage. Furthermore, in the majority of cases, 'don't know' answers have not been included in the charts.

2. Characteristics

Introduction

This chapter describes some of the key characteristics of the UK employer population, employer attitudes, and business outlook that form the basis of analysis throughout the report. The purpose of the chapter is to provide context to the data presented in the report and to facilitate understanding of the differences in employers' experiences and practices. Therefore, characteristics presented in this chapter are referred to within subsequent chapters.

The data presented in this section are based on a combination of establishment population counts provided by the Office for National Statistics (ONS) and weighted data collected in the survey. The footnotes to each table or figure detail the source(s).

The nature of UK establishments: understanding the survey population

According to ONS figures, in March 2015⁶ there were 1.9 million establishments in the UK that were 'in scope' for this research⁷. Between them, these establishments employed 28.6 million people.

Profile of the UK business population

Figure 2.1 summarises key information on the profile of establishments and employment across the UK, based on ONS data. This shows that while the smallest establishments with fewer than five employees account for over half (53%) of all establishments, they account for just 9% of all employment. In contrast, the largest establishments with 100 or more employees make up just 2% of all establishments, but account for 42% of all employment.

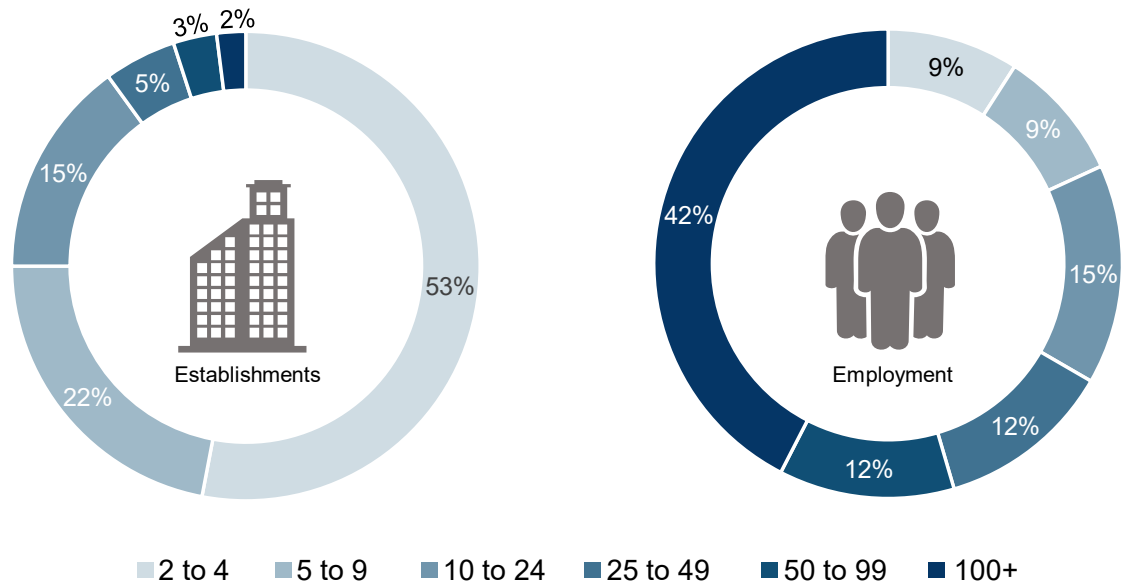
⁶ The latest ONS establishments population statistics available at the time of writing.

⁷ All establishments with two or more people working in them were in scope for the survey. See the accompanying technical report for further details.

Figure 2.1 Size and sector profile of UK establishments

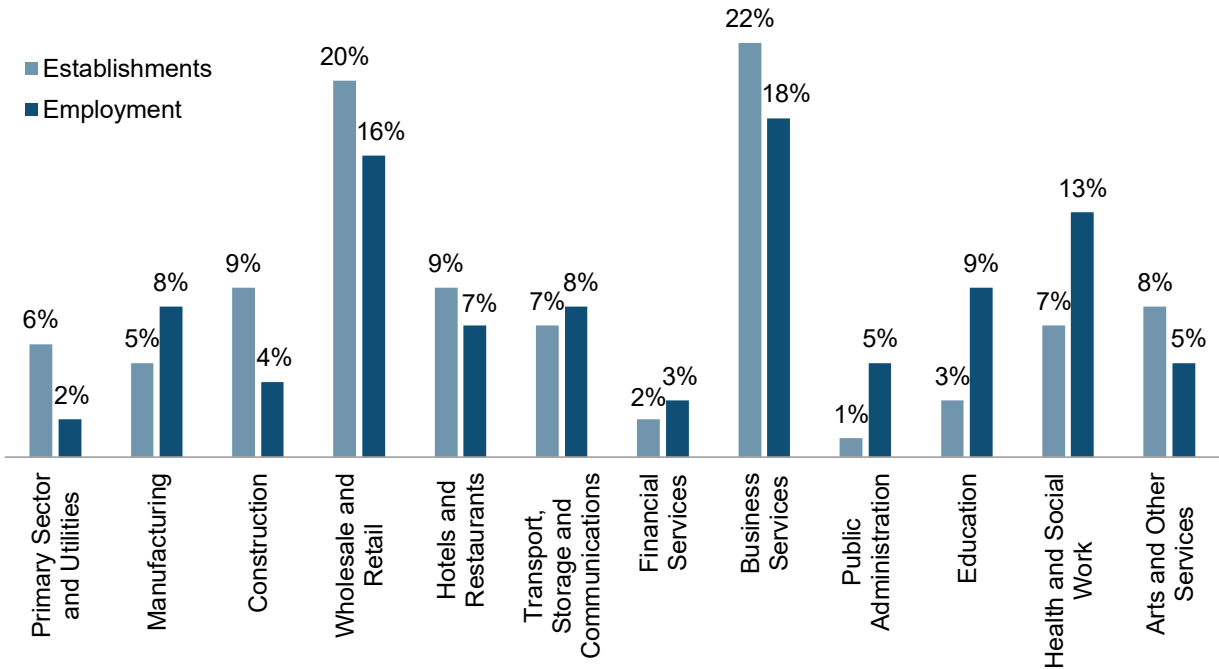
Size

% of all establishments and % of all employment



Sector

% of all establishments and % of all employment



Source: ONS Inter-Departmental Business Register (IDBR), March 2015

The largest sectors are Business Services and Wholesale and Retail which account for 22% and 20% of all establishments, respectively. Between them, establishments in these two sectors employ just over a third of the UK workforce (34%). Figure 2.1 illustrates that the distribution of establishments across sectors is different to the distribution of employment. These variances primarily reflect the differing size profile of establishments within sectors. For instance, the Construction sector accounts for 9% of all establishments but employs only 4% of the workforce. This reflects that seven-in-ten Construction establishments (70%) have fewer than five employees and only 1% have 100 or more employees. Conversely, Public Administration accounts for just 1% of all establishments but employs 5% of the workforce. This reflects that only a fifth (22%) of establishments in this sector have fewer than five employees and around one-in-seven (15%) employ 100 or more people.

Table A.2.1 in Appendix A shows the size profile of each sector.

Distribution of establishments and employment over time

There have been four iterations of the EPS series (2010, 2012, 2014 and 2016). Where possible the report presents time series data across the iterations of the EPS series. It is therefore useful to understand the changes in the establishment and employment populations as context for any significant changes in survey data over time.

Table 2.1 details the UK establishment and employment populations that each survey was weighted to. This shows that at a UK level the establishment population has increased between each iteration of the survey, with the largest increase occurring between 2014 and 2016. Following a small decrease of 1% in the employment population between 2010 and 2012, the employment population has increased between each iteration of the EPS series.

Table 2.1 UK establishment and employment populations over time (EPS 2010 to EPS 2016)

	2010	2012	2014	2016
Establishment population (UK)	1,647,000	1,708,500	1,766,800	1,884,600
% change in establishments	n/a	+4%	+3%	+7%
Employment population (UK)	27,011,300	26,683,900	27,755,200	28,575,700
% change in employment	n/a	-1%	+4%	+3%

Populations have been rounded to the nearest 100; % change figures refer to previous survey year

Source: ONS Inter-Departmental Business Register

To help understand the most recent population changes, Table 2.2 details where the population changes between 2014 and 2016 have occurred in terms of size and sector.

This shows that the largest growth in terms of both establishments and employment has occurred in small establishments with fewer than five employees.

Table 2.2 UK establishment and employment populations by size and sector (EPS 2014 to EPS 2016)

	Establishment			Employment		
	2014	2016	% change	2014	2016	% change
2 to 4	908,000	996,000	+10%	2,383,300	2,607,400	+9%
5 to 9	393,600	411,600	+5%	2,572,400	2,688,000	+4%
10 to 24	275,100	283,100	+3%	4,108,900	4,220,500	+3%
25 to 49	101,100	103,300	+2%	3,466,800	3,544,700	+2%
50 to 99	50,400	51,300	+2%	3,462,800	3,514,200	+1%
100+	38,700	39,400	+2%	11,761,000	12,000,900	+2%
Primary Sector and Utilities	109,100	110,300	+1%	754,000	771,800	+2%
Manufacturing	98,700	100,800	+2%	2,314,100	2,352,200	+2%
Construction	158,800	170,300	+7%	1,192,800	1,244,400	+4%
Wholesale and Retail	371,200	379,900	+2%	4,493,600	4,553,400	+1%
Hotels and Restaurants	159,900	174,700	+9%	1,961,400	2,119,900	+8%
Transport, Storage and Communications	128,800	136,700	+6%	2,231,000	2,283,400	+2%
Financial Services	38,300	39,200	+3%	1,004,900	997,900	-1%
Business Services	363,800	414,000	+14%	4,786,300	5,125,400	+7%
Public Administration	19,800	18,900	-4%	1,356,400	1,324,600	-2%
Education	58,100	59,100	+2%	2,607,900	2,608,900	0%
Health and Social Work	132,500	135,700	+2%	3,791,000	3,852,100	+2%
Arts and Other Services	127,900	145,100	+13%	1,261,800	1,341,700	+6%

Source: ONS Inter-Departmental Business Register

Note: Populations have been rounded to the nearest 100

By sector there has been marked growth of between 9% and 14% in the number of establishments operating in the Hotels and Restaurants, Arts and Other Services, and Business Services sectors. These sectors have also seen the largest increases in employment.

Only the Public Administration sector has seen a decrease in the number of establishments between 2014 and 2016 (a decrease of 4%). Employment in this sector has also decreased (by 2%), with Financial Services the only other sector to have seen a decrease in employment during this time (by 1%).

Employer characteristics from the survey

In later chapters the report presents cross-cutting analysis for a number of firmographic, business outlook and attitudinal questions gathered by the survey where it adds value to the analysis. These characteristics help us consider patterns and drivers of engagement with the skills system such as involvement with apprenticeships and use of various initiatives available to employers. In this section we present the results from the questions used in later chapters for cross-cutting analysis.

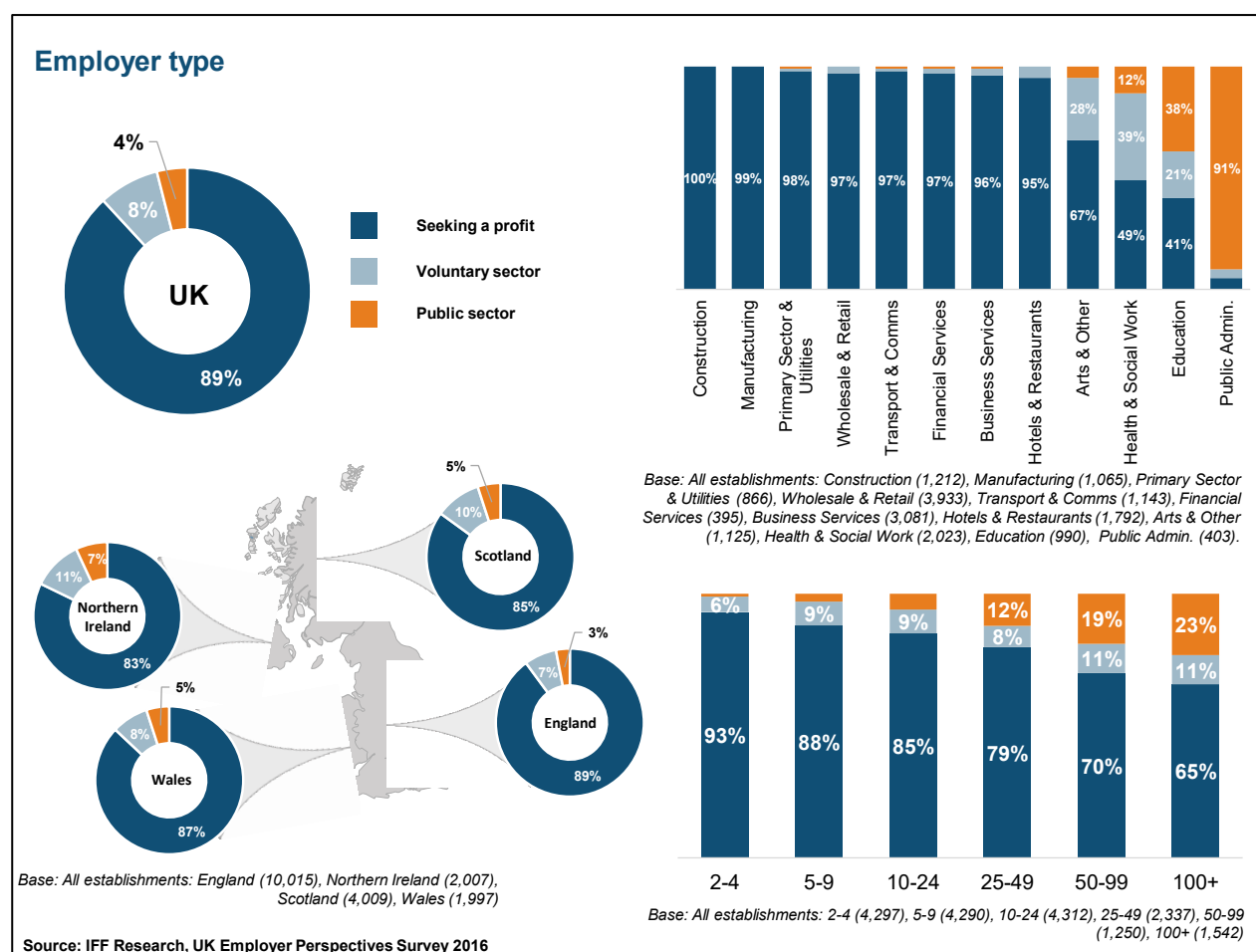
Key firmographics

Later chapters highlight how different organisation types are engaging differently with the skills system, particularly in regard to apprenticeships where the public sector is being encouraged to 'lead the way'. Figure 2.2 shows the majority of all UK establishments (89%) are commercially-focussed, seeking to make a profit (i.e. private sector), 8% are in the voluntary/charity sector and 4% are publicly-funded by either local or central government (i.e. public sector).

These patterns broadly hold around the countries of the UK, though Northern Ireland stands out as having a lower proportion (83%) of employers seeking a profit compared to other countries. The proportion of establishments in the voluntary and public sector increases by size band. Almost a quarter (23%) of the largest employers with 100+ employees, and classified themselves as public sector, compared with 1% among those with 2-4 employees.

In eight of the twelve sectors 95% or more establishments reported that they were seeking a profit. Of the remaining four sectors, Health and Social Work and Arts and Other Services had the highest proportion of establishments classified as voluntary sector (39% and 28% respectively). Within Education around two-fifths were either seeking a profit (41%) or public sector (38%), and the remaining one-fifth (21%) were voluntary. Unsurprisingly, within the Public Administration the majority of employers (91%) sector were classified as public sector.

Figure 2.2 Employer type by nation, sector and size



In terms of employment, as shown in Table 2.3, three-quarters (75%) of the workforce are employed by private sector establishments and 9% by employers in the voluntary sector. Whilst only 4% of all UK establishments are in the public sector, these employ a disproportionately large proportion of the workforce (18%).

Table 2.3 UK employment populations by employer type

	2016 Employment	2016 %
Private sector	21,394,600	75%
Voluntary sector	1,909,200	7%
Public sector	5,272,000	18%

Populations have been rounded to the nearest 100
Source: ONS Inter-Departmental Business Register

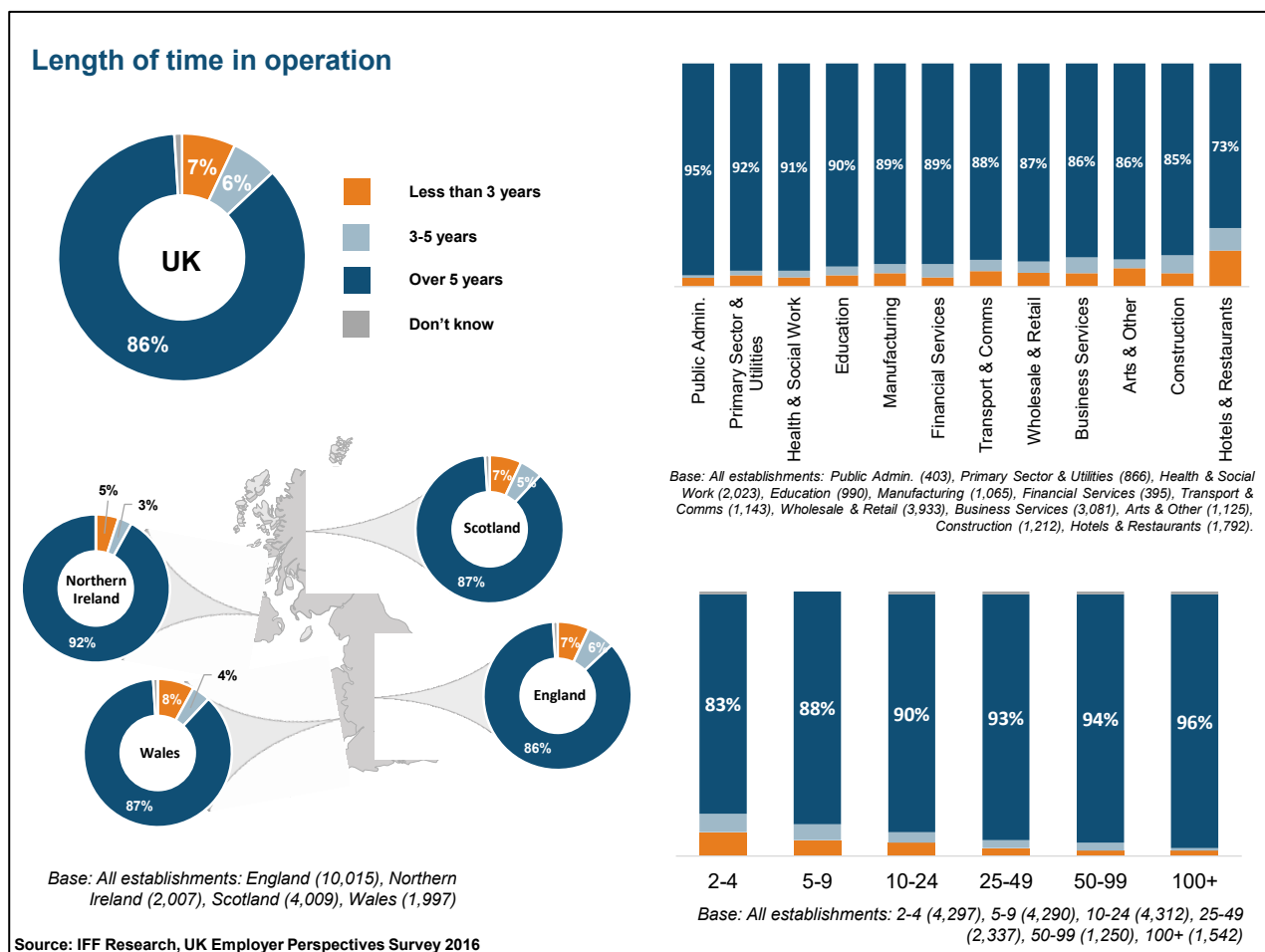
In addition to organisation type, we see in later chapters that the length of time an employer had been in operation can impact upon employer behaviour and engagement with the skills system. More established employers for example may be more likely to

understand the advice and support available to them, or have a clearer grasp of whether the training market meets their needs.

Figure 2.3 shows the majority of UK employers have been in operation for over 5 years; 86% fell into this category compared to 7% who had operated for under 3 years and 6% for 3-5 years. A similar pattern can be seen by country around the UK, although Northern Ireland stands out as having a greater proportion of establishments that had been operating for over 5 years (with 92% of employers falling into this category).

There was a clear relationship between size and length of operation, 83% of the smallest employers (with 2-4 employees) had been in operation over 5 years, compared to 96% of employers with 100+ employees. This is in line with the populations previously detailed in Table 2.2 which showed growth in the number of establishments has been greatest among those with 2-4 employees (10% increase) over the last two years, suggesting there will be a greater proportion of younger businesses in this size band.

Figure 2.3 Length of time in operation by nation, sector and size



By sector, while the majority of employers had been in operation over 5 years, Public Administration employers were most likely to have been in operation over 5 years (95%)

and employers in the Hotels and Restaurants sector least likely (73%). This is likely to reflect that Hotels and Restaurants tend to have the highest business ‘death rates’⁸ and higher than average growth in the number of establishments in the last two years (as shown earlier in Table 2.2).

Business outlook

Analysis of this year’s results from the survey highlight that an employer’s business outlook – whether they have grown in the *last* 12 months (in terms of employment), and whether they expect to grow in the *next* 12 months – is linked to their behaviour in relation to the skills system.

Among employers who had been in operation over 12 months, just under a quarter (23%) of UK establishments had increased their number of employees in the last 12 months (Figure 2.4). This was largely being driven by employers in England, with lower proportions of employers in Northern Ireland, Scotland and Wales experiencing a growth in employment (19-20%).

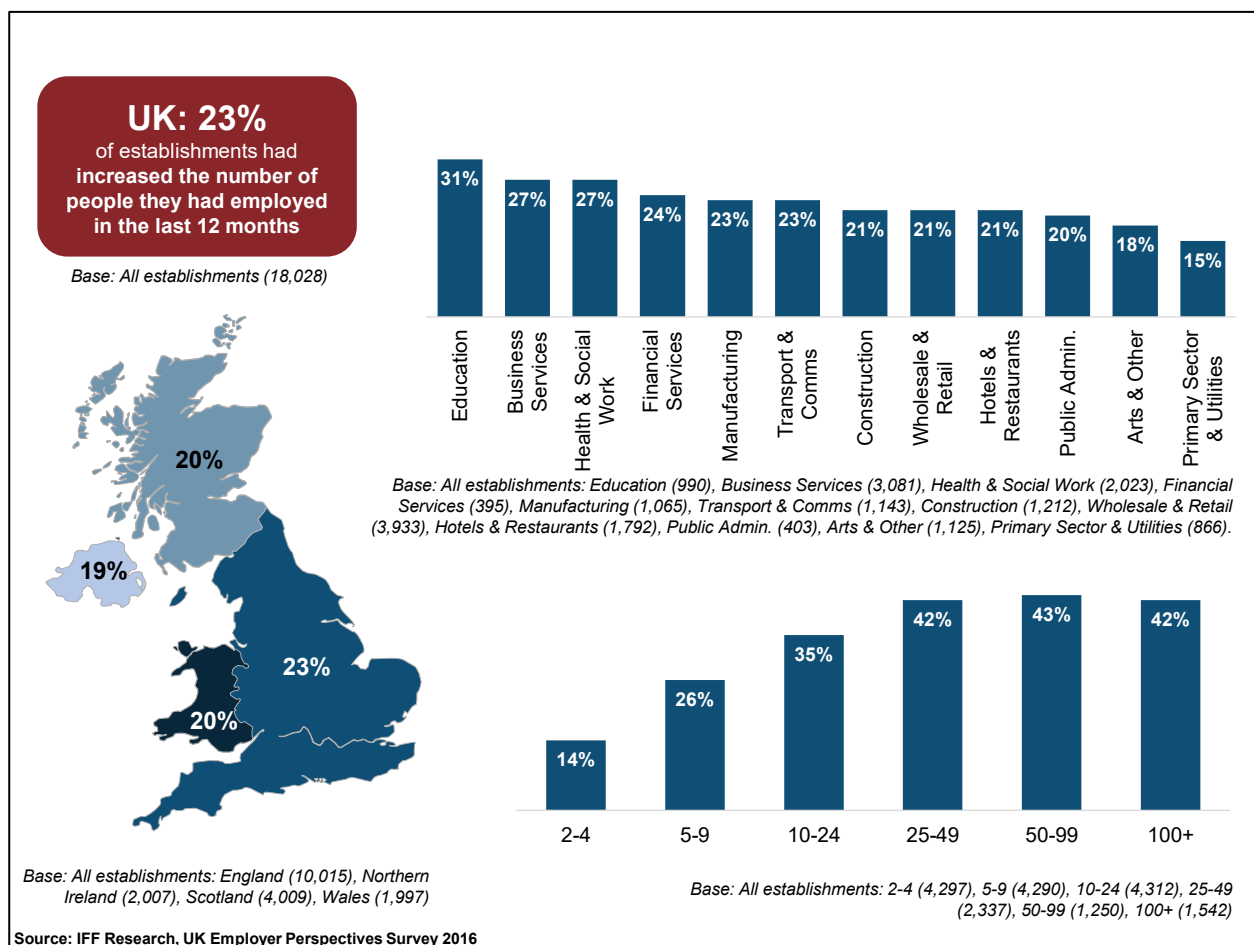
Employers with over 25 employees were around three times more likely than the very smallest employers (those with 2-4 employees) to have had growth in employee numbers. Just 14% of employers with 2-4 employees had increased the number of people they had employed compared to 42 to 43% of employers in the 25+ employees size bands.

By sector, Education (31%), Health and Social Work (27%), and Business Services (27%) had the highest proportions of employers reporting an increase in employee numbers. Employers in the Primary Sector and Utilities (15%) and Arts and Other Services sector (18%) were the least likely to report growth in the number of people they employed.

⁸ ONS define the death rate as businesses that have ceased to trade (identified through de-registration of the administrative units, that is, VAT and PAYE). The death rate is calculated using the number of deaths as a proportion of the active enterprises. The latest ONS Demography statistics at the time of writing show that Accommodation and Food Services had the highest ‘death rate’ of all industries.

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2014>

Figure 2.4 Proportion of establishments who had increased the number of people employed in the last twelve months by nation, sector and size



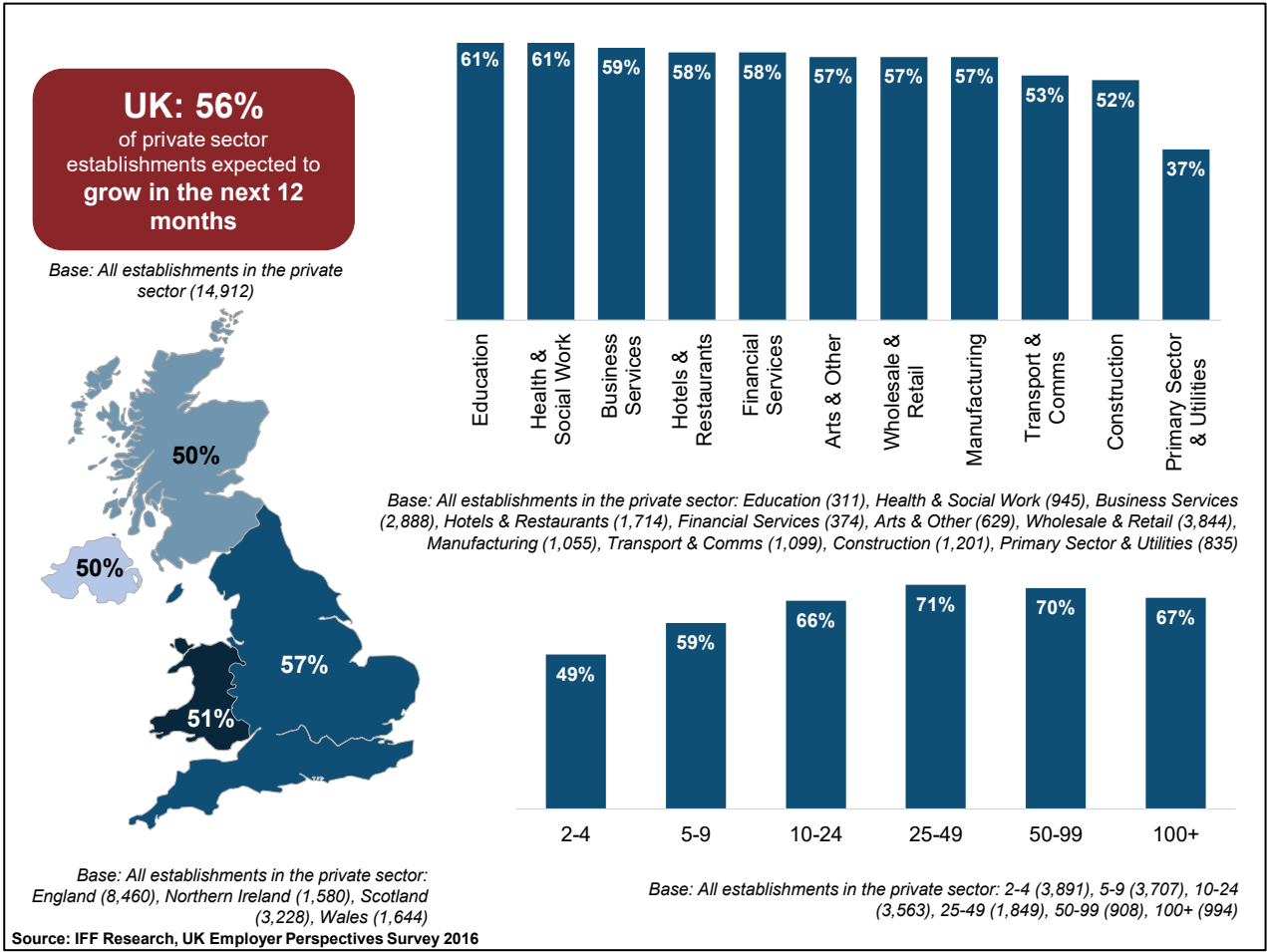
As well as considering growth in employee numbers over the *last* twelve months, employers seeking a profit were asked more generally about whether they expected their operations to grow, contract or remain the same over the *next* twelve months. The responses to this question shown in Figure 2.5 give us a basic measure of business confidence over the next year, and analysis within the following chapters shows that, in some cases, an employer's outlook impacts upon their interaction with the skills system.

Over half (56%) of UK private sector establishments expected to grow in the next 12 months. This varied for the different countries of the UK. Confidence was highest among profit seeking employers in England (57% of whom expected their establishment to grow), and significantly higher than other countries (51% in Wales, 50% in Northern Ireland and 50% in Scotland).

By size, those establishments with 25 to 99 employees had the most positive outlook, with 70-71% expecting to grow in the next 12 months. The smallest employers (those with 2-4 employees) were less confident about their growth prospects for the next 12 months, with 49% expecting to grow.

With the exception of the Primary Sector and Utilities sector (37%), over half of profit seeking employers in all other sectors were confident in their prospects for growth over the next 12 months. Private sector employers in Education (61%) and Health and Social Work (61%) were most likely to say they expected growth.

Figure 2.5 Proportion of establishments expecting to grow in the next 12 months by nation, sector and size



Employer attitudes

This year there was keen interest from stakeholders in gaining a better understanding of what drives employers to make the decisions that they do. As such the survey this year, for the first time, collected information on the attitudes and priorities of employers which might inform their decisions regarding training choices and investment in skills. Employers were asked a series of statements and asked the extent to which they agreed/disagreed. Analysis has been undertaken for the Entry to Work, People Development and Apprenticeship chapters, and where these priorities and attitudes add to our understanding this is drawn out within specific chapters. In this section we present findings at a headline level in Figure 2.6.

Almost nine-in-ten (86%) employers agreed that their staff happiness was as important as organisational performance. There were some small variations from the average by size, sector and country but overall differences were limited.

Employers were also asked whether the ability of their staff to do their jobs was more important than those staff having formal qualifications. The majority of UK employers (83%) agreed that staff ability was more important, and just 5% disagreed. There is very little variation in the patterns of response by nation, size and sector, see Table A.2.2 in Appendix A. The most notable exception were Education employers, 12% of whom disagreed, and felt qualifications were more important than the ability of staff.

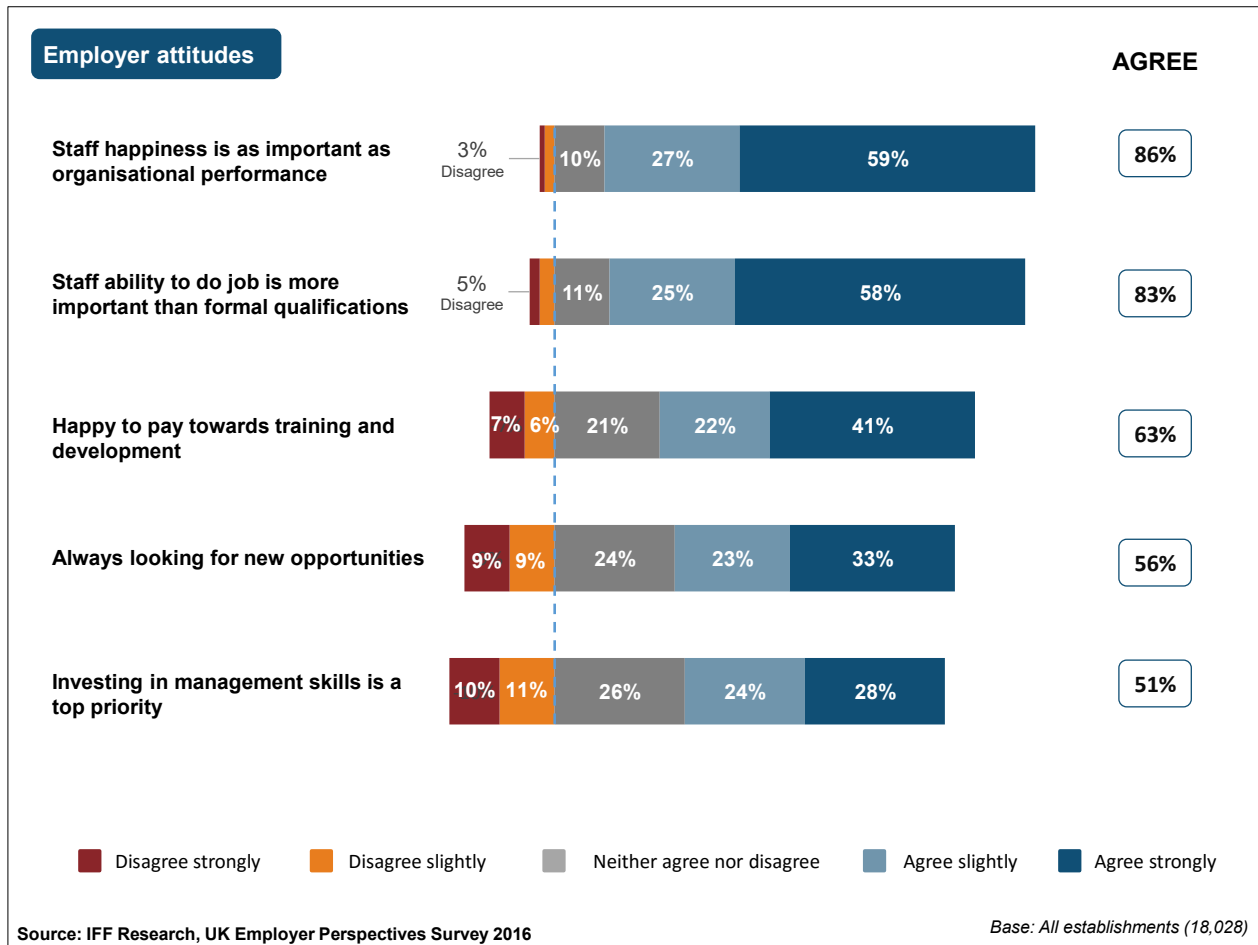
Overall, three-fifths (63%) of UK employers were happy to pay for their employees training and development, this rises to four-fifths among employers with 100+ employees (81%), Financial Services (80%) and Education (81%) establishments. Employers in the Wholesale and Retail sector (55%), Hotels and Restaurants (56%), Primary Sector and Utilities (56%), and employers with 2-4 employees (57%) were least likely to agree that they were happy to pay for training and development for their staff.

Establishments were asked whether they are always looking for new opportunities. Over half of UK employers (56%) agreed that they were looking for new opportunities, and a further one in four (24%) neither agreed or disagreed. This leaves 18% of employers who did not agree that they were always looking for new opportunities. Small employers with 2-4 employees (23%), establishments in the Primary Sector and Utilities (26%) and Hotels and Restaurants (24%) were among those most likely to disagree that they are always looking for new opportunities.

Finally, when asked whether investing in leadership and management skills was a top priority, just over half of employers (51%) agreed. The largest employers with over 100+ employees were almost twice as likely compared to very small employers (with 2-4 employees) to agree that leadership and management skills were a top priority (80% compared to 42%). There were also wide variations by sector, only 39% of Primary Sector and Utilities employers agreed with the statement, compared to 76% of Education employers.

A full breakdown of the results by country, size and sector is given in Table A.2.2 in Appendix A. In subsequent chapters we highlight how these employer attitudes and priorities relate to their decisions regarding various training choices and investment in skills.

Figure 2.6 Employer attitudes and priorities



3. Entry to work

Chapter summary

Just over half (52%) of UK establishments had a vacancy in the 12 months preceding the survey. This was lowest among establishments in Northern Ireland (44%), compared with 53% in England and 49% in both Scotland and Wales. Reflecting an economy experiencing steady growth since the recession, the proportion of vacancies has increased from 48% in 2012 and 49% in 2014.

While recruitment activity has increased, employers' often narrow approach to recruiting new staff could be impacting their ability to grow further: 18% of employers used only one method of recruitment in the last 12 months, potentially limiting the quality and quantity of individuals who applied. Word of mouth or personal recommendations remain the most common means by which employers look to fill their vacancy (79%), while using internal resources to recruit, such as placing adverts on their website (54%) and using social media (46%), was also common. Close to three in ten (28%) exclusively used such internal resources (including word of mouth) to recruit staff. There was also considerable variation by sector: Construction employers for example were much less likely to use their own online mechanisms such as their website (29%) or social media (30%), while use of word of mouth or personal recommendations was more common than average (85%).

Despite reductions in youth unemployment since the UK left recession, this does not appear to be driven by any changes in employers' approach to recruitment: two-thirds (66%) of recruiting employers took on an individual under the age of 25 in the 12 months preceding the survey, the same figure as in 2014. Half (51%) of employers who recruited a young person in the last 12 months only used one method of recruitment to advertise their vacancy; a quarter (25%) exclusively used word of mouth or personal recommendations. This highlights the extent to which it is not a level playing field for young people looking to enter the workplace for the first time.

Three in ten establishments in the UK (31%) had recruited education leavers in the 2-3 years preceding the survey. Although leavers were generally considered to be well prepared for the workplace, the proportions of employers in Wales who considered their school leavers and FE college leavers to be prepared for work had dropped since 2014, and there was a similar shift regarding the preparedness for work of 17-18 year old school leavers in Northern Ireland. Where education leavers were found to be poorly prepared, this was most commonly due to them having a poor attitude or a perceived lack of working world or life experience.

Work experience is an important factor in helping young people into the workplace: indeed, 65% of employers find this a critical or significant factor when taking on (any aged) recruit. Nevertheless, only two-fifths (38%) of establishments offered some form of work experience placement in the last 12 months (rising to 48% in Northern Ireland, but as low 23% across all Construction employers). Establishments offering placements had an average of six individuals on a placement in the 12 months before the survey, although this figure was much lower among establishments in Manufacturing, Primary Sector and Utilities and Construction.

A third (33%) of all employers offering placements in the last 12 months had taken on an individual into a permanent or long-term role after this. Sector figures deviated little from the overall UK figure with the exceptions of Hotels and Restaurants establishments, which were much more likely to have offered a permanent role (54%), and Financial Services, where only one in five (20%) establishments took on an individual into a permanent role.

In addition to work placements, a small minority (10%) of establishments also offered work inspiration activities to students, such as mentoring, holding site visits and visiting educational institutions to talk with students about careers.

Employers who did not offer work experience opportunities typically felt that their businesses were not structured to enable these. Over a third (36%) felt they had no suitable roles in the company, while 11% considered they were not able to offer such opportunities due to the size of the establishment.

Introduction

The 2008-09 recession contributed to a drop in business and consumer confidence in the UK economy that resulted in employers scaling back their plans for investment and growth, and limiting their recruitment activity (UKCES, 2014). As a result, unemployment levels increased, with young people in particular suffering from a lack of vacancies in the market⁹.

The economy has more or less recovered since this point but still faces challenges. Productivity per worker or hour worked is consistently below the level of similar European economies (HM Treasury, 2015). This is linked to a series of skills challenges that UK

⁹ For historic trends on youth unemployment see Office for National Statistics Statistical bulletins on 'Young people not in education, employment or training (NEET), UK'. The latest bulletin is available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/nov2016>

employers face, such as problems employers face filling vacancies due to a lack of skills, qualifications and experience among applicants (Vivian et al., 2016).

Solving this challenge requires a multi-dimensional approach. This starts with education providers training individuals in the skills that employers need, but also requires employers to ensure their approach to recruitment allows them to access and harness these skills. But relevant skills are only one side of the coin; even among young people looking for their first job, employers place great emphasis on prior experience of the working world, so the range of work experience opportunities open to young individuals is also important.

This chapter seeks to shed light on some of these issues by covering the broad channels establishments use to recruit, what they look for in new recruits, and the age profile of these recruits. It also covers the preparedness of education leavers for the workplace, before assessing employers' provision of work experience opportunities to individuals out of work or in education.

In this way, the survey provides the employer perspective on recruitment methods and what could facilitate entry into employment. It also identifies the barriers that employers face in taking on young people into the workforce, or offering work experience opportunities.

Employers active in the labour market

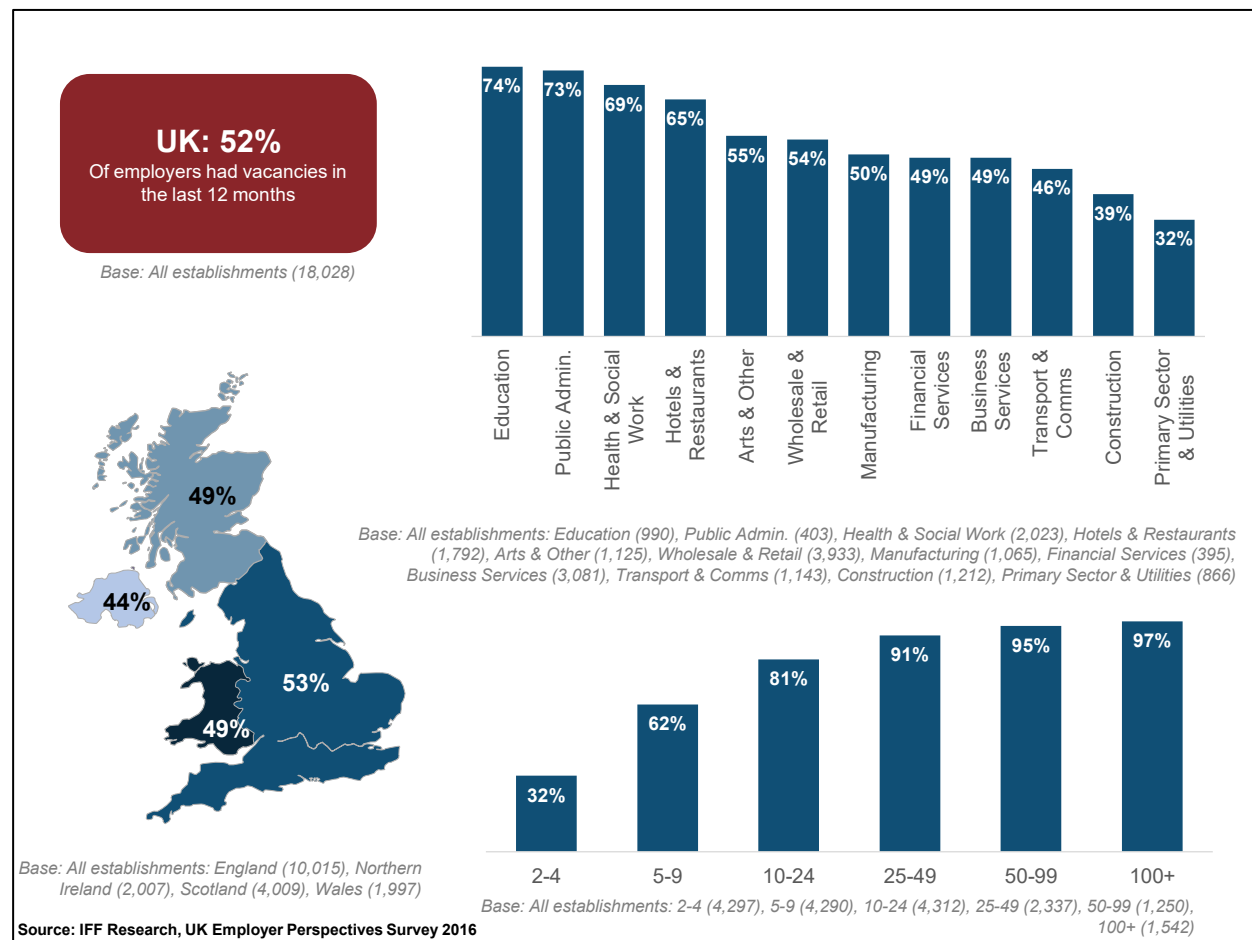
To assess establishments' approach to recruitment we first determined whether they had any vacancies in the 12 months preceding the survey (between Summer 2015 and Summer 2016). Just over half (52%) of all employers had had a vacancy in this time.

By country, a greater proportion of employers in England reported vacancies than elsewhere (53%), while the proportion of establishments with vacancies was lowest in Northern Ireland (44%), as Figure 3.1 illustrates. By size of establishment as many as one in three (32%) of the smallest establishments (2-4 staff) turned to the labour market in the previous 12 months, with close to double this proportion (62%) of establishments with 5 to 9 employees also citing vacancies. When an establishment reaches a headcount of 10 staff, it is considerably more likely than not that they will need to engage in the recruitment market; nearly all (97%) establishments with 100+ staff had vacancies.

At a sectoral level, the proportion of employers with vacancies was typically higher in the 'non-market services' sectors, such as Education (74%) and Public Administration (73%). While such establishments tend to have higher numbers of staff and therefore one would expect higher levels of turnover, the broad trend by sector held within smaller establishments as well (with fewer than 25 staff). In contrast, employers in Construction (39%) and the Primary Sector and Utilities (32%) were much less likely to have

vacancies. While in Construction this can be explained by the preponderance of small establishments in this sector (70% have 2-4 staff compared with 53% across all establishments), employers of all sizes in Primary Sector and Utilities consistently reported lower levels of vacancies. However, the proportion of Primary Sector and Utilities establishments citing vacancies in England was much higher than in Northern Ireland, Scotland and Wales (36% compared with between 19% and 24%).

Figure 3.1 Proportion of establishments with vacancies in the last 12 months, by country, sector and size



Activity in the labour market has increased gradually since the recession. In 2012, 48% of establishments had had vacancies in the preceding 12 months, increasing to 49% in 2014, and to 52% in 2016¹⁰. At the time of writing, it is unclear how the decision to leave the European Union will impact employers’ activity in the recruitment market, but it is unlikely to have affected employers’ vacancies in the 12 months prior to the referendum (which was held during EPS fieldwork).

¹⁰ This increase in vacancies is mirrored in both the ESS series, as well as ONS Labour Force Statistics.

The increase at the UK level between 2014 and 2016 was driven by vacancies in England (50% to 53%) and Northern Ireland (38% to 44%). There was no change of statistical significance in Scotland and Wales.

Growth in the proportion of establishments experiencing vacancies varied across sectors. Increases of between seven and eight percentage points occurred in Construction, Primary Sector and Utilities, and Arts and Other, while, in contrast, the proportion of employers in Transport and Communications, Financial Services and Business Services citing vacancies remained unchanged since 2014. Table A.3.1 in Appendix A shows how the proportion of vacancies have changed over time, by country, size and sector.

The majority of employers with vacancies had been able to fill at least some of their vacancies by the time of the interview: 48% of all employers had successfully recruited in the last 12 months (equating to 91% of all employers with vacancies). This compares to 46% in 2014 and 43% in 2012. Subgroup variation tended to follow the same pattern as noted above. Of the small minority of employers with vacancies that had not successfully recruited any staff in the last 12 months (5% of all employers), this may have been due to difficulties filling vacant position(s), or that any vacancies had recently formed and thus they were still in the process of filling these at the time of the survey.

Recruitment channels

The channels employers use when recruiting staff influence the variety, quality and size of the pool of people they have to select from, and are important in ensuring equality among job seekers in terms of the range of opportunities available to them. Employers however face a balancing act between reaching a wide pool of potential recruits and the expense and resource required to recruit.

Recruiting employers were asked what methods they had used in the last 12 months to recruit new staff into the organisation¹¹. As Figure 3.2 shows, the vast majority (81%) used more than one approach to recruitment, and they were more likely to make use of internal resources, such as word of mouth or personal recommendations (79%), placing adverts on their website (54%) and through social media (46%), as opposed to external resources.

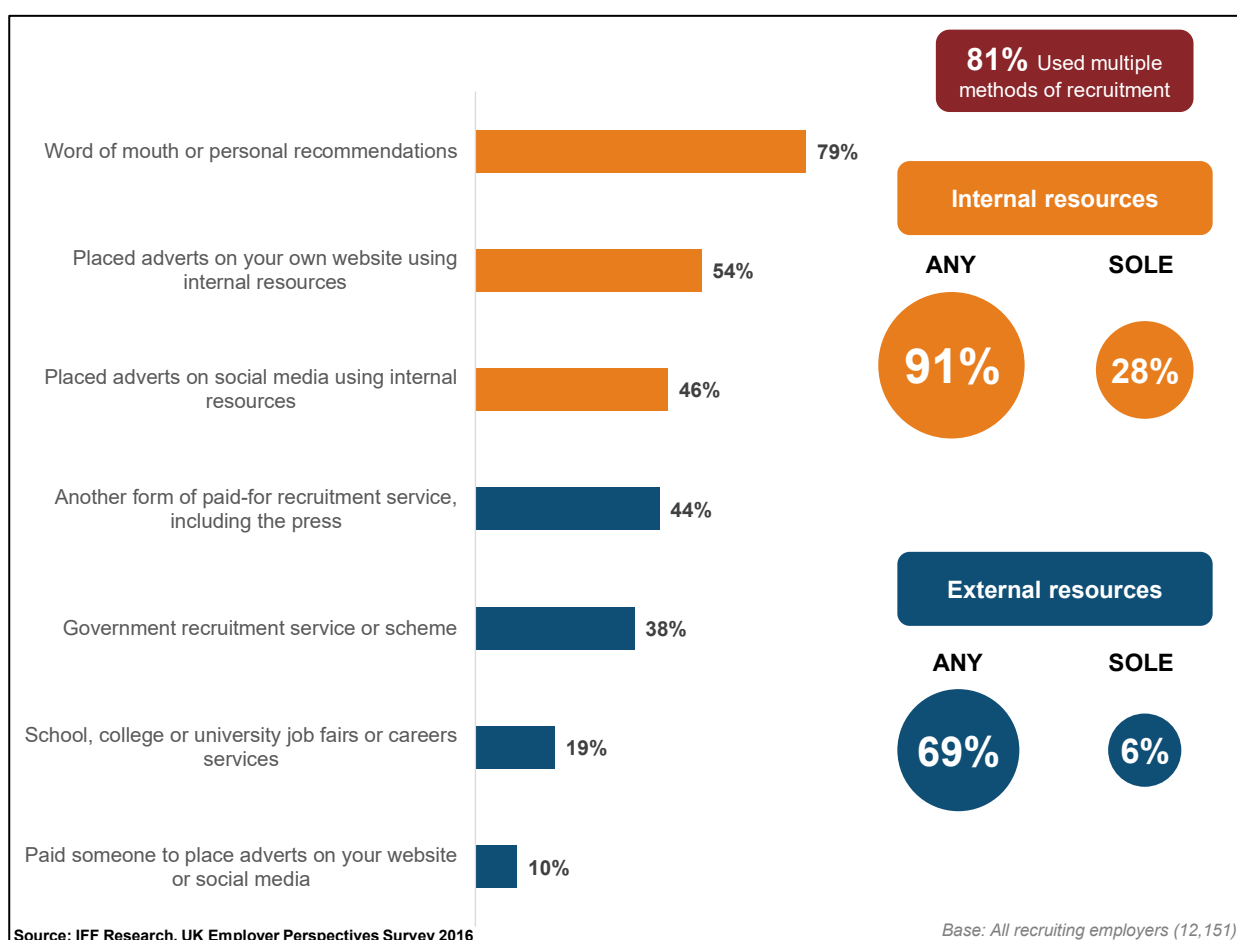
Of the external approaches used, paid-for recruitment services (44%) were most common. These covered a range of recruitment channels, of which recruitment agencies

¹¹ No time series comparisons are possible with 2014 due to a change in the way the question was asked. Where the 2014 questionnaire utilised an unprompted list of specific recruitment channels, the 2016 questionnaire prompted establishments with a smaller list of broad approaches to recruitment and therefore acts as a more reliable method of determining employers' general approach to filling vacancies.

(18% of all recruiting employers), recruitment websites (16%) and the local press (14%) were most frequently used. Just under two-fifths (38%) of all recruiting employers used a government recruitment scheme, although most used other approaches in addition to such schemes. These establishments were particularly likely to have used an education careers service as well (29% compared with 19% average).

Close to one in five recruiting employers (18%) relied on only one method of recruitment to fill their vacancies: 11% exclusively used word of mouth or personal recommendations, potentially limiting the pool of applicants that these businesses can reach. Expanding this further, approaching three in ten (28%) recruiting employers only used internal resources to recruit (i.e. word of mouth, adverts on their website or social media *only*).

Figure 3.2 Recruitment methods used in the last 12 months



The approach to recruitment for employers in Northern Ireland differed considerably to the rest of the UK. Across England, Scotland and Wales, the use of a company's own website (ranging from 51% to 55%) or social media (46% to 47%) was more common than using a government recruitment scheme (37% to 44%). In Northern Ireland however, more employers used a government scheme (55%) than their own website (47%) or social media (39%) to promote vacancies. These establishments were also

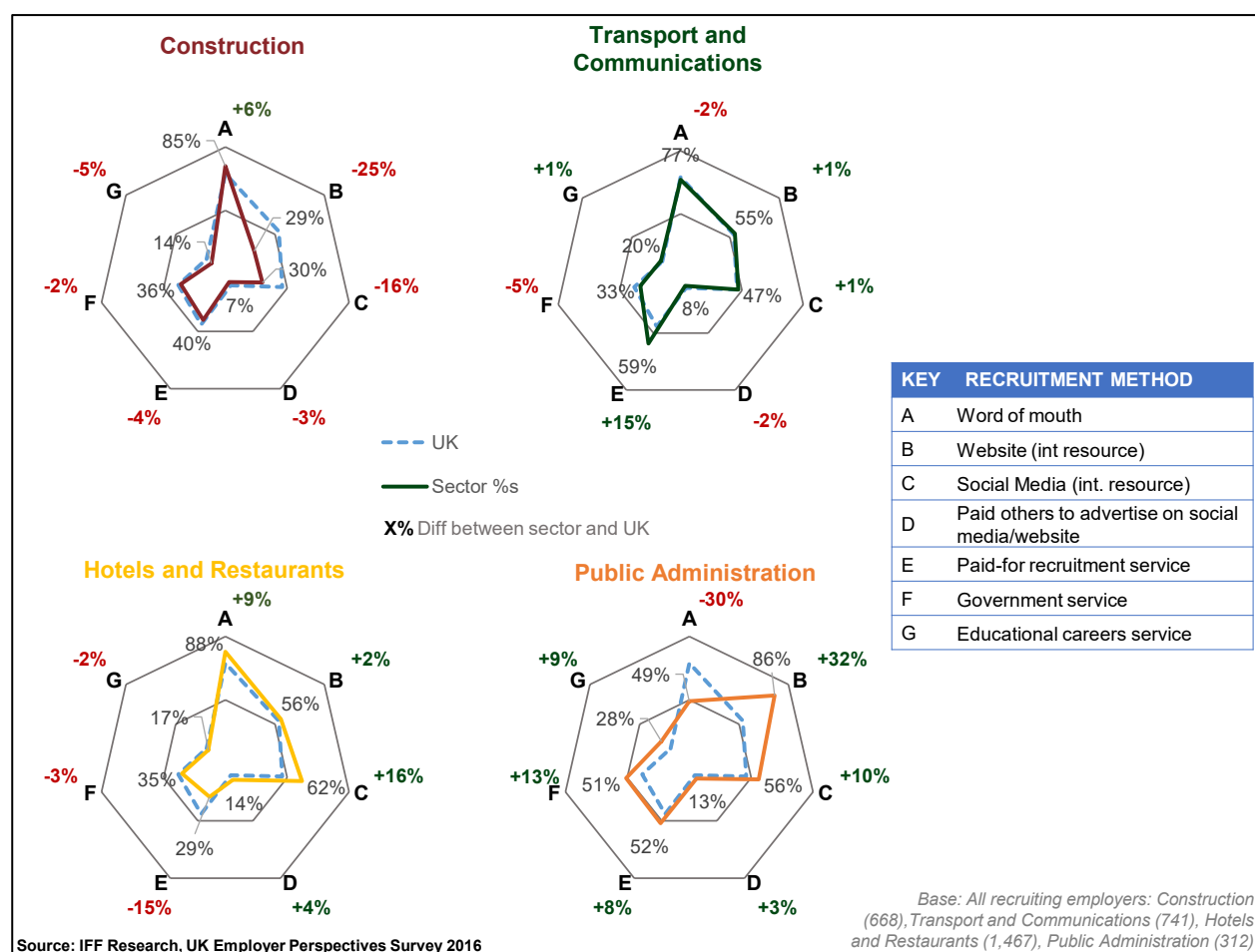
much less likely to rely on word of mouth or personal recommendations (62% compared with between 77% and 81% elsewhere).

As one might expect, large establishments were more likely to use a wide range of recruitment methods. Across nearly all recruitment approaches the likelihood of having used that approach in the last 12 months increased with size, with one exception: word of mouth or personal recommendations. Here, small businesses were just as likely to use word of mouth as large businesses (79% for both 2-4 and 100+ sized establishments). However, nearly one in five (18%) establishments with 2-4 staff exclusively used this method of recruitment, compared with less than 1% of businesses with 100+ staff. It is possible therefore that these companies are limiting the pool of potential applicants from which they recruit, and thus increasing the potential for skills deficiencies in the organisation. Concerns have also been raised (for example in Scaling the Youth Employment Challenge, UKCES 2013) that such an approach could disadvantage young people from entering the workplace.

There was much variation in approach to recruitment at a sectoral level as well. Figure 3.3 illustrates differences to the UK overall picture across key sectors of interest¹².

¹² These sectors either show considerably different approaches in recruitment to the UK average, or have historically faced issues recruiting individuals.

Figure 3.3 Recruitment methods used in the last 12 months among particular sectors



In the Construction sector, employers were considerably less likely to use online mechanisms such as their own website (29%) or social media (30%) than the UK average (54% and 46% respectively). Word of mouth (85%) dominated and is of particular concern given that 23% of recruiting Construction employers exclusively used this approach to recruitment (compared with an average of 11%)¹³. ESS 2015 established that the density of skill-shortage vacancies¹⁴ was highest in this sector (Vivian et al., 2016). Thus their approach to recruitment could potentially be reducing the pool of individuals who apply to jobs in the Construction sector.

ESS 2015 also found a relatively high skill-shortage vacancy density in the Transport and Communications sector. Employers' approach to recruitment here however follows a similar pattern to the rest of the UK, although there was a greater emphasis placed on

¹³ Nb while Construction sites tend to be smaller than the UK average, small Construction establishments were still much more likely to only use word of mouth compared with the UK average for small establishments.

¹⁴ i.e. the proportion of vacancies proving hard to fill due to a lack of appropriate skills among applicants.

paid-for recruitment services in this sector (59% compared with a UK average of 44%). These employers were particularly likely to have used recruitment agencies in the last 12 months (33% compared with 18% of all recruiting employers).

Hotels and Restaurants exhibited slightly different behaviour towards recruitment, perhaps linked to their typical profile of applicants (as we show later in this chapter, establishments in this sector were most likely to have taken on an individual under the age of 25 in the last 12 months).

In particular, there was wider use of word of mouth (88% compared with 79% UK average) and social media (62% compared with 46% average). Indeed, they were more likely to exclusively use internal resources to advertise vacancies (through their website, social media or using word of mouth) than any other sector (37% compared with 28% UK average). However, these employers were no more likely to have made use of government recruitment schemes – perhaps surprising given that a number of these schemes focus on providing work opportunities for young people. ESS 2015 showed that retention difficulties were highest in the Hotels and Restaurants sector. Again, this is likely linked to the typical age profile and occupations of this sector, as well as the seasonal nature of the work involved, but it is possible that their approach to recruitment – through more informal channels such as word of mouth and social media – renders applicants unclear on the requirements of the job roles to which they apply.

The pattern in Public Administration is also worthy of exploration; employers in this sector reported the lowest density of skill-shortage vacancies in 2015 and they took a very different approach to the rest of UK employers. There was much more emphasis on a range of channels (only 9% used a single broad approach to recruitment), and there was much less emphasis on word of mouth or personal recommendations (49%).

Table A.3.2 in Appendix A contains these figures split by country, size and sector, while Table A.3.3 in Appendix A shows the use of specific government schemes by country.

There are some correlations between establishments' approach to recruitment and their attitude towards training. More forward looking companies, such as those who agree investing in management skills is a top priority and those always looking for new opportunities tended to use a much wider range of channels than the UK average.

What employers look for when recruiting

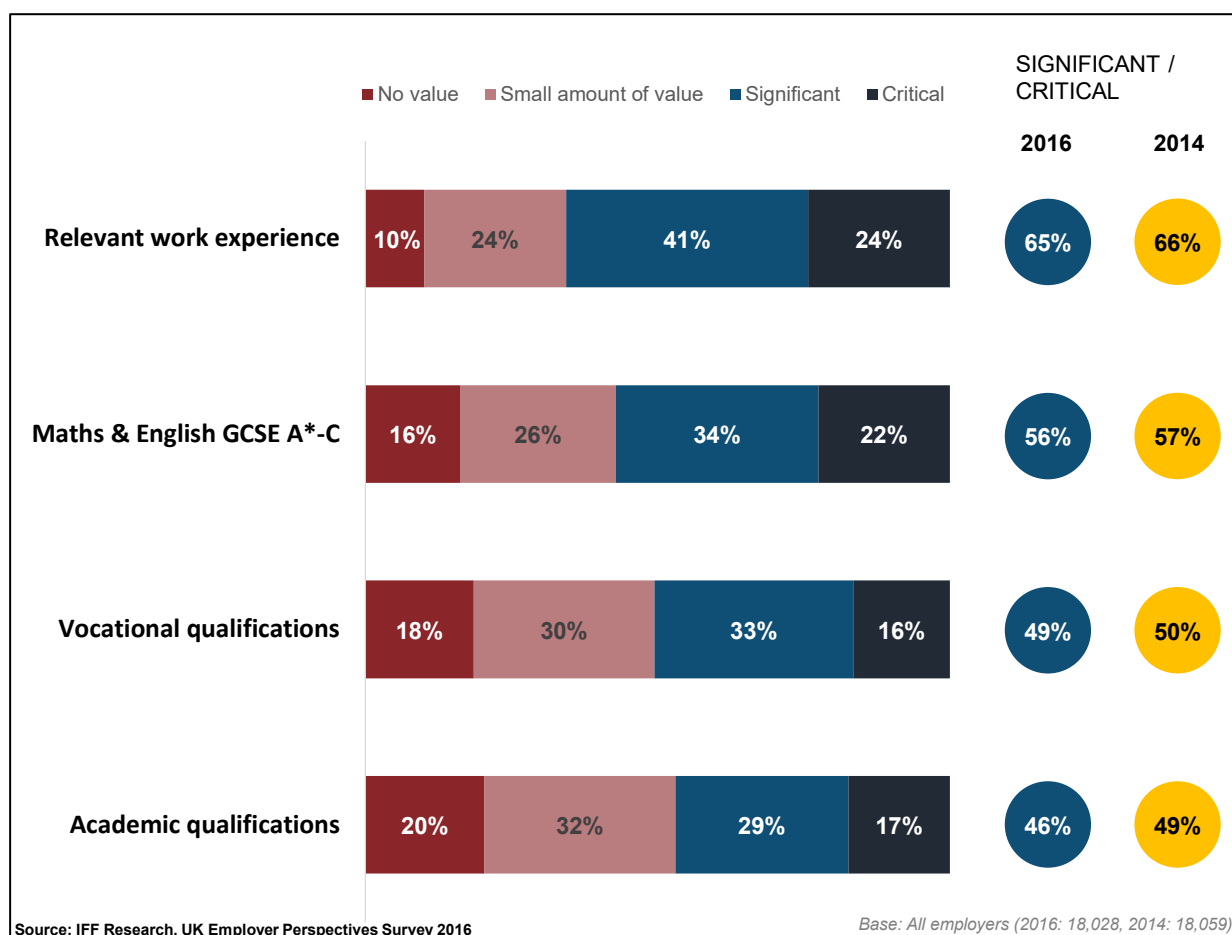
To gauge what drives employer decisions on recruitment, the study measures the relative importance to employers of a number of factors: academic qualifications (Maths and English GCSE A*-C as well as more broad academic qualifications), vocational qualifications (VQs), and relevant work experience. Employers rated whether these

attributes were critical, significant, of a small amount of value or of no value when taking on new staff.

As Figure 3.4 shows, a greater proportion of employers reported that they valued relevant work experience than any of the other factors when assessing potential new recruits: close to two-thirds (65%) rated relevant work experience either critical (24%) or significant (41%), although one in ten (10%) felt this added no value to an applicant.

While a certified Maths and English GCSE A*-C was valued by just over half (56%) of employers, general academic qualifications were ranked lowest (46%). Indeed, a greater proportion of employers valued VQs (49%) than general academic qualifications. This hierarchy showed no change from 2014, although the proportion who valued academic qualifications had dropped from 49% to 46%, and was thus more in line with the 2012 figure (44%).

Figure 3.4 Factors looked for when recruiting, in 2016 and 2014



As Table 3.1 shows Employers in Northern Ireland were more likely than employers elsewhere to rate every listed factor as being critical or significant. This could be related to the levels of recruitment in the country; as seen previously employers in Northern Ireland were less likely to recruit, so it could be that they are able to be more selective in

their recruitment as there is less competition generally among employers for recruits. Employers in Wales were less likely to place as much value on academic qualifications (general academic qualifications: 39% compared with 46% UK; Maths and English GCSE A*-C: 47% compared with 56% UK).

Table 3.1 Factors looked for when recruiting, by country

<i>Row percentages</i>			Factors looked for when recruiting: Critical or significant			
Country	Base		Relevant work experience	Maths & English GCSE A*-C	Vocational Qualifications	Academic qualifications
Overall	18,028	%	65	56	49	46
England	10,015	%	64	56	49	46
Northern Ireland	2,007	%	73	63	57	53
Scotland	4,009	%	67	56	48	47
Wales	1,997	%	64	47	48	39

Base: All establishments

By the size of employer, larger establishments typically ascribed a greater level of importance to each factor. This indicates that these employers might conduct more rigorous approaches to recruitment, a theory that is reinforced by the wider range of recruitment methods they use, thus allowing them to be more selective when taking on new staff.

There were a variety of patterns occurring at a sectoral level, partly as a product of the types of roles each sector is likely to recruit and partly as a product of the nature of the work typically required:

- Employers in Manufacturing, Wholesale and Retail, and Hotels and Restaurants appeared to place less value across all four of these attributes compared with the UK average. This suggests such businesses have fewer requirements of their staff than other types of businesses, but there is an indication that by taking this attitude these businesses are putting themselves under unnecessary pressure. ESS 2015 revealed that the density of skills gaps was highest in the Manufacturing and Hotels and Restaurants sectors, and fourth highest in Wholesale and Retail, indicating that a considerable pool of their staff are not proficient in the job role they perform.
- Employers in Primary Sector and Utilities, and Construction, placed more value on both VQs and relevant work experience than they did on academic qualifications:

for example, only 28% of Primary Sector and Utilities businesses valued broad academic qualifications, while 73% valued relevant work experience.

- By way of contrast, establishments in the majority of other sectors placed considerably more value on academic qualifications: for example, 72% of employers in the Financial Services sector valued particular academic qualifications, and 82% valued candidates having Maths and English GCSE A*-C.
- Sitting separately to other sectors is Education: at least three-quarters of employers rated each attribute as critical or significant, indicating these employers have more stringent requirements for their applicants than the UK average. While it may not be surprising that Education establishments value vocational and academic qualifications, 80% also value relevant work experience during recruitment.

Table 3.2 shows the proportion of establishments who found each factor critical or significant when recruiting, by sector.

Table 3.2 Factors looked for when recruiting, by sector

<i>Row percentages</i>			Factors looked for when recruiting: Critical or significant			
Sector	Base		Relevant work experience	Maths & English GCSE A*-C	Vocational Qualifications	Academic qualifications
Overall	18,028	%	65	56	49	46
Primary Sector & Utilities	866	%	73	39	56	28
Manufacturing	1,065	%	60	50	45	40
Construction	1,212	%	70	52	56	40
Wholesale & Retail	3,933	%	60	51	39	37
Hotels & Restaurants	1,792	%	54	31	32	18
Transport & Comms	1,143	%	67	61	52	54
Financial Services	395	%	70	82	48	72
Business Services	3,081	%	67	71	51	61
Public Admin.	403	%	67	71	52	67
Education	990	%	80	83	77	84
Health & Social Work	2,023	%	64	57	58	51
Arts & Other	1,125	%	64	50	55	43

Base: All establishments

Chapter 2 reported that 58% of employers strongly agreed that the ability of their staff to do their job is more important than any particular qualification. This translates into these employers being less likely to value different forms of qualifications during recruitment (51% valued Maths and English GCSE A*-C, 44% a relevant VQ and 38% academic qualifications). However, this particular attitude towards staff did not affect the value they placed on recruits having relevant work experience, suggesting that establishments who place greater emphasis on their staff's qualifications as opposed to their ability to do their job are just as focussed on relevant work experience during the recruitment process.

While the majority of employers value some form of qualification in recruitment, this did not preclude them from offering further training: those who offered training to staff were slightly more likely to value all forms of qualification than the UK average.

More forward-looking companies, i.e. those seeking to invest in their management skills, and those looking for new opportunities, were also more likely to place greater emphasis on the qualifications of applicants during recruitment, but there was less difference compared with the UK average regarding the value they place on work experience.

Recruitment of older workers

Three in ten recruiting employers (31%) had taken on an older worker (aged over 50) in the last 12 months. This demonstrated a slight increase from 2014, where 29% of recruiting employers had taken on an older worker. Subgroup patterns by nation, size and sector were relatively similar to 2014. Employers in Northern Ireland were less likely to take on older workers (25%), while larger establishments as well as those in the 'non-market services' sectors, in particular Public Administration (53%), were most likely to have taken on an older worker. Recruitment at this age level was least common in Hotels and Restaurants (21%), Primary Sector and Utilities (24%) and Financial Services (24%). Table A.3.4 in Appendix A shows detailed figures by country, size and sector.

Recruitment of young people

Youth unemployment in the UK has reduced gradually since the recession. At the time of the survey (Summer 2016), the proportion of young people (aged 16 to 24) classified as not in education, employment or training (NEETs) was 12%, and the proportion classified 'unemployed', 14%¹⁵. Both represented a continuing general downward trend over the

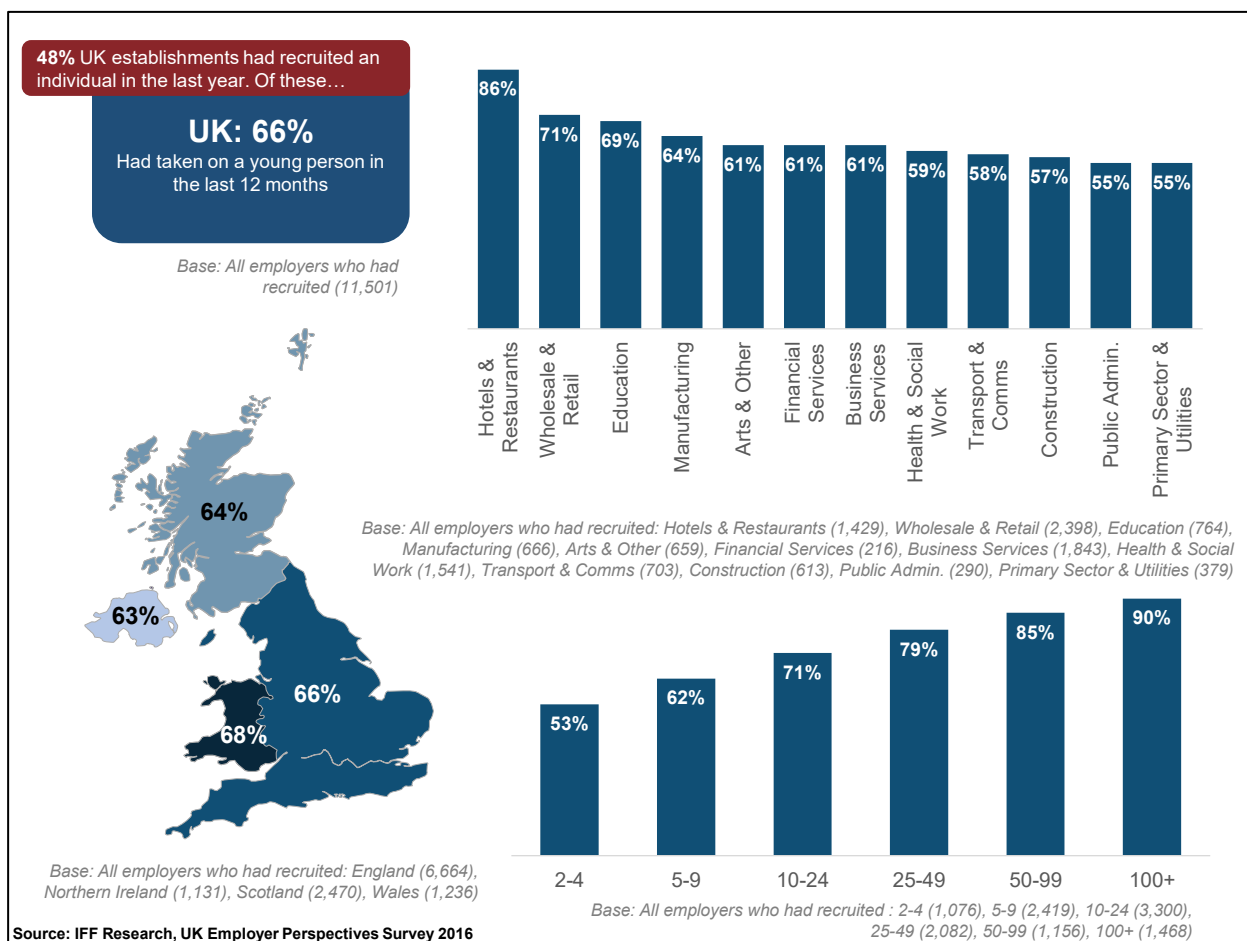
¹⁵ The unemployment rate measures the proportion of the economically active population who are unemployed and seeking work. NEET measurements are based on *all* young people aged 16-24, and include both those considered unemployed and those who are economically inactive, unless they are in education or training.

previous 5 years. In 2011, the youth unemployment rate reached its highest point at 23%, while the proportion classified as NEET was 17% (ONS, 2016). Ensuring that young people acquire jobs that are relevant to their interests and skills is an important facet of both reducing the potential for long term unemployment, and for maximising productivity.

Of the 48% of employers who successfully recruited in the last year, two-thirds (66%) took on somebody under the age of 25. This shows no change over the last two years (although in 2012 the figure was slightly lower, at 62%), which suggests that while youth unemployment has gradually been decreasing over time, this is by virtue of a general increase in the employer population and the number of vacancies they experience, as opposed to any adjustment in employers' recruitment strategy.

Establishments in Wales who had recruited were more likely to have taken on a young person compared with those in both Northern Ireland and Scotland, as Figure 3.5 illustrates. Larger establishments were also more likely to have taken on a young person. One would expect this given the size of their workforce and therefore number of vacancies they have, although it may be the case that young people are more attracted to larger establishments, or that these establishments are better positioned to reach this demographic of the labour market.

Figure 3.5 Proportion of employers who had recruited a young person in the last 12 months, by country, size and sector



There was little variation at a sector level, with the exception of three outliers where taking on younger staff was much more common, in Hotels and Restaurants (86%), Wholesale and Retail (71%) and Education (69%). In contrast, just over half of those who had recruited in the Primary Sector and Utilities and Public Administration took on an individual aged under 25 (both 55%).

The largest change over time occurred in Financial Services, where the proportion recruiting young people dropped from 68% to 61%. This adds to recent research which indicates signs of change recently in this particular sector: the number of staff employed in this period has slightly dropped (ONS, 2015), the proportion of graduates entering the Financial Services is declining (HESA, 2015), while ESS 2015 determined that the density of skill-shortage vacancies had doubled between 2013 and 2015 (Vivian et al, 2016). This suggests that young people might be turning away from the industry, leading to some employers experiencing skills deficiencies.

Table A.3.5 in Appendix A shows detailed figures by country, size and sector. In line with the UK, there was little difference of note by subgroup between 2014 and 2016.

Establishments who value work experience were less likely to take on a young person than those who did not. Nevertheless, over six in ten (62%) employers who place a 'critical' or 'significant' value on work experience when recruiting did so, highlighting the importance for individuals to gain relevant work experience at a young age. Later on in this chapter we explore the extent to which employers are providing young people with the opportunity to gain work experience through work placements.

Positively, over nine in ten (91%) of those who recruited a young person offered training for their staff. However, this leaves 9% who provided no training, despite recruiting a young individual into the organisation. While it is possible that these individuals might have had all the skills they required to perform their role, it does suggest that some employers are not investing sufficiently in their more junior staff.

When young people were recruited it was typically to "lower level" roles. A fifth (20%) of employers who had taken on young people said the last young person they recruited was to an elementary role and a similar proportion (23%) said it was to a sales or customer service role.

It was rare for young people to be recruited to managerial roles (2%) or professional roles (6%). Young recruits were most likely to be taken on into professional roles within the Education sector (25%) and Transport and Communications (16%). We saw earlier that young people were most likely to be recruited in the Hotels and Restaurants sector but these tend not to be particularly high-skilled roles; the majority (73%) of these establishments reported their last recruit was taken on into an elementary role.

Table A.3.6 in Appendix A shows detailed figures by country, size and sector.

Recruitment channels used to recruit young people

As young people are more likely to lack experience and less likely to have developed contacts in industry, the channels used to reach them are crucial to equality of opportunity. Employers were asked which recruitment methods they used for the last vacancy that resulted in the recruitment of a young person. This gives us a good picture of where the job-roles that are deemed suitable for young people are most likely to be advertised. However, we cannot tell from the data which recruitment method was successful in reaching the young person taken on. Employers were asked specifically about the recruitment method(s) used **on the last occasion** they recruited a young person. As such, the data presented in this section are not directly comparable with the data presented earlier in respect of recruitment channels used in general over the past 12 months.

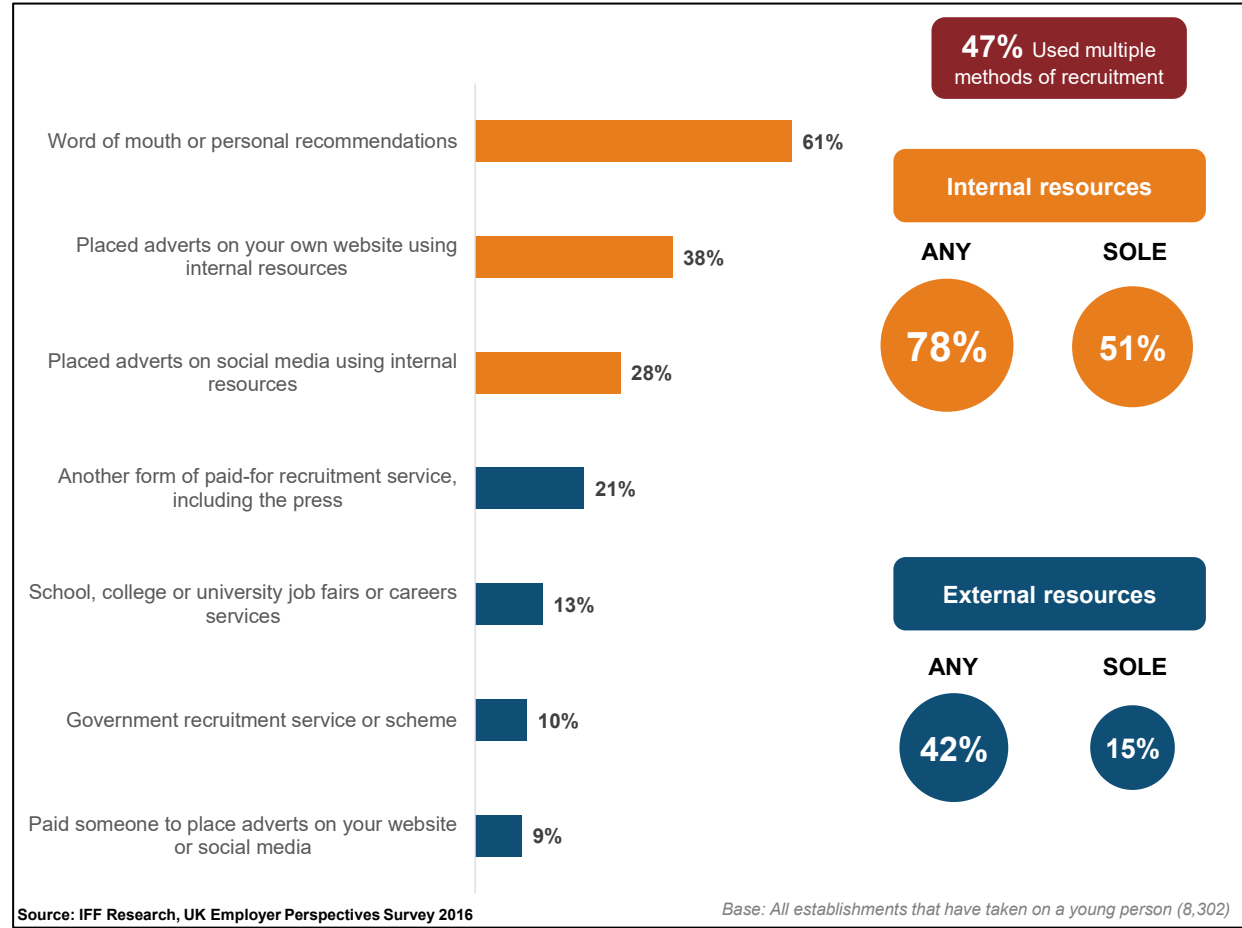
Around half (51%) of establishments used only one method of recruitment when they last took on a young person, with little variation by country. As we saw earlier, use of internal

resource was more common than external resource, with 51% of employers exclusively using internal resources to recruit the last young person that they took on.

Over six in ten (61%) employers who recruited a young person in the last 12 months used word of mouth or a personal recommendation to help fill this vacancy; a quarter (25%) exclusively used this method. If a quarter of employers took on their last young recruit following a personal recommendation, or via word of mouth, this suggests that for many young individuals their route to employment is predicated on who they know, rather than their skills and capacity to do the job. From a recruitment perspective, employers are limiting themselves and their own ability to grow if their method of recruitment relies on personal contacts.

Figure 3.6 illustrates remaining approaches to recruitment, which followed a similar hierarchy to that seen earlier. Only a minority of employers used educational careers services (13%) or government recruitment schemes (10%, rising to 20% in Northern Ireland).

Figure 3.6 Recruitment methods used to recruit last young person



The various approaches employers took for recruiting young people by size and sector followed a similar pattern to their approach for recruiting all ages of staff. Larger

businesses harnessed a much wider range of channels to recruit their last vacancy: only 28% of establishments with 100 or more staff used a single method of recruitment, compared with 51% overall. Small establishments therefore might be limiting themselves and their ability to grow by not using a wide range of channels in recruitment.

As Table 3.3 shows, there was some differentiation in employers' approach to recruitment depending on the role for which they were recruiting. Those recruiting for Sales and Customer Service roles, as well as Elementary Occupations were particularly likely to have only used internal resources to recruit the last young person they took on. Indeed, seven in ten (72%) establishments taking on a young person into an Elementary role used word of mouth or personal recommendations.

For recruiting to higher-skilled roles, especially Professionals and Associate Professionals, establishments were more likely to use paid-for recruitment services and educational careers services. Government schemes were typically more common for recruiting Administrative and Clerical staff than for any other role (18% compared to 10% average). Establishments which recruited young people into Skilled Trades occupations or Machine Operatives roles were most likely to only use one recruitment method (58% and 60% respectively). Exclusively using word of mouth to recruit young staff in these occupations was most common (37% and 42% respectively).

Table 3.3 Recruitment methods used to reach young people by role recruited

Row %s	Unwtd Base		Word of mouth / personal recommendations	Placed adverts on your website	Placed adverts on social media	Paid-for recruitment service	Educational careers services	Government recruitment service	Paid someone to advertise on website or social media
Total	8,302	%	61	38	28	21	13	10	9
Managers	126	%	61	48	24	14	16	10	6
Professionals	599	%	49	40	20	32	24	10	10
Associate Professionals	586	%	56	42	37	28	20	9	10
Administrative /Clerical	993	%	52	39	29	28	15	18	12
Skilled Trades	678	%	66	25	25	17	18	11	6
Caring, Leisure and Other	1,240	%	63	48	37	26	16	13	12
Sales/Customer Service	1,775	%	57	46	23	13	7	7	8
Machine Operatives	296	%	72	21	18	30	10	9	8
Elementary Occupations	1,717	%	72	30	29	15	6	7	6

Base: All establishments that took on their last young person into each job role

Recruitment of education leavers

To further unpick establishments' experience of recruiting young people, the survey also establishes the proportion of employers who have taken on an education leaver in the last 2-3 years (these could be of any age)¹⁶.

Overall, three in 10 (31%) establishments in the UK had recruited education leavers in the 2-3 years preceding the survey. Employers most commonly recruited school leavers (of various ages), with 17% of employers in England, 15% in Northern Ireland and 17% in Wales reporting having taken on a 16 year-old or 17-18 year-old school leaver in the past 2-3 years. In Scotland, 19% of employers recruited someone from a Scottish secondary

¹⁶ Employers in Scotland were asked a slightly different set of questions focusing on leavers from Scottish educational institutions, to maintain consistency with previous surveys.

school. Table 3.4 shows recruitment from each stage of education by country. There was very little difference between 2014 and 2016, despite the increase in employers reporting vacancies seen in this period.

Table 3.4 Recruitment of education leavers by country, compared with 2014

	England		Northern Ireland		Wales		Scotland	
<i>Column percentages</i>	2014	2016	2014	2016	2014	2016	2014	2016
<i>Unweighted base</i>	10,032	10,015	2,005	2,007	2,007	1,997	4,015	4,009
	%	%	%	%	%	%	%	%
Recruited any education leaver	31	31	28	29	31	31	32	32
Recruited any school leaver	16	17	14	15	17	17	19	19
16 year-old school leaver	10	10	8	10	10	11	N/A	
17-18 year-old school leaver	11	12	11	11	12	13		
Recruited college leaver	11	12	9	9	11	12	11	11
Recruited HEI leaver	14	14	14	14	13	15	13	14

Base: All establishments

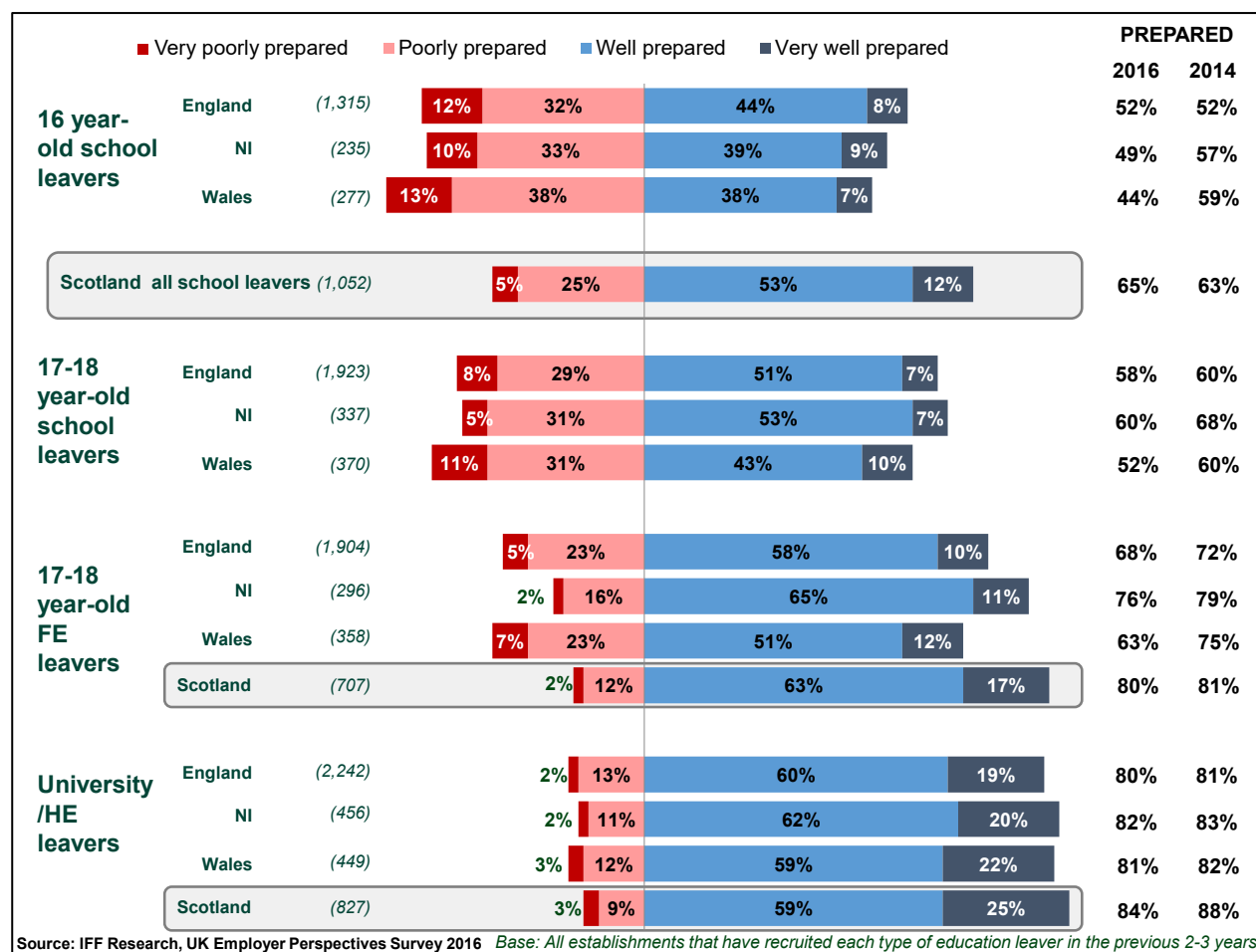
HEI stands for 'Higher Education Institution'.

At a sectoral level, the largest change occurred in the Financial Services sector (decreasing from 35% recruiting any education leaver in the 2014 survey to 24%), despite the proportion citing overall vacancies remaining the same in the last two years. This decrease occurred across all forms of education with the exception of College leavers, and mirrors the drop reported earlier in Financial Services establishments recruiting young people in general; either young people are struggling to break in to the industry, or choosing not to. Tables A.3.7a and A.3.7b in Appendix A show the proportion of employers recruiting education leavers by sector.

A key issue for employers, education providers and policy-makers is whether individuals leaving education to join the workplace are deemed to be well-prepared for their job role. Figure 3.7 shows perceived levels of preparedness of each type of education leaver.

Overall, the majority of employers find their education leavers to be well prepared, and this level of preparedness increases with the level of educational attainment. Most employers found university graduates well prepared for work (ranging from 80% to 84% across the four countries), while in contrast around half found 16 year old school leavers to be well prepared (ranging from 44% in Wales to 52% in England).

Figure 3.7 Preparedness of education leavers for work, by country and in comparison with 2014



As Figure 3.7 shows however, there been a slight drop in the proportion of employers who felt that their recruits were well prepared for the workplace, particularly in Wales, and – to a lesser extent – Northern Ireland.

Where education leavers were found to be poorly prepared, this was most commonly due to them having a poor attitude or a perceived lack of working world or life experience. A quarter (25%) of employers in England, Northern Ireland and Wales taking on 16 year-old school leavers reported that these leavers had a poor attitude and this represented an increase of 4 percentage points from 2014. The proportion citing a lack of working world or life experience was similar (24% of those who felt their 16 year-old leaver was unprepared), but showed no change from 2014. These two reasons often went hand in hand: 11% cited both of these types of skills as lacking in their 16 year-old school leavers.

While employers in Wales were more likely to report that their education leavers were not prepared for the workplace, there were also noticeable increases in the proportion citing their education leavers lacked both sets of skills since 2014.

Very few said that their recruits lacked basic numeracy or literacy, or that they had had a poor education.

Patterns occurring within England, Northern Ireland and Wales were also seen in the data for leavers from Scottish institutions (see Appendix A, Tables A.3.8a and A.3.8b)

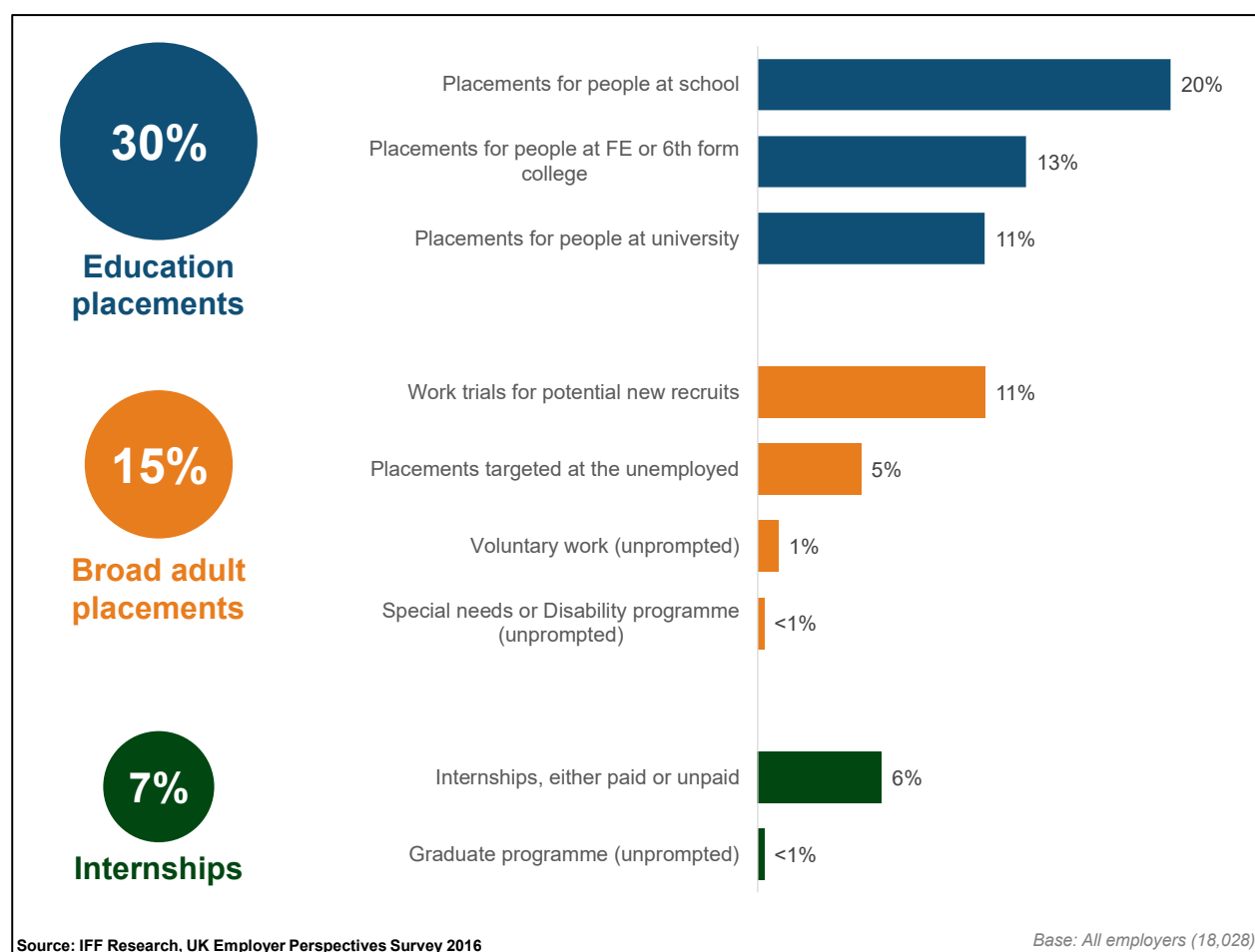
Work placements

Earlier in this chapter, we showed that employers regard work experience more highly than academic or vocational qualifications when recruiting new staff. Research elsewhere has evidenced the positive impact on employment that work placements afford young people (Mann, 2012), and the unemployed (Haigh and Woods, 2016); even among graduates, those with more work experience achieve better degrees, are less likely to be unemployed, and more likely to have a higher wage (McCulloch, 2013). Work experience can help challenge social and financial barriers to the workplace, but they need to be open to a wide spectrum of society to achieve this goal.

Despite government interventions to encourage businesses to offer work placements¹⁷, the proportion of UK establishments that have provided work placements in the last 12 months has remained consistent since 2014 (38%). Three in ten (30%) offered work placements for individuals in education (either school, college or university), 15% offered broad adult placements, commonly work trials or placements aimed at the unemployed, while 7% provided some form of paid or unpaid internship. These are broad categorisations of a series of more specific types of work placements read out to employers in the survey, as Figure 3.8 illustrates.

¹⁷ Such as the 16-19 Study Programme and Youth Contract.

Figure 3.8 Broad and specific work placements provided in the last 12 months



Employers' use of work placements was far more common in Northern Ireland (48% of all establishments offered work placements) than any other nation (between 38% and 39%), and this was driven by the high proportion of education placements offered here (41% of all Northern Ireland establishments compared with 30% overall).

As one would expect, larger establishments were more likely to offer work placements: close to eight in ten (77%) establishments with 100 or more staff had offered work placements in the last 12 months, compared with 28% of establishments with 2-4 staff. Indeed, two in five (40%) large establishments offered more than one type of these grouped placements.

However, there were some nuances to this general pattern within the types of placements offered. For example, very large establishments (with 250+ staff) were considerably more likely to have offered any form of internship in the last 12 months (45%) than any size of employer (this figure was nearly double that reported by those with 100-249 staff for example), while there was little variation in the likelihood to offer broad adult work placements once an establishment reached 25 staff, as Table 3.5 shows.

Table 3.5 Grouped work placement offering in the last 12 months, by size

Row %s	Base		EDUCATION PLACEMENT	BROAD ADULT PLACEMENT	INTERNSHIP	TOTAL
Total	18,028	%	30	15	7	38
2-4	4,297	%	22	11	4	28
5-9	4,290	%	30	16	7	40
10-24	4,312	%	39	21	9	51
25-49	2,337	%	49	25	12	62
50-99	1,250	%	63	25	18	72
100+	1,542	%	70	26	31	77
100-249	1,043	%	66	25	26	74
250+	499	%	78	28	45	85

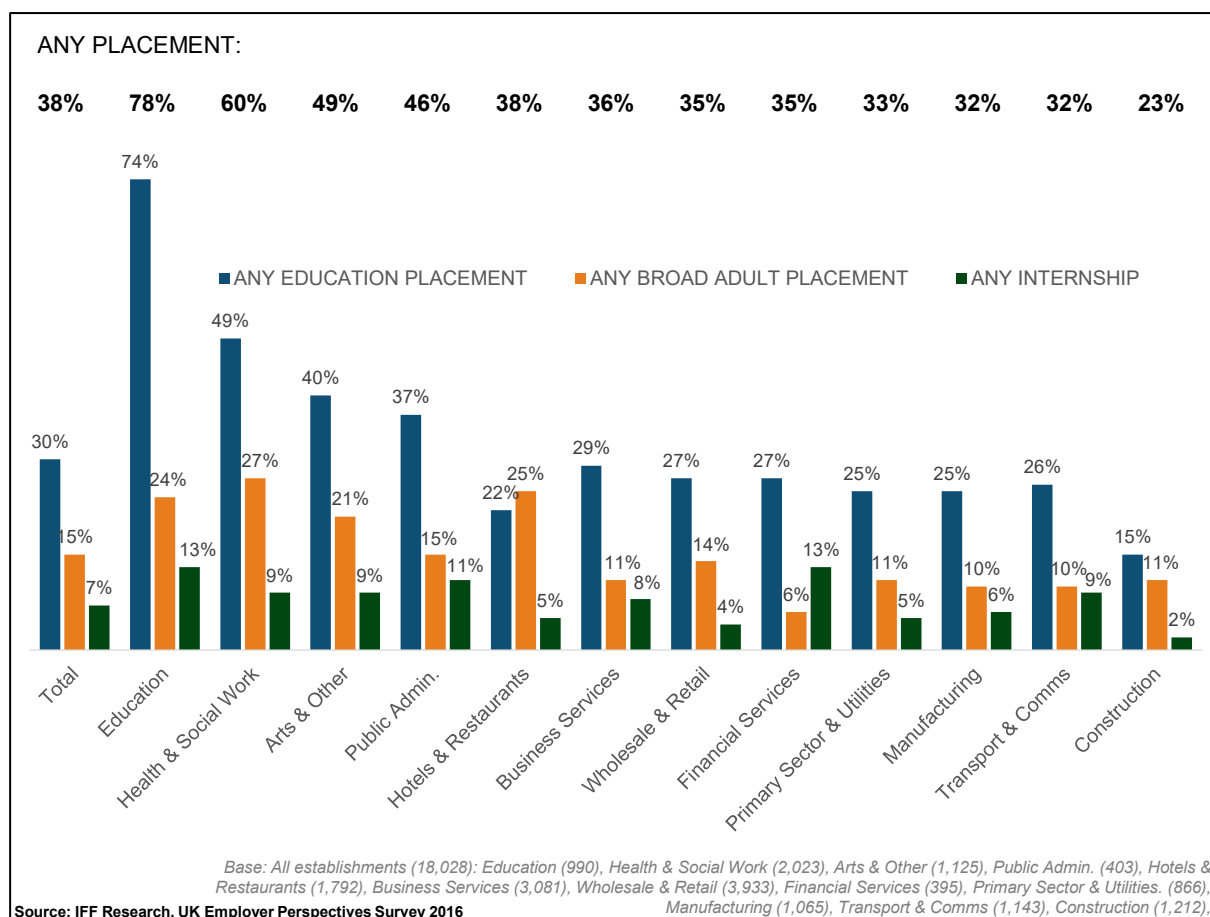
Base: All establishments

There was also considerable variation at a sectoral level. Employers in the ‘non-market services’ sectors were much more likely to have offered a work placement in the last 12 months, driven by their offering of placements to individuals in education, as Figure 3.9 illustrates.

There were some differences to the overall UK trend at a sector level: placements for students in education were the most common form of work placement employers offered, with the exception of establishments in Hotels and Restaurants, for whom broad adult work placements were most common form (25%). Meanwhile, those in Financial Services were more than twice as likely to offer internships (13%) as they were broad adult placements (6%).

Construction employers were least likely to offer any type of work placement (23%); we explore reasons for this later in the chapter, although employers in this sector were much more likely to offer apprenticeships than average (see Chapter 5). Tables A.3.9 and A.3.10 in Appendix A show the proportion of employers offering specific and grouped work placements in the last 12 months, by country, size and sector.

Figure 3.9 Work placements offered in the last 12 months, by sector



Similar to the overall UK figure, since 2014 there was little change at a country level, or by size, although the proportion of employers in Wales offering internships had doubled in this period (4% to 8%). Within sector, the largest increases in this period appeared in Primary Sector and Utilities, and Manufacturing (the proportions of employers in these sectors offering any work placement both increased by six percentage points). In contrast, there was a decrease of seven percentage points in the Public Administration sector, and four percentage points in Transport and Communications.

In an earlier section of this chapter we reported that two-thirds of establishments found relevant work experience either critical or significant in candidates when recruiting. However, there is somewhat of a disconnect if employers are not willing to provide work experience to help individuals – particularly those in education and unemployed individuals – gain the necessary experience they need. This disconnect is most apparent in Construction: here, seven in ten (70%) reported that they value relevant work experience highly when recruiting, but only 23% have offered a work placement in the last 12 months¹⁸. ESS 2015 established that over a third of Construction vacancies

¹⁸ We address reasons for not providing work experience opportunities later in the chapter.

occurred as a result of skills shortages among applicants (Vivian et al, 2016); if young individuals are not provided with the work experience they require to gain the skills needed to enter the workplace, this scenario is unlikely to change. There is a similar disconnect, though less severe, occurring among employers in Financial Services and Primary Sector and Utilities.

Work placement volumetrics

As well as the proportion of establishments offering work placements in the previous 12 months, EPS 2016 determined the number of individuals taken on in this way. In this section we present the mean number of individuals taken on in this period.

In total, employers offering placements each took on close to six individuals on to a placement in the 12 months before the survey (rising to close to seven among Northern Ireland employers)¹⁹. As one would expect the average number of placements increased with the size of establishment, with those with 100+ staff offering an average of 21 placements in the previous 12 months. The equivalent figure for those with 2-4 staff was four, which indicates that those businesses who have bought into work placements typically take on more than one individual into such a placement within a period of a year. Indeed, across all sizes of businesses offering placements, just under three in ten (29%) took only one individual on to a work placement in the last 12 months.

There was substantial variation by sector; as Figure 3.10 illustrates, those in the ‘non-market services’ sectors took on much larger numbers of individuals on to a work placement (a mean of between 10 and 11). In contrast, the average number of work placements offered in Manufacturing, Primary Sector and Utilities and Construction, was under 4²⁰. These businesses were also least likely to offer work placements at all. Generally, the size pattern cited earlier held within each sector. The main exception to this were establishments in Health and Social Work: here, the smallest establishments offered more work placements than all other sizes of establishment in that industry, apart from those with 100+ staff. This is predominantly due to the operational practices of small high street charities that make use of students and volunteers to supplement their workforce.

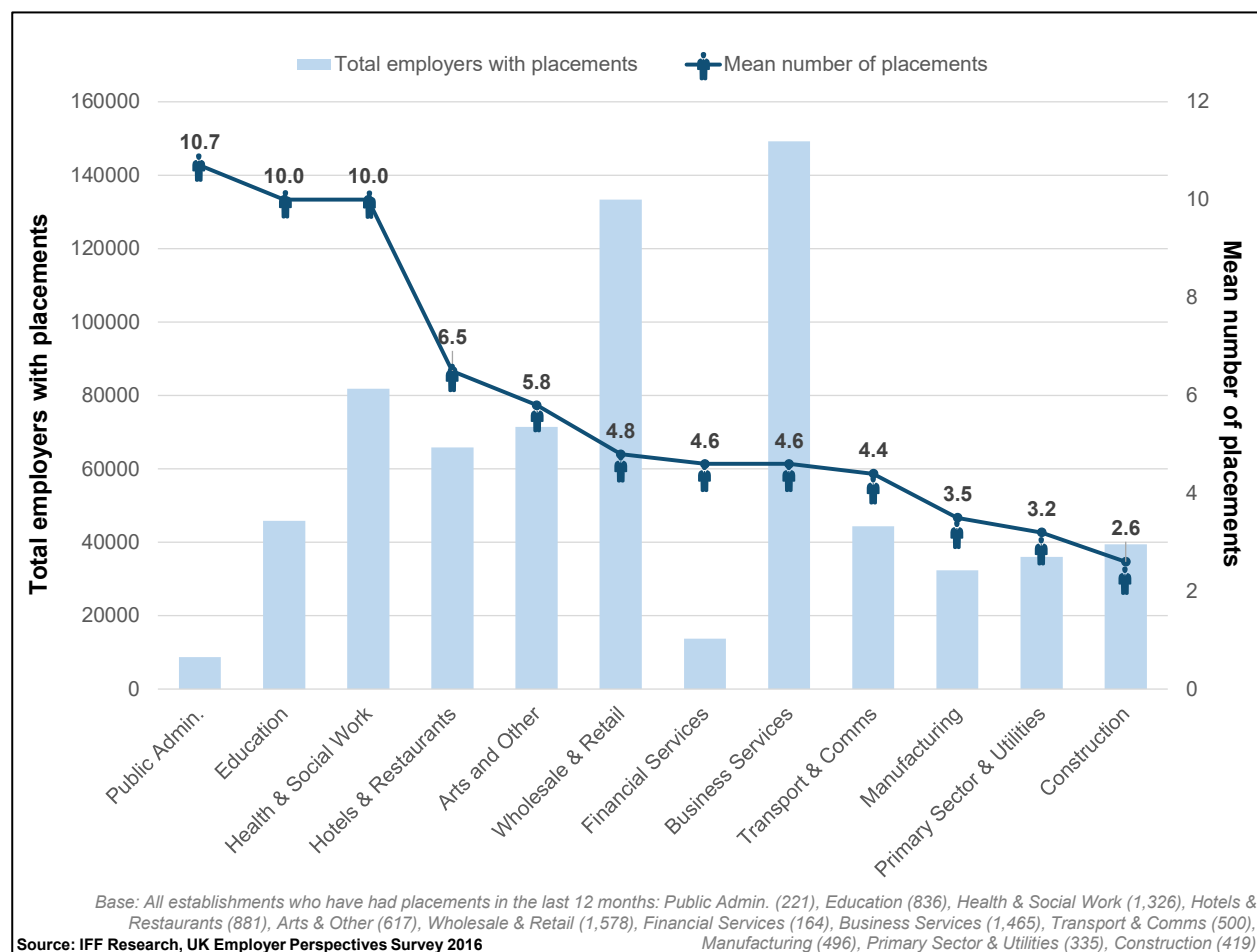
Figure 3.10 also shows the number of employers within each sector offering work placements, which provides some context to these volumetric figures. For example, while

¹⁹ The survey did not capture the length of these placements.

²⁰ While Primary Sector and Utilities and Construction establishments are typically likely to have fewer staff at their site, these differences by sector occurred across each sizeband of employer as well.

employers in Public Administration reported a high number of placements, they represent only a small minority of the total pool of establishments offering work placements.

Figure 3.10 Mean number of work placements offered in the last 12 months, by sector



The extent to which work placements result in employment

Employers were also asked whether any work placement that they had offered in the last 12 months had resulted in them taking on an individual into a permanent or long-term paid role. Across all placements, one-third (33%) of employers offering placements had taken on an individual into a permanent or long-term role, illustrating that the majority are not using work placements with a view to offering long-term employment²¹. This figure does however represent a slight but significant increase since 2014 (31%).

As might be expected, the likelihood of a placement resulting in a permanent or long-term role varied considerably, not just by our grouped work placement categorisation, but at a

²¹ The survey did not capture *the number* of individuals whom employers had taken on into a permanent or long-term role, simply whether employers had taken any into such roles.

specific placement level too. For example, six in ten (59%) establishments had taken on an individual permanently following a work trial compared to just 11% of those offering placements for people at school. Meanwhile, close to three in ten (29%) who offered placements to the unemployed took an individual on permanently subsequent to the placement.

Clearly, the number of work placements an establishment offers is also likely to impact on whether they take on an individual into a permanent role: over half (56%) who offered at least 10 placements in the preceding 12 months had taken on an individual into a permanent or long-term role, compared with just 16% of those offering one placement. However, the sheer number of individuals on a placement does not appear to be the sole driver for differences by subgroup, as we explore below.

By country, Northern Ireland establishments were considerably less likely to have taken on an individual into a permanent or long-term role (24% of those with placements compared with between 31% and 33% in the other nations). This was driven particularly by the low proportion of employers in Northern Ireland taking on an individual from a work placement aimed at giving work experience to the unemployed (18% compared with between 27% and 30% in the other nations). This is especially pertinent when one considers that employers in Northern Ireland were far more likely to offer work placements; these are not consistently translating into full-time employment with that same company. Given Northern Ireland establishments are also less likely to recruit staff, this might be evidence of a slightly different approach among these companies, whereby work experience individuals are regarded as a like-for-like substitute for permanent, contracted staff.

By size of employer, the largest establishments were more likely to have taken on an individual into a permanent or full-time role following a work placement (49%). However, when we analyse the difference by size of employer, split by the number of placements offered in the last 12 months, the picture is not so linear.

Where establishments had fewer than 10 placements in the preceding 12 months, both the largest (100+ staff) and smallest (2-4 staff) establishments were least likely to take on an individual into a permanent or full-time role, as detailed in Table 3.6. This therefore suggests that individuals' chances of gaining long-term employment through a work placement might be enhanced by joining a small or medium-sized company (with 5 to 99 staff). Larger establishments were however much more likely to take individuals into a permanent or full-time role where they had had at least 10 placements (73%).

Table 3.6 Whether taken on an individual in to a full-time role following a placement in the last 12 months, by size of establishment and number of placements offered

	Number of placements in the last 12 months									
Cell %s	1		2-4		5-9		10+		Total	
	<i>Base</i>	%	<i>Base</i>	%	<i>Base</i>	%	<i>Base</i>	%	<i>Base</i>	%
Total	2,063	16	3,270	30	1,628	48	1,665	56	8,838	33
2-4	484	13	530	23	145	41	108	23	1,283	21
5-9	569	20	753	33	248	48	156	63	1,751	33
10-24	554	20	897	39	460	52	311	68	2,260	40
25-99	373	20	796	39	531	56	593	66	2,346	47
100+	83	13	294	27	244	45	497	73	1,198	49

Base: All establishments who have had placements in the last 12 months (nb those not sure of their number of placements have been excluded)

At a sectoral level the pattern was generally fairly consistent: for the majority of sectors the proportion of employers taking on an individual into a full-time role lay between 28% and 33%, as Table 3.7 shows. There were some extreme cases however: over half (54%) of establishments in Hotels and Restaurants took on an individual from a work placement into a full-time role. At the other end of the spectrum, establishments in Public Administration (23%) and Financial Services (20%) were least likely to take on an individual permanently (these patterns were consistent regardless of the number of placements these businesses had offered in the preceding 12 months). For the Public Administration sector this adds a slightly negative tinge to an otherwise positive story: employers in this sector offer an average of 10 placements per year, but only a quarter of them take any individuals on into full-time employment.

Table 3.7 also shows how these figures split by grouped placement. The sector pattern broadly follows that seen at the overall level (i.e. employers most likely to take on individuals following a broad adult placement). But there are some stark differences: for example, businesses in Transport and Communications were much more likely than average to take on an individual into a full-time role following an internship (35% compared with 25% average). In contrast, those in the Financial Services were very unlikely to take on an individual from an education placement (9%).

Table 3.7 Whether taken on an individual in to a full-time role following a placement in the last 12 months, by grouped placement and sector

			Grouped placement			
<i>Row percentages</i>	<i>Base</i>		ALL PLACEMENTS	Any Education Placement	Any Broad Adult Placement	Any Internship
Overall	8,838	%	33	19	50	25
Hotels & Restaurants	881	%	54	28	65	32
Education	836	%	36	27	44	21
Health & Social Work	1,326	%	33	21	41	21
Wholesale & Retail	1,578	%	33	18	53	28
Construction	419	%	32	17	45	30
Arts & Other	617	%	30	15	42	15
Transport & Comms	500	%	28	17	47	35
Manufacturing	496	%	28	15	53	20
Business Services	1,465	%	28	17	48	28
Primary Sector & Utilities	335	%	28	16	48	12
Public Admin.	221	%	23	16	33	17
Financial Services	164	%	20	9	**	23

Base: All establishments who have had placements in the last 12 months

Nb For base sizes of grouped placement by sector, see Table A.3.12 in Appendix A

** denotes base size less than 25

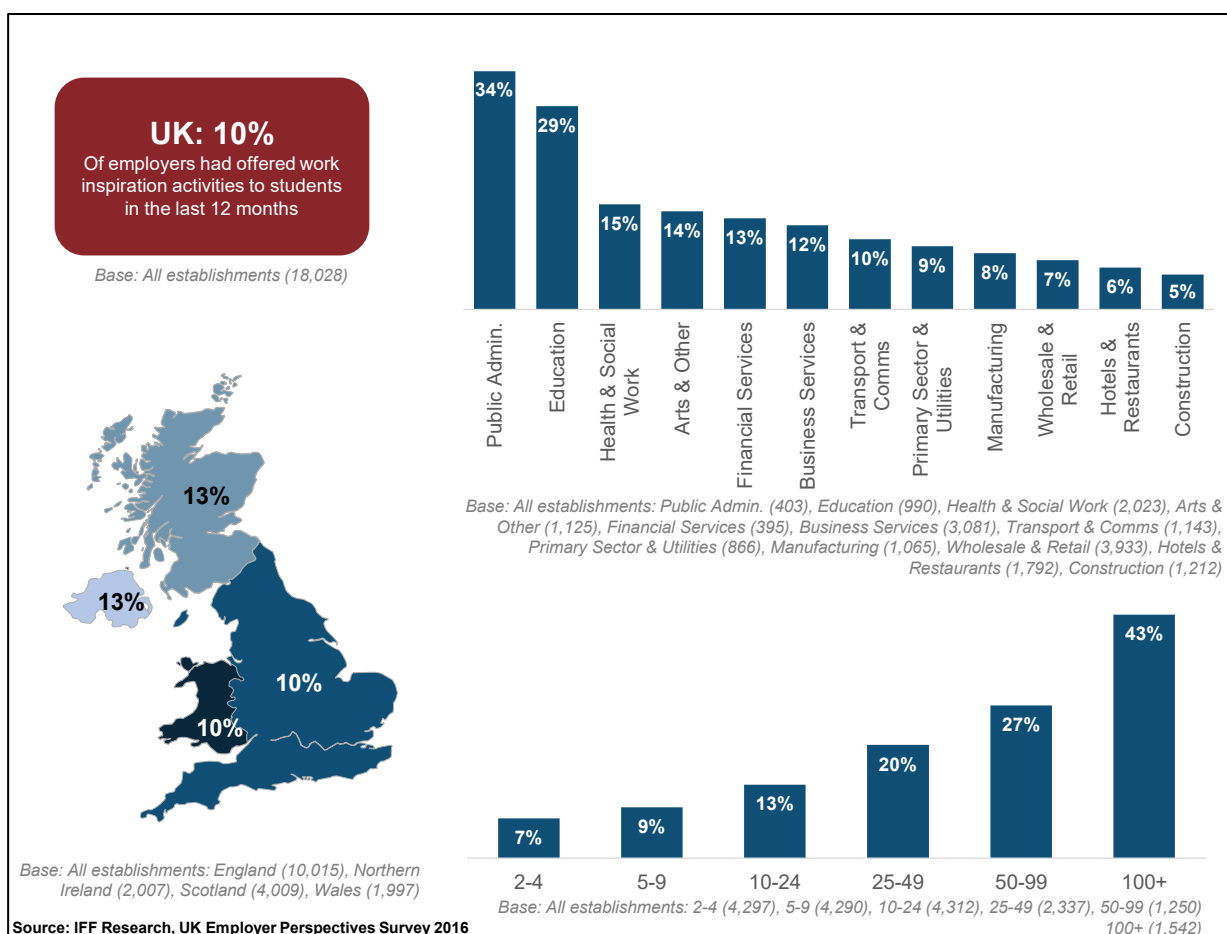
Work inspiration

Separate to offering work placements, businesses can also provide advice and support to students about the workplace and their industry. These might involve one-to-one mentoring support for students, visiting institutions to talk with students about careers or holding site visits for students to visit the establishment and develop a better understanding of the working world. This report refers to such activities as ‘work inspiration’.

One in ten (10%) establishments had provided work inspiration activities in the 12 months preceding the survey²². As Figure 3.11 shows, employers in Northern Ireland and Scotland (both 13%) were slightly more likely than those in England and Wales (both 10%) to provide such activities to students. The provision of these activities increased considerably with the size of the establishment (43% of large establishments provided work inspiration activities), perhaps because these types of businesses have both the available resource and physical space to offer them.

Around a third of establishments in Public Administration (34%) and Education (29%) provided work inspiration activities in the last 12 months, although these sectors represent only a small minority of businesses in the UK. Indeed, work inspiration activities were least common in three of the largest sectors of the economy: Construction, Hotels and Restaurants, and Wholesale and Retail (between 5% and 7% each).

Figure 3.11 Proportion of establishments offering work inspiration activities in the last 12 months, by country, sector and size



²² No time series comparisons are possible with 2014 due to a change in the way the question was asked.

There is considerable crossover between those employers offering work placements and those providing work inspiration activities in the last 12 months: only 3% of UK establishments provided work inspiration activities without also offering work placements. Taking this further, just over two-fifths (41%) of all establishments therefore provided some form of work experience to individuals outside of their business. Reflecting their lack of engagement in both work placements and work inspiration, Construction employers were considerably less likely than any other sector to provide such work experience opportunities (25%; the next lowest was Manufacturing, at 34%).

Encouraging more employers to offer work experience opportunities

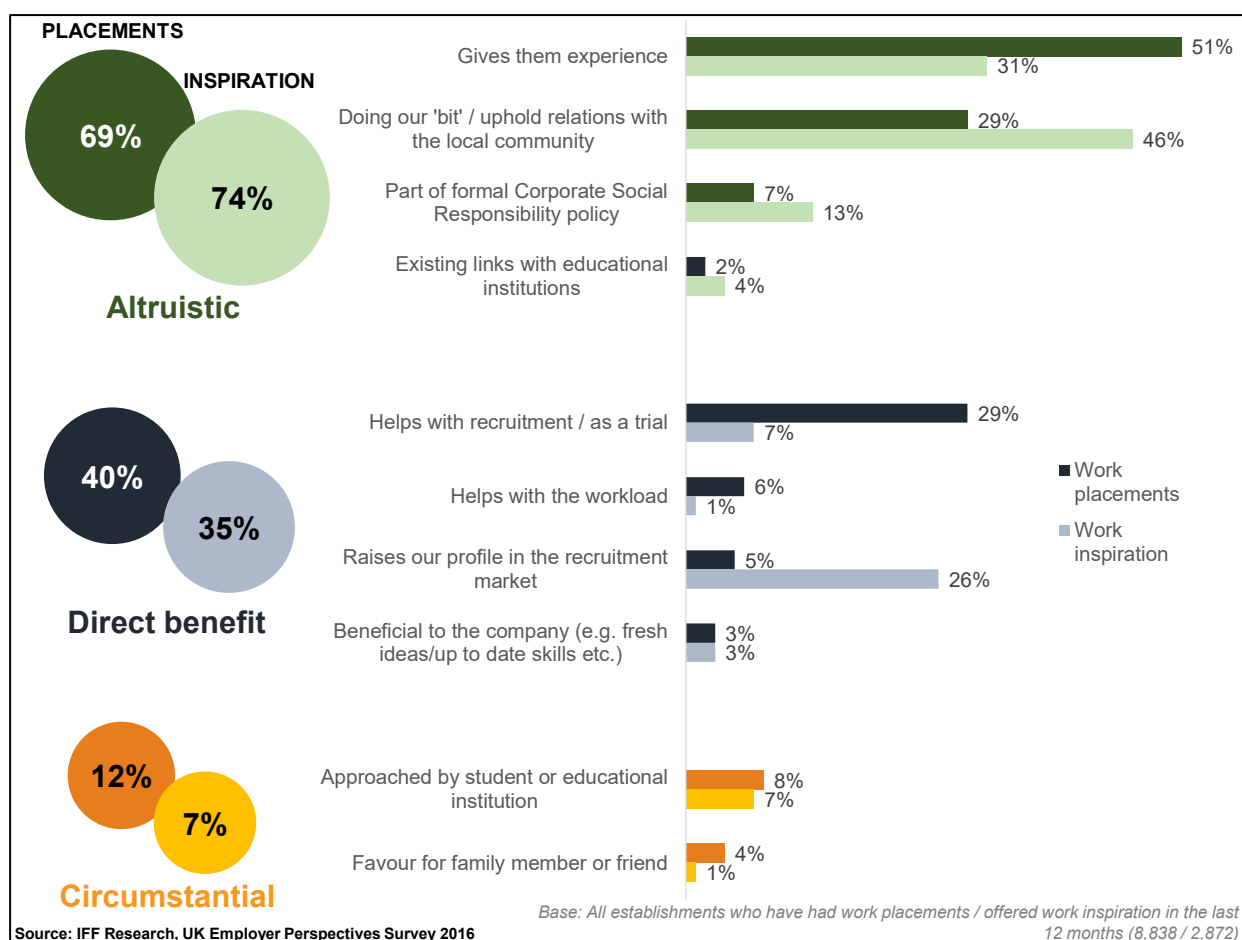
Reasons for offering work experience opportunities

A key focus of this study is to explore what drives employer choices regarding their investment in skills. All establishments that had individuals undertaking work placements in the last 12 months were asked on an unprompted basis why they had decided to offer them. Additionally, all those who had provided work inspiration activities were asked the same question.

As Figure 3.12 shows, broad reasons for offering work placements and work inspiration activities followed a similar hierarchy although there were some nuanced differences within. Altruistic reasons tended to dominate. Seven in ten (69%) businesses offering work placements in the last 12 months did so for altruistic reasons, most commonly to provide individuals with an experience of the working world (51%). A slightly higher proportion (74%) of businesses offering work inspiration activities did so for altruistic reasons, with 46% stating they did so to do their 'bit' and uphold relations with the local community. A small proportion of businesses had such practices written into their corporate social responsibility packages (7% work placements and 13% work inspiration activities). As one would expect, this was generally more common among larger establishments.

Businesses were less likely to report that they provide work experience opportunities in order to bring direct benefits to the company (although those citing altruistic reasons are unlikely to have offered these opportunities if it placed the company at a disadvantage). Three in ten (29%) companies offered work placements to help with recruitment or as a trial period. Naturally this was less common among those offering work inspiration activities (7%), for whom generally raising their profile in the recruitment market was a greater motivation (26%).

Figure 3.12 Reasons for offering work experience opportunities in the last 12 months



There was little difference of note by country regarding motivations for offering both work placements and work inspiration activities. By size, large establishments were much more likely to cite direct benefit reasons (53%) for providing work inspiration activities and much less likely to cite circumstantial ones (1%). In particular, nearly half (46%) of establishments with 100+ staff offered work inspiration activities in order to raise their profile in the recruitment market.

Reasons for offering work experience opportunities varied widely by sector. For organisations in the 'non-market services' sector, who were generally more likely to offer these opportunities, altruistic motivations were more common than average, and they were less likely to cite direct benefits to the establishment. For example, 85% of Education establishments offering work placements cited altruistic motivations (compared with 69% overall), while only 30% cited reasons that directly benefited the organisation (compared with 40% overall). 'Non-market services' organisations were also less likely to cite circumstantial reasons, suggesting that their work experience opportunities might be open to a wider range of individuals.

In contrast, Hotels and Restaurants (52%) and Construction (46%) establishments were more likely than average to offer work placements for the direct benefits they brought;

however, Construction establishments were much *less* likely to offer work inspiration activities for these reasons (29%).

Establishments in the Primary Sector and Utilities and Financial Services were more likely to cite circumstantial reasons across both measures than the UK average. This suggests that these sectors could be more pro-active in offering these opportunities to individuals in education or out of work. Establishments in the Primary Sector and Utilities were also much less likely to offer work placements for altruistic reasons, suggesting that individuals interested in gaining experience in these sectors might need access to certain networks, or have personal contacts, that help them to secure an offer of work experience.

Table 3.8 shows the broad motivations for offering work placements and work inspiration activities by sector. Tables A.3.13 and A.3.14 in Appendix A contain the most common *specific* reasons for offering work experience opportunities by country, size and sector.

Table 3.8 Broad motivations for offering work placements and work inspiration activities, by sector

Row Percentages	Base			ALTRUISM		DIRECT BENEFIT		CIRCUMSTANTIAL	
Sector	WP	WI		WP	WI	WP	WI	WP	WI
Overall	8,838	2,872	%	69	74	40	35	12	7
Primary Sector & Utilities	335	123	%	56	71	36	20	22	26
Manufacturing	496	161	%	63	71	41	43	14	7
Construction	419	116	%	55	81	46	29	15	9
Wholesale & Retail	1,578	356	%	69	69	37	34	12	6
Hotels & Restaurants	881	204	%	55	69	52	44	8	11
Transport & Comms	500	183	%	64	72	41	34	17	12
Financial Services	164	66	%	59	69	37	18	20	14
Business Services	1,465	556	%	70	74	39	37	13	8
Public Admin.	221	163	%	79	79	33	35	8	3
Education	836	334	%	85	81	30	30	8	2
Health & Social Work	1,326	407	%	79	75	41	40	6	3
Arts & Other	617	203	%	75	73	41	41	9	3

WP=Reasons for offering work placements

WI=Reasons for offering work inspiration activities

Base: All establishments offering work placements / work inspiration activities

Barriers to offering work experience opportunities

Understanding the barriers that employers face regarding their provision of work experience opportunities allows any interventions that seek to encourage such provision

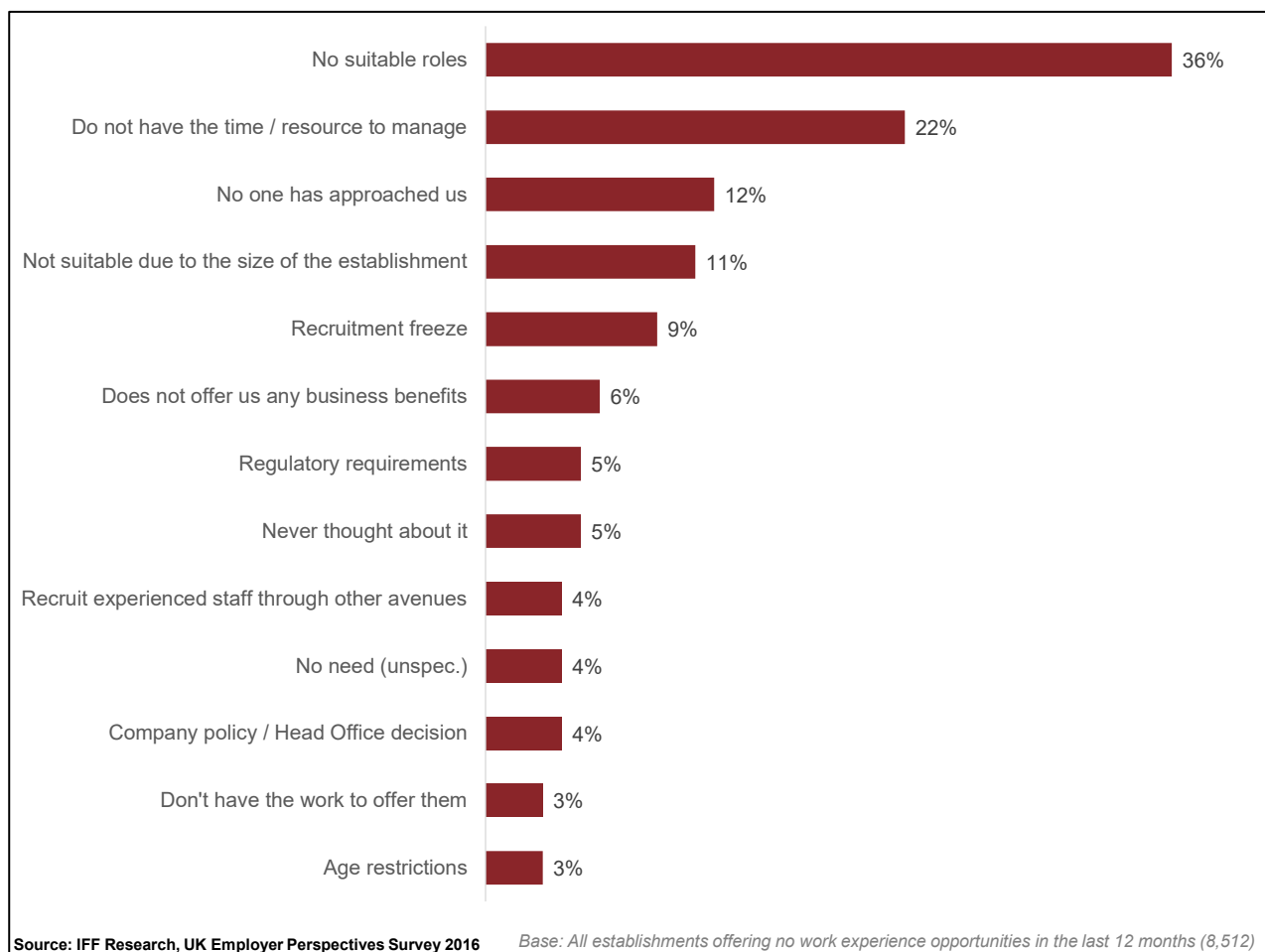
to be better targeted and focussed. All employers who had neither offered a work placement in the last 12 months nor provided work inspiration activities to students were asked – unprompted – their reasons for this lack of engagement.

Typically, employers felt that their businesses were not structured so as to enable them to offer work experience opportunities. Over a third (36%) felt they had no suitable roles, while 11% considered they were not able to offer such opportunities due to the size of the establishment.

As one would expect, the smallest businesses were much more likely to cite these as barriers to providing work experience opportunities. That other businesses of this size have engaged with students in this way suggests these are – to a degree – **perceived barriers** that could be addressed given the right communication and support from appropriate sources. There is evidence to show that more forward-thinking companies are less likely to view such restraints as a barrier. Companies who believed that investing in management skills was a top priority, and who felt that they were always looking for new opportunities were less likely to cite these factors as barriers to offering work experience.

There was also evidence that a lack of awareness of possibilities was preventing some employers from becoming involved: 12% reported that no-one had approached them, while 5% said they had simply never considered it. Figure 3.13 shows the most common reasons for not offering work experience opportunities.

Figure 3.13 Most common reasons for not offering work experience opportunities in the last 12 months



Larger establishments typically encountered different barriers to offering work experience opportunities. Employers with 100+ staff were more likely than average to cite regulatory requirements (11% compared with 5% overall) and company policy (10% compared with 4%) for example. These represent both internal and external bureaucratic factors, that, with a bit more flexibility allowed, could be overcome.

As noted in previous sections of this chapter, employers in Construction were typically less likely to both offer work placements or provide work inspiration activities. These businesses were particularly likely to cite not having suitable roles (40% compared with 36% overall), not having the time or resource to manage such a process (27% compared with 22%), and facing regulatory requirements (9% compared with 5%). It is understandable that taking an individual into the workplace to gain experience could present a level of risk given the nature of the work carried out in the Construction sector. However, on-site experience is not the sole means by which individuals can gain an understanding of a career in the industry. As already covered, students can learn about the working world through mentoring, or careers sessions. By failing to engage with

young people, the industry risks reducing the pool of individuals interested in starting a career in that sector.

It is also valuable to consider the barriers among those establishments who find work experience a critical or significant factor when recruiting but have not offered work experience opportunities in the last 12 months. While their reasons tend to follow the average for the UK, the largest difference is in relation to time management: nearly a quarter (24%) of these establishments reported that they did not have the time or resource to manage such a process, compared with 19% of those who placed little value on work experience.

Table A.3.15 in Appendix A contains the most common reasons for a lack of engagement by country, size and sector.

Awareness of Government traineeships

In recent years, the Governments of England and Wales have introduced separate schemes (but both entitled ‘traineeships’), designed to improve young people’s employability.

Government traineeships in England

Government traineeships in England have three key components: providing work experience opportunities to young individuals, supporting them with basic skills such as Maths and English, and offering work preparation training. Through a traineeship, young people can gain the skills and experience that employers are looking for. They last a maximum of six months and have been open to 16 to 24 year olds since 2013²³.

Close to half (48%) of establishments in England were aware of traineeships although only half (24%) of these employers had at least some knowledge of the scheme. Awareness was slightly higher among large establishments with 100 or more employees (55% compared with 48% overall).

By sector, awareness was highest in Education (59%), Health and Social Work (56%) and Arts and Other (53%). Over half (55%) of establishments in the public sector were aware of traineeships. A similar proportion (53%) of those who have or offer apprenticeships were aware of traineeships which suggests potential for more employers to recognise the link between the two programmes.

²³ More information on traineeships in England is available here:
<https://www.gov.uk/government/collections/traineeships-programme#traineeships:-overview-for-young-people>

A very small minority (1%) of all establishments in England had had an individual undertake a traineeship in the 12 months preceding the study (rising to 4% among large businesses with 100 or more staff).

Government traineeships in Wales

In Wales, Government traineeships provide individuals the opportunity to undertake training and work experience placements alongside support with basic skills such as Maths and English to help them progress onto an apprenticeship, further learning or their first job. They have been offered since 2011 and are open to 16 to 18 year olds²⁴.

Around half (49%) of establishments in Wales were aware of traineeships although only half (25%) of these employers had at least some knowledge of the scheme. There was no difference in awareness levels by the size of employer.

By sector, awareness was highest in Public Administration (59%), Health and Social Work (57%) and Education (55%). Around half (52%) of establishments in the public sector were aware of traineeships, while 55% of those who had or offer apprenticeships were aware, again suggesting potential for more employers to recognise the link between the two programmes.

A very small minority (1%) of all establishments in Wales had had an individual undertake a traineeship in the 12 months preceding the study (rising to 3% among large businesses with 100 or more staff).

Table A.3.16 in Appendix A shows the proportion of establishments by country, size and sector that are aware of, or have had individuals undertake, traineeships.

Chapter Conclusions

The study provides further signs of a recovering economy, with the proportion of establishments citing vacancies rising from 49% in 2014 to 52% in 2016. However, employers' relatively narrow approach to recruitment – as discussed earlier in this chapter – has the potential to restrict the pace of this recovery, as it limits their access to the labour market and thus contributes to the damaging effects of skill-shortage vacancies and skills gaps (Vivian et al. 2016).

Word of mouth or personal recommendations continue to dominate recruitment strategies, with four-fifths (79%) of employers having used this method in the last year to

²⁴ More information on traineeships in Wales is available here:
<http://gov.wales/topics/educationandskills/skillsandtraining/traineeships/?lang=en>

recruit new staff. Using other internal resources to recruit, such as placing adverts on their website (54%) or using social media (46%) was also common. In all, close to three in ten (28%) exclusively relied on internal resources and contacts to recruit, while 18% exclusively used only one recruitment method (internal or external). Not only does this restrict employers' access to the labour market, it also closes off potential routes to employment for individuals.

As seen in previous years, employers place a high emphasis on work experience when recruiting new staff (65% rated this factor either significant or critical). In this context the study raises two concerns: firstly, that employers' perception of the work preparedness of leavers, especially in Northern Ireland and Wales, has dropped in recent years, and secondly that only a (sizeable) minority of establishments provided work placements to individuals in the previous year (38%). Developing forms of work experience that benefit both employers and individuals, and raising awareness of these opportunities, is critical to helping individuals find work, and ensuring (young) individuals are ready for the workplace when they start.

These themes are particularly apparent among Construction employers, the sector demonstrating the highest density of skill-shortage vacancies (Vivian et al. 2016). These employers were more likely than average to rely on word of mouth or personal recommendations to recruit staff, most likely to only use one recruitment method, less likely to recruit young people and least likely to offer work placements. This approach has the potential to restrict employers' capacity to grow and limits young people's opportunities to enter the industry (although, as Chapter 5 shows, they tend to be more engaged than average with apprenticeships).

4. People development

Chapter Summary

This chapter will explore employers' decisions on staff development, and what drives those decisions, examining how employers can be encouraged to input into the design of skills initiatives and vocational qualifications (VQs).

The majority (73%) of employers offered some form of training for their staff in the previous 12 months, with more offering internal training than external (62% and 47% respectively). This represented an increase in both types of training since 2014.

Smaller establishments (with fewer than 25 members of staff) appeared to drive this increase (reflecting that the vast majority of larger employers have long been training employees). Employers with 2 to 4 members of staff experienced a five percentage point increase in the proportion offering any kind of training. This increase was largely concentrated amongst those in 'non-market services' such as Education (87%, compared to 65% in 2014), Public Administration (88%, compared to 71% in 2014), and Health and Social Work (79%, compared to 69% in 2014).

By country, the proportion of establishments offering some form of training was higher in England and Scotland (both 73%) compared with Northern Ireland (68%) and Wales (67%). This variation was largely driven by differences in the take-up of internal training; employers in Northern Ireland and England each experienced a four percentage point increase in the proportion of employers offering any kind of internal training (from 58% to 62% for employers in England, and from 52% to 56% for employers in Northern Ireland).

Just over a quarter (26%) of UK employers have arranged or funded training designed to lead to a recognised VQ in the last 12 months (with this equating to 36% of all those who provided any training for their staff in this period), and there is evidence that increasing proportions of employers are training to higher level VQs.

Employers not offering VQs described a combination of supply and demand issues as the reason why they did not offer them. Half (50%) gave supply-side reasons, such as VQs being too complicated, or taking too long to deliver. Just over four in ten (44%) reported issues to do with a lack of demand, with one-third (33%) stating that their staff did not want VQs. The proportion of employers citing reasons associated with a lack of demand fell by four percentage points since 2014.

Only one in seven employers (14%) had collaborated with other employers to develop their training and skills development practices in the past 12 months, a three percentage point decrease since 2014. However, as in 2014, those in Education (45%) and Public Administration (35%), as well as medium to large establishments (50+: 30%) were much more likely to have done so

Around half (47%) of employers who had arranged training that was designed to lead to VQs had some involvement in designing its content (with 14% devising content from scratch). Most (38%) tailored or developed existing content to fit their needs. Meanwhile, 42% of those who had arranged any external training in the preceding 12 months had had some involvement in its design (10% had devised content from scratch).

There is unmet demand for employers to be involved in designing the content of training. Almost a quarter (22%) of employers who had no involvement in training designed to lead to VQs would have wanted to have been able to, whilst 19% would have wanted involvement in the design of external training. When asked, the majority (75%) of employers who had no involvement in the design of training leading to VQs did not want to have been involved. Likewise, eight out of ten (81%) of employers who had had no involvement in the design of external training would not have wished to have done so. The high proportion of employers who did not want involvement highlights a cultural mind-set that may need addressing.

Introduction

Ensuring training provision meets the needs of business has been recognised by Government as key to driving up productivity. New proposals as part of the recent Technical and Further Education Bill are intended to ensure employers are at the heart of technical education and ensure the FE system is delivering skills needed by the economy (DfE, 2016)²⁵. In this context, the EPS can offer key insights relevant to policy by enhancing our understanding of how employers use the current skills system to train their employees and the ways it meets, or fails to meet their needs.

This chapter establishes the types of employers who invest in “people”, what training they do or do not do in relation to this, and what the benefits are. The chapter discusses what drives employers to invest in skills provision; namely what attracts them (or prevents

²⁵ Further information on the Technical and Further Education Bill can be found here: <https://www.gov.uk/government/news/technical-education-fit-for-the-workforce-of-tomorrow>

them from) investing in certain types of training and development, and why they do (or do not) engage with particular types of training provision or provider – covering both private and public provision (FE colleges and HE).

The chapter explores the extent to which the current vocational (or ‘technical’) skills offer is meeting employers’ needs across the UK²⁶. Within England, it is the intention that responsibility for ‘technical education’ will move to the Institute of Apprenticeships in April 2018, the move will put employers at the heart of designing technical education standards (college-based as well as apprenticeships) (DfE, 2016²⁷). EPS results allow us in this chapter to consider employers’ current involvement in the design, delivery and content of skills initiatives, and possible ways to stimulate this.

Employer approaches to training

The Employer Perspectives Survey categorises employer training activity as either **internal** training (training delivered directly by the organisation through its own staff, or **external** training (delivered through external organisations, such as commercial training providers, colleges, universities and other not-for-profit providers²⁸. By separating training into internal and external provision in this way, EPS 2016 allows us to explore the extent to which employers rely on public and private²⁹ training provision, and the extent to which it meets their needs.

Figure 4.1 illustrates how employers approach their training, and the types of providers they use. The majority of establishments had provided either internal or external training for their staff in the previous 12 months (73%). It was more common for employers to provide internal training than external, although around half of “training employers” provided both: 62% of all establishments had provided some kind of internal training, compared to 47% who had provided external training; 36% provided both.

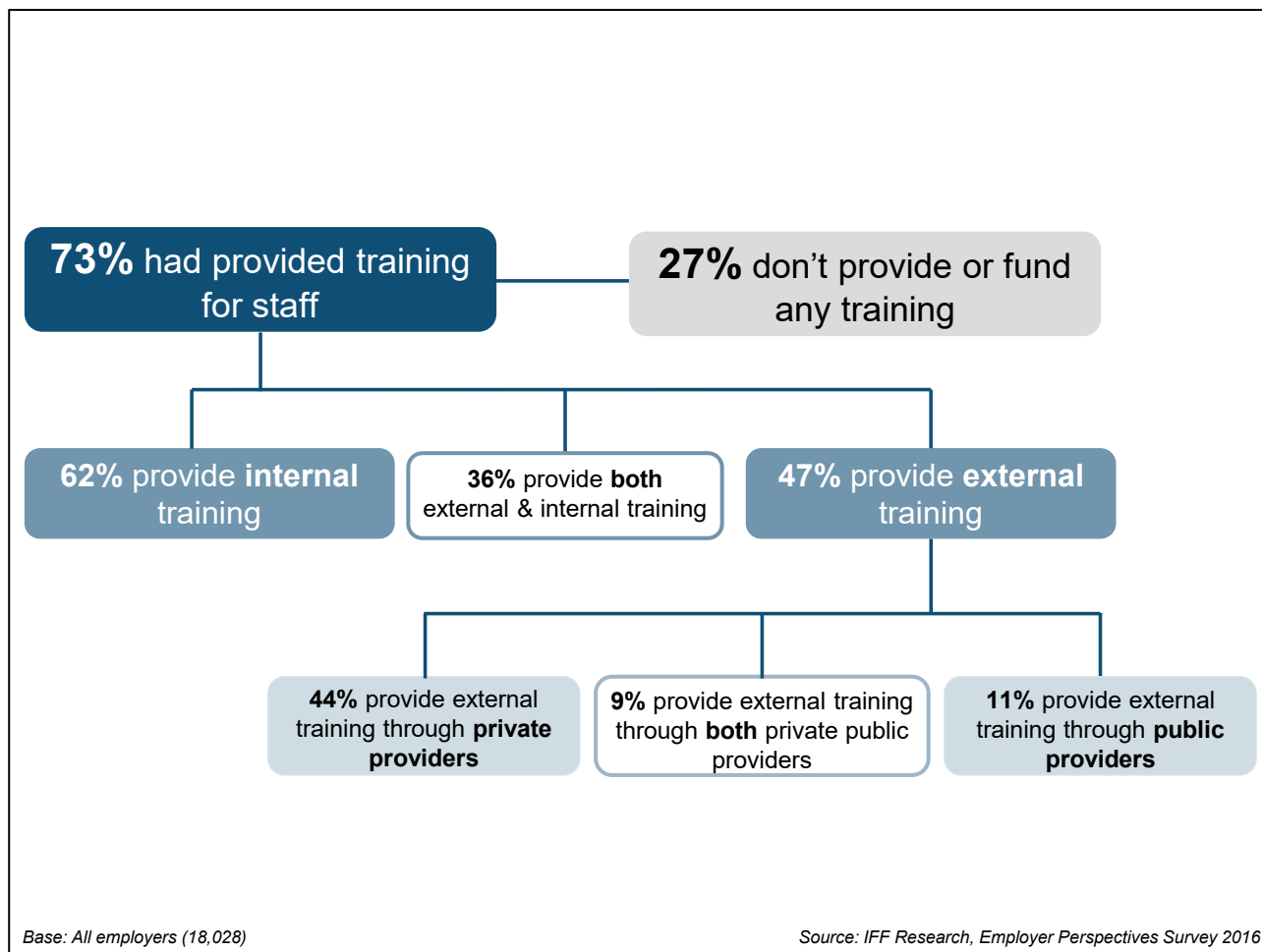
²⁶ There was consideration at questionnaire design stage whether to use the term ‘technical skills/qualifications’ or vocational with employers. Testing revealed that employers identified more easily with the terminology around vocational skills and qualifications. Therefore, for this iteration of the survey reference to vocational qualifications were kept, this also allows us to track trends over time.

²⁷ For further information, see <https://www.gov.uk/government/publications/technical-and-further-education-bill-factsheet>

²⁸ ESS 2015 measures training activity among staff using definitions of “on- and off-the-job training”; due to the difference in definitions, figures for training should not be compared across the two studies.

²⁹ For the purposes of this report, “private” is used to refer to commercial and not-for-profit training providers.

Figure 4.1 Nature and source of training offered by employers in the last 12 months



Compared to 2014, the proportion of employers offering training has increased (up from 69% to 73%), with this being across both external and internal training (up from 45% and 58% respectively to 47% and 62%). This marks a return to levels of training activity (both internal and external) previously recorded in 2012.

As shown in Table 4.1, employers in Scotland and in England were equally likely to provide any training, and both were more likely to do so than employers in Northern Ireland or Wales. This held true in terms of both internal and external training, although the different rates of training provision were particularly marked in respect of internal training.

The period 2014 to 2016 saw significant growth in training activity among employers in England and in Northern Ireland, driven most markedly by an increase in internal training.

Table 4.1 Proportion of establishments that funded or arranged training for staff over past 12 months

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Any internal training		Any external training		Both internal and external training		ANY TRAINING	
				2014	2016	2014	2016	2014	2016	2014	2016
UK	18,059	18,028	%	58	62	45	47	34	36	69	73
Country											
England	10,032	10,015	%	58	62	45	47	34	36	69	73
Northern Ireland	2,005	2,007	%	52	56	45	45	32	34	65	68
Scotland	4,015	4,009	%	63	63	46	48	36	38	72	73
Wales	2,007	1,997	%	55	54	42	45	30	32	67	67
Size											
2 to 4	4,223	4,297	%	42	47	30	34	19	22	54	59
5 to 9	4,284	4,290	%	66	69	49	50	36	38	78	80
10 to 24	4,068	4,312	%	77	82	63	65	52	57	88	91
25 to 49	24,97	2,337	%	89	89	77	77	71	71	95	96
50 to 99	1,337	1,250	%	89	92	83	83	76	78	96	97
100+	1,587	1,542	%	94	95	87	86	83	83	97	98
Sector											
Primary Sector & Utilities	962	866	%	36	46	38	44	22	29	52	61
Manufacturing	1,213	1,065	%	57	55	41	46	32	35	67	66
Construction	1,465	1,212	%	42	47	46	53	28	31	61	68
Wholesale & Retail	3,580	3,933	%	57	61	32	36	25	28	64	69
Hotels & Restaurants	1,649	1,792	%	62	65	36	33	30	29	69	70
Transport & Comms	1,165	1,143	%	56	60	42	40	30	32	68	68
Financial Services	486	395	%	71	70	52	43	42	37	82	77
Business Services	2,613	3,081	%	58	62	46	49	34	37	70	75
Public Admin.	466	403	%	81	81	67	75	58	63	90	93
Education	1,122	990	%	79	83	79	85	68	74	90	94
Health & Social Work	2,110	2,023	%	77	81	73	70	62	61	88	90
Arts & Other	1,228	1,125	%	59	83	48	49	36	39	71	73

Base: all establishments

As Table 4.1 also shows, employer size remains a key factor in determining training activity, with larger employers being more likely to offer training than smaller ones. Three in five employers with 2-4 staff (59%) offered some kind of training for their staff, rising to 98% of employers with 100 or more staff.

However, growth in training rates is greatest among the smallest employers compared to other sizebands, this represents a significant increase since 2014 when 54% of

employers with 2 to 4 staff provided training. This increase was largely concentrated amongst those in 'non-market services' such as Education (87%, compared to 65% in 2014), Public Administration (88%, compared to 71% in 2014), and Health and Social Work (79%, compared to 69% in 2014).

Growth amongst these smaller employers was concentrated amongst those who had been in operation for the shortest periods of time. The proportion of employers who had offered training and who had been in operation for less than a year increased, up from 54% in 2014 to 69% in 2016. Similarly, the proportion of employers in operation for between one and three years who offered training increased from 66% in 2014 to 74% in 2016. This may reflect that a need to train can arise when employers are new and in the process of setting up their business. In contrast, the proportion of employers with 2 to 4 members of staff who had offered training and who had been in operation for longer than three years declined relative to 2014.

By sector, the proportion of employers offering any kind of training was highest amongst employers in 'non-market services', such as the Education (94%), Public Administration (93%) and Health and Social Work sectors (90%).

Employers in the Primary Sector and Utilities (61%), Manufacturing (66%) and Transport and Communications (68%) sectors were least likely to offer any kind of training. However, patterns differed in terms of employers offering internal and external training. Employers in the Primary Sector and Utilities and Construction sectors were least likely to deliver internal training (46% and 47% respectively), whilst those in the Hotels and Restaurants and Wholesale and Retail sector were least likely to offer any kind of external training (33% and 36% respectively).

Growth in training provision remained fairly even across sectors (i.e. with the proportion of employers training either remaining static, or only increasing marginally), only employers in Primary Sector and Utilities significantly increased training provision (up from 52% in 2014 to 61% in 2016). Across the other remaining sectors, there were no significant changes relative to 2014.

Sources of External Training

Use of public and private training providers

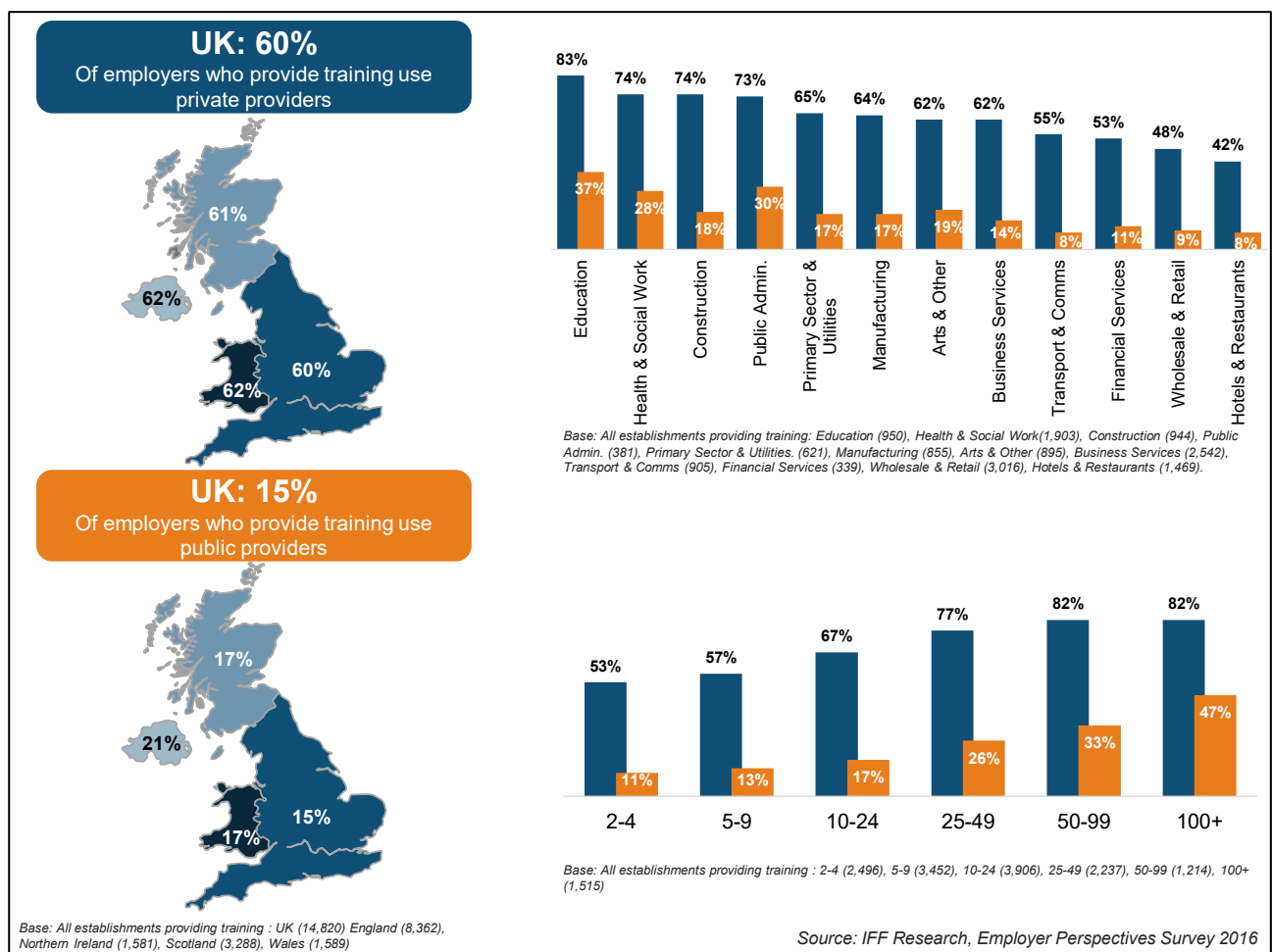
Figure 4.2 below shows the extent to which UK employers engage with public and private training providers. Consistent with the picture seen in 2014, employers continue to use private providers over public ones to deliver external training: three-fifths of all employers who provide training use private providers (60% of all those who provide training), compared to roughly one in six (15%) who use public providers.

There was some degree of overlap, with 13% of all employers using both public and private providers to deliver their external training. Only a small minority (3%) of employers solely relied on public providers to deliver their external training.

Not everything remained consistent with this picture, however. In terms of differences by country, there was a significant increase in the proportion of employers in Northern Ireland using public training provision (up from 18% to 21%), making them most the likely to use public providers to deliver external training. In contrast, employers in England were least likely to rely on either private and public training providers to deliver training (60% and 15% respectively).

Meanwhile, employers in Wales and Scotland were more likely to use private training provision. Among employers in Wales, there was a six percentage point increase in the use of private training provision (up from 56% to 62%), whilst in Scotland there was a three percentage point increase (up from 58% to 61%).

Figure 4.2 Use of private and public training providers among establishments that train, by country and sector



Around one in ten employers with 2-4 employees (11%) used public training providers, compared to nearly half (47%) of employers with 100 or more employees. Furthermore,

the likelihood of using both public and private providers to deliver external training increased with size, from 8% with those with 2-4 employees, to 45% of those with 100 or more employees. Across employer size bands, there have been no notable changes in the use of public training providers compared to 2014.

By sector, there were also few differences in the take up of private and public training provision compared to 2014. The three sectors most likely to use public training providers remain unchanged; with employers in the Education (37%), Public Administration (30%) and Health and Social Work (28%) sectors most likely to use public training providers, and employers from the Transport and Communications and Hotels and Restaurants (both 8%) and Wholesale and Retail sectors (9%) least likely to do so.

This variation among employers may reflect the differing training requirements in different sectors, i.e. employers from Education, Public Administration and Health and Social Work are more likely to require employees to have formal qualifications (either vocational or academic), and this often requires training which is typically delivered by public providers. Training to vocational qualifications is discussed later in the chapter.

In terms of private provision, there were some small changes among sectors. The proportion of employers in the Construction and Manufacturing sectors who used a private provider increased relative to 2014 (from 70% to 74%, and 58% to 64% respectively), and decreased amongst those in the Financial Services and Hotels and Restaurants sectors (from 60% to 53%, and 46% to 42% respectively).

Full details on the use of private and public training providers by country, size and sector, including changes over time, can be found in Table A.4.1 in Appendix A.

Specific training providers used by employers

A key aim of the EPS is to understand the specific types of provider(s) that employers use to upskill their workforce.

Commercial training organisations³⁰, suppliers and regulatory bodies were the most common type of private training provider used for external training (50%, 23% and 17%, respectively, of all those providing training). Amongst public training providers, around one in ten employers used Further Education Colleges (FECs) (12%), with 7% using Higher Education Institutes (HEIs) for external training. Whilst these findings are broadly in line with 2014 data, the proportion of employers relying on their suppliers to deliver training decreased from 31% in 2014 to 23% in 2016.

³⁰ Commercial training organisations included consultants and private training providers.

Although there were few differences by country, employers from Northern Ireland and Scotland were particularly reliant on regulatory bodies to deliver their training (21% and 20% respectively, compared to 17% of employers in Wales and 16% in England). Likewise, employers from Northern Ireland were more likely to use HEIs to provide external training (11%).

The likelihood of an employer using an external supplier increased with their size (ranging from 20% of those with 2-4 employees to 35% with 100 or more).

In terms of sector, employers from the Education (72%), Construction (65%) and Health and Social Work (61%) were more likely to use commercial training organisations, whereas those from the Education (32%), Financial Services (30%) and Public Administration (27%) sectors were particularly reliant on regulatory bodies.

Employers from the Health and Social work (28%), Arts and Other Services (27%) and Manufacturing (27%) sectors were more likely to deliver training using their suppliers. These employers may be more reliant on their suppliers to deliver training due to the fact that they are more likely to need specialist equipment (e.g. medical or industrial machinery).

One-third (33%) of employers who used a supplier for external training went on to state that they used private training provision precisely because their training provider was a supplier for equipment or services for which they needed training. Likewise, employers who strongly agreed that their staff's ability to do their job was more important than formal qualifications were also more likely to be reliant on external suppliers for training (19%), suggesting a greater preference for training which was more directly linked to employees daily tasks.

A larger proportion of employers choose to provide external training with FECs compared to HEIs (12% of all employers providing external training, compared to 7%). However, different types of employer used each training provider, and it is valuable to look at this at a more granular level.

At a country-level, employers from Northern Ireland were more likely than employers from all other countries to use HEIs for their external training (11%, compared to 6% in England, 7% in Wales and 9% in Scotland). By size, the likelihood of using either HEIs or FECs increased with employer sizeband.

Employers in 'non-market services' sectors (Education, Public Administration and Health and Social Work) were the most likely to use both HEIs and FECs to deliver their external training. Indeed, around a quarter of employers from these sectors used FE Colleges (25%, 24% and 21% respectively), alongside a slightly lower proportion who used HEIs (25%, 20% and 13% respectively).

However, employers from certain sectors were more likely to be reliant on an FEC to deliver their external training. For example, almost one in five (17%) of those from the Construction sector (and who had undertaken external training) had used an FEC, alongside similar proportions of employers from the Manufacturing and Primary and Utilities sectors (15% and 14% respectively).

As in previous years, for HEIs and FECs there is clearly a large “untapped” training market among employers who are currently either only delivering training internally, or are using private external training providers. Later sections in this chapter explore employer barriers to using FECs and HEIs, which may help public providers consider how to increase take up of their services.

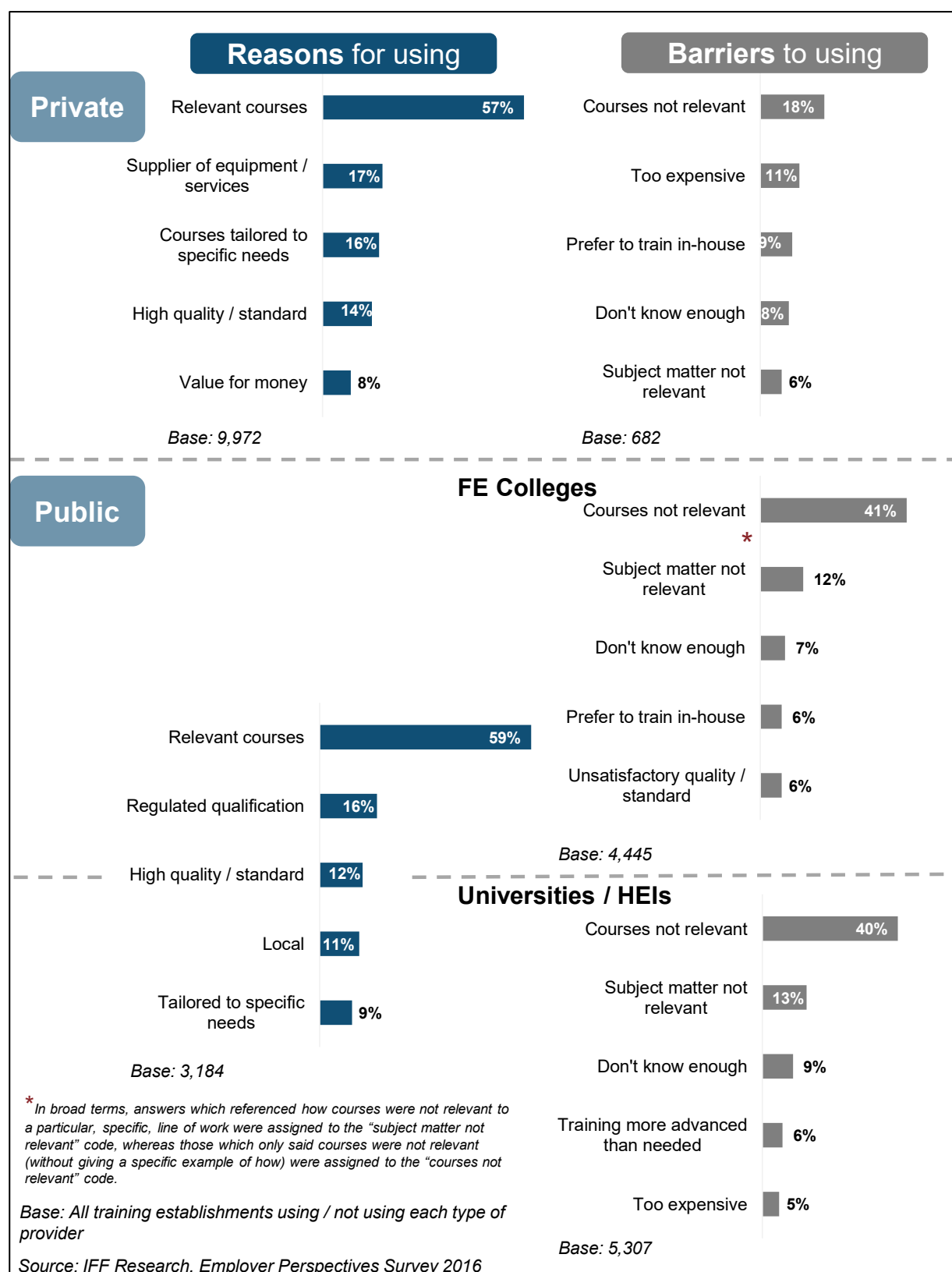
Reasons for choosing to invest resource in different types of training provider

EPS 2016 aims to establish what drives employer choices about where and how to invest in skills provision, establishing what appeals to and attracts employer investment in skills, and what prevents employers from engaging with certain types of public and private training providers.

Employers were asked about their motivations for using private and public training providers, and their reasons for not doing so. The main reasons and barriers to using each type of provider can be seen in Figure 4.3.

As in 2014, the relevance of course provision was again the central reason for choosing private and public training providers (57% and 59% respectively). A perceived lack of relevance was also the main barrier to not using these providers, with establishments nearly twice as likely to cite a lack of relevant courses as a barrier to using public providers (FE Colleges – 41%; HEIs – 40%) than those who chose to use private ones (18%).

Figure 4.3 Top five reasons for and barriers to using different types of training provider



Conversely, employers most commonly cited issues to do with relevancy as both the main reason why they chose to use public and / or private training providers, and as the main reason why they did not. However, there are some key differences between the

types of employers who are most likely to choose these training providers, and those who are not.

Whilst it was difficult to identify specific groups of employers who were more likely to choose particular training providers on the basis of the relevancy of their courses, those from the public sector were more likely to do so (61% of those who chose to use private sector providers, and 62% of those who chose to use public sector providers). In addition employers who prioritised organisational performance over staff happiness were also more likely (74%) to choose public providers based on the relevancy of courses.

However, it is easier to identify groups of employers who do not use training providers because of a lack of relevant courses. Employers from Northern Ireland were more likely than other employers in the UK to have not used a training provider because they felt that courses were not relevant (for example 32% of employers in Northern Ireland not using private training providers did so because of this reason compared to 18% at the UK level).

Smaller employers (i.e. those with 2-4 members of staff) were also likely to cite a lack of relevant courses as a reason for not choosing both types of training provider. A quarter (26%) did not use private sector providers because of this, compared to 3% of employers with 100 or more members of staff. The same pattern was also apparent when these employers were asked why they did not use FE Colleges and HEIs to provide their training.

By sector, those from Primary Sector and Utilities were also more likely not to use both types of training provider because their courses were not relevant (e.g. 36% of those who did not use private sector providers, 50% of those who did not use FE Colleges and 51% of those who did not use HEIs).

Alongside issues to do with the relevancy of courses, almost one in five (17%) employers reported using private providers because they were suppliers of equipment or services for which they required tuition or training. This was particularly common amongst smaller employers (i.e. 18% of those with 2-4 members of staff, compared to 14% of those with 100 or more members of staff), and those from the Wholesale and Retail sector (25%). In contrast, employers from the Public Administration and Financial Services sectors were most likely to choose private providers because they tailored courses to meet their specific needs (22% and 21% respectively).

Behind lack of relevance, employers chose not to use private training providers because the courses they offered were too expensive (11%), they preferred to train in-house (9%), and because they did not know enough about the course (8%). Employers from the Education sector were most likely to avoid using private providers because of the cost of

their courses (34%), whilst those from the Hotels and Restaurants sector were most likely to do this because of a preference to train in-house (21%).

In contrast to the reasons for choosing private sector providers to deliver training, employers gave slightly different explanations for choosing public sector providers. Although most, again, cited reasons to do with the relevancy of their courses (59%), other common reasons included the fact that they offered a regulated qualification (16%), and that the courses they offered were of a high quality or standard (12%).

Larger employers (i.e. those with 100 or more employees) were most likely to rely on public providers because they offered a regulated qualification (20%), as well as those from the Public Administration (25%) and Construction industries (24%). In contrast, employers from the Education sector were most likely to use public providers because of the high quality / standard of their courses (19%).

In terms of the barriers to using public sector training providers, there was little difference between the barriers to using FE Colleges and the barriers to using HEIs. Likewise, there were few significant differences between different sectors of employer.

Employers who were not happy to pay towards staff training and development were more likely to cite reasons associated with a lack of knowledge about the courses on offer as a reason for not using particular training providers (19% of those who do not use private providers, 10% of those who do not use FE Colleges and 12% of those who do not use HEIs). It is possible that improving information about courses, offered by both private and public sector providers, may encourage more employers to consider paying towards staff training and development.

Whilst, at an overall level, employers' reasons for using and not using public and / or private training providers are broadly in line with those given in 2014, comparisons cannot be made with the proportion of employers using public training providers because they offer regulated qualifications. This was a new answer introduced in 2016 to better understand employers' motivations for choosing certain types of training provider. Nevertheless, this does show that there is demand for regulated qualifications; something which the Government's Post-16 Skills Plan aims to develop through the creation of high-quality technical qualifications which are regulated and match standards approved by employers³¹.

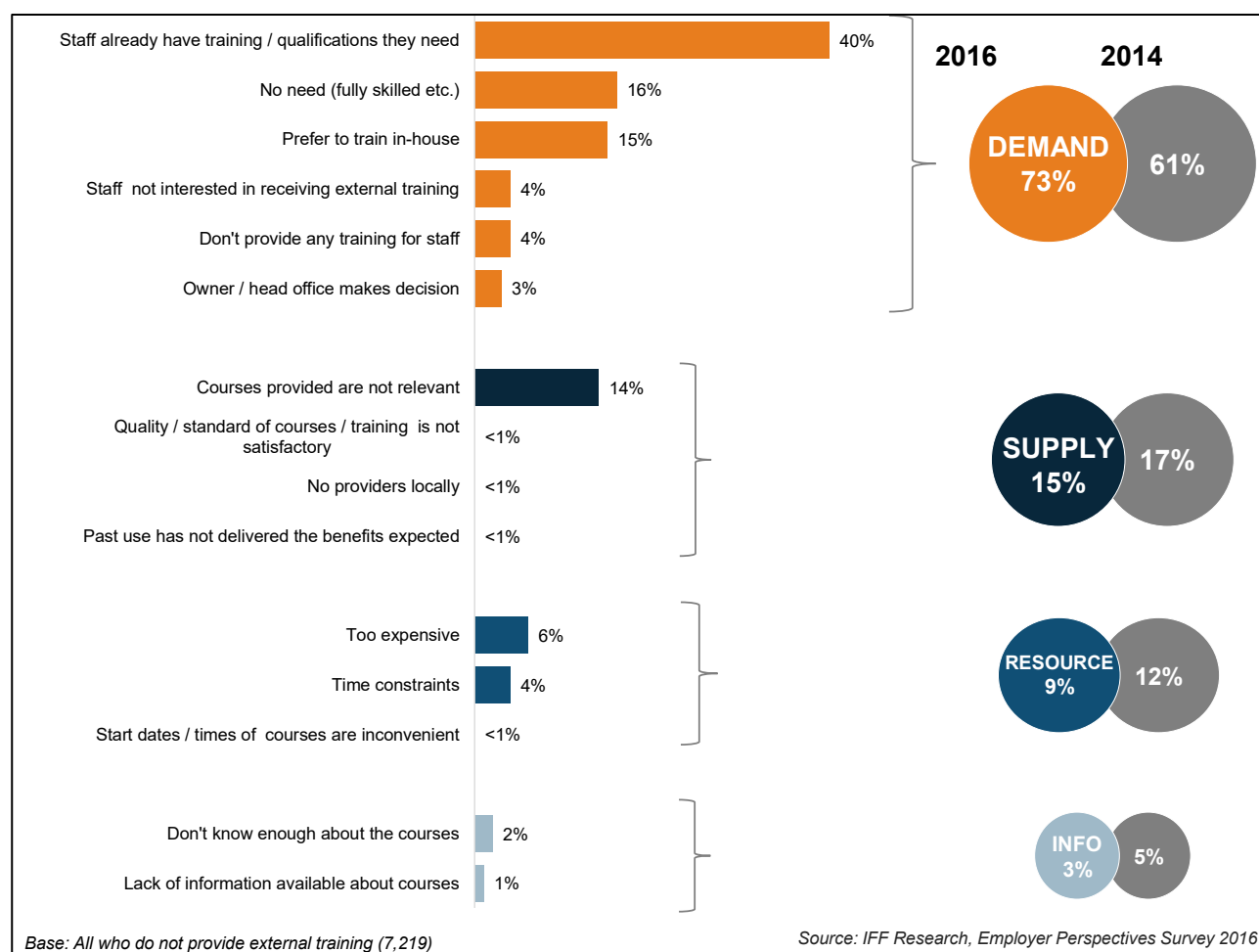
³¹ For further information, see <https://www.gov.uk/government/publications/post-16-skills-plan-and-independent-report-on-technical-education>

Reasons for not using external providers for training

As well as investigating the reasons behind employers choosing particular types of external provider, the survey also explored why other employers did not offer external training at all; with the purpose of establishing what deters employers from investing in skills provision and what the barriers to training staff are.

As shown by Figure 4.4, demand side issues continued to be the main reason why employers did not use external training providers. This included reasons such as staff already having the qualifications they needed / or already being fully training (40%), followed by the fact that they were already skilled and that there was no need (16%) and because they preferred to train in-house (15%). This is perhaps indicative of a need for attitudinal change, namely that not all employers recognise the need for further training, and that they may need to be encouraged to adopt such practices.

Figure 4.4 Reasons for not using external providers



Compared to 2014, the proportion of employers citing reasons associated with a lack of demand has increased, up from 61% in 2014 to 73% in 2016. This has been primarily driven by a growing proportion of employers who stated that they did not use external

training providers because their staff were already trained or had the qualifications they needed (up from 32% in 2014, to 40% in 2016). This poses a number of questions; namely how best to encourage the increasing proportion of employers who cite a lack of “demand” as a reason for not training their staff to do so.

Smaller numbers of employers cited other factors, and in all cases the proportion of employers reporting them was reduced compared to 2014.

The specific demand-side barriers to external training for employers who provided no training and those who only provided internal training were different in scale, but broadly similar in terms of scope. At an overall level, employers who provided no training at all were more likely to cite issues associated with low demand (77%, compared to 68% of those who only offered internal training). In contrast, employers who only provided internal training were more likely give reasons associated with limited supply (18%, compared to 12%).

Amongst the few exceptions to this pattern, non-training employers were more likely to say that their staff did not require external training because they already had the training or qualifications they needed (49%, compared to 30% of those who only provide internal training), whereas those who only provided internal training were more likely to say that they preferred to train in-house (25%, compared to 6% of those who do not offer training).

In terms of differences by country, employers from Wales were more likely to cite reasons associated with information about training as a barrier for using an external training provider (5%, compared to a 3% average). This was mostly driven by Welsh employers answering that a lack of available information prevented them from using an external provider (3%, compared to an average of 1%).

As in 2014, the smallest employers (i.e. those with 2-4 members of staff) were more likely to report demand-side issues as the reason for not using external providers compared to larger ones (i.e. those with 100 or more staff) (74%, compared to 70%). Indeed, these smaller establishments (i.e. those with 2-4 members of staff) were three times more likely to say that their staff had all the training they needed compared to larger establishments with more than 100 members of staff (45%, compared to 15%).

In terms of differences by sector, employers from the Financial Services sector were most likely to give reasons associated with a lack of demand (78%), followed by those from the Primary Sector and Utilities, the Construction sector and the Public Administration sector (all 76%). Employers from the Financial Services sector were most likely to feel that there was no need for external training because their staff were fully skilled and / or their job role did not require it (26%, compared to an average of 16%).

Employers from the Construction sector followed a similar pattern, with half (50%) stating that their staff already had the necessary training / qualifications.

This contrasts with the reasons given by employers from 'non-market services' sectors, such as the Education and Arts and Other sectors. Both were more likely to cite a lack of resources as barriers to up taking training with an external provider (16% and 14% respectively, compared to an average of 9%). Whilst this group represents a small minority of employers, it captures a group who have the will to train their staff, but who lack the resources to do so, and as such are a group that could be targeted by policy in the future.

Training to vocational qualifications

The EPS survey also aims to assess the extent to which the current vocational skills offer meets employers' needs. This next section will therefore move on to discuss the type of training that employers are delivering, and specifically, the extent of training provision aimed at achieving formal VQs.

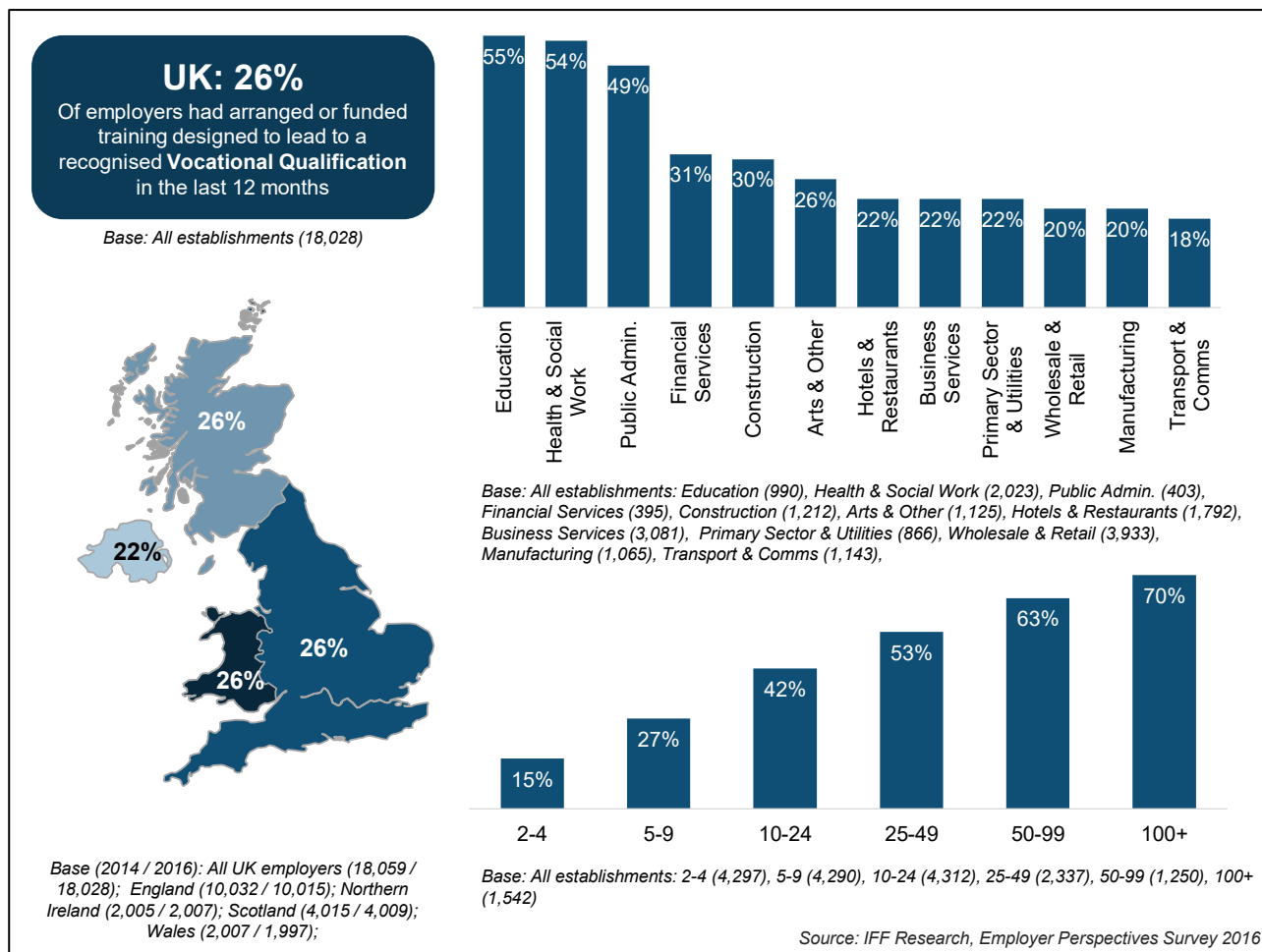
This next section will explore the value that employers place on VQs; examining the level of demand for them and employers' use of training towards nationally recognised VQs. This section will also look at the perceived benefits of VQs to employers and their staff.

Take up of vocational qualifications

We have already seen that the proportion of employers providing training increased between 2014 and 2016; on the other hand, the proportion providing training intended to lead to a VQ was static (at 26% of the population). As a result, the proportion of training employers who provided training designed to lead to a qualification fell to 36% (from 38% in 2014). In market terms, the volume of employers sourcing (external) training provision rose by more than 30,000, reflecting growth in the total number of employers.

As shown by Figure 4.5, the overall proportion of employers who offer training designed to lead to a recognised VQ is consistent across Great Britain, but considerably lower in Northern Ireland. In terms of employers who have offered training to their staff, and who have offered training designed to lead to a VQ, differences are more apparent. Employers in Wales who have offered training remain most likely to offer training designed to lead to a VQ (at 39%), followed by those in England and Scotland (both 36%). Whilst the proportion of employers who have offered training, and who have offered training designed to lead to a VQ, has decreased since 2014, this decrease has remained fairly even across countries.

Figure 4.5 UK employers training to Vocational Qualifications



As with the factors which determine training activity, employer size was linked to the likelihood of arranging or funding training designed to lead to a VQ. Seven out of ten (70%) of employers with 100 or more staff had done so, compared to only one in six (15%) of those with 2-4 members of staff. Again, this continues patterns seen in 2014.

Employers from 'non-market services' sectors, such as Education, Health and Social Work and Public Administration were most likely to have arranged or funded training designed to lead to a VQ, with around half (55%, 54% and 49% respectively) having done so. This mirrors trends seen in 2014.

However, since 2014, the proportion of employers within each sector who have offered training designed to lead to a VQ has changed. The Health and Social Work and Construction sectors have both experienced significant growth (with each experiencing a five percentage point increase since 2014), however, employers in the Hotels and Restaurants sector have experienced a five percentage point decrease in the proportion of establishments offering training designed to lead to a VQ.

Levels of vocational qualifications arranged / funded

Employers who had arranged or funded training towards VQs were asked to which Qualification and Credit Framework (Scottish Credit and Qualifications Framework)³² level these related. As in 2014, the most widely offered levels were Levels 2 and 3 (42% and 46% respectively).

Although the overall proportion of employers who offered training that led to VQs has remained static since 2014, there was a significant increase in the proportion of employers who arranged training at Level 5 or above (25%, compared to 22% in 2014). Indeed, employers in Wales were significantly more likely to have trained their staff at Level 3 or above (74%, compared to a UK average of 65%, see Table A.4.2 in Appendix A), mirroring findings seen in the 2015 Employer Skills Survey³³. This is a positive sign, indicating that employers are training staff to a higher level than they were previously.

Reflecting their higher propensity to offer training to VQs overall, larger employers were more likely than smaller employers to offer training to every level of VQ. Again, this continues patterns seen in 2014.

Smaller employers (i.e. those with 2-4 employees), however, were more likely to offer other professional, technical or management VQs³⁴ (15%, compared to 9% of employers with 100 or more staff) – with this being a significant increase compared to 2014 (15%, compared to an average of 10%). This increase was significant at an overall level, with 12% of employers offering training to other professional, technical or management VQs (compared to 10% in 2014). There was a significant increase in employers doing so in Scotland and England, with 17% and 12% respectively now doing so (compared to 12% and 9% respectively in 2014). Employers from the Manufacturing, Hotels and Restaurants, Transport, Storage and Communications and Business Services sectors were more likely to offer this kind of training compared to 2014.

There were other considerable differences by sector: employers from the Hotels and Restaurants sector were most likely to offer VQs at Level 2 or below (63%), whilst those from the Education sector were more likely to offer them at Level 3 or above (81%). Employers from the Health and Social Work sector were the most polarised, being most

³² This report quotes the levels as defined in England, Wales and Northern Ireland. In Scotland the levels are different. Employers in Scotland were asked the question in respect of SCQF levels; see question D15 in the questionnaire in the technical report for details.

³³ Vivian et al. (2016), p.103.

³⁴ Where employers could not classify VQs into one of the Qualification and Credit Framework levels, they could classify them as an “Other professional, technical or management VQ”, with details written in. Where possible, these answers were assigned to an existing framework. Where this was not possible responses were left in “Other professional, technical or management VQ”.

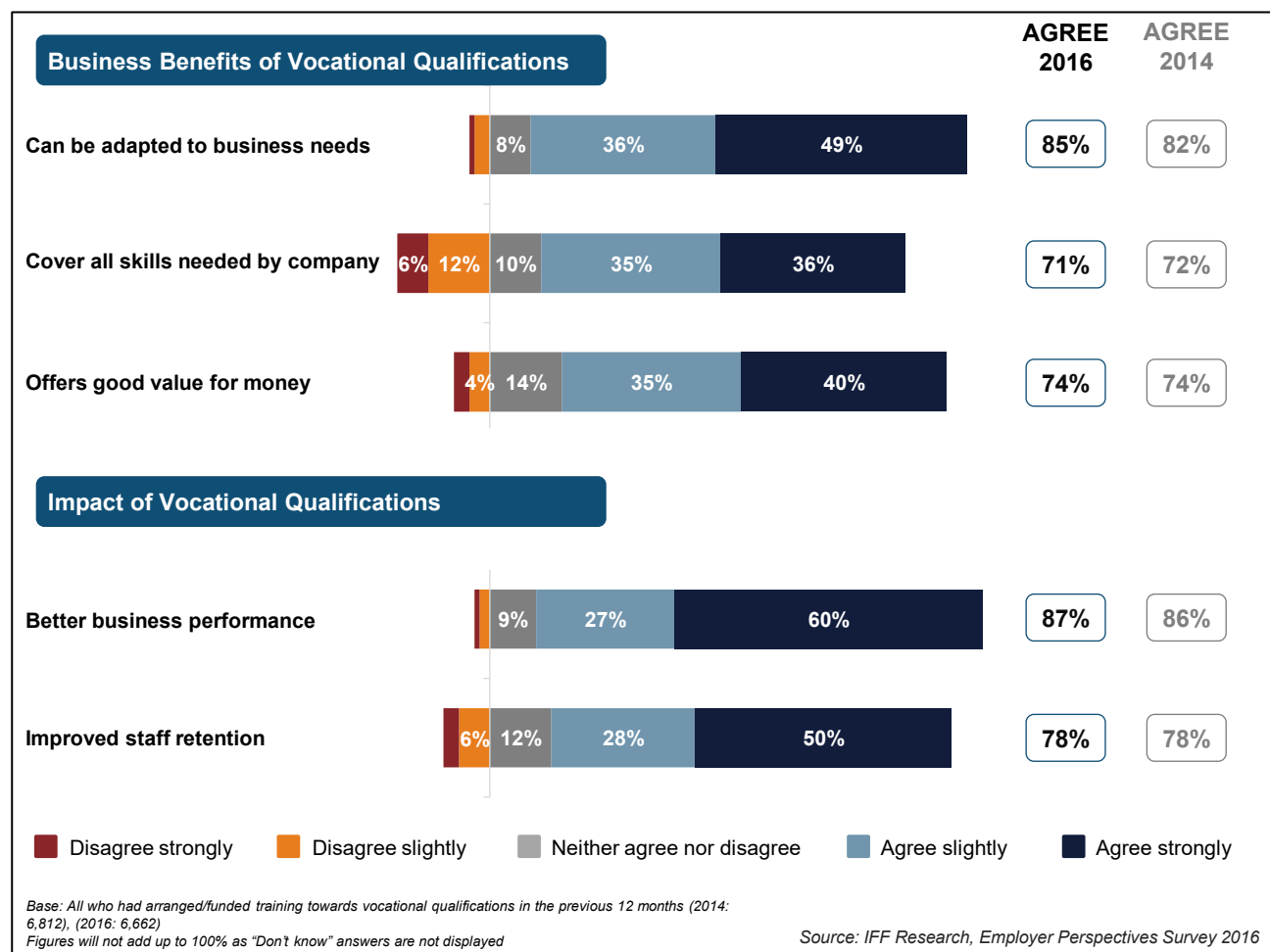
likely to offer VQs at Level 2 and below, and at Level 3 or above (68% and 83% respectively), indicative of the wide range of VQs needed in this sector.

Table A.4.2 in Appendix A presents take up of VQs alongside the levels of VQs establishments arranged by size, sector and country.

The benefits of vocational qualifications to employers and employees

Establishments that had arranged or funded training designed to lead to a recognised VQ in the last 12 months were asked how well suited it was to their needs and what the benefits were for their business and for their staff³⁵. Figure 4.6 details employers' attitudes towards the effects of VQs.

Figure 4.6 Benefits of Vocational Qualifications



³⁵ A number of questions were removed in the 2016 EPS questionnaire, meaning that not all results from 2014 can be tracked over time. For more detail, see question D17 in the questionnaire in the technical report.

Of the potential benefits that the survey explored, employers were most positive about the extent to which qualifications could be adapted to their needs (85% agreed), continuing trends from 2014. Indeed, this was the area with the greatest increase in employers agreeing that it had benefitted their organisation (a three percentage point increase since 2014).

Employers from the Wholesale and Retail, Transport, Storage and Communications and Health and Social Work sectors were the most positive (with 87% of employers in each sector agreeing that VQs could be adapted to their business needs). Whilst the pattern of sectors with the highest level of agreement remains broadly in line with that seen in 2014, the Transport, Storage and Communications sector experienced the greatest increase in employers who agreed that VQs could be adapted to their business needs (up from 76% in 2014, an 11 percentage point increase).

Those who strongly agreed that investing in management skills was a top priority were also more likely to agree that VQs could be adapted to business needs (90% agree).

Whilst employers were generally positive about the extent to which VQs covered all the skills needed by their organisation (71% agreeing), opinions amongst employers were more polarised on this than for the other benefits of VQs. Almost one in five (17%) disagreed that VQs covered all the skills they needed – the largest proportion compared to all the other “benefits”.

The largest businesses (i.e. those with 250 or more members of staff) were most likely to disagree that VQs covered all the skills needed by their company (25% disagree compared to an average of 17%), as were those from the Transport, Storage and Communications and Business Services sectors (30% and 24% respectively).

Employers were also asked to assess the impact of VQs on their business in terms of business performance and staff retention. Employers were most positive about the extent to which VQs improved the performance of their organisation, with nearly nine out of ten (87%) agreeing that they had increased business. The most positive were employers from Northern Ireland (90% agree), as well as those in the Financial Services, Education and Arts and Other Services sectors (each with 90% of employers agreeing). Employers in the Business Services sector were notable for their increased positivity, with an increased proportion of employers agreeing that VQs had increased business relative to 2014 (89%, up from 86%).

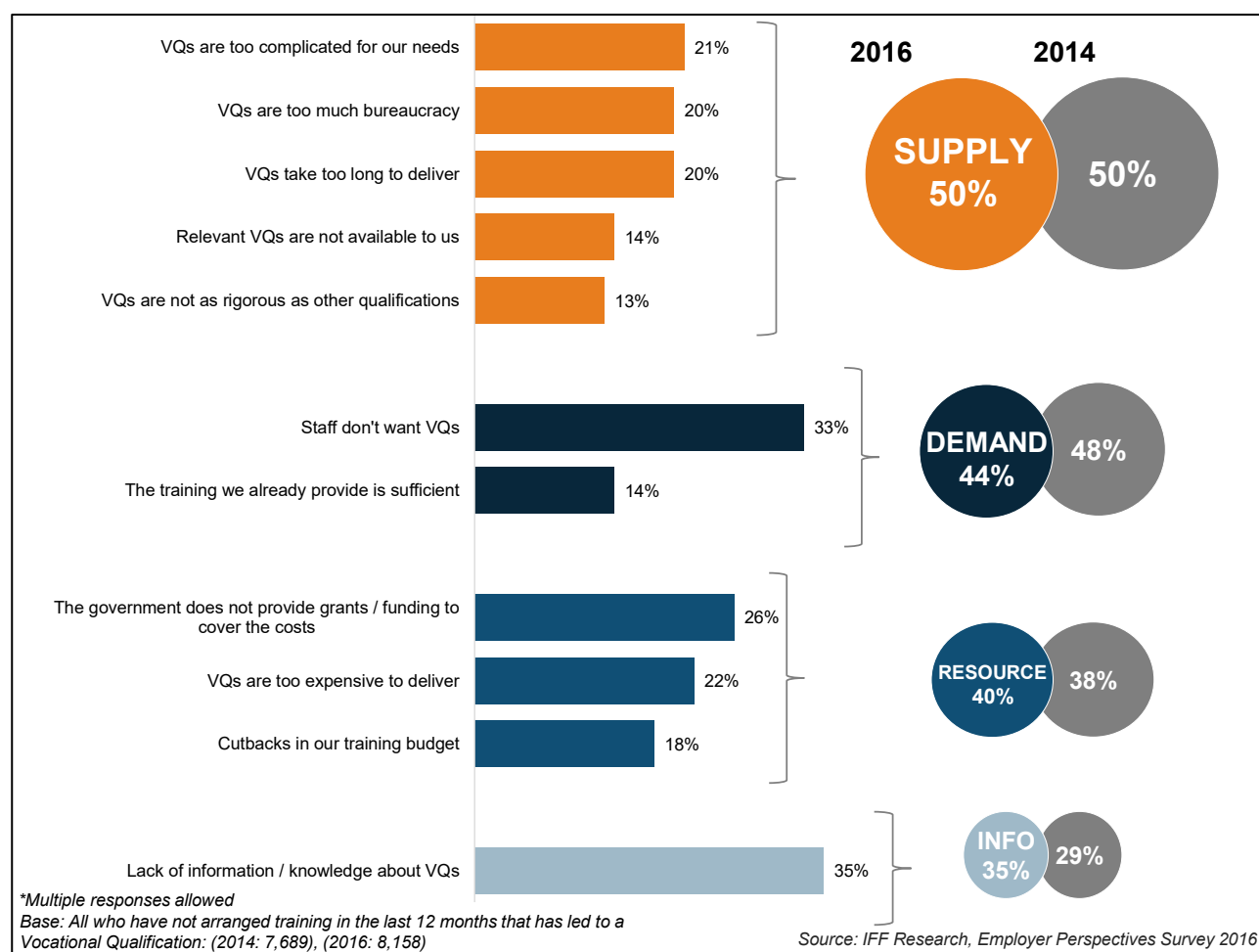
In addition, employers who agreed that investing in management skills was a top priority or who placed critical or significant value on VQs when recruiting, were more likely to agree that VQs had improved their business performance (91% and 90% respectively).

Findings by country, size and sector can be found in Tables A.4.3 and A.4.4 in Appendix A.

Barriers to greater take-up of vocational qualifications

Employers who had not arranged training that had led to VQs in the last 12 months were asked why they had not done so. Figure 4.7 shows their responses. The barriers which were faced by employers were mixed, and can be classified into four categories: lack of demand, issue with the supply (quality or content of VQs), problems finding the financial resources, and a lack of information or knowledge about VQs.

Figure 4.7 Barriers to training staff towards Vocational Qualifications



As in 2014, employers commonly cited issues associated with both supply and demand as the reason why they did not offer VQs. Half (50%) of all employers gave reasons to do with supply-side issues (with no change relative to 2014), whilst around four in ten (44%) felt that a lack of demand prevented them from offering VQs. However, the proportion of employers citing reasons associated with a lack of demand fell by four percentage points since 2014.

Issues cited on the supply side were varied, with around one-fifth of employers reporting that VQs were too complicated for their needs (21%), that they involved too much bureaucracy (20%), and / or that they took too long to deliver (20%). Employers from

Northern Ireland and Wales were particularly likely to cite issues to do with supply (56% each), as well as those from the Transport, Storage and Communications sector (60%), the Manufacturing sector (57%) and Primary Sector and Utilities (55%).

Among employers who had not arranged training in the last 12 months which led to a VQ, the most common reason for not doing so was a lack of information or knowledge about VQs – with over a third (35%) of employers citing this as an explanation. This was particularly common amongst the smallest and the newest employers (36% of those with between 2-4 members of staff, and 44% of those who had been in operation for less than three years), as well as those in Northern Ireland (39%), those in Primary Sector and Utilities (45%) and those who are not happy to pay towards staff training and development (39%). Targeting information provision towards employers from these groups may go some way to improving awareness of VQs, encouraging greater uptake and investment in staff training and development.

Reasons associated with a perceived lack of demand were put forward by just over four in ten (44%) employers. Within this, a third (33% of all employers not offering training designed to lead to a VQ) of employers felt that their staff did not want VQs, and / or that the training they currently provide is sufficient for their needs (14%).

Reasons associated with a lack of demand were particularly driven by smaller employers (i.e. those with fewer than 24 members of staff). Among those with 2-4 employees 44% cited reasons to do with a lack of demand, and 45% of employers with 5-9 members of staff. This compares with four in ten (39%) employers with between 25 to 99 members of staff, and just over three in ten (35%) of the largest employers (i.e. those with more than 100 members of staff).

Four in ten (40%) employers did not have the financial resources to offer VQs, and a lack of awareness about available VQs was a barrier for around one-third (35%) of employers.

Seeking information, advice and other practical help on skills and training-related issues

Alongside its other goals, EPS 2016 aims to understand how to stimulate employer input into the design, delivery and content of skills initiatives; encouraging more employers to take up high-quality, high value provision. Understanding what makes (or will make) skills products more appealing, and how to target resources and communications to increase engagement, is critical in ensuring that this aim is met.

Information on available training programmes, qualifications and providers is this central to achieving this goal. This is especially pertinent given a key feature of the skills system in the UK is the network of organisations which provide support, information and advice to employers on training-related issues.

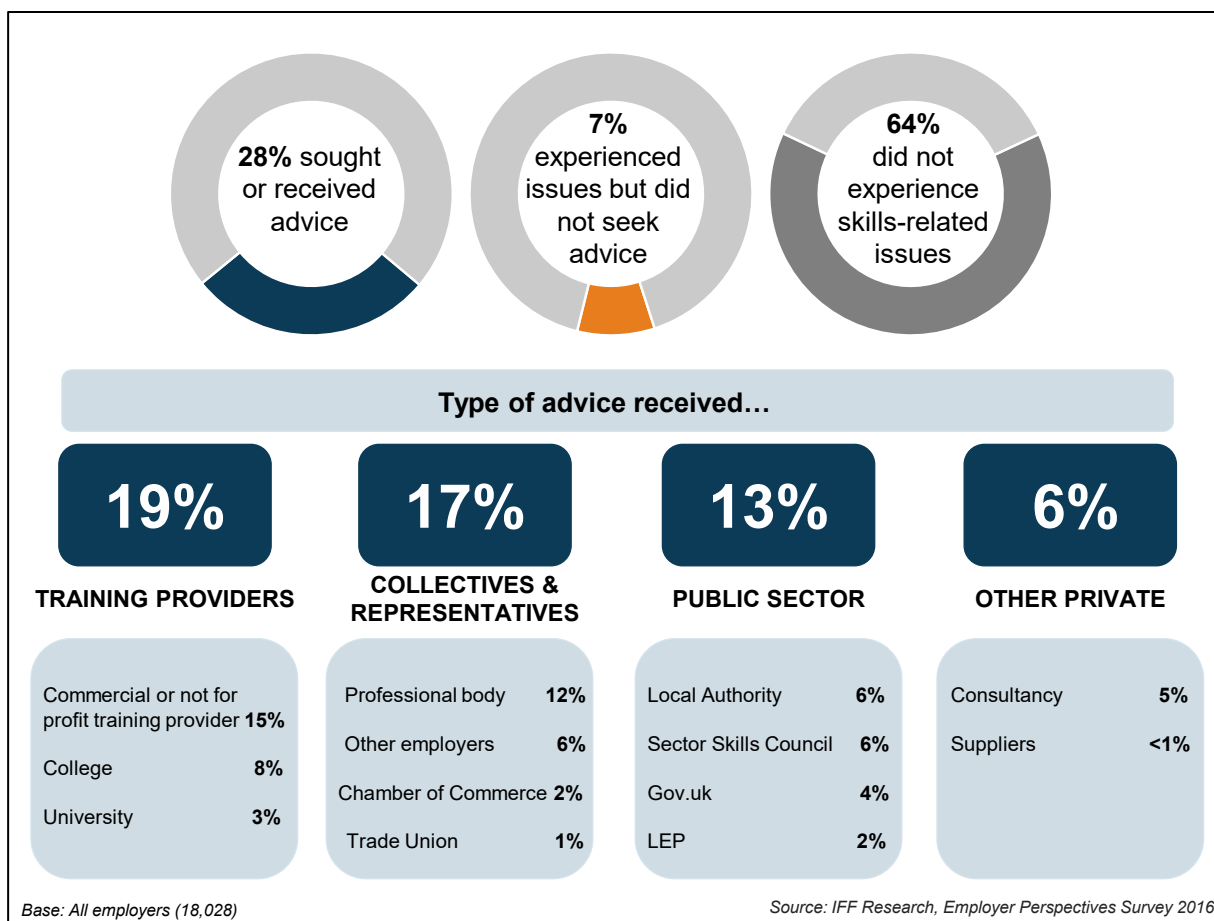
This section of the report will therefore explore employers' awareness and use of providers and schemes aimed at supporting employers in this regard. It will establish what the most effective channels are for enabling informed decision making, and who is best placed to provide this information.

External help sought in the last 12 months

As shown in Figure 4.8, a quarter (28%) of all establishments had sought information, advice or other practical help on skills and training related issues in the last 12 months. The proportion of employers seeking advice of guidance has remained unchanged since 2014.

The sources of this advice can be condensed into four broad categories: training providers (e.g. FE colleges, universities and other training providers), "collectives and representatives" (e.g. professional bodies, other employers and trade unions), public sector organisations (e.g. Local Authorities and country-specific organisations such as the Welsh Government) and other private sector bodies (predominantly consultants).

Figure 4.8 Proportion of employers who have sought external help on skills and training-related issues and the most common sources of advice across all employers



Employers tended to use training providers (both commercial and public) and “collectives and representatives” (19% and 17% of all establishments), with public sector organisations and other private business sources being less popular (13% and 6% respectively). The prominence of “collectives and representatives” – professional bodies, other employers, the Chamber of Commerce and Trade Unions – is particularly notable, and links to the themes of collaboration and ownership which are explored in more detail later in this chapter.

When compared to 2014, the sources of information and advice used by employers are broadly similar. Training providers remain the most popular source of information, there has been a three percentage point increase in the proportion of employers using them for advice or guidance. The same also applies for the proportion of employers deferring to “collectives and representatives”, as well as the proportion of employers using public sector sources of information; with both experiencing a three percentage point increase in the proportion of employers referring to them for information. The proportion of employers referring to private sources of information has remained unchanged since 2014.

Employers in England and Wales were most likely to have sought help on skills and training-related issues (both 28%, compared to 26% of employers in Scotland and 24% of employers in Northern Ireland); they were particularly likely to have sought help from training providers (both 19%), most notably commercial training providers (15% and 14% respectively).

As in 2014, seeking advice from external organisations was also more common among large employers with 100 or more staff (48%, compared to 22% of employers with 2-4 members of staff), reflecting their more diverse training and development needs and the professionalisation of the HR function in larger organisations. Predictably, these larger organisations were more likely to seek advice from all four categories of organisations that provide information and advice.

Again, as in 2014, employers belonging to the group of ‘non-market services’ organisations were more likely to have sought external advice for skills or training related issues. Employers from the Education, Health and Social Work and Public Administration sectors were particularly likely to have done so (50%, 46% and 41% respectively), whilst those from the Wholesale and Retail sector were least likely to have done so (17%, compared to the 28% average).

Tables A.4.5 and A.4.6 in Appendix A contains a detailed breakdown by country, size and sector of the proportion of employers that had sought external help on their skills and training related issues.

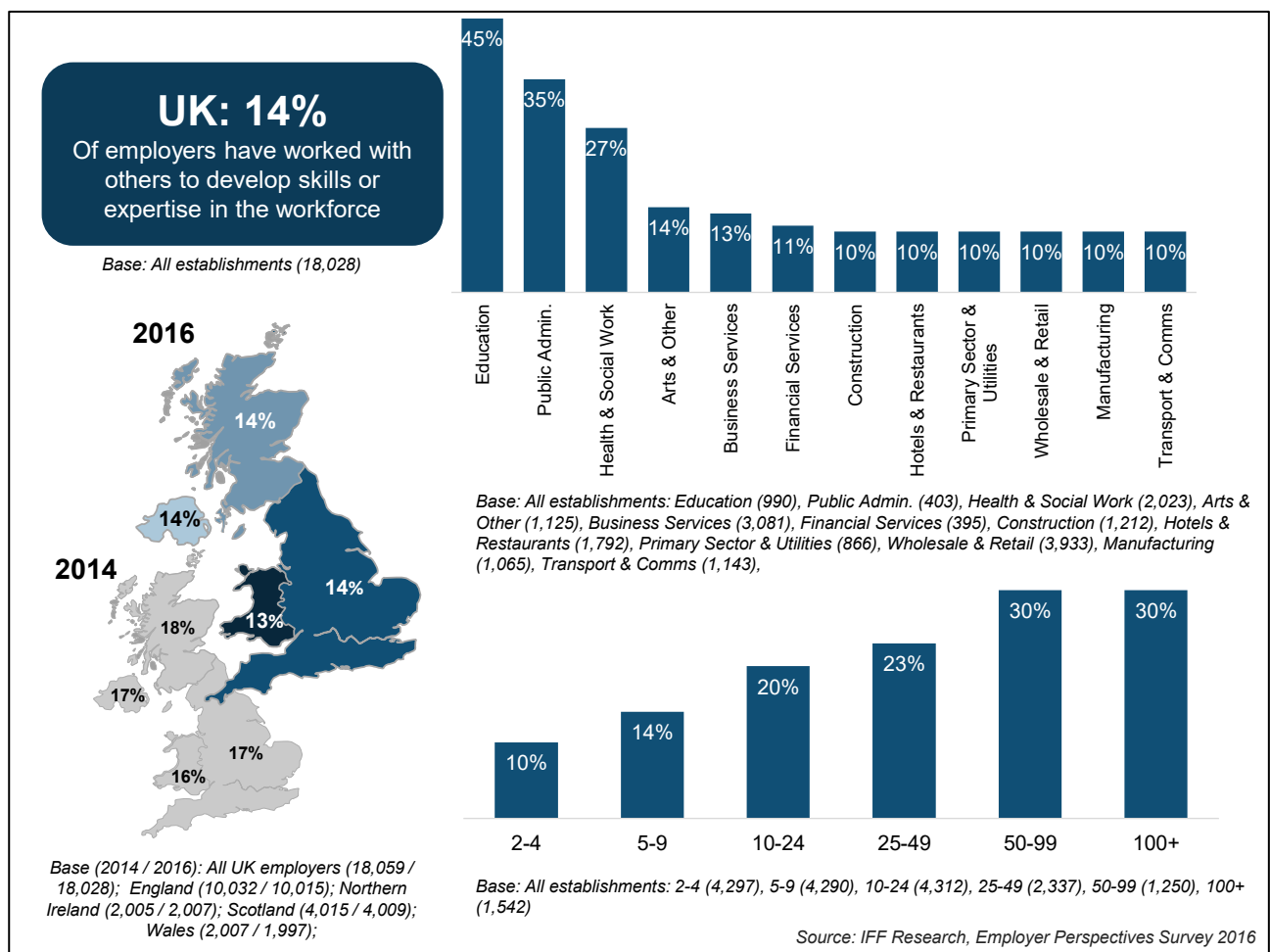
Engagement in the development of content for skills initiatives

Moving on from focusing solely on the supplier-contractor relationships between employers and organisations that disseminate advice on skills and training-related issues, this section explores the extent of employers' ownership of training provision in the UK in terms of co-design. In particular, it assesses employer engagement with training providers and the extent to which employers have collaborated with other employers in their training and skills development practices (and their reasons for doing so).

Employer collaboration

As in 2014, the EPS survey asked employers whether they had worked with others in relation to their skills and training practices. Just over one in seven (14%) of employers had done so, a three percentage point decrease when compared to 2014. As Figure 4.9 shows, the decline in the proportion of employers who have collaborated with others was fairly even across countries, with Scotland experiencing the biggest fall (a four percentage point decrease since 2014).

Figure 4.9 Proportion of all employers who have worked with other employers on their training and skills development practices in the last 12 months



As in 2014, the likelihood of an employer working with others on their training and skills development practices increased with size, with three in ten employers with 100 or more employees (30%) doing so. In contrast, only one in ten (10%) of the smallest employers (those with 2-4 members of staff) did so.

Earlier in the chapter the survey results showed that smaller employers are less likely to seek information advice and other practical help on skills and training-related issues. Likewise, the analysis above demonstrates that these small employers are also less likely to collaborate with others on their training and skills development practices. This highlights a contradiction; arguably small employers have the most to gain from support and information services, as well as through collaboration with others – yet they are the least likely group to do so. This raises questions about what more could be done to support employers seek out practical help and/or collaborate with other employers on training and skills development.

Continuing trends from 2014, employers from sectors belonging to the “Non Market Services” group, such as Education, Public Administration and Health and Social Work

were most likely to have collaborated with other employers (45%, 35% and 27% respectively).

Employers who had offered some kind of training to their staff in the last 12 months were also more likely to have engaged with others to develop skills or expertise in the workforce. Indeed, those who had offered some kind of external training were more likely to have done so (22%, compared to a 14% average). Likewise, those who had offered some kind of internal training were also more likely to have engaged with other employers, with nearly one in five (19%) having done so.

The decrease in the proportion of employers who have worked with others to develop skills or expertise in the workforce has been fairly even across both size bands and sectors. Given this question was only introduced in 2014, it is difficult to establish a baseline from which variations from the norm can be identified.

Engagement in developing the content of training

A key aim of the EPS is to understand how to stimulate employer input into the design, delivery and content of skills and training initiatives. A new set of questions were therefore introduced to the 2016 EPS, aimed at assessing the extent to which employers were involved in design of content for VQs and external training.

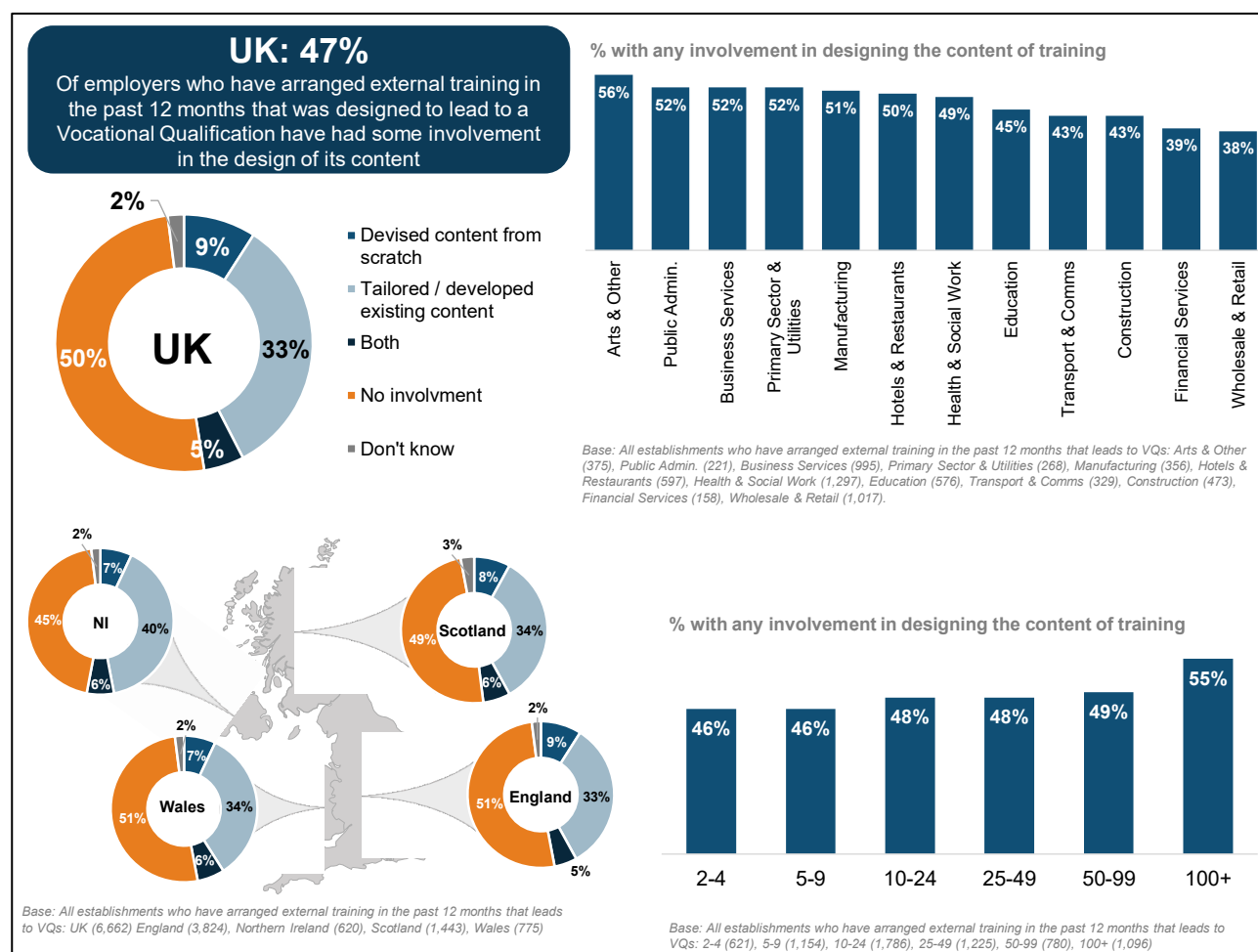
This section will examine employer appetite for involvement in the design of VQs and external training, discussing the extent to which employers would have wanted some involvement. Further discussion will establish the types of employers who are most engaged with the skills system, and the barriers that others face.

Involvement in the design of apprenticeships is discussed further in Chapter 5.

Developing the Content of Vocational Qualifications

Figure 4.10 below also shows that few employers who had provided training designed to lead to a VQ had devised the content from scratch (14%), and more (38%) had tailored or developed *existing* content to fit their needs. (Included in these figures are 5% of employers who had engaged in both forms of content design.)

Figure 4.10 Proportion of all employers who were involved in designing the content of training that led to Vocational Qualifications



Across countries, employers from Northern Ireland were most likely to have had some involvement in designing the content of training for VQs (53%). This was mostly driven by a larger proportion of employers who had not devised content from scratch but had tailored or developed content to meet their requirements (40%, compared to 34% in both Scotland and Wales, and 38% in England).

By establishment size, larger employers (i.e. those with 100 or more members of staff) were more likely to have had at least some involvement in designing the content of training (55%, compared to 46% of those with 2-4 employees).

By sector, involvement in the design of training which led to VQs was most common amongst employers from the Arts and Other sector (56% had some degree of involvement), as well as employers from the Primary Sector and Utilities, Business Services and Public Administration sectors (each with 52% of employers with at least some degree of involvement). In terms of the least engaged employers, those from the Wholesale and Retail (38%), Financial Services (39%) and Construction (43%) sectors were least likely to have had any involvement, with around half of those who had

arranged or funded training leading to VQs reporting that they had not had any involvement in designing the content of training.

Considering the interplay between employers' attitudes and their propensity to be involved in designing content, employers who were happy to pay towards staff training and development were more likely to have some involvement in the design of training which led to VQs (50% of those who strongly agreed that they were happy to pay towards training and development, compared to 43% of those who were not). Likewise, employers who viewed investing in management skills as a top priority were also more likely to have had involvement (51% of those who strongly agreed).

A full breakdown of employers' level of involvement in the design of training leading to VQs, by country, size and sector, can be found in Table A.4.8 in Appendix A.

When asked, the majority (75%) of employers who had no involvement in the design of training leading to VQs did not want to have been involved, with few differences by employer size or amongst countries. This is especially pertinent given the challenge of trying to stimulate employer input in the design of skills training; showing that from *an employer perspective*, there is *not* large 'unmet demand' at the overall level. Those from the Financial Services (84%), Construction (81%) and Wholesale and Retail (81%) sectors were more likely than average to have preferred no involvement in design.

However, employers who did not want to have involvement in the design of training for VQs were more likely to agree that VQs covered all the skills when compared to those who would have preferred to have had involvement in training (73%, compared to 64%). Likewise, they were also more likely to agree that VQs could be adapted to their business needs (85%, compared to 82% of those who would have wanted to have had involvement in the design of VQs). Together, this implies that a notable proportion of employers who did not want involvement in the design of VQs thought as such because they were already satisfied with the current VQ offer.

Nevertheless, there is unmet demand for employers to be involved in designing the content of training which leads to VQs; almost a quarter (22%) of employers who had no involvement would have wanted to have been able to. Of this, the most commonly cited reasons for not being able to do so included a lack of awareness that this was possible, or an opportunity (24%); the fact that training providers had been uncooperative or were unable to alter their content (23%); that they did not know who to approach (14%), and that it required too much time and / or effort (14%).

A lack of awareness was particularly high amongst employers from the Primary Sector and Utilities and Education sectors (both 44%). In contrast, smaller employers (i.e. those with 2-4 members of staff) were particularly likely to cite reasons associated with

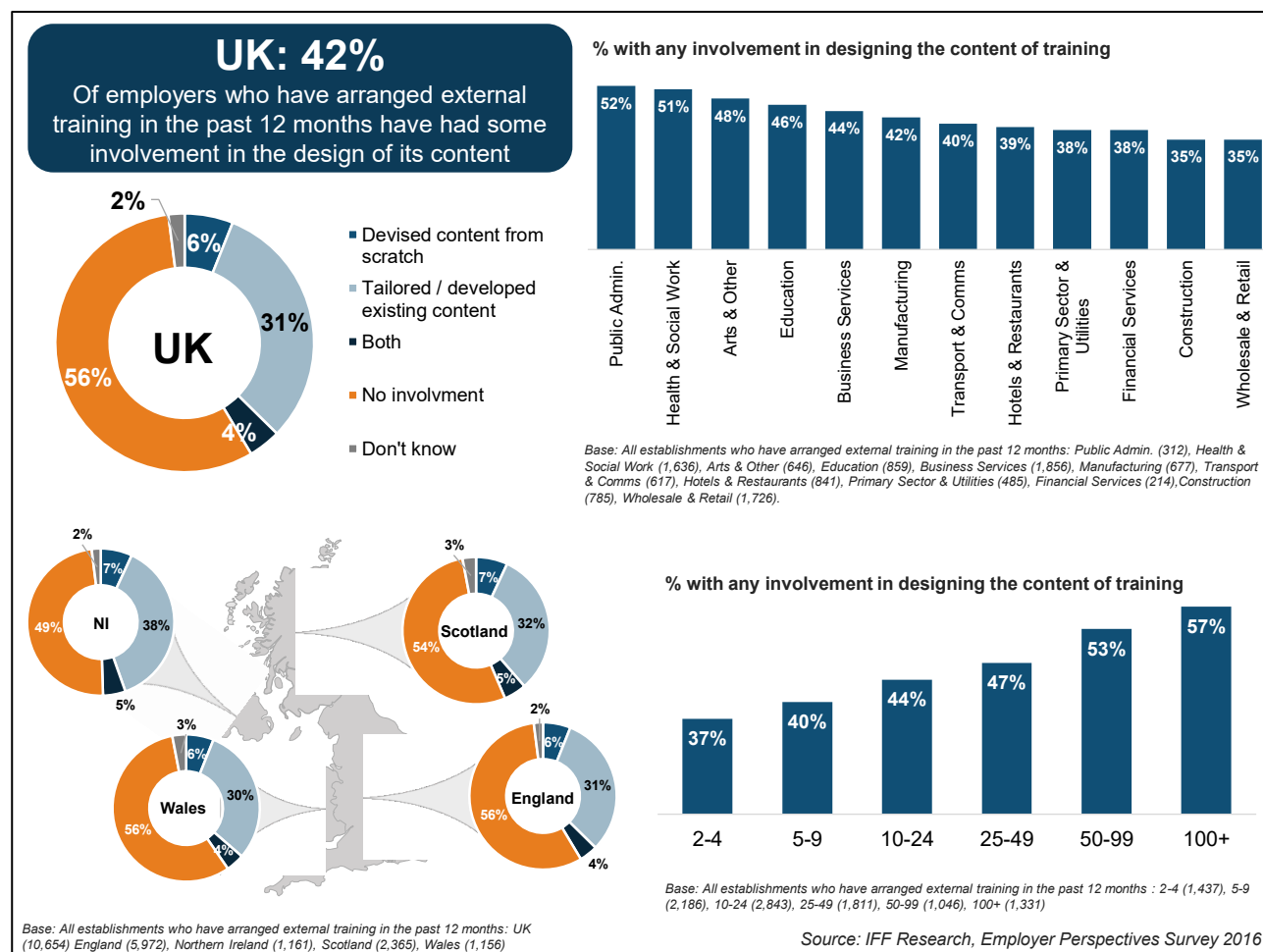
uncooperative providers (31%), as were those from the Transport, Storage and Communications, and Construction sectors (42% and 40% respectively).

Developing the content of External training

In contrast, a smaller proportion of employers were involved in designing external training. Four in ten (42%) employers who had arranged external training in the past 12 months had had some involvement in designing its content. As Figure 4.11 below shows, 10% of employers had devised some of the content from scratch, and 35% had tailored or developed existing content. (Included in these figures are 4% of employers who engaged in both forms of content design.)

Across countries, employers from Northern Ireland were again most likely to have had at least some involvement in designing the content of external training (49%). In particular, a greater proportion (38%) of employers in Northern Ireland had tailored or developed the content of existing training (and had not devised any from scratch) compared with employers in other parts of the UK.

Figure 4.11 Proportion of all employers who were involved in designing the content of external training



As with the levels of engagement in the design of training which led to VQs, employer involvement increased with organisation size. Indeed, just over a third (37%) of employers with 2-4 members of staff had had some involvement in the design of external training content, with this rising to 57% amongst employers with 100 or more members of staff.

In terms of sector differences, the degree of engagement in the design of training is broadly consistent between training which led to VQs and external training. Employers from 'non-market services', such as Public Administration and Health and Social Work were again amongst some of the sectors most likely to have had some involvement in the design of external training (52%, 51% and 48% respectively). Likewise, employers from the Wholesale and Retail sector were, again, the least engaged (35%).

As with VQs, employers were more likely to have had some degree of involvement in content design for external training where they had expressed more broadly that they were happy to pay towards staff training and development (45% of those who strongly agreed, compared to 33% who did not), or if they viewed investment in management skills as a top priority (47% of those who strongly agreed, compared to 33% who did not).

A full breakdown of employers' level of involvement in the design of external training, by country, size and sector, can be found in Table A.4.9 in Appendix A.

When asked, eight out of ten (81%) of employers who had had no involvement in the design of external training would not have wished to have done so; a higher proportion than those who had no involvement in the design of training which led to VQs. This raises some interesting policy challenges, namely encouraging the same appetite for involvement amongst employers who do not currently offer VQs.

Employers from the Financial Services and Primary Sector and Utilities sectors were most likely not to have wanted involvement in the design of external training (88% and 85% respectively).

In contrast, larger employers (i.e. those with 100 or more members of staff) were most likely to have wanted involvement in the design of external training (22%, compared to 18% of those with between 2 to 4 members of staff); as were those from the Hotels and Restaurants and Arts and Other sectors (23% and 22% respectively).

Likewise, employers who had been in operation for less than three years were significantly more likely to have wanted to have had involvement in the design of external training. A quarter (24%) would have wanted this, compared to 17% of those who had been in operation for between three and five years, and 16% of those who had been in operation for over five years.

This links with earlier findings seen in the 'employer approaches to training' section, namely that there is a high level of demand amongst new employers who are in the process of setting up both to train staff, and to be involved in the design of training content. However, this appetite tends to plateau once employers have become more established, with lower instances of training and a lower desire to be involved in designing training content.

Employers who had used public sector providers to deliver their external training; such as government institutions, and / or universities or other Higher Education Institutions (31% and 24% respectively) were particularly likely to have wanted to have had involvement in designing the content of their training; suggesting that these training providers currently do not allow for a great deal of collaboration with employers.

Of those employers who did want to have some involvement in the design of external training, the most cited reasons for not doing so were uncooperative training providers (21%), and / or not knowing about or being given the opportunity to have involvement (21%).

National Occupational Standards

National Occupational Standards (NOS) specify the standard of performance an individual must achieve when carrying out a function in the workplace, together with the knowledge and understanding they need to meet that standard consistently. They represent benchmarks of good practice in an occupation (Richard, 2012). NOS are developed by industry bodies and Sector Skills Councils in conjunction with employers.

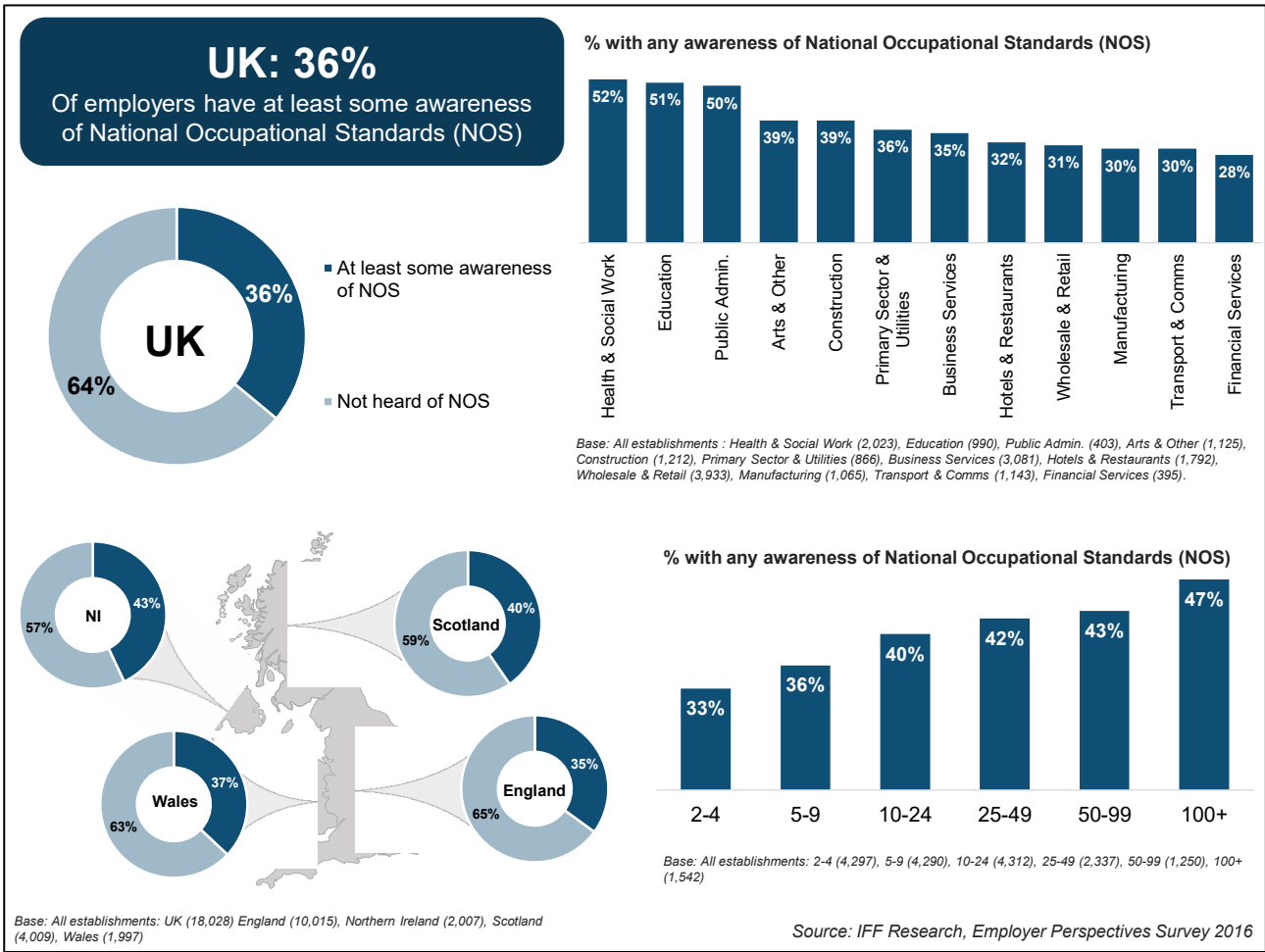
Broadly speaking, there was some awareness of the standards, although only a small minority of employers had a good knowledge of what they were, and what their role entailed. As Figure 4.12 shows, just over a third of all employers (36%) had heard of National Occupational Standards. However, only 4% felt they had a good knowledge of them and what they included. Indeed, while a further 14% reported that they had 'some' knowledge. This left around one in five employers (18%), who had some awareness of them, but who did not know what they involved or what their role was.

Compared to 2014, awareness of NOS has decreased, falling from 39% of all establishments to 36%. Alongside this, the proportion of employers with no knowledge of NOS increased, rising from 60% to 64%.

However, use of NOS has remained broadly comparable to 2014. Just under one in ten (9%) of all employers had used the standards in some way, rising to 45% amongst those with awareness and some knowledge of the standards, and to just over three-quarters (76%) amongst those with a good knowledge of the standards.

As in 2014, employers most commonly used the standards to develop training plans to meet the establishment’s training needs (7%).

Figure 4.12 Awareness and use of National Occupational Standards (NOS)



Awareness of NOS was slightly higher amongst employers in Northern Ireland and Scotland (43% and 40% respectively). Across size bands and sectors, awareness was higher amongst larger establishments. Employers with over 100 members of staff were significantly more likely to have some awareness of NOS (47%), as well as those from non-market services, such as Health and Social Work (52%), Education (51%) and Public Administration (50%).

For further detail, see Table A.4.10 in Appendix A for a breakdown by nation, size and sector.

Investors in People

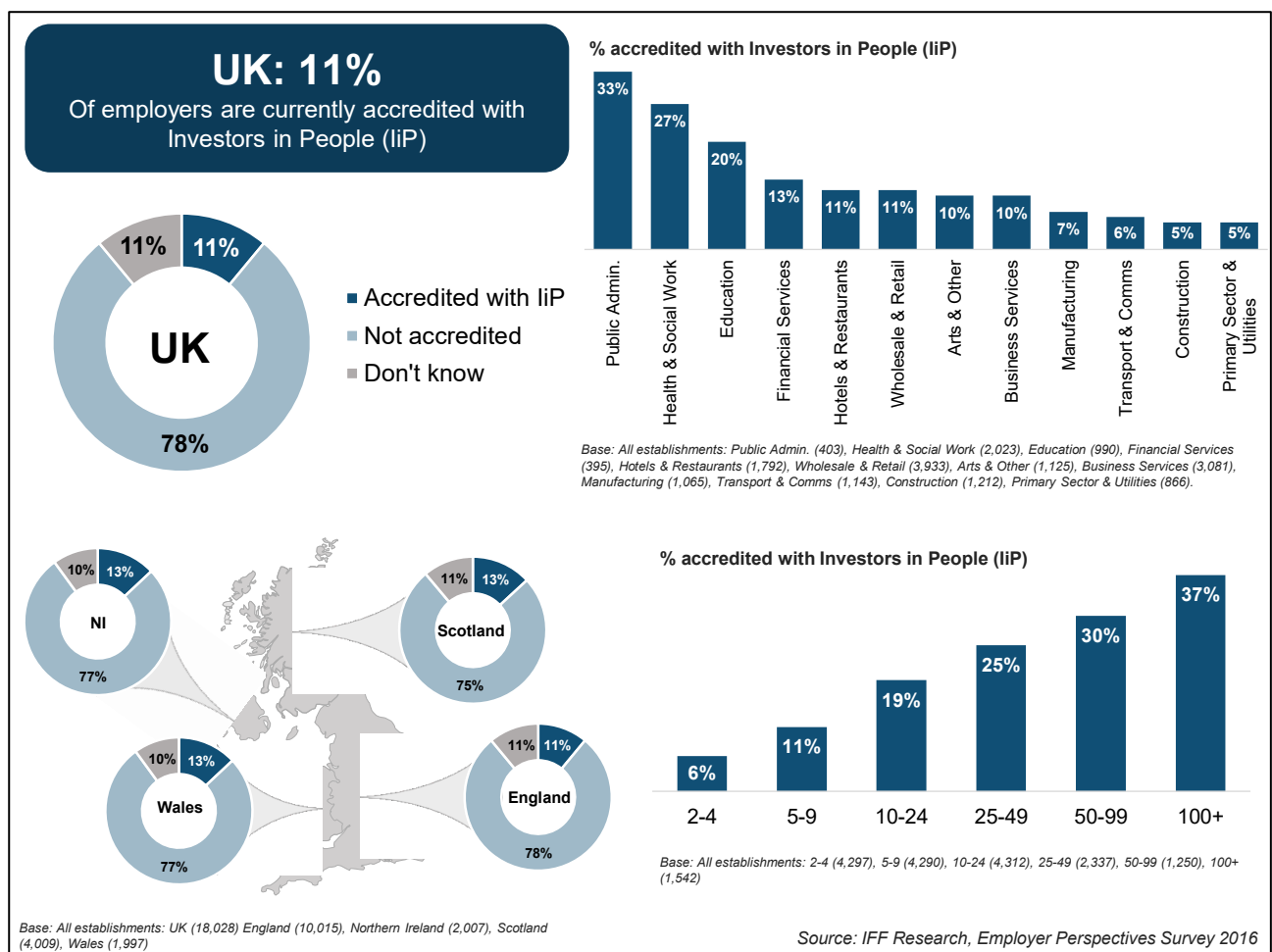
Investors in People (IiP) is a business improvement tool, previously overseen by the UK Commission, which aims to improve leadership, management and skills utilisation among

organisations that use it. Employers work with liP in order to align staff skills and business needs.

While the UK Commission had previously undertaken a number of research projects relating to liP, a number of questionnaire revisions in 2016 have meant that the last remaining measure of engagement with liP is one which captures the proportion of employers across the UK who are accredited with liP.

As Figure 4.13 shows, just over one in ten (11%) employers were accredited with liP, a significant decrease when compared to 2014 (14%). This likely reflects the contraction of the liP programme, with levels of engagement falling fairly evenly across countries and across employer size bands. Whilst levels of engagement were broadly similar across the UK, with employers in England were least likely to be accredited with liP (11%, compared to 13% of employers in each remaining country).

Figure 4.13 Engagement with Investors in People (liP)



However, some trends seen in 2014 still continue. A relatively high proportion of large establishments with 100 or more employees were accredited with liP (37%), with accreditation being much more common amongst employers in the public sector (35%,

compared with 9% of organisations seeking to make a profit and 20% of organisations in the voluntary sector).

As with engagement with NOS, employers from non-market services, such as Public Administration, Health and Social Work and Education were much more likely to have engaged with liP (33%, 27% and 20% respectively). It is also worth noting that a third of employers in the Financial Services sub-sector (34%) were accredited with liP.

However, as in 2014, employers from the Primary Sector and Utilities sector remain least likely to have become accredited with liP (5%), most likely as a result of lower levels of awareness. Employers from the Construction (5%) and Transport, Storage and Communications (6%) sectors were also particularly unlikely to have been accredited with liP.

For further detail, see Table A.4.11 in Appendix A for a breakdown of accreditation with liP by country, size and sector across 2014 and 2016.

Chapter Conclusions

Over recent years there has been a drive to encourage employers to input into the design, delivery and content of skills initiatives. In 2016 the majority (73%) of employers offered some form of training for their staff in the previous 12 months, with 47% citing that at least some training was delivered externally.

Four in ten (42%) employers who had arranged external training for their staff had had some form of involvement in designing the content of this training, with the majority of these (35% of all who had arranged external training) tailoring the content to their needs. This leaves a majority of employers who arrange external training for their staff who have no input into the design of this training. And most of these employers were satisfied with this set-up: 81% of these employers did not wish to have any involvement. It is a similar picture for employers offering VQs (75% of those with no involvement did not want any). As Chapter 5 shows, employers offering apprenticeship training tended to be more engaged in the design of its content.

For the group of employers who do not wish to be involved in the design of skills initiatives, this is often linked to their satisfaction with the current training offer: for example, employers training to VQs who did not want involvement in the design of its content were more likely than average to agree that VQs covered all the skills needed by their business. This highlights the need for policy to focus interventions on parts of the economy where employers' needs are not adequately covered by the current provider offer; and serves as a reminder that – from an employer perspective – there is not any large 'unmet' demand for input into training design at the overall level. Among those who do wish to be involved in developing skills initiatives, uncooperative training providers

and a lack of awareness or opportunity are the two main barriers that prevent a greater level of involvement.

Across all employers, those in the Transport, Storage and Communications sector were least likely to arrange training to VQs (18% compared with 26% overall), with supply-side barriers particularly prevalent in this industry. There is also evidence that VQs do not adequately cover the skills needs of Transport, Storage and Communications businesses who do arrange training to VQs. This sector of the economy may therefore be an area for consideration within the context of the new Technical Education reforms (in England).

5. Apprenticeships

Chapter summary

Just under a fifth (18%) of all UK establishments were offering apprenticeships at the time of the survey, an increase from 15% in 2014 and 13% in 2012.

The proportion of establishments offering apprenticeships has increased since 2014 in each of the countries: from 15% to 19% in England; 9% to 13% in Northern Ireland; 12% to 15% in Scotland and 13% to 15% in Wales.

Large establishments were more likely than smaller ones to offer apprenticeships (51% among those with 100+ employees compared with 11% among those with fewer than five employees). However, since 2014 the proportion of establishments offering apprenticeships has increased among establishments with fewer than 50 employees but remained relatively stable among those with 50 or more employees.

The proportion of establishments offering apprenticeships was highest in the Education and Public Administration sectors (39% and 26% respectively). Since 2014, engagement with apprenticeships has increased in the following sectors: Education, Construction, Wholesale and Retail, Health and Social Work, Primary Sector and Utilities, and Hotels and Restaurants. Longer term, since 2012, the growth in engagement with apprenticeships has been stark in certain sectors, including a trebling of the proportion of employers offering apprenticeships in Financial Services (from 5% to 14%), and doubling in Public Administration (from 13% to 26%).

Compared to when they first started offering apprenticeships, a fifth (22%) of employers *with current apprentices* had increased the number of apprentices they employ; 7% had decreased the number of apprentices they employ.

Among employers that had started offering apprenticeships within the last three years, the main reasons for having done so centred on them viewing apprenticeships as a good way of acquiring talent. Among employers not offering apprenticeships the main reasons for not doing so focussed on perceived structural barriers (such as perceiving apprenticeships to be unsuitable for the size of their business).

In terms of the training provided to apprentices, 77% of employers offering apprenticeships provided some formal training sessions delivered in-house and 82% used an external training provider to deliver at least some of the training for their apprentices. Just over half (55%) of establishments that use external providers for their apprenticeship training had at least some involvement in designing or tailoring the training content (19% had designed the training content from scratch).

Most establishments offering apprenticeships offered them to new recruits (91%), with fewer offering them to existing employees (50%). This is in line with 2014.

Some of the apprentices considered to be 'existing employees' could have been new recruits who were recruited on a trial basis pending entry to an apprenticeship. Linked to this, two-fifths (41%) of employers that offered both work placements and apprenticeships had used work placements in this way (equating to 24% of all establishments offering apprenticeships). Just under a third (31%) of employers in England and 39% of employers in Wales that had offered traineeships in the past 12 months had used them to assess the suitability of prospective apprentices (equating to 1% of all establishments in England offering apprenticeships and 3% in Wales).

With regard to future plans, a clear majority of employers that were already engaged with apprenticeships planned to continue offering them in the future (87%). Additionally, 18% of those who did not offer apprenticeships at the time of the study were planning to offer apprenticeships in the future (6% within the next year and a further 6% within 2-3 years). Combined, this means that 30% of *all* establishments in the UK were planning to offer apprenticeships in the future.

Establishments that were not currently offering apprenticeships but had plans to start offering them in future were more likely to be large and be operating in the Manufacturing, Education and Construction sectors.

Reasons for planning to start offering apprenticeships in the future mainly related to employers seeing apprenticeships as a good way to get skilled staff, to expand the business and to recruit young people. Among large employers with 100+ employees that plan to start offering apprenticeships in future, 12% spontaneously cited the impending introduction of the apprenticeship levy as a reason.

Alongside establishments planning to start offering apprenticeships, there was also some demand among establishments with current apprentices to increase their involvement with apprenticeships in the future. Around a third of employers with current apprentices (30%) were expecting to increase the number of apprentices they employ over the next two years. Only 4% expected a decrease. Large employers with 100+ employees were the most likely to be expecting to increase their apprentice numbers over the next two years and, among these, a quarter (24%) spontaneously cited the apprenticeship levy as a reason for this expected increase.

Introduction

Apprenticeships in England, Northern Ireland and Wales, and Modern Apprenticeships in Scotland, continue to be at the heart of skills policy. They are designed to raise the level of skills available in the economy, support employability (particularly among young people), and help increase productivity of the workforce. Skills and training are devolved policy areas.

A wealth of policy developments and initiatives have been introduced in recent years to foster greater engagement with apprenticeships – such as the UK Government setting itself a target of supporting three million new apprenticeship starts in England by 2020³⁶ – and to raise apprenticeship quality – such as putting employers at the heart of the skills system in setting apprenticeship standards and ensuring that employers have greater flexibility in deciding what training apprentices receive.

Another significant policy development relating to apprenticeships is the introduction of an apprenticeship levy. From April 2017, large employers in the UK with an annual payroll of over £3 million have been required to invest in apprenticeships by paying a levy of 0.5% of their payroll over this amount. The introduction of the levy represents a significant change in how apprenticeships are funded and its introduction is designed to increase the quantity and quality of apprenticeships.

For instance, in October 2016 the UK Government announced changes in how apprenticeships will be funded in England from May 2017. Key measures include a new funding system made up of 15 funding bands, with the upper limit of those bands ranging from £1,500 to £27,000 and additional financial support to employers and providers for taking on apprentices aged 16-18 (DfE, 2016). Potential changes, if any, to how apprenticeships are funded in the devolved administrations as a result of the apprenticeship levy are being considered by the respective national governments.

EPS 2016 provides a timely assessment of employer engagement with, and attitudes towards, apprenticeships with which future research assessing the impact of the levy can be compared.

Whilst other apprenticeships research undertaken with employers tends to focus on employers that are known to be engaged with apprenticeships, the EPS series contributes to current understanding by exploring levels of engagement with and awareness of apprenticeships within the general employer population.

³⁶ In Wales the Welsh Government has set itself a target of supporting a minimum of 100,000 apprenticeships by the end of the current Assembly in 2021; in Scotland the Scottish Government has a target of supporting 30,000 Modern Apprenticeships starts per year by 2020.

This chapter will cover:

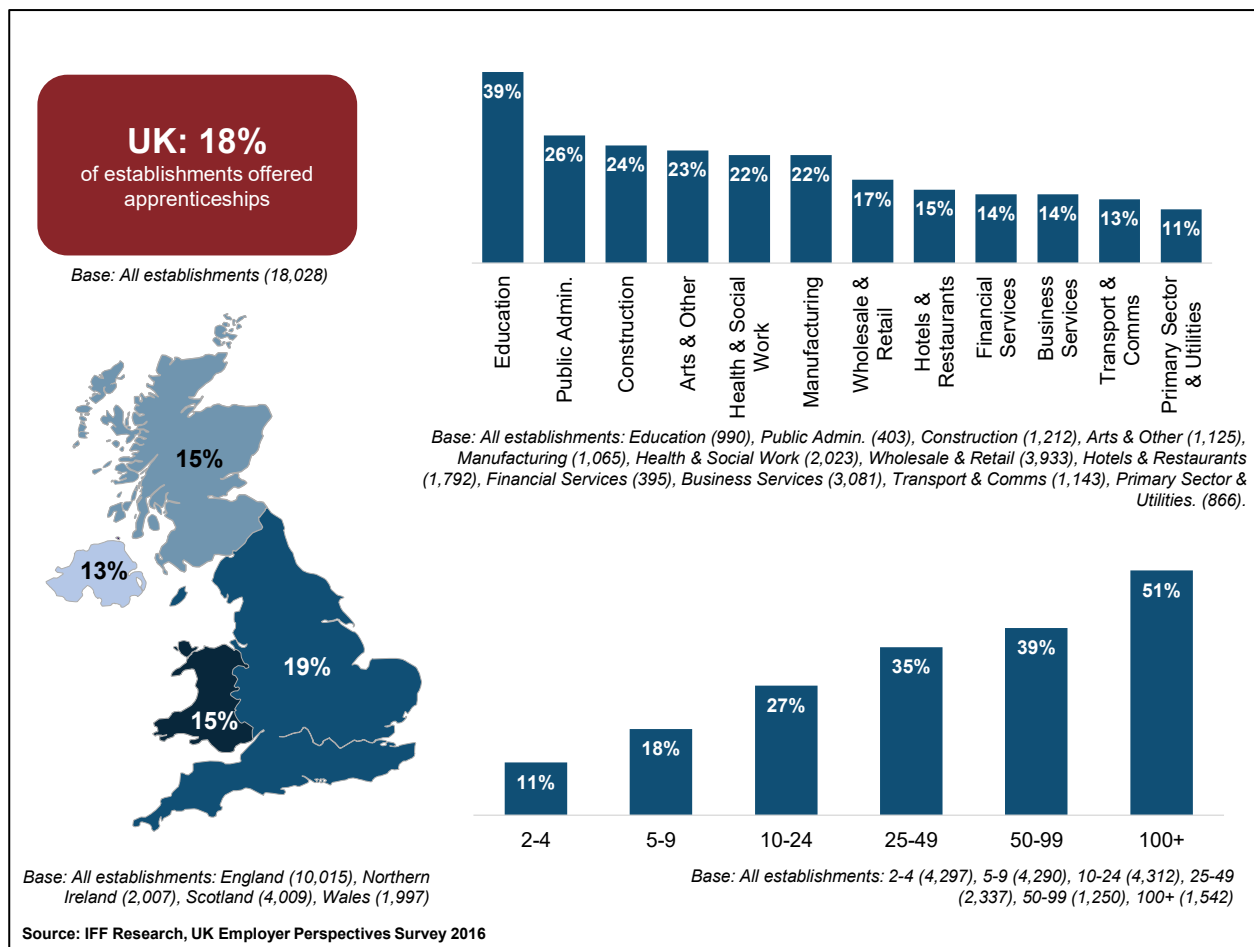
- **Engagement with apprenticeships:** the proportion of establishments that offer apprenticeships; the average number of apprentices employed by establishments with current apprentices; and whether the number of apprentices that establishments employ has increased, decreased or stayed the same relative to when they first started offering apprenticeships.
- **Encouraging more employers to engage with apprenticeships:** the reasons why establishments had started offering apprenticeships (among those that had started offering in the last three years); whether the decision to start offering apprenticeships was influenced by contact from external agencies; and the reasons why establishments were not offering apprenticeships.
- **Routes into apprenticeships:** the ages of people that employers offer apprenticeships to; whether employers offer apprenticeships to new recruits or existing employees; and whether employers have used work placements and traineeships to assess the suitability of prospective apprentices.
- **Delivery of apprenticeship training:** the types of training providers used by employers as part of their apprenticeship programme; and whether employers have had involvement in designing or tailoring external training content.
- **Market potential for apprenticeships:** the level of future demand for apprenticeships among employers; the timescales in which establishments plan to start offering apprenticeships; the reasons why employers plan to start or stop offering apprenticeships; and the expected change in apprentice numbers over the next two years among establishments with current apprentices.

Engagement with apprenticeships

Eleven per cent of all establishments employed at least one apprentice at the time of EPS 2016 fieldwork. A further 7% offered apprenticeships but did not *currently* employ any apprentices. Combined, this means 18% of all establishments offered apprenticeships³⁷. Figure 5.1 summarises the proportion of establishments offering apprenticeships by country, size and sector.

³⁷ In the survey apprenticeships were defined as those which follow a formal framework and lead to a nationally recognised qualification.

Figure 5.1 Proportion of establishments offering apprenticeships (by country, size and sector)

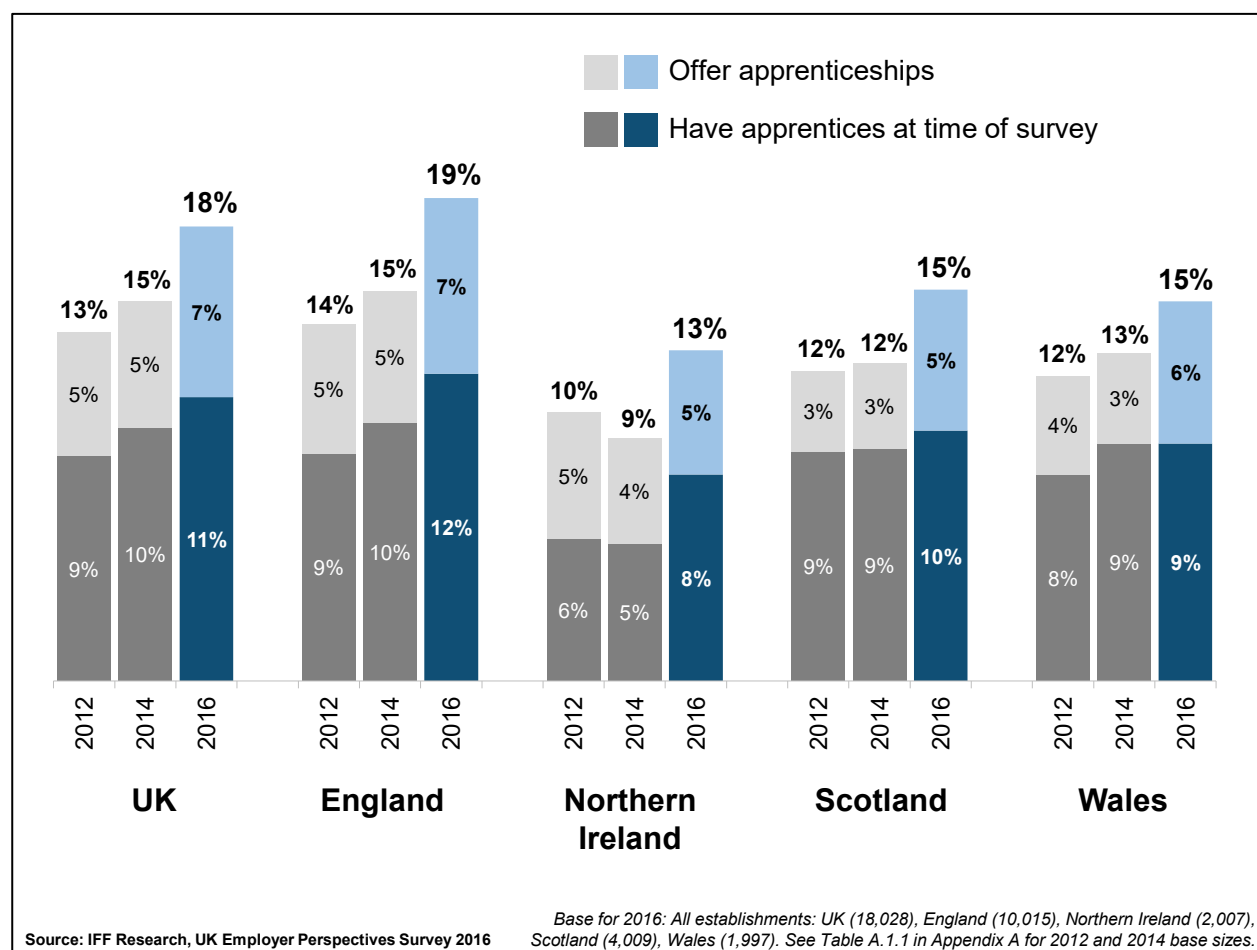


As shown in Figure 5.2, at 18%, the proportion of establishments offering apprenticeships has increased by three percentage points compared to 2014 with each country experiencing an increase: from 15% to 19% in England; 9% to 13% in Northern Ireland; 12% to 15% in Scotland; and 13% to 15% in Wales.

Figure 5.2 also shows how engagement with apprenticeships varied by country both in terms of those with current apprentices (ranging from 8% of all establishments in Northern Ireland to 12% in England), and those that offered apprenticeships but did not employ any apprentices at the time of the survey (from 5% of all establishments in Northern Ireland and Scotland to 7% in England).

Growth since 2014 in the proportion of employers offering apprenticeships in England was a product of increases in both groups (i.e. those with current apprentices and those offering apprenticeships without having an apprentice in place). In Scotland and Wales the overall increase in the proportion of establishments offering apprenticeships was due to an increase in the proportion of establishments that offer apprenticeships but did not have any apprentices in place. In Northern Ireland the opposite was true with a three percentage point increase in the proportion of establishments with *current* apprentices driving the overall growth in the proportion of establishments offering apprenticeships.

Figure 5.2 Changes over time in the proportion of establishments offering apprenticeships, by country

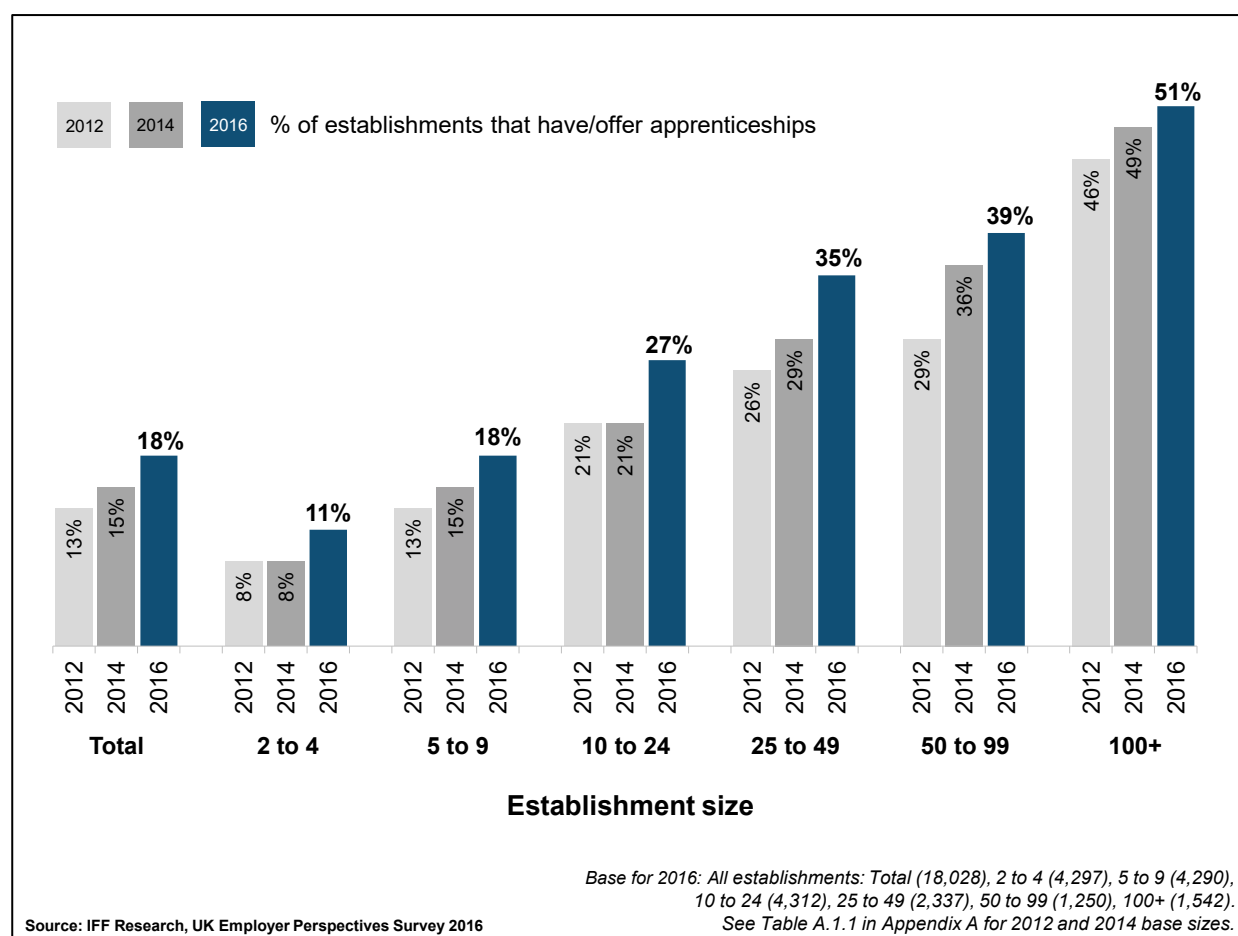


Engagement with apprenticeships varied considerably by size. As illustrated in Figure 5.3, around one-in-nine (11%) of the smallest establishments with 2-4 employees offered apprenticeships, whereas half (51%) of the largest establishments with 100 or more employees offered apprenticeships.

Figure 5.3 also illustrates the changes over time in engagement with apprenticeships by employer size. Since 2014 the proportion of establishments offering apprenticeships has increased in those at the smaller end of the scale with fewer than 50 employees: a six percentage point increase in establishments with 10-24 and 25-49 employees; and a three percentage point increase in establishments with 2-4 and 5-9 employees. The proportion of larger establishments (with 50+ employees) offering apprenticeships has remained relatively stable since 2014.

Looking longer term, between 2012 and 2016 the proportion of establishments offering apprenticeships has increased in every sizeband with increases ranging from three percentage points among establishments with 2-4 employees to 10 percentage points among those with 50-99 employees.

Figure 5.3 Proportion of establishments offering apprenticeships, by size



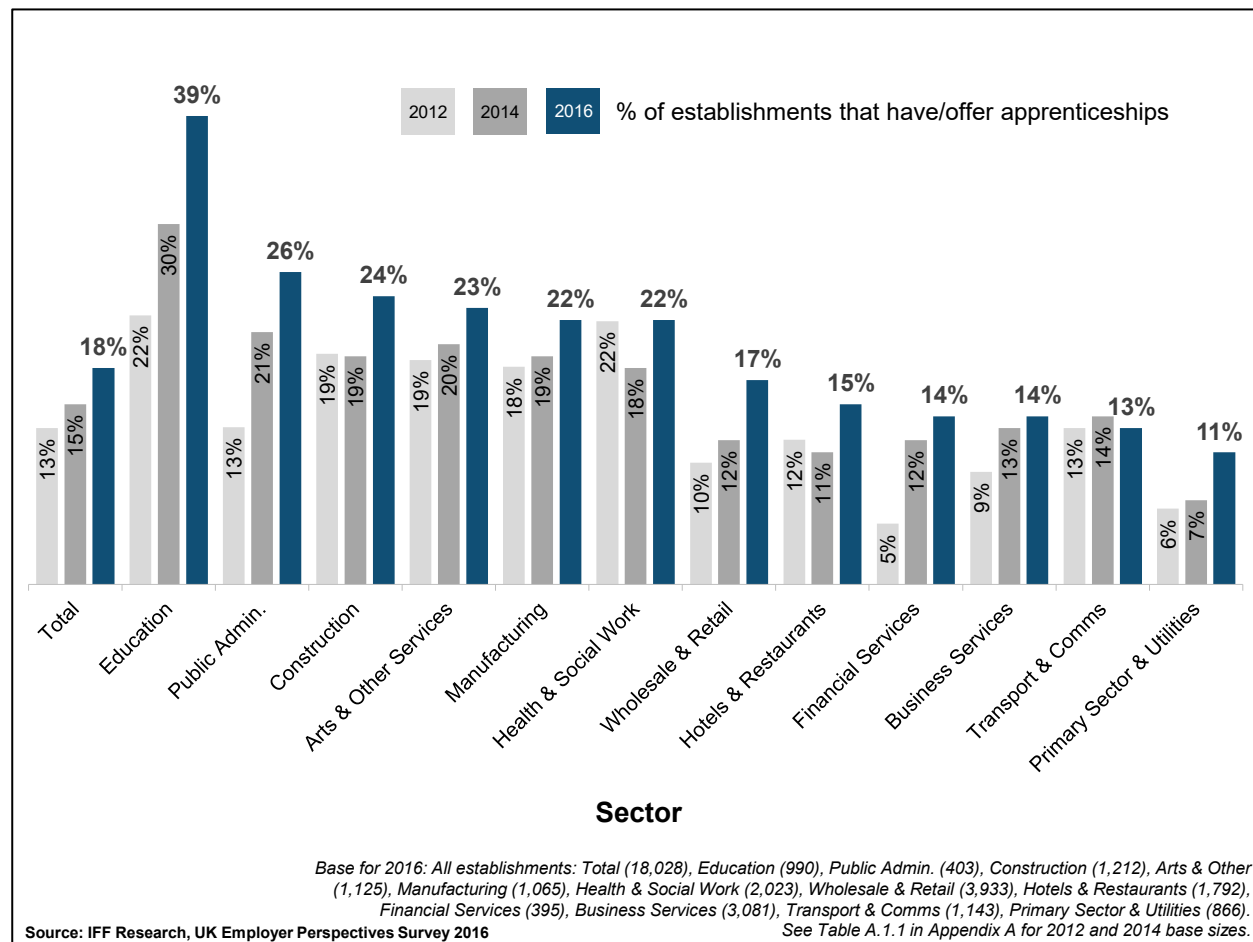
Engagement with apprenticeships also varied considerably by sector. As shown in Figure 5.4, the proportion of establishments offering apprenticeships was highest in the Education sector (39%) and lowest in Primary Sector and Utilities (11%).

Figure 5.4 also illustrates the changes over time in engagement with apprenticeships by sector. Since 2014 the proportion of employers offering apprenticeships has increased in the following sectors: Education, Construction, Wholesale and Retail, Health and Social Work, Primary Sector and Utilities, and Hotels and Restaurants.

Longer term there have been some very large increases since 2012 in the proportion of establishments offering apprenticeships in certain sectors. For instance, the proportion of establishments offering apprenticeships in the Financial Services sector has almost trebled (from 5% in 2012 to 14% in 2016), while the proportion of establishments in the Public Administration sector has doubled since 2012 (from 13% to 26%) and nearly doubled in both Education (from 22% to 39%) and Primary Sector and Utilities (from 6% to 11%). It was only in the Transport and Communications sector where the proportion of establishments offering apprenticeships has remained stable across the three surveys (13% in 2012, 14% in 2014 and 13% in 2016). In Health and Social Work the proportion

of establishments offering apprenticeships in 2016 was the same as that in 2012 (22%) but had decreased to 18% in 2014.

Figure 5.4 Proportion of establishments offering apprenticeships, by sector



More broadly, with the exception of Education there has been a general flattening over time in the profile of sectors offering apprenticeships. In 2012 there was around a four-fold difference between the sectors with the lowest and highest proportions of establishments offering apprenticeships (5% in Financial Services vs. 22% in Health and Social Work). In 2016, however, there was around a two-fold difference between Primary Sector and Utilities (11%) and Public Administration (26%).

Whilst certain sectoral patterns and trends over time in the proportion of establishments offering apprenticeships were relatively consistent across each country, Figure 5.5 shows that there were some notable differences. These differences are summarised for each country below.

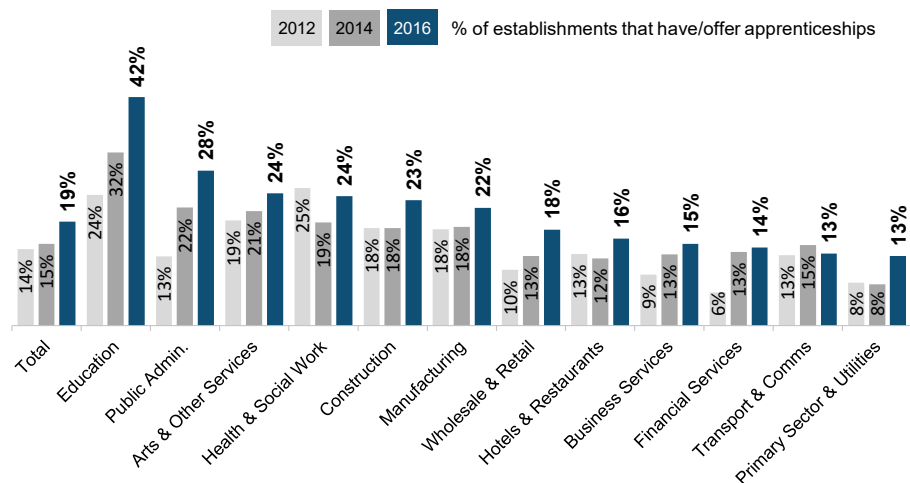
- In England the sector profile and changes over time in the proportion of establishments offering apprenticeships largely mirrored the UK picture detailed above. However, it is noticeable that the proportion of establishments in the

Education and Public Administration sectors (42% and 28% respectively) was higher in England than the UK average.

- In Northern Ireland, only 13% of Education establishments offered apprenticeships which was much lower than the 39% UK average. In Northern Ireland it was the Construction and Manufacturing sectors that were most engaged in offering apprenticeships (26% and 25% respectively), with engagement across the other sectors ranging from 3% in Primary Sector and Utilities to 17% in Arts and Other Services. Since 2014 there has been substantial growth in the proportion of establishments in the Wholesale and Retail offering apprenticeships (from 6% to 14%). There have also been large increases in Manufacturing (from 17% to 25%) and Arts and Other Services (from 11% to 17%), but these increases were not statistically significant at the 95% level of confidence.
- In Scotland, the proportion of establishments offering apprenticeships was greatest in Construction (38%), closely followed by Education (35%). Engagement with apprenticeships across the other sectors in Scotland ranged from 8% in Primary Sector and Utilities to 25% in Public Administration. The growth in engagement with apprenticeships since 2014 has been most noticeable in Financial Services (from 3% in 2014 to 16% in 2016), Construction (from 24% to 38%) and Education (from 25% to 35%).
- In Wales, engagement with apprenticeships was also greatest in the Construction sector (26%), closely followed by Education (24%), Health and Social Work (23%) and Manufacturing (22%). Overall the proportion of all establishments in Wales offering apprenticeship has increased by two percentage points since 2014. This growth has been driven by increases in engagement in three large sectors: Construction (from 20% in 2014 to 26% in 2016), Wholesale and Retail (from 9% to 16%) and Health and Social Work (from 16% to 23%). Whilst levels of engagement with apprenticeships over time would appear to be more volatile in Wales compared to the other nations – with the proportion of employers offering apprenticeships appearing to have decreased since 2014 in five sectors – these decreases were not statistically significant at the 95% level of confidence.

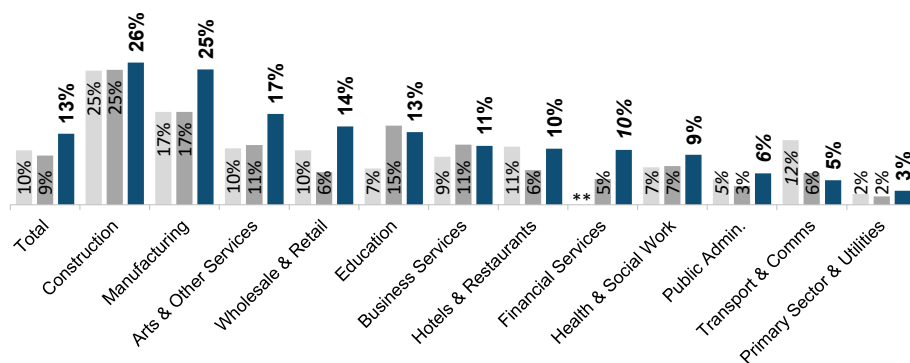
Figure 5.5 Proportion of establishments offering apprenticeships, by sector in each country

England



Base: All establishments in England: Total 2012 (10,003), 2014 (10,032), 2016 (10,015);
see Table A.1.2 in Appendix A for base sizes by sector

Northern Ireland

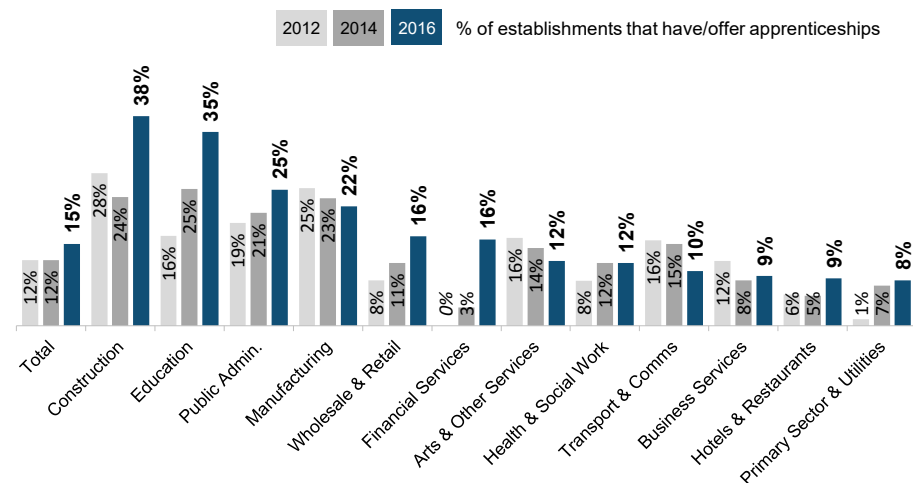


Base: All establishments in Northern Ireland: Total 2012 (1,000), 2014 (2,005), 2016 (2,007);
see Table A.1.3 in Appendix A for base sizes by sector.

*** denotes a figure not shown due to a base size of fewer than 25 employers, figures in italics denote a base size of between 25-49 employers and should be treated with caution

Source: IFF Research, UK Employer Perspectives Survey 2016

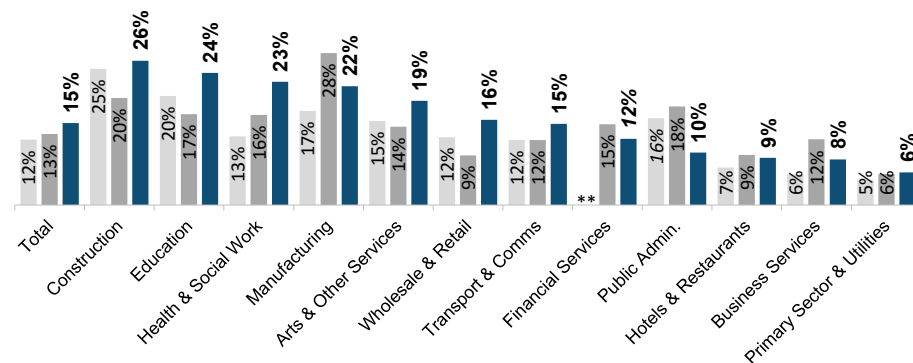
Scotland



Base: All establishments in Scotland: Total 2012 (2,000), 2014 (4,015), 2016 (4,009);
see Table A.1.4 in Appendix A for base sizes by sector

Figures in italics denote a base size of between 25-49 employers and should be treated with caution

Wales



Base: All establishments in Wales: Total 2012 (2,001), 2014 (2,007), 2016 (1,997);
see Table A.1.5 in Appendix A for base sizes by sector

*** denotes a figure not shown due to a base size of fewer than 25 employers, figures in italics denote a base size of between 25-49 employers and should be treated with caution

Related to sector, there was also variation in levels of engagement with apprenticeships at a UK level by organisation type. Around three in every ten establishments operating in the public sector (28%) were offering apprenticeships, compared with 18% of private sector employers and 14% of those in the voluntary sector. There has been a large increase in the proportion of public sector employers offering apprenticeships: from 18% in 2014 to 28% in 2016³⁸. This has predominantly been driven by an increase in England where the proportion of public sector employers offering apprenticeships has grown from 19% in 2014 to 32% in 2016. Given recent policy initiatives to encourage public sector employers to “lead the way” in offering apprenticeships (HM Government, 2015), this increase in engagement among public sector employers provides an early sign that such initiatives are eliciting the desired effect.

Aside from size and sector differences, there were a number of other employer characteristics and attitudes associated with employer engagement with apprenticeships. For instance, factors related to business confidence were linked to engagement with apprenticeships:

- Establishments that had increased their staff headcount over the past 12 months were more likely to be offering apprenticeships (29%), compared with those whose headcount had remained the same (14%) or decreased (21%); and
- Private sector establishments with a positive growth outlook for the next 12 months were more likely to be offering apprenticeships (21%), compared with those expecting their business to contract (8%) or remain about the same (15%).

This aligns with previous research – the *2015 Apprenticeships Evaluation* among England apprenticeship employers in England – which has shown a strong link between employer engagement with apprenticeships and general business conditions and the state of the wider economy (DfE, 2016).

Other employer characteristics and attitudes associated with higher than average levels of engagement with apprenticeships include:

- Whether the establishment had sought advice on skills related issues over the past 12 months: 28% of those that had sought advice were offering apprenticeships compared with 14% of those that had not sought advice;
- Whether the establishment had offered work placements over the past 12 months: 28% of those that had offered work experience were offering apprenticeships compared with 12% of those that had not offered work placements;

³⁸ Among private sector employers the proportion offering apprenticeships has increased from 15% in 2014 to 18% in 2016. Among the voluntary/third sector the proportion offering apprenticeships has increased from 11% to 14%.

- Whether the establishment is one which is happy to pay towards staff training and development: 22% of establishments that agreed with this statement were offering apprenticeships compared with 9% of those who were less happy to pay towards staff development; and
- Whether the establishment is one which looks for new opportunities: 22% of establishments that agreed with this statement were offering apprenticeships compared with 9% of those who were less inclined to seeking new opportunities.

Average numbers of apprentices

As well as the proportion of establishments offering apprenticeships, a new question in EPS 2016 collected information on the number of apprentices employed.

Overall, establishments with apprentices at the time of the survey employed an average of two apprentices. This was consistent across countries.

As one would expect, the average number of apprentices employed was strongly linked to the size of the establishment. The smallest establishments with fewer than five employees employed an average of one apprentice whereas establishments with 100+ staff employed an average of eight apprentices. Table A.5.1 in Appendix A provides a full breakdown of average number of apprentices employed by size of establishment.

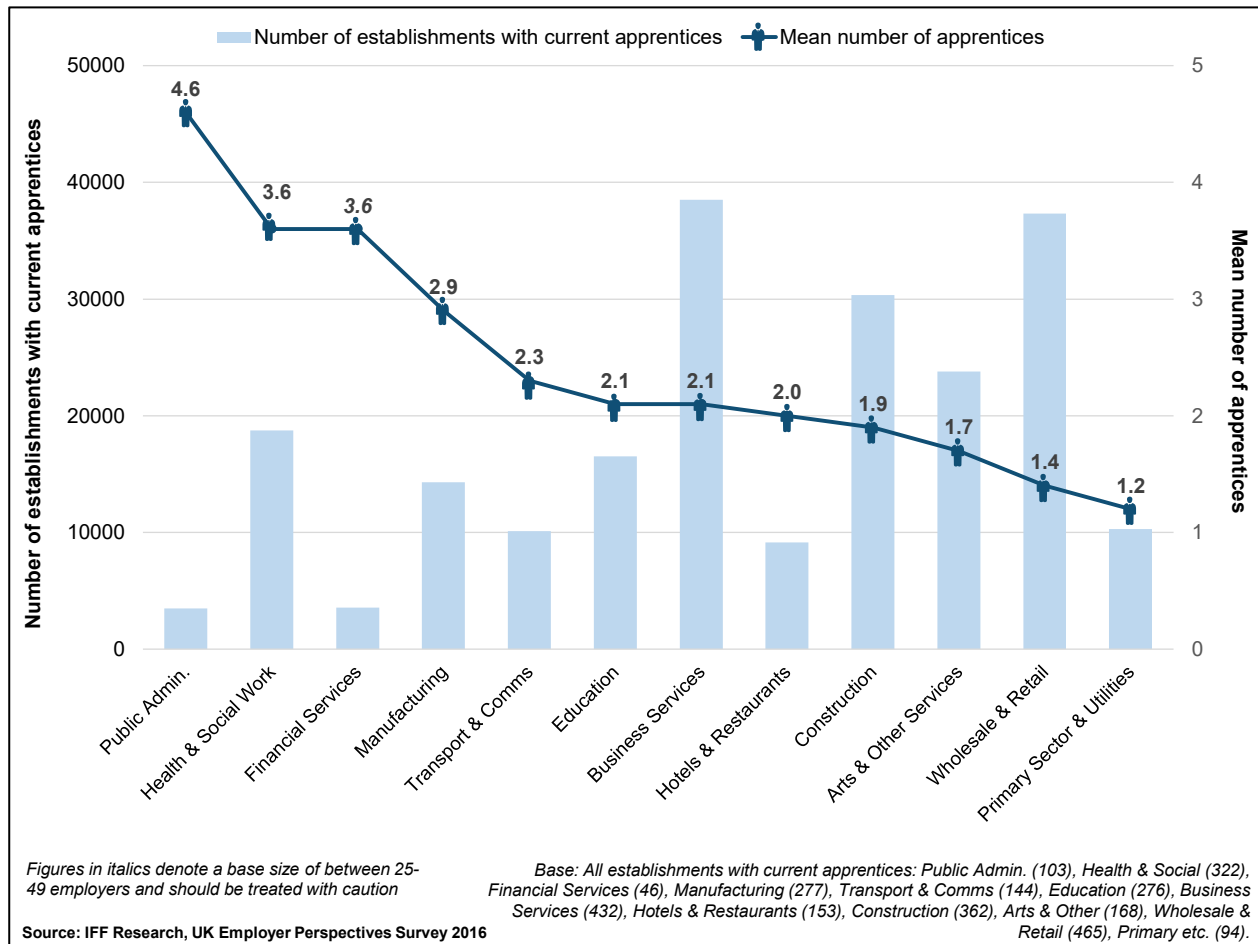
There was also substantial variation by sector. As illustrated in Figure 5.6, the average number of apprentices employed was highest in the Public Administration sector (an average of five apprentices per establishment), and lowest in the Wholesale and Retail and Primary Sector and Utilities sectors (one apprentice per establishment). However, the size profile of establishments in each sector had a strong influence on the average numbers of apprentices. For instance, just under half of the Public Administration establishments with current apprentices were large employers with 100+ employees which, as detailed in the previous paragraph, tend to employ more apprentices than smaller establishments³⁹.

Figure 5.6 also shows the number of employers within each sector that had current apprentices at the time of the survey. This provides some context to the average numbers of apprentices discussed above and again highlights the link between employer size and the number of apprentices employed. For instance, whilst employers in Public

³⁹ If the largest employers are removed from the calculations, then the ranking of the sectors – from those that employ the lowest average number of apprentices to the highest – broadly remains the same but the range between the averages tightens to 1.0 apprentices in Primary Sector and Utilities to 2.7 in Health and Social Work. (The average number of apprentices in Public Administration establishment reduces from 4.6 to 2.3 if 100+ sized employers are excluded).

Administration had a high number of apprentices, they represent only a small minority of the total pool of establishments with current apprentices and employers in this sector tend to be large.

Figure 5.6 Average number of apprentices employed at the time of the survey (May-August 2016), by sector



Change in apprentice numbers since first offering apprenticeships

Employers with current apprentices were also asked whether the number of apprentices they employ had increased, decreased or remained about the same since they first started offering apprenticeships.

Most employers (68%) reported that their apprentice numbers had remained about the same since they first started offering them. Just over a fifth (22%) had increased the number of apprentices they employ, whereas only 7% had decreased⁴⁰. These proportions were broadly consistent across countries (see

⁴⁰ These proportions are based on the establishments that had current apprentices at the time of the survey. One might assume that establishments who were offering apprenticeships but did not currently employ any at the time of the survey have 'decreased' the number of apprentices they employ, but the

Figure 5.7).

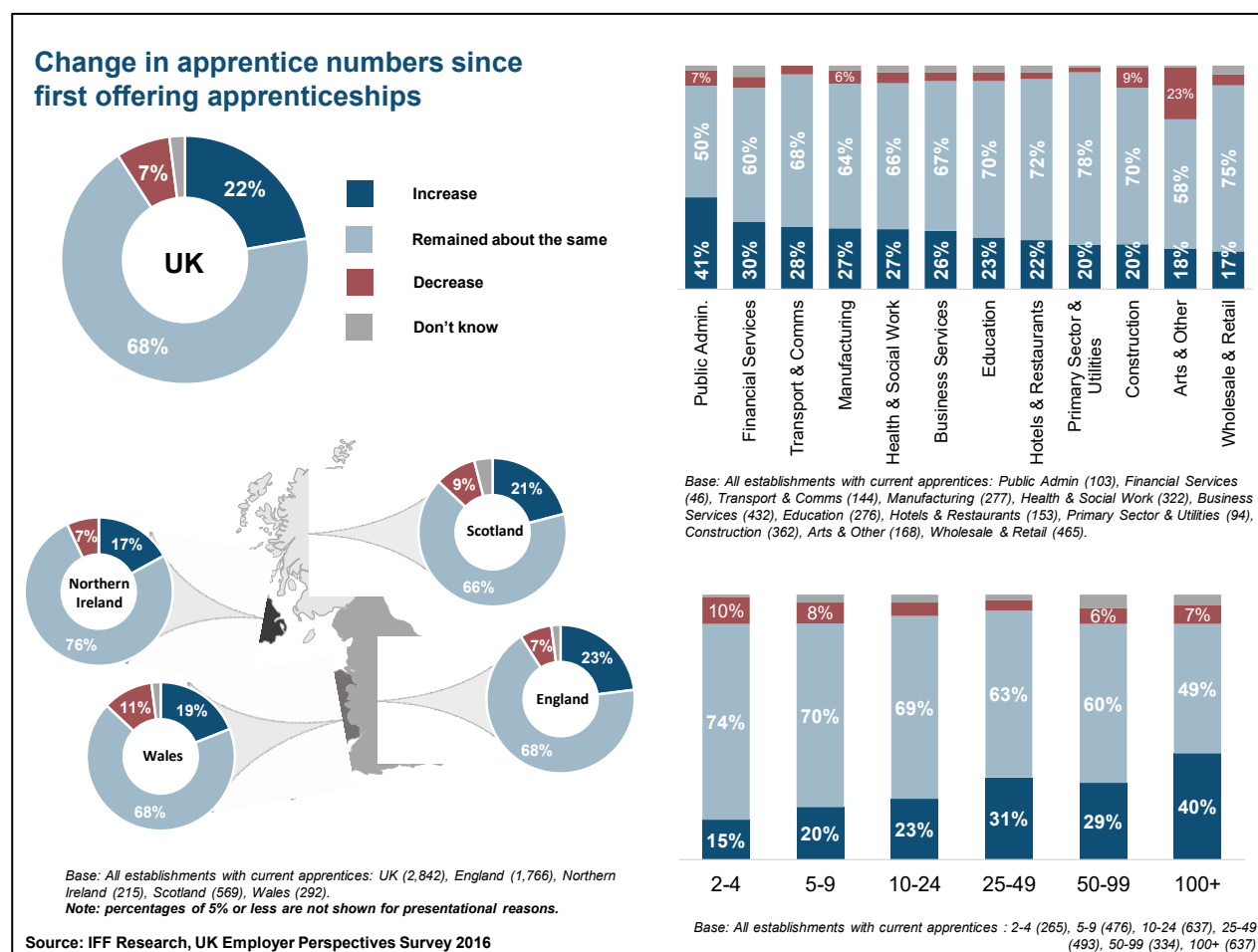
Larger employers were more likely than smaller employers to report having increased the number of apprentices they employ. Two-fifths of establishments with 100+ employees (40%) had increased their apprentice numbers compared with 15% of establishments with fewer than five employees.

There were also notable differences by sector. Around two-fifths (41%) of employers in the Public Administration sector had increased the number of apprentices they employ compared with a range between 17% and 30% across the other sectors. It was only in the Arts and Other Services sector where the proportion of establishments that had decreased the number of apprentices they employ (23%) was greater than the proportion that had increased their apprentice numbers (18%)⁴¹.

survey did not establish whether these establishments have previously employed any apprentices. For example, this group could include employers who have recently started offering apprenticeships but have, so far, been unable to recruit any apprentices. It is, therefore, not possible to assume that these employers as a group have 'decreased' the number of apprentices they employ.

⁴¹ The number of Arts and Other Services employers interviewed who reported that they had decreased the number of apprentices they employ (28 employers) is too low to conduct meaningful sub-group analysis. However, indicatively, within this sector it was primarily 'hairdressing and other beauty treatment' employers that reported a decrease in apprentice numbers.

Figure 5.7 Change in apprentice numbers since first started offering apprenticeships (by country, size and sector)



Encouraging more employers to engage with apprenticeships

Alongside establishing current levels of engagement with apprenticeships and understanding where growth in engagement has occurred, a key focus of EPS is to understand what drives employer decisions to engage, or not engage, with apprenticeships. Understanding the drivers and barriers that influence employer engagement with apprenticeships allows for any interventions that seek to influence employer behaviour toward apprenticeships to be better targeted and focussed.

Reasons for offering apprenticeships

This section will first establish the profile of establishments that were relatively new to apprenticeships (i.e. those that started offering apprenticeships in the last three years), before exploring the reasons why these establishments started offering apprenticeships. The extent to which these employers had been 'recruited' by external agencies promoting apprenticeships or whether the decision to engage was an internal one will also be covered.

Among establishments offering apprenticeships, two fifths (39%) had started offering them in the last three years. A greater proportion of establishments in England had started offering apprenticeships in the last three years (41%), compared with those in Northern Ireland, Scotland and Wales (22%, 28% and 31% respectively).

Almost half (44%) of the smallest establishments with 2-4 employees offering apprenticeships had started offering them in the last three years, whereas only a quarter of those with 100+ employees had started offering them in the last three years (25%).

By sector, the proportion of establishments offering apprenticeships that had started offering them in the last three years was higher than average in Primary Sector and Utilities (62%), Financial Services (57%), Transport, Storage and Communications (49%), Hotels and Restaurants (45%) and Business Services (44%).

Table A.5.2 in Appendix A provides a full country, size and sector breakdown on the length of time establishments had been offering apprenticeships.

Establishments that were relatively new to offering apprenticeships (i.e. those that started offering them in the last three years) were asked for the reasons why they started offering them. This was a new question added for EPS 2016. The unprompted reasons for offering apprenticeships are shown in Figure 5.8.

Two of the most commonly cited reasons for why establishments started to offer apprenticeships was because they viewed them as a good way to get skilled staff (39%) and to ensure that young people continue to enter the company (14%). Together, these can be considered as reasons related to 'acquiring talent' and were cited as a reason for offering apprenticeships by just under half (48%) of all establishments that were relatively new to offering apprenticeships.

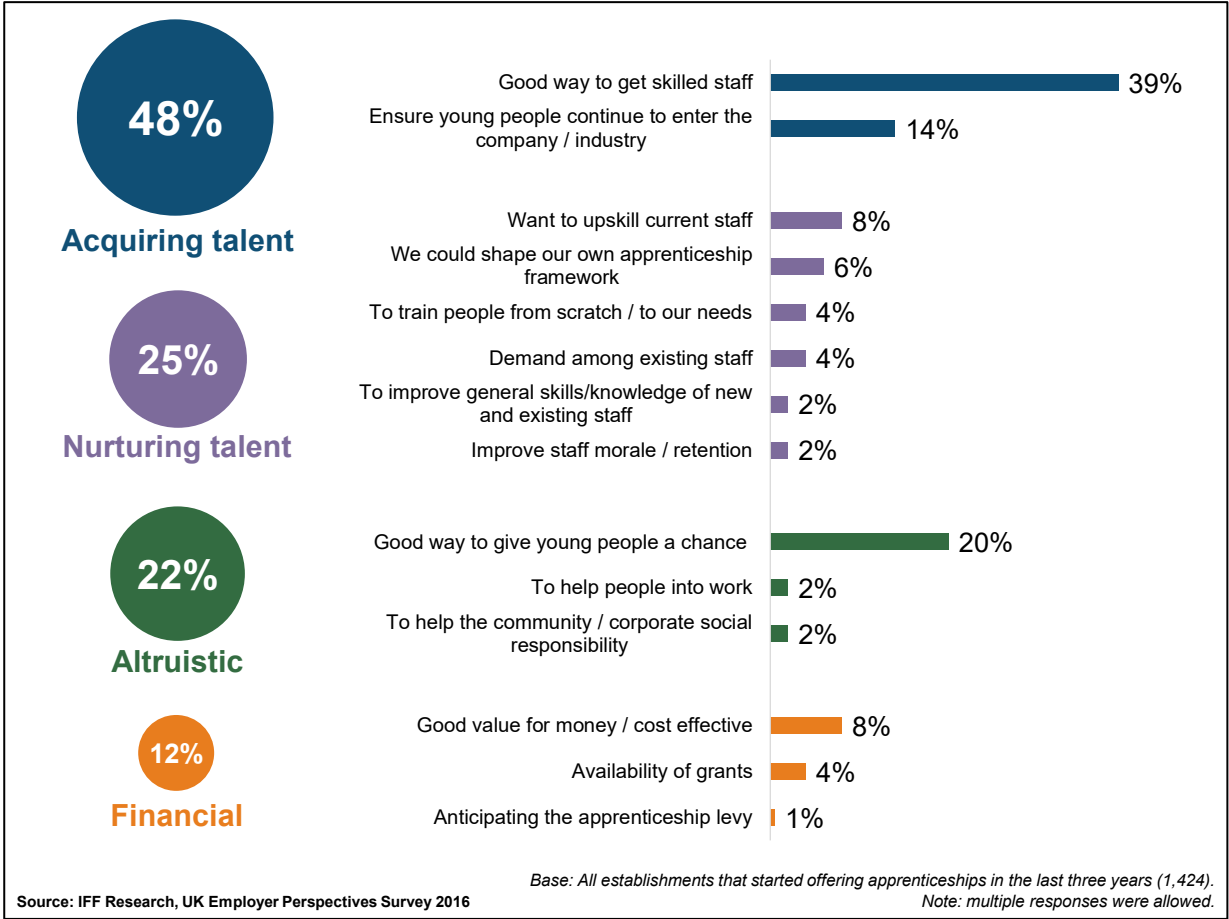
A quarter (25%) of establishments that were relatively new to offering apprenticeships cited reasons relating to 'nurturing talent' which included things such as: wanting to upskill current staff (8%), being able to shape their own apprenticeship framework (6%) and, related to this, the ability to train people from scratch according to the needs of the organisation (4%).

A sizeable proportion of establishments (22%) also cited reasons of a more altruistic nature, such as viewing apprenticeships as a good way to give young people a chance in employment (20%) and offering them as part of a Corporate Social Responsibility policy (2%). However, very few establishments (8%) started offering apprenticeships solely for

altruistic reasons. Reasons of an altruistic nature tended to be cited alongside reasons related to acquiring and nurturing talent⁴².

One in eight establishments (12%) that were new to offering apprenticeships cited financial related reasons for why they started offering them. These included: perceiving apprenticeships to represent value for money (6%), the availability of grants (4%) and anticipating the introduction of the apprenticeship levy (less than 1%).

Figure 5.8 Reasons why establishments started offering apprenticeships (unprompted)



There were differences in reasons for starting to offer apprenticeships depending on employer size. The largest establishments with 100+ employees were more likely than average to have started offering apprenticeships to ensure that young people join their organisation or industry (29% compared with 14% overall). They were also more likely than average to mention the more altruistic reason of giving young people a chance in employment (29% compared with 20%). Any mentions pertaining to the impending

⁴² Whilst offering apprenticeships for altruistic reasons was a factor for a minority of establishments, this contrasts starkly with the reasons why establishments offer work placements. As discussed in Chapter 3, 69% of employers offering work placements cited altruistic reasons for offering work placements.

introduction of the apprenticeship levy were almost solely given by establishments with 100+ employees (3%).

The smallest establishments with 2-4 employees tended to be more likely than large establishments to cite financial reasons: 11% started offering apprenticeships because they viewed them as being good value for money and 7% because of the availability of grants. The smallest establishments were also more likely than average to have started offering apprenticeships because they could shape their own apprenticeship framework (10%).

There were some notable differences by sector. For instance, employers in the Manufacturing sector (17%), as well as those in the Construction and Primary Sector and Utilities sectors (both 10%) were more likely than average to cite demand among existing staff as being a reason for starting to offer apprenticeships. Employers in the Business Services and Education sectors (13% and 15% respectively) were more likely to cite apprenticeships representing good value for money compared to the overall average of 8%.

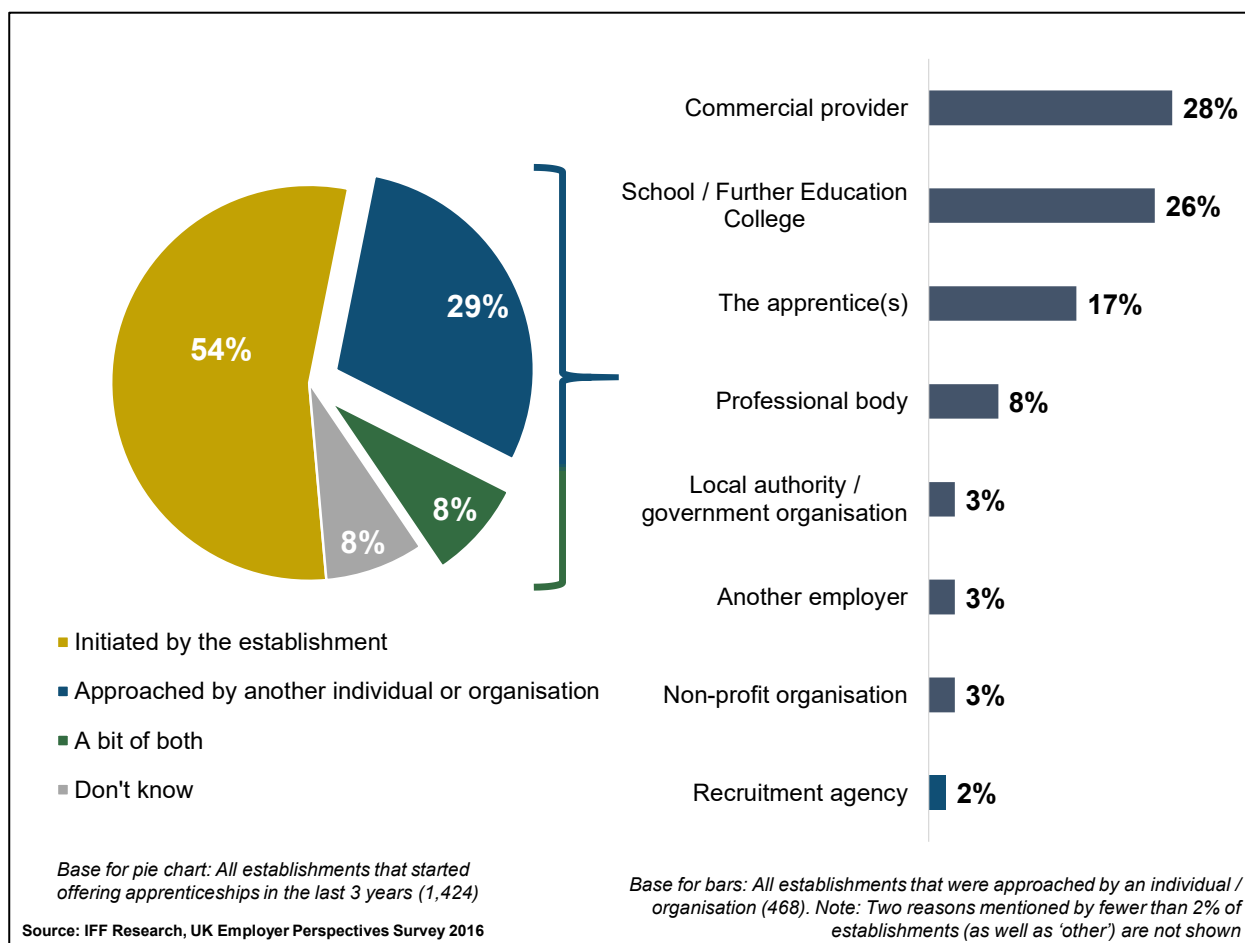
Table A.5.3 in Appendix A provides a full country breakdown of the reasons why establishments that were relatively new to offering apprenticeships had decided to start offering them.

Whether the decision to start offering apprenticeships was influenced by external agencies

New questions were added for EPS 2016 which sought to establish whether engaging in apprenticeships was influenced by approaches from external agencies, or whether the decision to engage was an internal one.

As shown in Figure 5.9, for just over half of establishments that were relatively new to offer apprenticeships (54%) the decision to offer them was made internally by the establishment without direct external influence. Just under a third (29%) reported that an approach from an external organisation or individual influenced their decision to start offering apprenticeships, with a further 8% reporting that the decision to start offering apprenticeships combined 'a bit of both' internal and external influence. Thus, in almost two-fifths (37%) of establishments that were relatively new to offering apprenticeships, the decision to start offering them was influenced by an approach from an external organisation or individual.

Figure 5.9 Proportion of establishments that were approached by external organisations or individuals when deciding to offer apprenticeships, along with the organisations that made the approach



Being approached by an external organisation or individual was more common in England and Northern Ireland (38% and 42% respectively) compared with Scotland and Wales (both 29%).

Only 18% of the largest establishments with 100+ employees that were relatively new to offering apprenticeships were influenced by an approach from an external organisation or individual (compared with the average of 37% across all establishments). Thus, the largest employers were more likely than smaller employers to have internally initiated the decision to offer apprenticeships.

By sector, Construction employers were more likely than average to have been approached by an external individual or organisation (48% compared with 37% across all sectors).

Figure 5.9 also shows that when establishments were approached by an external organisation or individual, the contact most commonly came from a commercial provider of apprenticeships (28%) or a school / further education college (26%). Around one-in-six

establishments (17%) that were approached by an external organisation or individual were contacted by the prospective apprentice; something which was most common among the smallest establishments with 2-4 employees (25%).

Reasons for not offering apprenticeships

In light of recent drives to increase the uptake of apprenticeships (including the UK Government's target of supporting three million apprenticeship starts in England by 2020), it is important to explore the perceived barriers that employers currently face in offering apprenticeships in order to understand how a lack of engagement with apprenticeships among certain types of employers may be overcome.

EPS 2016 asked employers that were not currently offering apprenticeships to cite their reasons for not doing so. The (unprompted) reasons offered largely related to three main themes:

- **Structural barriers** that employers perceived to be preventing them from offering apprenticeships, such as the perception that apprenticeships are not available for certain sectors, or are unsuitable for establishments of certain sizes, or that apprenticeships are too financially demanding;
- **Active reasons** that establishments cited for choosing not to offer apprenticeships, such as feeling that their staff do not need training or preferring to recruit experienced staff; and
- **A lack of awareness** of apprenticeships in terms of what is involved, or never having considered offering apprenticeships, or never had anyone enquire about undertaking one.

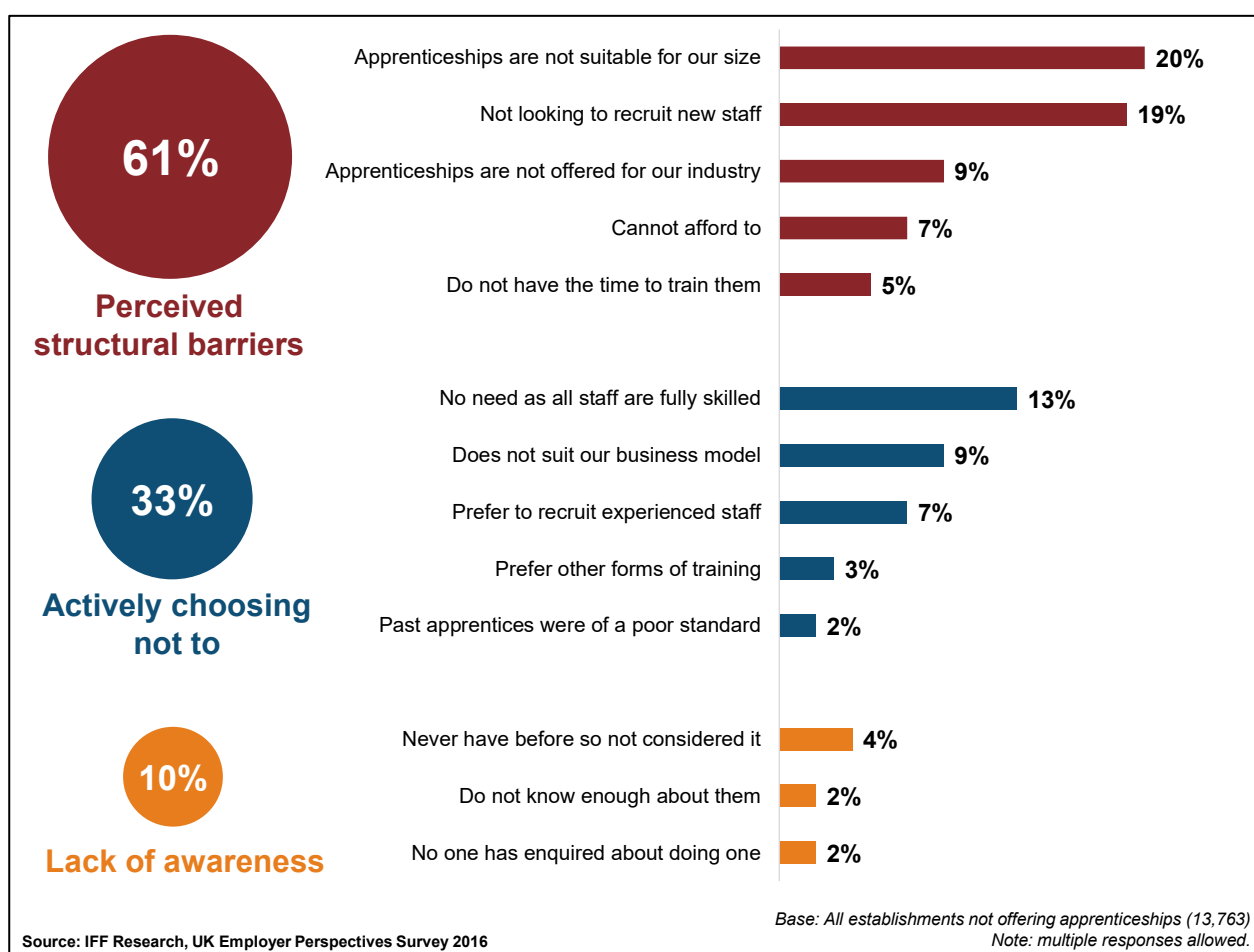
As shown in Figure 5.10, around six in ten employers not currently offering apprenticeships (61%) cited at least one perceived structural barrier as a reason for why they were not currently engaged with apprenticeships. A third of employers not engaged with apprenticeships (33%) were actively choosing not to offer apprenticeships, while one in ten (10%) were not offering apprenticeships due to a lack of awareness about them. The reasons cited for not offering apprenticeships largely follow a similar pattern to what was reported in 2014.

Reasons relating to perceived structural barriers are of interest as some of the reasons cited under this theme could be due to a lack of knowledge about apprenticeships and, therefore, overcome through targeted communications. For instance, 20% of employers were not offering apprenticeships because they deemed them to be unsuitable for their size of establishment (a reason which was most common among small establishments with fewer than 10 employees) and 9% thought that apprenticeships are not offered for their particular industry (a reason which was most common among Public Administration

employers). These reasons may suggest that some employers were not aware of the wide range of apprenticeship frameworks available and the potential for employers to tailor apprenticeships to their needs.

Employers not recruiting new staff was another common structural barrier, cited by 19% of establishments not currently offering apprenticeships. It was discussed at the start of this chapter how current engagement with apprenticeships was higher in growing businesses and those with a positive business outlook. A lack of recruitment activity being one of the main reasons offered for not engaging with apprenticeships further highlights the important link between employer engagement with apprenticeships and the wider economic conditions.

Figure 5.10 Main reasons for not currently offering apprenticeships (unprompted)



A new question included in EPS 2016 established whether the employers that were not offering apprenticeships at the time of the survey had relatively recent experience of offering them in the last three years.

Almost one-in-ten (9%) of establishments that were not currently offering apprenticeships had experience of offering them in the past three years (equating to 7% of all establishments). The other 91% (equating to 75% of all establishments) had either never

offered apprenticeships or, if they have ever done so, offered them more than three years ago.

Table A.5.4 in Appendix A provides the country, size and sector breakdown of employers that used to offer apprenticeships in the past three years.

Knowing whether establishments have had recent experience of offering apprenticeships is useful when considering the reasons why establishments were not offering apprenticeships. This is because the reasons will likely differ between those who were recently offering apprenticeships but chose to stop offering them and those who have never offered apprenticeships (or, if they did, offered them more than three years ago).

Establishments with relatively recent experience of offering apprenticeships were more likely to be actively choosing not to offer apprenticeships, whereas those with no recent experience of offering apprenticeships were more likely to cite perceived structural reasons. Specifically, 19% of establishments with relatively recent experience of offering apprenticeships were no longer offering them because past apprentices have not been of a good enough standard, whereas only 1% of establishments with no recent experience of apprenticeships cited this reason. These establishments were also more likely to not be offering apprenticeships due to a lack of general recruitment activity (29%) compared with those with no recent experience of offering apprenticeships (18%).

On the other hand, establishments with no recent experience of offering apprenticeships were more likely than those with recent experience to perceive that apprenticeships are not suitable for their size of establishments (21% compared with 12%), and that apprenticeships are not offered for their industry (10% compared with 1%).

Table A.5.5 in Appendix A shows the reasons for not offering apprenticeships split by whether employers had offered apprenticeships in the past three years.

Routes into apprenticeships

Much of the policy emphasis of apprenticeships is driven by the objective of assisting more young people into employment. Nevertheless, apprenticeships are also available to older people and those already in employment. This section of the chapter first focuses on the ages of apprentices that employers have taken on, as well as whether their apprenticeship programmes are available to new recruits. This latter part is of interest in light of the drive for apprenticeships to be targeted at new employees or, in the case of existing employees, a new job role that requires significant and sustained training (Richard 2012; DELNI, 2014). The EPS series provides insight into whether employers view apprenticeships within the context of a broader recruitment strategy or as a means to provide training to existing staff. The final part of this section looks at whether

employers have used work placements or traineeships as a means to assess the suitability of potential apprentices before fully taking them on as an apprentice.

Age of apprentices

Among establishments that offer apprenticeships:

- 93% offered them to 'young people' aged under 25 years (47% offered apprenticeships *only* to young people); and
- 48% offered them to people aged 25 years or older (2% offered them *only* to this age group).

The offering of apprenticeships to young people was fairly uniform across country, size and sector (around the 90% level) and is in line with 2014⁴³. There were differences, however, when considering establishments that *only* offer apprenticeships to young people. This was most common among the smallest establishments with 2-4 employees (57%) compared with 40% among those with 100+ employees. Offering apprenticeships exclusively to young people was also most common in Primary Sector and Utilities (66%), followed by Construction, Transport and Communications, and Arts and Other Services (each 57%).

The offering of apprenticeships to people aged 25 years or older has increased since 2014 (from 44% to 48%), but this brings it back in line with the proportion reported in 2012⁴⁴. Offering apprenticeships to people aged 25 years or older was most common among:

- establishments in England and Wales (48% and 51% respectively) compared with Northern Ireland and Scotland (both 42%);
- establishments with 10 or more employees (55%) compared with smaller establishments with fewer than 10 employees (41%); and
- establishments in the Health and Social Work sector (71%), as well as Hotels and Restaurants (69%) and Education (62%).

⁴³ For context, the Skills Funding Agency's *Statistical First Release* in November 2016 reported that 57% of all apprentices in England were aged under 25 (43% were aged 25+).

⁴⁴ The decline between 2012 and 2014 was likely caused (at least in part) by the introduction in 2013 of Advanced Learning loans in England for apprentices aged 24 and over, studying at Level 3 and above (Delebarre, 2016). These loans were ended in January 2014 after low take up.

Very few establishments (2%) exclusively offered apprenticeships to people aged 25 years or older. The offering of apprenticeships to only people aged 25 or older was low (5% or below) across country, employer size and sector.

Table A.5.6 in Appendix A provides a full breakdown of ages that apprenticeships are offered to.

Apprenticeships for new recruits and/or existing employees

The impact and value of apprenticeships offered to existing employees of an establishments has been a topic of debate in recent years; the concern being that apprenticeships offered to existing employees only (or mainly) serve to accredit existing skills. Recent policy directives – such as in *The Future of Apprenticeships in England: Implementation Plan* (HM Government, 2013) – have made clear that apprenticeships should only be offered to existing employees where substantial training is required to achieve competency in their occupation. The offering of apprenticeships to existing employees will be an area of interest to monitor following the introduction of the apprenticeship levy as research which has looked at how large employers will likely respond to the levy has suggested that they may look to convert some of their training programmes for existing staff into apprenticeship programmes (Gambin et al., 2016).

Among establishments offering apprenticeships:

- 47% *only* offered them to people recruited specifically as apprentices;
- 6% *only* offered them to existing employees; and
- 44% offered them to a combination of *both* new recruits and existing employees.

Thus, combined, 91% of all establishments involved in apprenticeships offered them to new recruits, with fewer establishments offering them to existing employees (50%).

Offering apprenticeships *only* to existing employees was more common among:

- establishments in Scotland and Wales (both 9%) than it was in England (6%). In Northern Ireland the proportion offering to existing employees was 8%;
- those with 10 or more employees (8%) compared with those with fewer than 10 employees (5%);
- those in the Hotels and Restaurants and Health and Social Care sectors (both 14%), compared with a range between 3% and 8% across the other sectors; and
- those that only offer apprenticeships to people aged 25 years or older (43%), compared with 5% among those who offer apprenticeships to young people.

Table A.5.6a provides a full country, size and sector breakdown on who employers offer apprenticeships to. Overall, the picture of whether establishments offer apprenticeships to new or existing employees was similar to 2014.

Among the employers who offered apprenticeships to existing employees, some of these employees could have been new recruits who were taken on with the intention of starting an apprenticeship, but for whom there had been difficulties or delays in finding suitable apprenticeship providers. Thus, by the time they started their apprenticeship they were considered to be an existing employee. It could also be the case that some were new recruits who were deliberately recruited on a trial basis pending entry to an apprenticeship and, therefore, by the time they started their apprenticeship they were considered to be an existing employee⁴⁵.

The next section touches on this by looking at the use of work placements and traineeships as a way for employers to assess the suitability of potential apprentices before employing them as an apprentice.

Use of work placements and traineeships to check suitability of prospective apprentices

In Chapter 3 it was reported that 38% of all establishments had provided work placements over the past 12 months and that 1% of establishments in England and 1% of establishments in Wales had made use of traineeships over the past year. As also described in Chapter 3, traineeships are a relatively new scheme in England (introduced in 2013) and Wales (introduced in 2011). Traineeships are aimed at giving young people who are not in work the opportunity to undertake substantial work placements alongside support with basic skills – such as Maths and English – to help them progress on to an apprenticeship or secure other employment⁴⁶. This section of the apprenticeships chapter looks at the extent to which employers have used work placements and traineeships to assess the suitability of prospective apprentices before employing them as an apprentice.

⁴⁵ The 2015 Apprenticeships Evaluation survey of employers in England provides an indication of the scale of this. That survey reported that 9% of employers in England had provided apprenticeships to people who were recruited with the intention that they would start an apprenticeship, but the training did not start immediately (DfE, 2016). In Scotland, 54% of employers with Modern Apprentices reported that there was an interval of at least one month between the prospective apprentice joining the company and them actually starting their Modern Apprenticeship (Skills Development Scotland, 2015).

⁴⁶ Traineeships in England are open to 16 to 24 year olds who are qualified below Level 3 and assessed to be ready for employment or an apprenticeship within six months of engaging in a traineeship. Aside from a substantial work placement and help with basic skills, traineeships in England also include an element of work preparation training focusing on activities (such as CV writing and job searching skills) to help the learner to progress to an apprenticeship or other employment. Traineeships in Wales are open to people aged 16-18 and are offered at three distinct levels: Engagement, Level 1 and Bridge to Employment.

Among establishments that offered both work placements and apprenticeships, 41% had used work placements to help determine whether an individual is suitable for an apprenticeship prior to recruiting them as an apprentice. (This equates to 24% of all establishments offering apprenticeships having used work placements in this way). The practice of using work placements to help determine whether an individual is suitable for an apprenticeship was more common in Wales (52% of employers that offered both work placements and apprenticeships), Northern Ireland (51%) and Scotland (47%), than in England (40%).

The use of work placements prior to employing an apprentice was also more common among smaller establishments than it was among larger ones. Half (50%) of the smallest establishments with 2-4 employees that offered both work placements and apprenticeships had used work placements to assess the suitability of prospective apprentices. This compares with a quarter (24%) of the largest establishments with 100+ employees.

Among those offering both work placements and apprenticeships, the use of work placements prior to employing an apprentice was also more common than average among establishments in the following sectors: Primary Sector and Utilities (58%), Arts and Other Services and Construction (both 55%, though as discussed in Chapter 3, Construction employers were least likely to be offering work placements compared to other sectors).

Turning to the use of traineeships, just under a third (31%) of the establishments in England that had made use of traineeships over the past 12 months had used them to assess the suitability of potential apprentices (equivalent to 1% of all establishments in England offering apprenticeships). In Wales 39% of establishments that had used traineeships had used them in this way⁴⁷ (equivalent to 3% of all establishments in Wales offering apprenticeships). Only a small number of employers surveyed had offered traineeships over the past 12 months⁴⁸, hence it is not possible to present sub-group analysis due to this low base size.

Delivery of apprenticeship training

As part of the drive for improving the quality of apprenticeships it is a requirement for apprenticeship frameworks to include training delivered through a combination of both on- and off-the-job training methods. There has also been a drive for increasing employer

⁴⁷ The base size of employers in Wales that had made use of traineeships in the last 12 months was 33, hence this data should be interpreted with caution.

⁴⁸ 158 employers in England and 33 in Wales, unweighted.

involvement in shaping apprenticeship frameworks to their needs which involves working with training providers to design or tailor existing training content. This section first discusses the delivery of apprenticeship training. It then moves on to discuss two new areas explored in EPS 2016: the types of external training providers used and the extent to which employers have been involved in working with training providers to design and develop the content of apprenticeship training.

Among establishments offering apprenticeships, 82% had used an external provider to deliver at least some of the training for their apprentices and 77% provided formal training sessions in-house for at least some of the training that their apprentices receive (64% provided both types of training).

Of the employers that used an external training provider to deliver at least some of their apprenticeship training, the most common types of training providers used were further education or sixth form colleges (52%), followed by commercial training providers (44%) and professional or regulatory bodies⁴⁹ (24%). Higher education institutions were used by 9% of employers that used external providers for their apprenticeship training and 8% used non-profit or voluntary organisations. Almost two-thirds of the establishments that provided external training for their apprentices had used only one type of training provider (63%).

Use of further education or sixth form colleges was higher than average among establishments in Northern Ireland (64% compared with 52% overall) – as was the use of higher education institutions (16% compared with 9% overall) – while use of professional or regulatory bodies was higher than average among establishments in Scotland (32% compared with 24% overall).

There were few notable differences by size or sector, though Health and Social Work employers were more likely than average to use non-profit or voluntary organisations (20% compared with 8% overall).

Employers that used an external training provider to deliver at least some of their apprenticeship training were asked whether they have been involved in designing or tailoring the training content. Just over half (55%) reported that they had some involvement: 19% said they had devised the training from scratch; 41% said they had tailored or developed the content of existing external training to make it more suitable to their needs. Included in these figures are 5% that had engaged in both forms of content design.

⁴⁹ Such as the Construction Industry Training Board (CITB).

Employer involvement in tailoring the content of external training provided to their apprentices was broadly consistent across countries, though was lower than average in Wales (49% compared with 55% overall). There were few differences by size.

By sector, however, involvement in designing or tailoring apprenticeship training content delivered by external training providers was greatest among employers in Arts and Other Services (71%), Manufacturing (69%), Public Administration (66%) and Health and Social Work (60%).

Involvement in designing the training content did not differ significantly depending on the type of training provider used to deliver the training.

In Chapter 4 it was reported that 47% of those that had arranged training for their staff leading to a vocational qualification were involved in designing the training content and 42% of employers that had arranged external training in general for their staff were involved in designing the training content. The slightly higher level of involvement of employers in designing the training content delivered to their apprentices suggests that either employers offering apprenticeships were more engaged, and/or there is greater receptiveness among training providers to input from apprenticeship employers.

A third (33%) of employers who had not been involved in the design of external apprenticeship training would have liked to have been involved. This again was higher than the proportion of employers wanting to be involved in designing vocational qualifications (22%) and external training in general (17%).

Among those employers who would have wanted some involvement in the design of external training delivered to their apprentices, the most commonly cited reason for having not been involved was because of uncooperative training providers (29%; something which did not significantly differ depending on the type of training provider used). The second most commonly cited reason was not knowing about, or being offered, the opportunity to be involved (21%).

Awareness of apprenticeships

The EPS series also collects information on the general awareness and knowledge of apprenticeships among those establishments that were not currently offering them.

Across all establishments that were not offering apprenticeships at the time of the survey, a clear majority (84%) were aware of apprenticeships and had at least some knowledge of what they involve. As one would expect, awareness and knowledge of apprenticeships was very high among those employers that had relatively recent experience of offering them in the last three years (97%).

Awareness and knowledge of apprenticeships has increased since 2014, from 79% having at least some knowledge of apprenticeships to the current level of 84%.

Further data on employer awareness of apprenticeships, as well as awareness of different types of government recognised apprenticeship schemes and initiatives are detailed in Tables A.5.7 to A.5.9b in Appendix A.

Market potential for apprenticeships

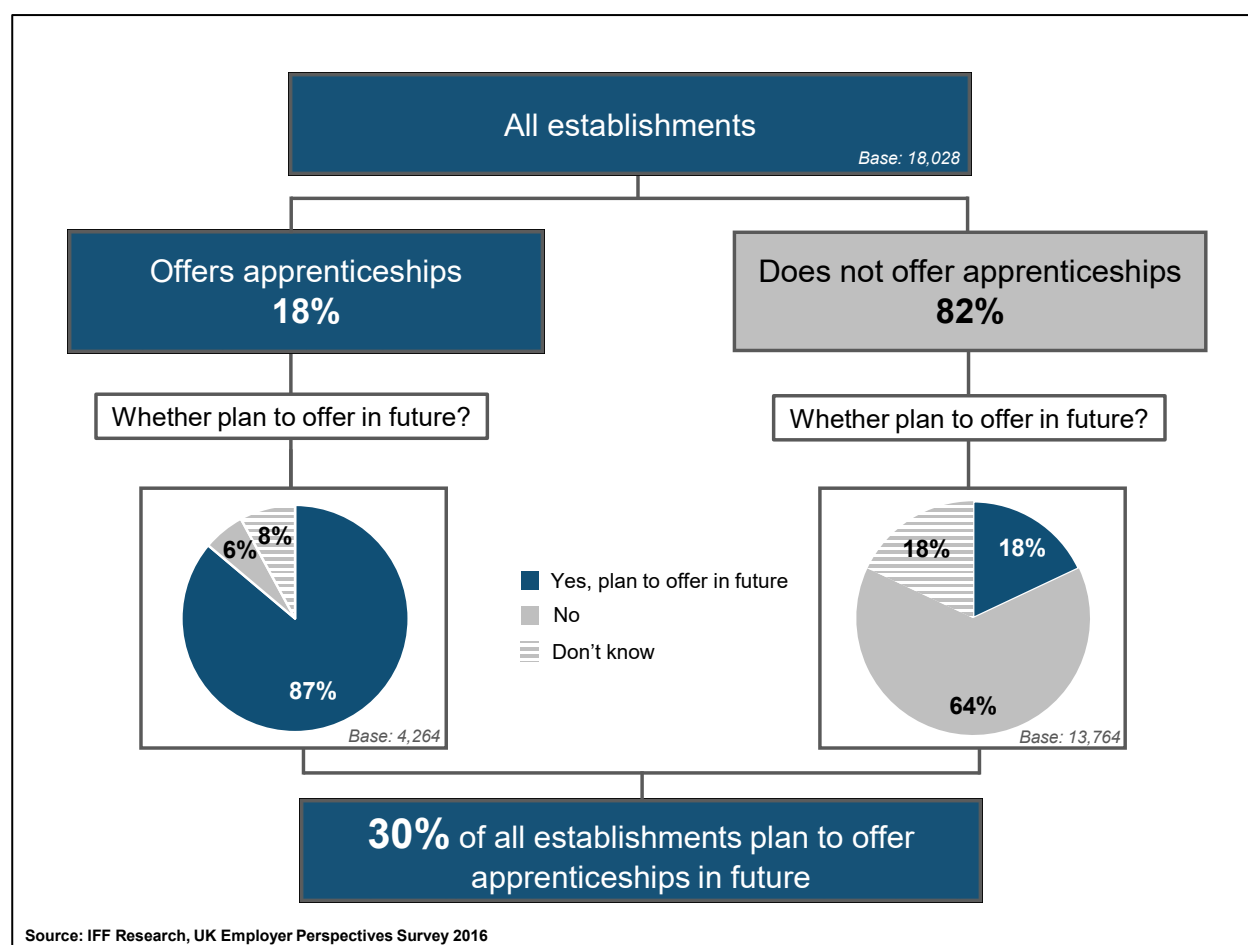
This final section of the chapter explores employers stated intentions for offering apprenticeships in the future, including the timescales in which establishments expect to start offering apprenticeships. Alongside this, the section provides insight on how employers expect the numbers of apprentices they employ to increase or decrease over the next two years. These two elements provide insight to the market potential for apprenticeships among employers over the coming years, something which is particularly relevant given the drive for increasing engagement with apprenticeships (including a target for achieving three million apprenticeship starts in England by 2020). This section also provides insight on the reasons why establishments intend to start or stop offering apprenticeships in future.

Future demand for apprenticeships

Of the establishments already offering apprenticeships, a clear majority (87%) were planning to continue offering them in the future, 6% were planning to stop offering apprenticeships and the remaining 8% were unsure as to whether they would continue offering them. Among the establishments that were not engaged in offering apprenticeships at the time of the survey, around a fifth (18%) had plans to start offering apprenticeships in the future.

Overall, this means that 30% of all establishments in the UK plan to offer apprenticeships in the future (see Figure 5.11). This varied from 31% in England, to 26% in Wales, 25% in Scotland and 23% in Northern Ireland.

Figure 5.11 Future demand for offering apprenticeships across all establishments



In order to understand the types of employers that are likely to engage or not engage with apprenticeships in future, it is useful to understand the key characteristics of the 6% of establishments that plan to stop offering apprenticeships, as well as the 18% that plan to start offering apprenticeships in future. The 6% of establishments currently offering apprenticeships but with plans to stop offering them in future were more likely to be:

- in Northern Ireland (11% of establishments in Northern Ireland that offered apprenticeships were planning to stop, compared with 5% of those in England and 6% in both Scotland and Wales);
- small (8% of establishments with 2-4 employees planned to stop, compared with 2% of those with 100 or more employees);
- in the Primary Sector and Utilities sector (14% compared with a range between 2% and 7% across all other sectors);
- profit seeking (6% compared with 3% of publicly funded establishments); and
- new to offering apprenticeships (7% among those that started offering apprenticeship in the last three years compared with 4% among those offering them for more than three years).

The 18% of establishments that were not currently offering apprenticeships but were planning to start offering them in future were more likely to be:

- in England (18% of establishments in England that were not currently offering apprenticeships planned to do so in future, compared with 13% of those in Scotland and 15% in both Northern Ireland and Wales);
- large (35% among establishments with 100+ employees, compared with 16% of those with 2-4 employees);
- in the Manufacturing, Education and Construction sectors (27%, 25% and 22% respectively) compared with a range of between 10% and 18% across all other sectors;
- publicly funded (21% compared with 18% of establishments seeking to make a profit and 14% in the voluntary sector). However, among private sector establishments, those with a positive business outlook with an expectation to grow were more likely to be planning to offer apprenticeships (24%) compared with those expecting to either remain the same or contract (11% and 8% respectively);
- to have had experience of offering apprenticeships in the last three years (48% compared with 15% of those who have either never offered apprenticeships or offered them more than three years ago); and
- identify themselves as an establishment which is happy to pay towards training and development (22% compared with 7% of those less happy to pay towards this).

At 30%, the overall future demand for apprenticeships has decreased slightly from 2014 when 34% of all establishments were intending to offer apprenticeships in the future. This decrease was evident in England (from 35% to 31%), Scotland (28% to 25%) and Wales (29% to 26%). In Northern Ireland the future demand had decreased from 25% to 23% but this was not significant at the 95% level of confidence.

The proportion of employers that were already offering apprenticeships and had plans to continue doing so was at the same level in 2016 as it was in 2014 (87% and 88% respectively). Given that since 2014 the proportion of all employers offering apprenticeships has increased (from 15% to 18%) it is encouraging that among these employers the proportion that plan to continue offering apprenticeships is still very high. Conversely, the proportion of establishments that were not currently offering apprenticeships who reported that they plan to start offering them in the future has decreased since 2014 (from 24% to 18% in 2016). Therefore, the overall decrease in future demand for apprenticeships (from 34% of all employers in 2014 to 30% in 2016) is

solely driven by fewer employers expressing interest in *entering* the apprenticeships market and not because more employers plan to *exit* the apprenticeships market.

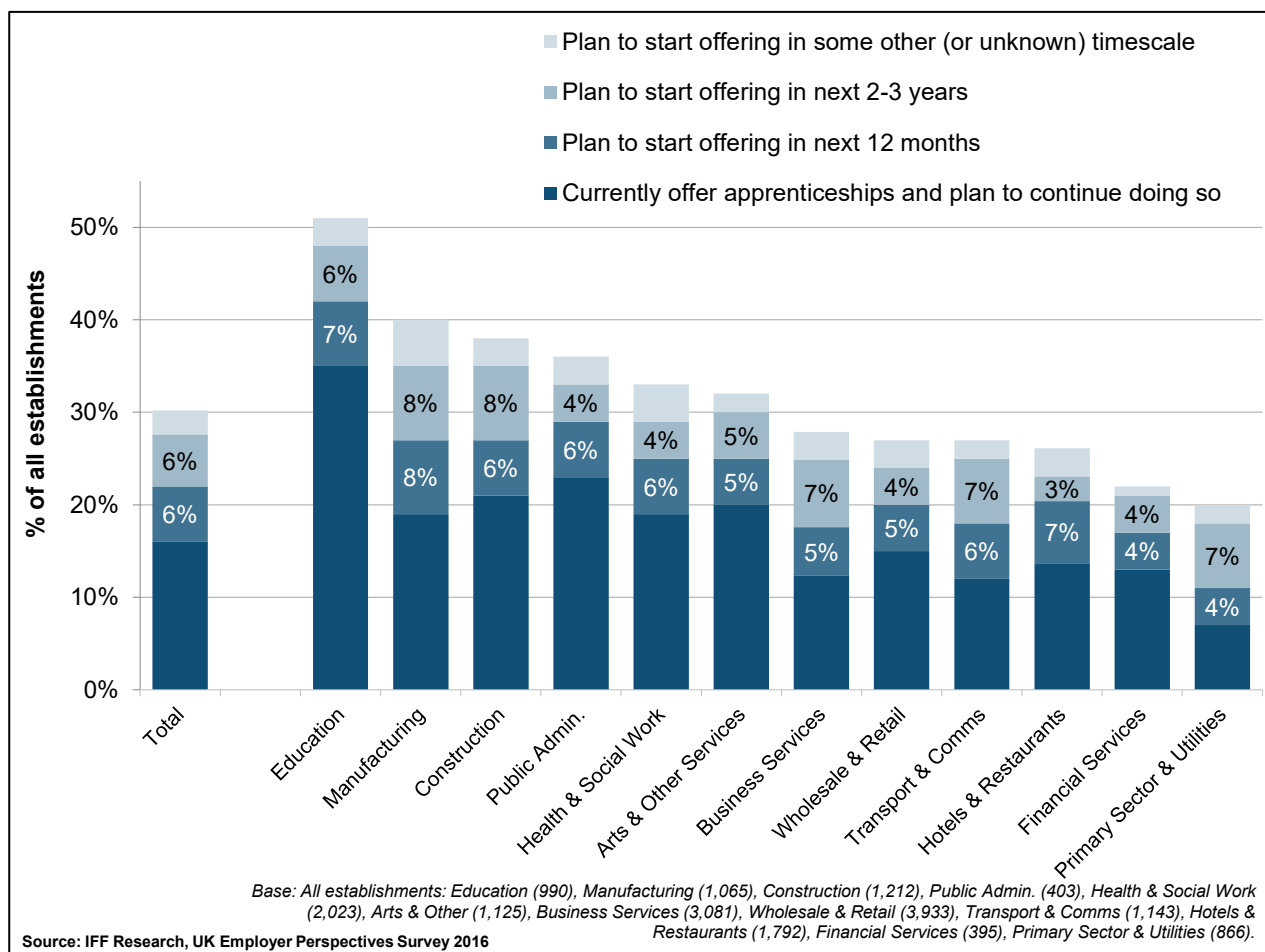
It is known from previous editions of the EPS series that employers' stated intentions for offering apprenticeships in the future do not necessarily materialise, at least not to their fullest extent. For instance, in EPS 2012 around a third of all establishments reported that they were planning to offer apprenticeships in the future, yet, as reported at the start of this chapter, the proportion of establishments offering apprenticeships four years later in 2016 is just under a fifth of all establishments. Similarly, in 2014 around a quarter of those not offering apprenticeships said that they would start offering them in the future. Although the overall growth in the proportion of all establishments offering apprenticeships since 2014 is encouraging (from 15% to 18%), it demonstrates that many of the employers with positive intentions toward offering apprenticeships have not started to offer them within the last two years. Nevertheless, the EPS data on employer intentions to offer apprenticeships in future establishes the size of the market potential for employer engagement with apprenticeships.

To better understand future demand for apprenticeships as well as providing a better idea of the likelihood that employers would follow through on their intentions to start offering apprenticeships, in EPS 2016 employers were asked about the timescale in which they were planning to start offering apprenticeships. Figure 5.12 shows that 6% of all establishments were planning to start offering apprenticeships in the next 12 months, a further 6% were planning to start offering them in the next 2-3 years (i.e. before 2020), while a further 3% were planning to start offering them later than 2020 (or were unsure of the timescale in which they plan to offer them).

Figure 5.12 also shows the future demand for apprenticeships split by sector. This shows that there is appetite among employers in every sector to start offering apprenticeships in future. Most notably, there is potential to double the proportion of employers offering apprenticeships in Manufacturing, Business Services, Transport and Communication, and Primary Sector and Utilities.

Table A.5.10 in Appendix A provides a full country, size and sector breakdown of the future demand for apprenticeships, including the timescales in which employers planned to start offering apprenticeships.

Figure 5.12 Future demand for apprenticeships (by sector), including the timescale in which establishments plan to start offering apprenticeships



Reasons for planning to enter or exit the apprenticeships market

Reasons why establishments that were relatively new to offering apprenticeships had started offering apprenticeships, as well as reasons for why establishments were not currently engaged in apprenticeships, were discussed earlier in this chapter. Further insight to the drivers and barriers that influence employers' engagement with apprenticeships can be gained by looking at the reasons why establishments plan to enter or exit the apprenticeships market.

Reasons for planning to start offering apprenticeships in the future

In EPS 2016 establishments that were not currently offering apprenticeships but planned to start offering them in future were asked for the reasons why they were planning to start offering apprenticeships. The unprompted reasons mentioned are shown in Figure 5.13.

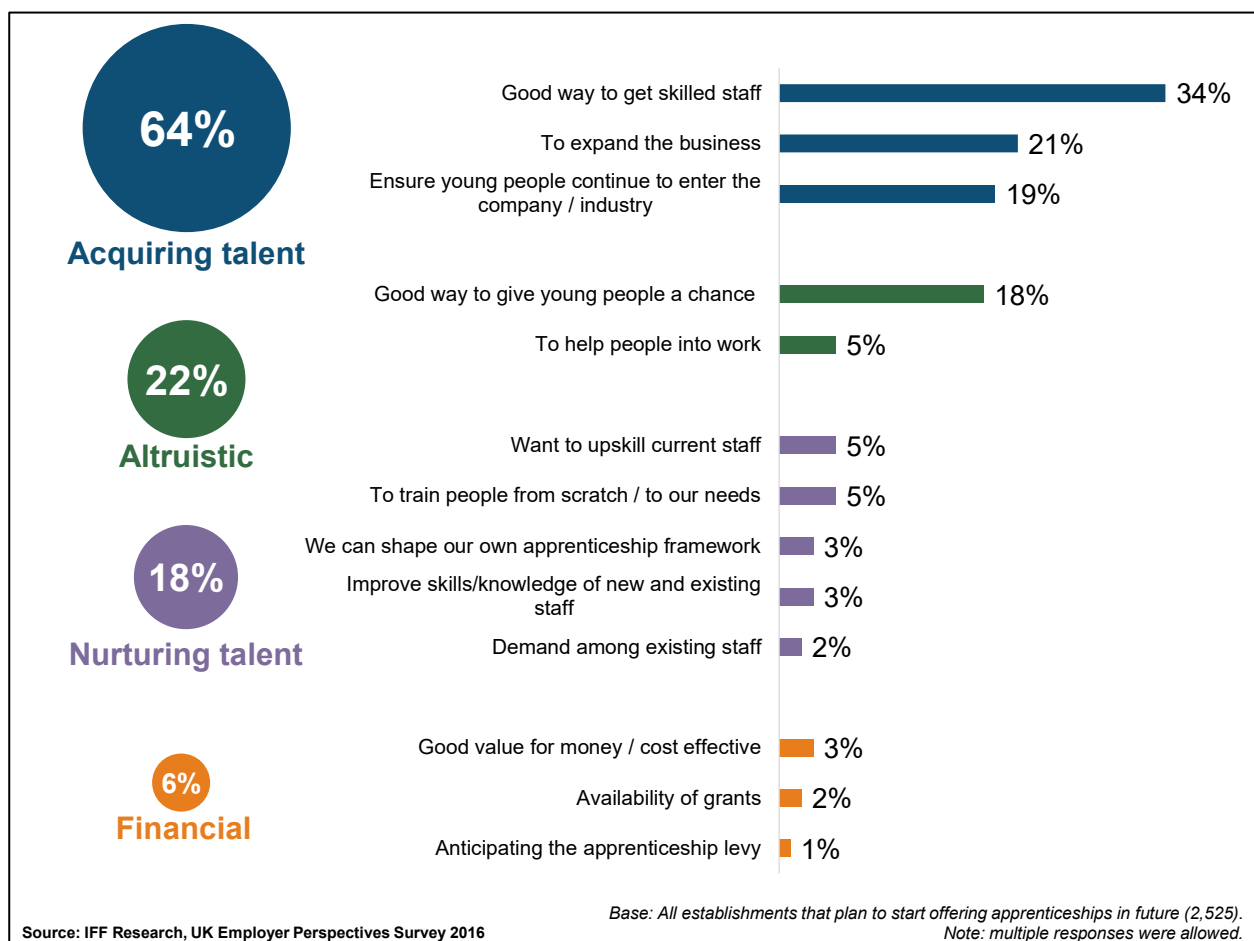
Around two-thirds (64%) of establishments that were planning to start offering apprenticeships in future gave reasons related to the theme of 'acquiring talent'. Specifically, 34% were intending to start offering apprenticeships because they perceive

apprenticeships to be a good way to get skilled staff, 21% intended to start offering in order to expand their business; and 19% to ensure that young people continue to enter the company.

Reasons related to ‘nurturing talent’ (such as wanting to upskill current staff) were cited by around a fifth of establishments planning to start offering apprenticeships in future (18%). A sizeable proportion of establishments also cited reasons of an altruistic nature, such as viewing apprenticeships as a good way to give young people a chance (18%) and to help people into work (5%). Very few establishments solely cited altruistic reasons for intending to offer apprenticeships in future (9%). Reasons of an altruistic nature tended to be in addition to reasons related to acquiring or nurturing talent.

A small proportion of establishments (6%) cited financial related reasons for intending to start offering apprenticeships in future. These included: perceiving apprenticeships to represent good value for money (3%), the availability of grants (2%) and anticipating the introduction of the apprenticeship levy (1%).

Figure 5.13 Main reasons for planning to start offering apprenticeships in the future (unprompted)



The reasons for employers planning to start offering apprenticeships are broadly similar to the reasons why employers had started offering apprenticeships in the last three years

(as presented earlier in this chapter). One notable difference, however, is the decreased emphasis placed on 'nurturing talent' among those that intend to start offering apprenticeships in future compared to those that started offering apprenticeships in the last three years. A quarter (25%) of establishments that had started to offer apprenticeships in the last three years cited reasons related to 'nurturing talent' for having started offering apprenticeships, whereas only 18% of establishments that intend to start offering apprenticeships in future cited reasons of this nature.

Another difference is that a higher proportion of employers intending to start offering apprenticeships in future cited reasons related to 'acquiring talent' (69%), compared with the reasons given by employers who had started offering apprenticeships in the last three years (48%). An element of caution should be taken when making this comparison, however, as the 'to expand the business' code was not included as a (unprompted) pre-code option at the question asking for reasons why employers had started offering apprenticeships in the last three years⁵⁰.

There were some differences in the reasons for intending to start offering apprenticeships in future depending on the size of establishment. Smaller establishments were more likely than larger establishments to be intending to start offering apprenticeships in order to expand their business (26% of the smallest establishments with 2-4 employees cited this reason compared with 8% among those with 100 or more employees).

Mentions of the apprenticeship levy as a reason for intending to start offering apprenticeships were mainly offered by the largest establishments with 100+ employees (12% compared with an average of less than 0.5% across smaller establishments with fewer than 100 employees). Of the large employers that cited the apprenticeship levy as a reason for intending to start offering apprenticeships, the majority (around three quarters of them) did not have relatively recent experience of offering apprenticeships in the past three years. This therefore provides an early indication that where large employers anticipate making a behavioural change as a result of the apprenticeships levy, it is not just among those with recent experience of offering apprenticeships but also among those with no prior experience of offering apprenticeships (or, if these establishments did have experience of offering apprenticeships it was more than three years ago).

⁵⁰ If the 'to expand the business' code is excluded from the 'acquiring talent' summary in Figure 5.13 then the proportion of employers with intentions to start offering apprenticeships in future that cited reasons related to this decreases to 49% (in line with the 48% of employers who started offering apprenticeships in the last three years who cited reasons related to 'acquiring talent').

Reasons for planning to stop offering apprenticeships in the future

EPS 2016 also captured the reasons why establishments were planning to stop offering apprenticeships in future. These establishments represent a minority of those currently offering apprenticeships (6%). The reasons presented in Figure 5.14 are, therefore, based on a relatively low number of responses (197 establishments) and the potential for sub-group analysis by country, size and sector is limited.

Around six in ten (57%) establishments planning to stop offering apprenticeships in future cited at least one reason that could be deemed a 'structural barrier' to offering apprenticeships. By far the most common structural barrier for planning to discontinue offering apprenticeships in the future was related to establishments not looking to recruit new staff. This was cited by 36% of establishments that were planning to discontinue offering apprenticeships and is deemed to be a perceived structural barrier on the basis that these employers may be unaware that apprenticeships can be offered to existing employees where substantial training is required for achieving competency in their occupation (for example if existing employees are promoted or change job role). When cited, this reason was typically offered as the sole reason for planning to stop offering apprenticeships. This was also the most common reason cited in 2012 and 2014 and again supports the view that employer engagement with apprenticeships is strongly linked with business growth and the conditions of the wider economy.

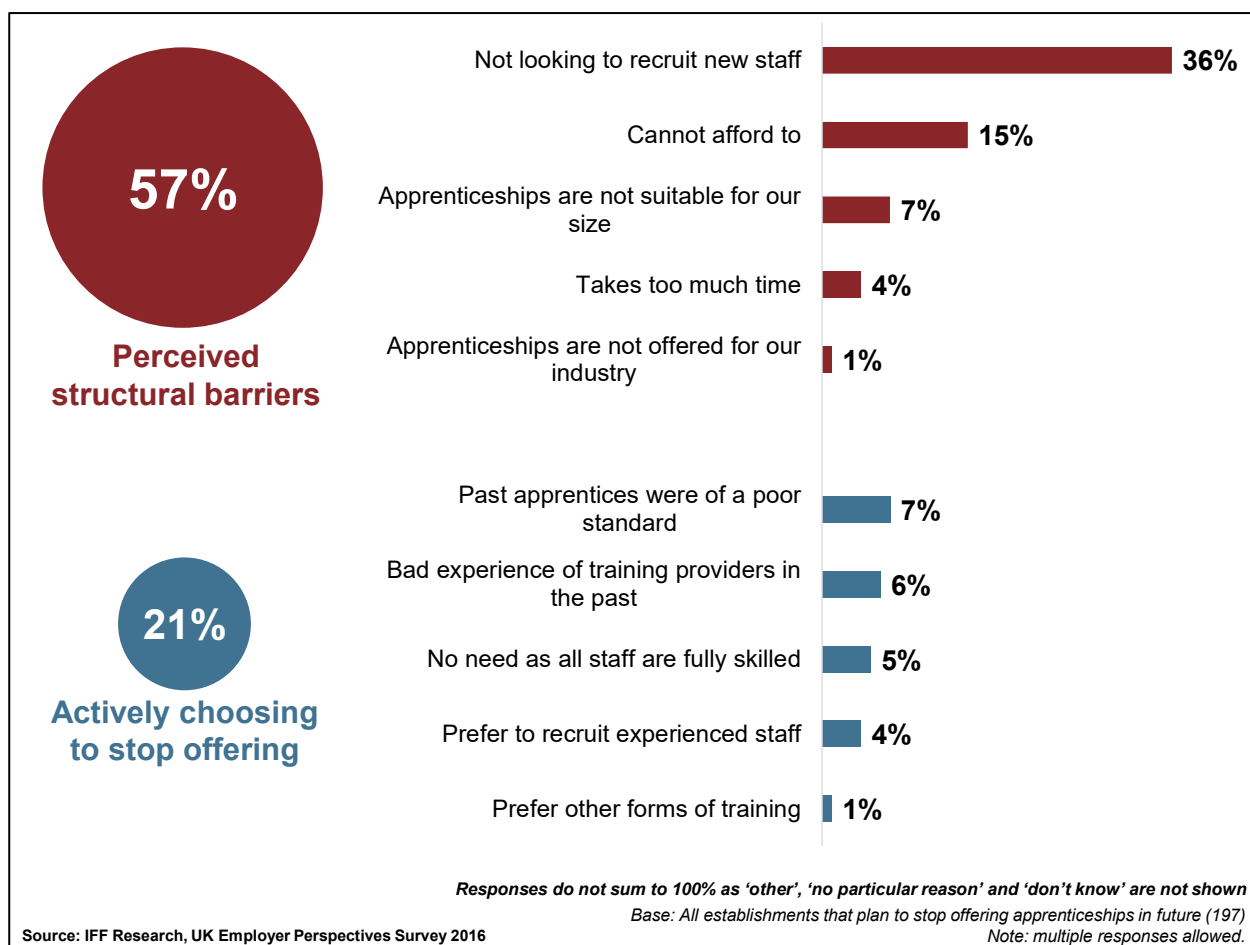
Other perceived structural barriers to employers continuing to offer apprenticeships included: not being able to afford to continue offering apprenticeships (15%); and perceiving apprenticeships to not be suitable for their size of establishment (7%).

A fifth (21%) cited reasons which suggested they were actively choosing to discontinue offering apprenticeships (such as past apprentices being of a poor standard, having negative past experiences with apprenticeship training providers and seeing no need to offer them as all their staff are fully skilled).

The reasons given for planning to discontinue offering apprenticeships were broadly similar to those discussed earlier in this chapter in relation to employers that do not currently offer apprenticeships. The main difference was that far fewer employers that were planning to stop offering apprenticeships thought that apprenticeships were unsuitable for their size of establishment compared with those that were not offering apprenticeships at the time of the survey (7% and 20% respectively). Not looking to recruit new staff was also a more common reason for planning to stop offering apprenticeships (36%) compared with those not offering apprenticeships (19%).

The reasons given for planning to discontinue offering apprenticeships largely follow a similar pattern to what was reported in 2014.

Figure 5.14 Main reasons for planning to stop offering apprenticeships in the future (unprompted)



Expected change in apprentice numbers

Alongside looking at the market potential for apprenticeships in terms of whether establishments intend to start or stop offering them altogether, a new set of questions added for EPS 2016 collected information on expected changes in apprentice *numbers*. Employers with current apprentices (and with plans to continue offering apprenticeships) were asked whether they expected the number of apprentices they currently have to increase, decrease or stay about the same over the next two years, as well as the reasons for these expected changes.

Overall, 30% of establishments with current apprentices (and plans to continue offering apprenticeships) expected to increase the number of apprentices they employ over the next two years, whilst only 4% expected a decrease⁵¹. Most employers expected the

⁵¹ The survey did not capture information on the scale of the expected changes in apprentice numbers.

number of apprentices they employ will stay about the same (64%), with the remaining 3% uncertain on how their apprentice numbers would change.

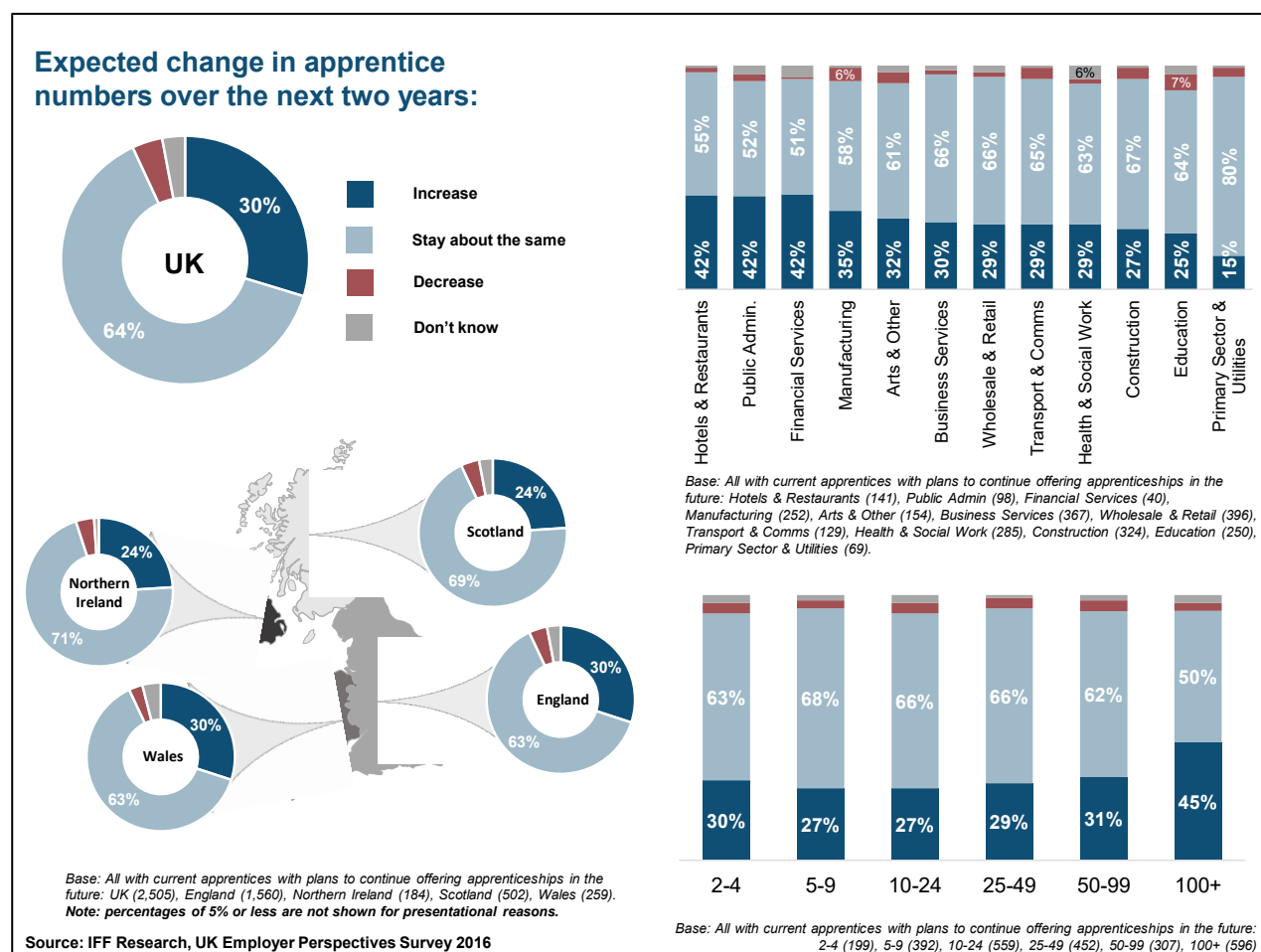
As detailed in

Figure 5.15, the proportion of employers that planned to increase their apprentice numbers over the next two years was higher in England and Wales (both 30%) than in Northern Ireland and Scotland (both 24%).

There were also differences by size of establishment. Approaching half (45%) of the largest establishments with 100+ employees were expecting to increase their apprentice numbers, compared with a range between 27% and 31% across the other sizebands. Although the survey did not measure awareness of the impending introduction of the apprenticeship levy in April 2017, early evidence from other research suggests that 'quantitative additionality' – increasing apprentice numbers due to employers accelerating the pace at which apprenticeships are taken up – will likely be one of the key impacts of the levy for large employers (Gambin et al., 2016).

There were also differences by sector. The proportion of establishments expecting to increase their apprentice numbers over the next two years was lowest in the Primary Sector and Utilities sector (15%) and highest in the Hotels and Restaurants and Public Administration sectors (both 42%).

Figure 5.15 Expected changes in apprentice numbers over the next two years (by country, size and sector)



Aside from size and sector differences, factors related to business confidence were linked with employers expected changes in apprentice numbers over the next two years:

- Establishments that had increased their staff headcount over the past 12 months were more likely to be expecting to increase the number of apprentices they employ (37%), compared with those whose headcount had remained the same (23%) or decreased (30%); and
- Private sector establishments with a positive growth outlook for the next 12 months were more likely to be expecting to increase the number of apprentices they employ (37%), compared with those expecting their business to contract (5%) or remain about the same (14%).

This once again highlights the important link between business confidence and the conditions of the wider economy on the extent to which employers engage with apprenticeships.

It was also the case that if employers had been involved in designing the external training content of their apprenticeships then they were more likely to be expecting to increase the number of apprentices they employ over the next two years (33%), compared with those that were not involved in designing the external training content (26%).

The historic changes in apprentice numbers since employers started offering apprenticeships was covered earlier in this chapter. Comparing employer responses across the two questions reveals that around half (46%) of the employers that had decreased their apprentice numbers since first starting to offer apprenticeships were expecting to increase their apprentice numbers over the next two years⁵². This suggests that some employers experience cyclical fluctuations in their apprentice numbers.

Around two-fifths (38%) of the employers that had increased their apprentice numbers since first starting to offer apprenticeships were expecting to further increase their apprentice numbers in the next two years. This suggests that there is a core group of employers that had previously increased their apprentice numbers but who have not hit a saturation point and have further capacity to increase the number of apprentices they employ.

Reasons for expected change in apprentice numbers

Figure 5.16 displays the unprompted reasons why establishments were expecting that the numbers of apprentices they employ will increase, remain about the same, or decrease over the next two years.

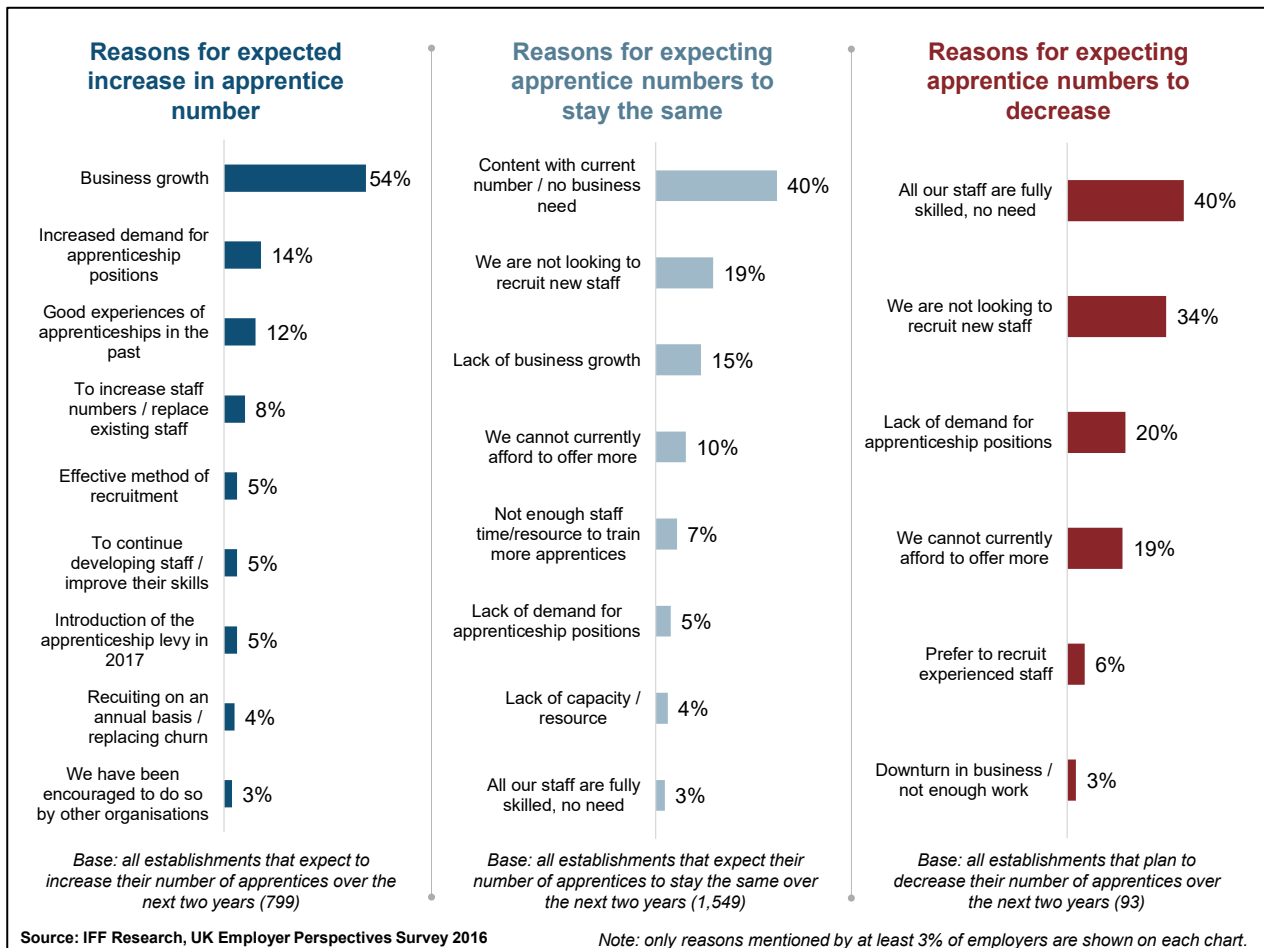
Among establishments that were expecting to increase the number of apprentices they employ over the next two years, by far the most common reason for this expected increase was because of business growth (54%). This reason was most common among smaller establishments with fewer than 10 employees (67%) than among the largest establishments with 100+ employees (32%). What is unclear from the survey is whether these employers plan to increase their apprentice numbers in order to drive business growth, or whether more apprentices are needed to fill capacity created by business growth.

Across the other reasons cited there were few differences by country, size or sector, with the exception of an increased demand for apprenticeship positions being more commonly cited by employers in Scotland (24%) compared with 14% at a UK level. The impending introduction of the apprenticeship levy – cited by 5% of all employers expecting to

⁵² Around seven-in-ten of these employers that had previously decreased their apprentice numbers but expected to increase them over the next two years were small in size (fewer than 10 employees). However, the number of employers that had previously decreased their apprentice numbers but expected to increase them over the next two years is too low (70) to explore the characteristics of these employers in detail.

increase their apprentice numbers over the next two years – was almost exclusively offered as a reason by the largest establishments with 100+ employees (24%). Large employers being more likely to cite the influence of the apprenticeship levy is unsurprising given that these employers will be the ones most likely to have a payroll large enough (over £3 million) to qualify for paying the levy.

Figure 5.16 Reasons why establishments expect the number of apprentices they employ to increase / stay about the same / decrease over the next two years (unprompted)



Among the employers that were expecting the number of apprentices they employ to stay about the same over the next two years, the most common reason for this was that the employer was content with the numbers they currently employ (40%). Somewhat related to this, 19% mentioned that they were not looking to recruit new staff in general and 15% cited a lack of business growth to warrant increasing the number of apprentices they employ (15%). There were no standout differences by country, size or sector in the reasons why establishments expected their apprentice numbers to stay the same.

Among the establishments that were expecting to decrease their apprentice numbers over the next two years, the top two reasons for this expected decrease – a lack of need to replace apprentices due to all staff being fully skilled (40%) and an expected lack of recruitment activity (34%) – suggest that employers were expecting to be content with the

skills situation at their site over the next two years and, thus, would not replace apprentices as and when they complete their apprenticeship. The third and fourth most common reasons – a lack of demand for apprenticeships positions (20%) and being unable to afford to offer the same number of apprentice positions (19%) – suggest that these establishments would like to at least keep the same number of apprentices they employ but that structural reasons are preventing them from doing so. Note that the number of employers expecting a decrease in their apprentice numbers over the next two years is low (93 employers) which means that subgroup analysis is not possible.

Putting the market potential for apprenticeships into perspective

This section of the chapter attempts to put the future demand for apprenticeships into perspective by considering business population data alongside survey data on the proportions of establishments that intend to offer apprenticeships in the future. By doing this, one can have a better idea of which sectors there is greatest potential for growth in the *number* of establishments that offer apprenticeships (and, therefore, the greatest potential for growth in the numbers of apprentices employed).

As mentioned earlier in this chapter, employers stated intentions for offering apprenticeships do not necessarily materialise, at least not to their fullest extent. To take into account the fact that employers may not see through their intentions to start offering apprenticeships in future, the analysis presented in this section assumes that only those establishments that have plans to offer apprenticeships in the next 12 months will deliver on their intentions to start offering apprenticeships. This is on the assumption that in this short timescale, establishments will likely have started to actively plan for offering apprenticeships.

At an overall level, if the establishments which plan to start offering apprenticeships in the next 12 months do act on their plans, this would be around an extra 110,000 employers offering apprenticeships. The number of establishments that currently offer apprenticeships but plan to stop offering them in future (or are unsure whether they will continue to offer them) – and potentially a group who could be receptive to continue offering apprenticeships with the right communications – is 50,000 employers. There is, therefore, potential for a net increase of approximately 60,000 establishments offering apprenticeships in future (up from the current level of approximately 340,000 to 400,000), taking the proportion of all establishments offering apprenticeships to 21% (up from the current level of 18%).

Figure 5.17 illustrates the number of establishments in each sector that:

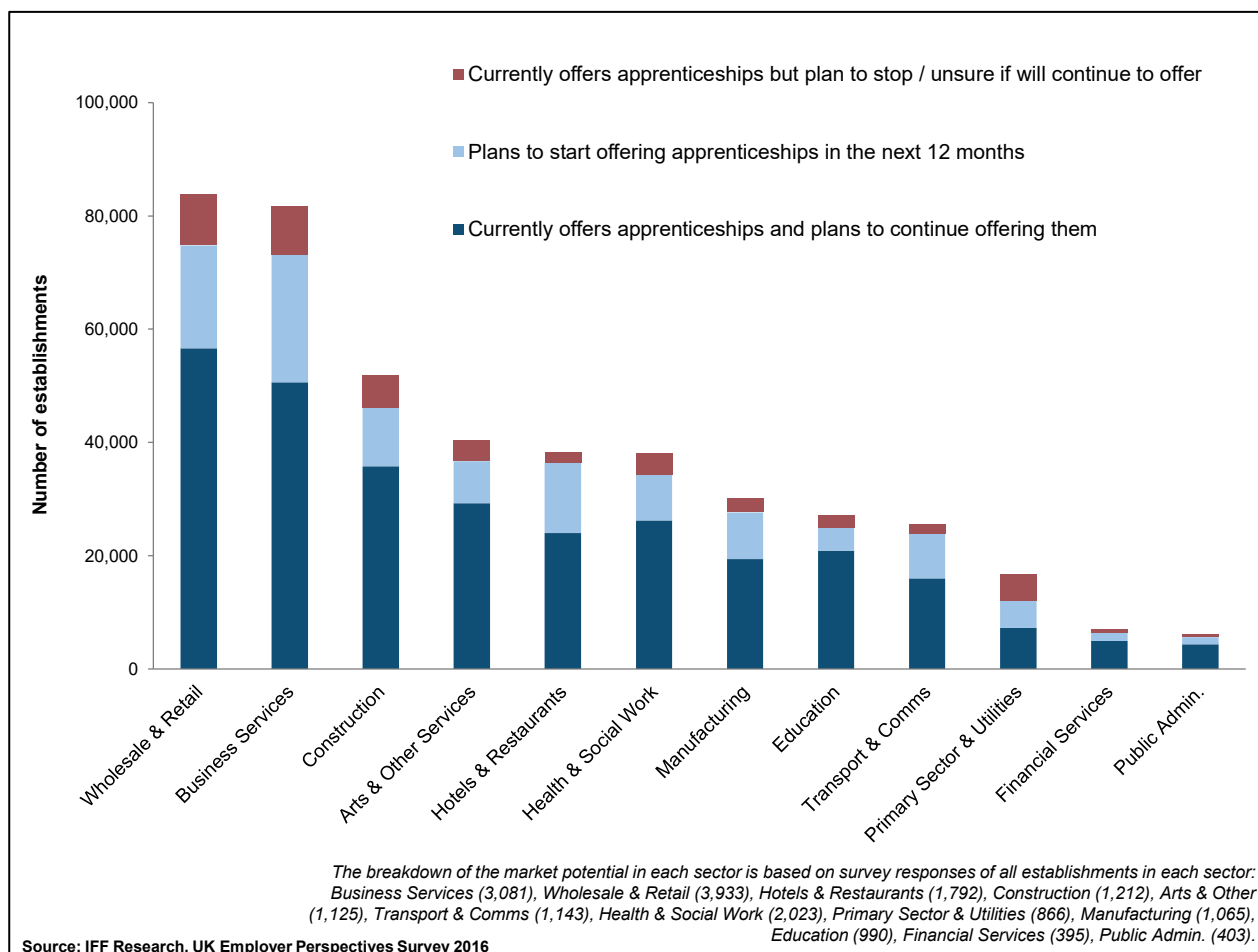
- currently offer apprenticeships and plan to continue doing so;
- currently offer apprenticeships but plan to discontinue offering them; and
- do not currently offer apprenticeships but plan to start offering them in the next 12 months.

This illustration allows one to understand that whilst the proportions of establishments within each sector that plan to start offering apprenticeships in the next 12 months is fairly similar across sectors (ranging from 4% in Primary Sector and Utilities to 8% in Manufacturing), the numbers of establishments that these percentages represent varies greatly. For instance, due to the sheer size of establishments in the Business Services sector, the 5% of establishments that plan to start offering apprenticeships in the next 12 months equates to approximately 23,000 establishments. In smaller sectors, such as Financial Services, the 4% of establishments that plan to start offering apprenticeships in the next 12 months equates to approximately 1,000 establishments.

When interpreting the data shown in Figure 5.17, one should also consider the size profile of establishments within each sector, as well as the number of the apprentices that employers take on. So whilst the potential for growth in the number of Public Administration employers intending to start offering apprenticeships is small relative to other sectors (approximately 1,000 Public Administration employers intend to start offering apprenticeships in the next 12 months), as discussed earlier in this chapter, employers in this sector tend to be large who tend to employ a greater number of apprentices.

A full breakdown of the data presented in Figure 5.17 is provided in Table A.5.11 in Appendix A.

Figure 5.17 Market potential for apprenticeships in terms of the numbers of establishments intending to continue, start or stop offering apprenticeships in future



Chapter conclusions

The study provides valuable evidence of the impact of apprenticeship policy with the proportion of UK employers offering apprenticeships rising steadily over time (from 13% in 2012 to 18% in 2016). The increase in engagement with apprenticeships over this time is evident in employers of all sizes and sectors; highlighting the relevance of apprenticeships to employers across the economy.

That said, in line with recent policy, the public sector appears to be “leading the way” in offering apprenticeships with the proportion of public sector employers offering apprenticeships increasing from 18% in 2014 to 28% in 2016.

This chapter provides insight into the reasons why employers choose to engage or not with apprenticeships; something which can be used to inform communications aimed at encouraging further increases in engagement. For instance, linked to business growth, among employers that were relatively new to offering apprenticeships the main reason

for taking up apprenticeships was that they viewed them as a good way to acquire new talent.

For policy objectives to be reached – such as the target of three million apprenticeships starts in England by 2020 – continued increases in employer engagement with apprenticeships is needed over the coming years. Encouragingly, nearly a third (30%) of UK establishments were planning to offer apprenticeships in the future, though this represents a decrease from 34% in 2014. Previous iterations of the EPS series would suggest, however, that these intentions do not necessarily materialise.

The study helps identify where there is greatest scope for increasing engagement with apprenticeships. For instance, employers in the Manufacturing, Education and Construction sectors who were not currently offering apprenticeships were more likely to have plans to offer apprenticeships in future compared to others. However, when considering the relative size of sectors, it is particularly encouraging that there is strong demand for apprenticeships among the two largest sectors in the UK: Wholesale and Retail and Business Services.

While the introduction of the apprenticeship levy was not a key focus for EPS, findings from the survey suggest that the prospect of the levy was already influencing the behaviour of large employers towards apprenticeships. For instance, among employers with at least 100 employees with plans to start offering apprenticeships in future, 12% spontaneously mentioned the levy as a reason. Results from the survey will provide a useful baseline to compare back to in future years given the introduction of the levy in April 2017.

6. Conclusions

The UK Employer Perspectives survey provides invaluable insight into the views of more than 18,000 UK employers on their use of and engagement with the skills system. The evidence base from the survey gives a wealth of information on employer motivations and behaviour on skills development to inform stakeholders' strategic and operational decision making who wish to understand employer motivations and behaviour in the area of skills development. The EPS survey complements the UK Employer Skills Survey (ESS) series which delivers full assessment UK workforce skills every two years.

The need for in-depth labour market intelligence is ever present. The findings from the EPS in 2016 take on renewed importance in the context of the Government in England setting itself the target of supporting three million new apprenticeship starts by 2020, the introduction of the new apprenticeship levy across the UK in 2017, and continued labour market challenges faced by UK employers such as problems filling vacancies because they are unable to find the right skills (Vivian et al., 2016).

In addition to the high level findings presented in this report, and in line with the Government's transparency and open data agenda, there is a wealth of further data available for more detailed analysis from the survey. Underpinning data tables and nation slide packs will be published alongside this report, and the micro data made available through the UK Data Archive.

The development of the 2016 questionnaire centred around a number of key questions of interest to Government policy makers and stakeholders. In this concluding section we bring together the findings to consider what we've learnt in relation to a number of these questions and the implications for those involved in helping employers improve their recruitment, training and people development.

How do you support the pipeline of talent into businesses and entry routes into employment?

While recruitment activity has recovered since the last recession, the UK economy still faces challenges – productivity continues to be lower than comparable European economies, and there are pockets of deep and persistent skills shortages. In this context, the EPS seeks to understand how effective current recruitment and entry routes into employment are, and the role of experience and vocational qualifications in supporting entry to work.

The findings from the survey show that despite deep and persistent skills shortage vacancies (Vivian et al., 2016) employers are limiting the number and range of recruitment channels they use to bring talent into their business. Word of mouth still dominates: the vast majority (79%) of employers who recruited someone (whether in

terms of general employment or the recruitment of young people in particular) used word of mouth or personal recommendations as a route to mine the potential labour market, and a considerable number (28%) relied exclusively on their internal resources and contacts. As well as limiting the range of potential applicants that employers have access to, this has the impact of restricting jobseekers' routes to employment. At the same time, if harnessed effectively, the internet offers an opportunity for employers both to leverage their network and to democratise access to their opportunities, all at relatively low cost.

While youth unemployment has decreased since the UK transitioned from recession to economic growth, findings from the survey suggests that this is caused more by an increase in the establishment population and general business growth, as opposed to a change in approach to how employers recruit young people.

Employers value work experience above qualifications (whether academic or vocational) as a means of gauging the quality and potential of new recruits. In this context, it is perhaps concerning that employers are increasingly critical of the preparedness for work of the education leavers they recruit. This does not necessarily translate to them offering work experience or other work placements to jobseekers, although a consistent two in five (38%) employers have done so. Developing forms of work experience and work inspiration that genuinely respond to employers' needs to develop and access experienced new recruits continues to offer potential as a step in improving individuals' entry to the labour market. Apprenticeships, of course, already offer a particular route for both young people and employers to acquire experience in a way which shares the investment cost.

How do you increase the take-up of apprenticeships?

Apprenticeship policy around the UK has undergone significant development in recent years with a range of new initiatives in place to encourage employer engagement – including the target of three million apprenticeship starts by 2020 in England, the introduction of the UK wide apprenticeship levy in April 2017, and a drive to raise quality by putting employers at the centre of setting standards for apprenticeships. EPS thus provides a timely assessment of employer engagement with, and attitudes towards, apprenticeships against which future research assessing the impact of the levy can be compared.

The survey has sought to add to our understanding around key questions for policy such as: how recent changes in strategy have influenced uptake and awareness of apprenticeships; Why do employers engage or not engage with apprenticeships? What is the market potential for apprenticeships? And how could resources be targeted to increase engagement?

In terms of how recent changes in strategy have increased uptake and awareness of apprenticeships, a positive picture emerges both in terms of the proportion of establishments offering apprenticeships and the number of apprentices that establishments are taking on. It is likely this reflects the increased policy focus on apprenticeships in recent years.

The proportion of UK employers offering apprenticeships has risen steadily over time, from 13% in 2012 to 18% in 2016, with a similar pattern found across all UK nations. There have been particularly large increases in some sectors with some close to doubling the proportion of employers in their sector offering apprenticeships (Public Administration, Education and the Primary Sector and Utilities), or indeed trebling (Financial Services) in the last four years.

More than a fifth (22%) of employers indicated that they had increased the number of apprentices they had taken on since they first started to offer apprenticeships, with an average of two apprentices employed in establishments with current apprentices. The survey will offer the opportunity to measure any future changes to this average number of apprentices.

Understanding why employers have chosen to engage or not with apprenticeships – as well as who currently engages, and the types of employer planning to offer apprenticeships in the future – offer the potential to effectively target resources to increase engagement.

Employers' reasons for having started to offer apprenticeships in the last three years fell into four broad categories: the desire to acquire new talent, a need to upskill or nurture the skills of existing staff, an altruistic dimension and financial reasons. The most common motivation, cited by half of employers who were relatively new to offering apprenticeships, was the means that apprenticeships offer to acquire new talent. Financial reasons were seen of less importance, cited by 12% of employers who were relatively new to offering apprenticeships. Perceived structural barriers were most likely to be among the reasons given for employers not offering apprenticeships, reasons here included not perceiving apprenticeships to be suitable for their size or sector, or having no need to recruit.

The new findings on reasons for engagement from this year's EPS could perhaps serve as a valuable communications tool for government to use with employers to both highlight the reasons for and benefits of having apprenticeships, as well as counter perceived barriers, to support increased engagement.

Despite positive increases over the last four years, in order for policy objectives to be reached, a greater level of employer engagement with apprenticeships is required. Overall, the survey found that nearly a third (30%) of UK establishments were planning to

offer apprenticeships in the future, though this represents a decrease from 34% in 2014. Previous iterations of the EPS series would suggest, however, that these intentions do not necessarily materialise.

The study helps identify where communication and resources might be best focussed, and where there is market potential to nudge employers into taking on apprenticeships. Employers in the Manufacturing, Education and Construction sectors who did not offer apprenticeships were more likely to have plans to offer apprenticeships in future compared to other sectors. However, when considering the size of sectors (i.e. the number of establishments operating in a given sector) there is the potentially the greatest scope to increase the number of apprenticeships in two of the largest sectors: Wholesale and Retail and Business Services. It is nevertheless important to consider the nature of sectors in terms of the typical size of employers as larger employers tend to employ more apprentices.

Potential to increase apprenticeship numbers also exists among establishments already offering apprenticeships, almost a third (30%) of these employers expected to increase the number of apprenticeships they offered over the next two years, with larger employers (with over 100+ employees) most likely.

While the levy was not a key focus for EPS, the results suggest the levy's potential to increase apprenticeship take up among larger employers looks promising. Among employers with 100+ employees, almost a quarter (24%) of those already with apprenticeships and anticipating to increase their numbers spontaneously mentioned the levy as a reason. Among large employers with 100+ employees who did not offer apprenticeships but who were intending to start offering them in future, 12% spontaneously mentioned the levy as a reason. These results will provide a useful baseline to compare back to in future years following the introduction of the levy in April 2017. Recent qualitative research examined how employers will respond to the apprenticeship levy (Gambin et al., 2016), and complements the high level picture that EPS provides.

How do you stimulate employer input into the design, delivery and content of skills initiatives?

For the first time this year a number of new questions were introduced to better understand employers' involvement in the design of various skills initiatives including external training, VQs and apprenticeships. The survey considers the extent of employer involvement in their design and barriers to engagement. The findings give us a measure of the extent of current collaboration and employer input into the skills system, and help us to understand when and why employers engage with the development of skills initiatives.

Among employers *not* currently inputting into the design of content for skills initiatives (external training, VQs and apprenticeships), the majority would not have wished to have done so. These findings bear consideration in the context of trying to stimulate employer input in design, in that from *an employer perspective* there is *not* large ‘unmet demand’ at the overall level.

Of those employers who had arranged external training, four in ten (42%) had had some involvement in designing its content, with the majority of these employers (31% of all employers who arranged external training) tailoring content to their needs. This leaves a large proportion of employers arranging external training who did not have any involvement in designing content. Among this group, eight in ten (81%) would not have wished to have done so. Similarly, among employers arranging training to VQs who were not involved in design, a large share (75%) did not want involvement. For apprenticeships, the proportion not wanting involvement was lower, around six in ten (63%) of employers who had not been involved in the design of external apprenticeship training would have liked to have been involved.

Among employers training to VQs who had not been involved in the design of content *and* did not want more involvement in design - these employers were more likely to agree that VQs already covered all the skills needed by their business. Therefore, when considering the question of how to stimulate employer input into the design of skills initiatives, effort may be best prioritised among those employers who, if barriers were removed, would want more input; or where the current offer (external training, VQs or apprenticeships) is not meeting the needs of employers.

Among those employers engaging in the design or tailoring of content, the level of involvement was higher for apprenticeships than for VQs, or external training more generally. Just over half (55%) of employers using an external training provider to deliver some of their apprenticeship training reported that they had some involvement in designing or tailoring the training content. This compares with 47% that had arranged training for their staff leading to a vocational qualification being involved in designing the training content and 42% of employers that had arranged external training in general for their staff that were involved in designing the training content.

The higher level of involvement of employers in designing the training content delivered to their apprentices suggests that perhaps employers offering apprenticeships were more engaged, or there is greater receptiveness among training providers to receive input from apprenticeship employers, suggesting there *may* be lessons to be learned from the apprenticeship model.

Where there is ‘unmet demand’ or willingness for involvement in the design and tailoring of content among employers, the EPS points towards the key barriers that employers face when engaging. The top two reasons (for external training, VQs and

apprenticeships) cited by employers wanting involvement in content design but who had not engaged, were uncooperative training providers, and not knowing about or not being given the opportunity to have involvement. Other reasons included not knowing who to approach, or employers not having the time to do so.

The barriers that employers face who are willing to engage in the design of content but have not also varies across sectors, suggesting that different responses may be required among different sub-groups of employers if engagement is to be further stimulated.

These findings have implications for policy makers considering how resources could be targeted to increase employer engagement in design and will be of value in the context of the new Technical and Further Education Bill (in England) which aims to put employers at the heart of designing technical education standards (both college-based as well as apprenticeships).

Final thoughts

The development of EPS 2016 sought to carefully balance the need to track change over time on some key measures, as well as develop to address key questions of interest to policy. The new questions on apprenticeships, in particular, have the potential to serve as a valuable baseline against which policy can be assessed in future years.

The insight provided by the survey can be used by government and stakeholders at the UK, national, regional and sectoral level to improve initiatives designed to help individuals find work, as well as improve initiatives that support business growth and development of the workforce, so they better meet the needs of employers. In addition to this report, the data from the survey is provided in a variety of formats, including data tables and slide packs, so users can explore the data for themselves and make full use of the findings. The survey also represents a valuable resource for identifying types of employers for further follow-up research and can help steer focus for more in-depth complementary studies.

In the current time of economic uncertainty, and at a time of substantial policy changes in relation to skills, there is a renewed need for good labour market information and intelligence. Long-term tracking surveys such as EPS and ESS series can serve as key tools for decision makers looking to understand changes in the skills challenges faced by employers and their responses to them in a new environment, helping identify issues and potential areas of support.

Finally, the UK still faces big challenges in terms of employers raising their ambition and demand for skills. A substantial minority (44%) were not looking for new opportunities, and only half (51%) of employers felt investing in management skills was a top priority. Given the link between management practices and productivity (Tamkin and Luanaigh 2016) this raises questions about the receptiveness of the UK's employers to rethinking

their strategic responses to ensuring they have the workforce they need to maximise their productivity and capabilities.

Appendix A: Supplementary tables

Chapter 1: Introduction

Table A.1.1 Unweighted base sizes for all establishments by country, size and sector (2012 – 2016)

	2012	2014	2016
UK	15,004	18,059	18,028
Country			
England	10,003	10,032	10,015
Northern Ireland	1,000	2,005	2,007
Scotland	2,000	4,015	4,009
Wales	2,001	2,007	1,997
Size			
2 to 4	3,373	4,223	4,297
5 to 9	3,415	4,284	4,290
10 to 24	3,326	4,068	4,312
25 to 49	1,904	2,497	2,337
50 to 99	1,178	1,337	1,250
100+	1808	1,650	1,542
Sector			
Primary Sector & Utilities	673	962	866
Manufacturing	1,166	1,213	1,065
Construction	1,033	1,465	1,212
Wholesale & Retail	3,075	3,580	3,933
Hotels & Restaurants	1,367	1,649	1,792
Transport & Comms	855	1,165	1,143
Financial Services	198	486	395
Business Services	2,444	2,613	3,081
Public Admin.	464	466	403
Education	901	1,122	990
Health & Social Work	1,686	2,110	2,023
Arts & Other	1,142	1,228	1,125

Table A.1.2 Unweighted base sizes for all establishments in England, size and sector (2012 – 2016)

	2012	2014	2016
England	10,003	10,032	10,015
Size			
2 to 4	2,253	2,317	2,261
5 to 9	2,264	2,332	2,353
10 to 24	2,209	2,248	2,461
25 to 49	1,230	1,336	1,339
50 to 99	786	740	670
100+	1,261	1,059	931
Sector			
Primary Sector & Utilities	367	440	375
Manufacturing	791	738	612
Construction	679	902	656
Wholesale & Retail	2,025	1,875	2,072
Hotels & Restaurants	922	854	991
Transport & Comms	622	711	712
Financial Services	136	313	220
Business Services	1,748	1,568	1,934
Public Admin.	309	214	209
Education	615	667	572
Health & Social Work	1005	1,070	1,066
Arts & Other	784	680	596

Table A.1.3 Unweighted base sizes for all establishments in Northern Ireland, size and sector (2012 – 2016)

	2012	2014	2016
Northern Ireland	1,000	2,005	2,007
Size			
2 to 4	221	524	521
5 to 9	230	488	483
10 to 24	224	452	475
25 to 49	130	260	245
50 to 99	89	155	151
100+	106	126	132
Sector			
Primary Sector & Utilities	55	96	120
Manufacturing	67	139	124
Construction	84	148	161
Wholesale & Retail	251	449	531
Hotels & Restaurants	57	173	131
Transport & Comms	43	116	96
Financial Services	12	56	46
Business Services	132	202	246
Public Admin.	40	68	34
Education	71	153	139
Health & Social Work	134	258	252
Arts & Other	54	147	127

Table A.1.4 Unweighted base sizes for all establishments in Scotland, size and sector (2012 – 2016)

	2012	2014	2016
Scotland	2,000	4,015	4,009
Size			
2 to 4	448	879	1,004
5 to 9	460	984	983
10 to 24	430	930	905
25 to 49	264	586	519
50 to 99	144	308	289
100+	254	328	309
Sector			
Primary Sector & Utilities	134	293	257
Manufacturing	147	202	187
Construction	133	263	252
Wholesale & Retail	403	825	847
Hotels & Restaurants	167	415	448
Transport & Comms	105	217	233
Financial Services	28	67	91
Business Services	308	613	669
Public Admin.	70	124	109
Education	106	186	172
Health & Social Work	248	543	463
Arts & Other	151	267	281

Table A.1.5 Unweighted base sizes for all establishments in Wales, size and sector (2012 – 2016)

	2012	2014	2016
Wales	2,001	2,007	1,997
Size			
2 to 4	451	503	511
5 to 9	461	480	471
10 to 24	463	438	471
25 to 49	280	315	234
50 to 99	159	134	140
100+	187	137	170
Sector			
Primary Sector & Utilities	117	133	114
Manufacturing	161	134	142
Construction	137	152	143
Wholesale & Retail	396	431	483
Hotels & Restaurants	221	207	222
Transport & Comms	85	121	102
Financial Services	22	50	38
Business Services	256	230	232
Public Admin.	45	60	51
Education	109	116	107
Health & Social Work	299	239	242
Arts & Other	153	134	121

Chapter 2: Characteristics

Table A.2.1 Size profile of UK sector population

	Size						
	%	2-4	5-9	10-24	25-49	50-99	100+
<i>Row percentages</i>							
Sector							
Primary Sector & Utilities	%	76	15	6	2	1	1
Manufacturing	%	43	22	18	8	5	4
Construction	%	70	17	9	2	1	1
Wholesale & Retail	%	47	28	17	5	2	1
Hotels & Restaurants	%	39	28	23	8	2	1
Transport & Comms	%	60	17	12	5	3	3
Financial Services	%	43	27	19	5	3	4
Business Services	%	64	18	11	3	2	2
Public Admin.	%	22	16	22	14	10	15
Education	%	21	15	20	20	14	9
Health & Social Work	%	29	23	27	12	6	3
Arts & Other Services	%	57	25	12	3	2	1

Table A.2.2 Employer attitudes and priorities by country, size and sector

Row percentages	Unwtd Base (2016)	The ability of our staff to do their job effectively is more important than them having formal qualifications		We are happy to pay towards staff training and development		Keeping our staff happy is equally as important as organisation performance		Investing in management and leadership skills is a top priority for the business		We are always looking for new ventures, developments or opportunities	
		Agree %	Disagree %	Agree %	Disagree %	Agree %	Disagree %	Agree %	Disagree %	Agree %	Disagree %
UK	18,028	83	5	63	13	86	3	51	21	56	18
Country											
England	10,015	83	5	63	13	86	3	52	21	56	18
Northern Ireland	2,007	82	5	61	14	83	4	54	18	56	17
Scotland	4,009	82	6	66	11	86	3	52	20	55	19
Wales	1,997	82	6	58	14	85	3	49	22	55	19
Size											
2 to 4	4,297	84	5	57	16	85	4	42	27	51	23
5 to 9	4,290	84	5	64	12	88	3	53	19	55	17
10 to 24	4,312	82	5	74	8	88	2	66	10	64	12
25 to 49	2,337	78	6	79	6	87	2	72	7	68	9
50 to 99	1,250	76	6	79	4	83	4	74	5	68	7
100+	1,542	73	6	81	4	84	3	80	6	72	7
Sector											
Primary etc.	866	82	5	56	16	78	7	39	30	46	26
Manufacturing	1,065	87	3	60	14	83	3	44	24	57	17
Construction	1,212	85	4	65	11	84	3	43	25	56	18
Wholesale & Retail	3,933	84	4	55	18	86	4	51	21	53	18
Hotels & Restaurants	1,792	85	4	56	15	90	2	57	20	51	24
Transport & Comms	1,143	86	4	65	13	88	3	46	24	61	16
Financial Services	395	81	5	80	9	86	3	53	17	54	20
Business Services	3,081	83	5	68	10	86	3	52	20	59	18
Public Admin.	403	78	3	78	4	77	6	66	8	47	22
Education	990	63	12	81	6	89	2	76	7	69	8
Health & Social	2,023	76	7	71	10	88	4	67	10	61	15
Arts & Other	1,125	83	6	62	14	87	2	49	22	55	20

Base: all establishments

Chapter 3: Entry to work

Table A.3.1 Proportion of establishments who had any vacancies for full or part-time staff and whether they successfully recruited in the last 12 months

Row percentages		2014			2016	
		Had vacancies	Successfully recruited		Had vacancies	Successfully recruited
	Base (unwtd):	%	%	Base (unwtd):	%	%
UK	18,059	49	46	18,028	52	48
Country						
England	10,032	50	46	10,015	53	49
Northern Ireland	2,005	38	35	2,007	44	40
Scotland	4,015	48	44	4,009	49	46
Wales	2,007	46	42	1,997	49	44
Size						
2 to 4	4,223	28	24	4,297	32	27
5 to 9	4,284	57	53	4,290	62	58
10 to 24	4,068	78	74	4,312	81	78
25 to 49	2,497	89	87	2,337	91	90
50 to 99	1,337	93	92	1,250	95	94
100+	1,650	97	96	1,542	97	96
Sector						
Primary Sector & Utilities	962	24	22	866	32	30
Manufacturing	1,213	47	43	1,065	50	44
Construction	1,465	32	28	1,212	39	34
Wholesale & Retail	3,580	52	48	3,933	54	50
Hotels & Restaurants	1,649	63	58	1,792	65	62
Transport & Comms	1,165	46	43	1,143	46	42
Financial Services	486	48	45	395	49	43
Business Services	2,613	48	43	3,081	49	44
Public Admin.	466	67	63	403	73	66
Education	1,122	71	66	990	74	70
Health & Social Work	2,110	67	63	2,023	69	65
Arts & Other	1,228	48	43	1,125	55	48

Base: all establishments

Table A.3.2 Proportion of recruiting establishments who used the following broad recruitment channels

<i>Row percentages</i>	<i>Unwtd Base:</i>		Relied on word of mouth or personal recommendations	Placed adverts on your own website using internal resources	Placed adverts on social media using internal resources	Used some other form of paid-for recruitment service, including the press	Used a government recruitment service or scheme	Used school, college or university job fairs or careers services	Paid someone to place adverts on your website or social media on your behalf	SINGLE CHANNEL
UK	12,151	%	79	54	46	44	38	19	10	18
Country										
England	7,022	%	80	54	46	44	37	19	10	18
Northern Ireland	1,204	%	62	47	39	46	55	18	9	22
Scotland	2,605	%	77	55	47	40	38	20	9	18
Wales	1,320	%	81	51	47	32	44	16	6	20
Size										
2 to 4	1,310	%	79	41	41	34	31	15	7	26
5 to 9	2,608	%	79	48	45	39	33	16	10	21
10 to 24	3,451	%	79	62	50	48	41	19	11	13
25 to 49	2,122	%	79	67	47	56	49	25	14	10
50 to 99	1,171	%	79	78	50	65	55	34	15	7
100+	1,489	%	79	89	63	73	60	51	20	4
Sector										
Primary Sector & Utilities	405	%	84	29	29	48	27	16	10	24
Manufacturing	713	%	78	42	41	51	40	19	9	21
Construction	668	%	85	29	30	40	36	14	7	28
Wholesale & Retail	2,529	%	79	55	39	29	37	14	7	21
Hotels & Restaurants	1,467	%	88	56	62	29	35	17	14	18
Transport & Comms	741	%	77	55	47	59	33	20	8	18
Financial Services	231	%	80	52	34	53	28	22	8	20
Business Services	1,961	%	80	53	50	51	35	23	10	17
Public Admin.	312	%	49	86	56	52	51	28	13	9
Education	796	%	64	64	37	57	52	25	11	14
Health & Social Work	1,611	%	76	66	48	56	52	24	14	9
Arts & Other	717	%	76	60	58	42	36	20	9	18

Base: all establishments with vacancies

Table A.3.3 Proportion of establishments who used specific services or initiatives to recruit staff in the last 12 months

Column percentages	UK	England	Northern Ireland	Scotland	Wales
	18,028 %	10,015 %	2,007 %	4,009 %	1,997 %
EN/WL/SC: Jobcentre Plus's recruitment services	11	11	n/a	11	12
EN: Find an Apprenticeship	5	6	n/a	n/a	n/a
EN/WL/SC: Universal Jobmatch service	5	5	n/a	4	6
EN: National Careers Service	1	1	n/a	n/a	n/a
EN/WL/SC: Youth Contract	1	1	n/a	1	1
EN: Social Mobility Business Compact	*	*	n/a	n/a	n/a
Graduate Talent Pool	1	1	1	1	1
NI: Jobcentre's recruitment services	*	n/a	17	n/a	n/a
NI: Steps to Success	*	n/a	3	n/a	n/a
NI: Youth Employment Scheme	*	n/a	2	n/a	n/a
NI: Training for Success	*	n/a	2	n/a	n/a
NI: Bridge to Employment	*	n/a	1	n/a	n/a
NI: Employers Online	*	n/a	5	n/a	n/a
SC: Training for Work	*	n/a	n/a	2	n/a
SC: Employer Recruitment Incentive	*	n/a	n/a	1	n/a
SC: Get Ready for Work	*	n/a	n/a	1	n/a
SC: Arts and Other Services Jobs Fund	*	n/a	n/a	1	n/a
SC: Employability Fund	*	n/a	n/a	1	n/a
WL: Jobs Growth Wales	*	n/a	n/a	n/a	7
WL: Apprenticeship Matching Service	*	n/a	n/a	n/a	1
WL: Young Recruits Programme	*	n/a	n/a	n/a	1
WL: ReAct, Redundancy Action Scheme	*	n/a	n/a	n/a	1
ANY RECRUITMENT SERVICE / INITIATIVE MENTIONED	17	17	20	15	20

Base: all establishments

*** denotes a figure larger than zero but smaller than 0.5; 'n/a' denotes a source not available in that country*

Table A.3.4 Proportion of establishments who recruited an older worker (aged over 50) in the last 12 months (2014 comparison)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		RECRUITED OLDER WORKER	
				2014	2016
UK	10,946	11,501	%	29	31
Country					
England	6,328	6,664	%	29	31
Northern Ireland	1,014	1,131	%	22	25
Scotland	2,440	2,470	%	31	31
Wales	1,164	1,236	%	27	29
Size					
2 to 4	974	1,076	%	21	23
5 to 9	2,140	2,419	%	21	23
10 to 24	2,902	3,300	%	27	31
25 to 49	2,119	2,082	%	39	44
50 to 99	1,230	1,156	%	54	57
100+	1,581	1,468	%	71	72
Sector					
Primary Sector & Utilities	312	379	%	19	24
Manufacturing	760	666	%	35	40
Construction	590	613	%	29	30
Wholesale & Retail	2,123	2,398	%	25	30
Hotels & Restaurants	1,249	1,429	%	22	21
Transport & Comms	672	703	%	34	28
Financial Services	249	216	%	21	24
Business Services	1,550	1,843	%	26	27
Public Admin.	323	290	%	52	53
Education	870	764	%	38	37
Health & Social Work	1,571	1,541	%	41	51
Arts & Other	677	659	%	29	29

Base: all establishments who had recruited in the past year

Table A.3.5 Proportion of establishments who recruited young people in the last 12 months (2014 comparison)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Recruited anyone aged 16-18		Recruited anyone aged 19-24		RECRUITED YOUNG PEOPLE	
				2014	2016	2014	2016	2014	2016
UK	10,946	11,501	%	25	25	57	57	66	66
Country									
England	6,328	6,664	%	25	25	57	57	66	66
Northern Ireland	1,014	1,131	%	22	22	56	57	63	63
Scotland	2,440	2,470	%	26	27	57	56	66	64
Wales	1,164	1,236	%	24	25	58	60	66	68
Size									
2 to 4	974	1,076	%	17	16	41	43	51	53
5 to 9	2,140	2,419	%	23	23	50	52	61	62
10 to 24	2,902	3,300	%	27	27	65	64	72	71
25 to 49	2,119	2,082	%	33	35	73	74	80	79
50 to 99	1,230	1,156	%	33	34	79	81	83	85
100+	1,581	1,468	%	44	42	86	88	89	90
Sector									
Primary Sector & Utilities	312	379	%	23	15	47	47	59	55
Manufacturing	760	666	%	26	24	54	53	64	64
Construction	590	613	%	25	19	47	50	59	57
Wholesale & Retail	2,123	2,398	%	33	33	57	59	68	71
Hotels & Restaurants	1,249	1,429	%	37	45	77	76	84	86
Transport & Comms	672	703	%	18	14	49	54	58	58
Financial Services	249	216	%	19	13	65	58	68	61
Business Services	1,550	1,843	%	18	16	54	54	62	61
Public Admin.	323	290	%	19	16	54	51	57	55
Education	870	764	%	20	22	66	63	70	69
Health & Social Work	1,571	1,541	%	16	14	53	56	56	59
Arts & Other	677	659	%	24	29	54	49	64	61

Base: all establishments who had recruited in the past year

Table A.3.6 Proportion of establishments who have recruited young people to a specific job role

<i>Row percentages</i>	<i>Unwtd Base:</i>		Managers	Professionals	Associate professionals	Administrative / clerical staff	Skilled trades occupations	Caring, Leisure and Other Services	Sales and customer services staff	Machine operatives	Elementary staff
UK	8,302	%	2	6	8	13	10	12	23	3	20
Country											
England	4,869	%	2	6	9	13	10	12	22	3	20
Northern Ireland	788	%	1	8	6	8	9	13	26	6	19
Scotland	1,738	%	2	6	6	11	9	13	22	3	24
Wales	907	%	2	6	7	9	11	12	23	3	25
Size											
2 to 4	565	%	4	4	12	15	15	7	19	3	18
5 to 9	1,471	%	2	6	7	12	9	9	28	2	23
10 to 24	2,331	%	2	6	7	11	7	14	27	2	22
25 to 49	1,633	%	1	8	6	12	8	20	17	3	22
50 to 99	979	%	1	13	8	13	6	20	15	5	16
100+	1,323	%	1	10	9	17	6	14	15	5	13
Sector											
Primary Sector & Utilities	238	%	2	5	6	9	16	3	2	20	34
Manufacturing	484	%	1	8	7	13	18	*	13	20	16
Construction	413	%	3	6	5	12	51	*	2	2	17
Wholesale & Retail	1,832	%	2	1	3	5	10	1	64	2	9
Hotels & Restaurants	1,299	%	2	*	1	2	6	1	14	*	73
Transport & Comms	456	%	2	16	24	12	7	1	20	4	10
Financial Services	149	%	1	1	20	39	1	2	30	0	0
Business Services	1,237	%	2	13	21	31	6	3	10	1	9
Public Admin.	185	%	1	3	25	36	7	14	1	*	5
Education	542	%	2	25	3	8	3	50	4	0	2
Health & Social Work	1,026	%	2	8	4	12	1	62	5	1	4
Arts & Other	441	%	2	1	4	11	5	43	14	*	17

Base: all establishments who have recruited young people

“*” denotes a figure larger than zero but smaller than 0.5

Table A.3.7a Whether recruited anyone to their first job on leaving school, college or university in the last 2-3 years by sector, in England, Northern Ireland and Wales (2014 comparison)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Any school leaver		College leaver		HEI leaver		ANY EDUCATION LEAVER	
				2014	2016	2014	2016	2014	2016	2014	2016
UK	14,044	14,019	%	16	17	11	12	14	14	31	31
Sector											
Primary Sector & Utilities	669	609	%	13	14	8	9	5	6	23	25
Manufacturing	1,011	878	%	18	16	11	9	9	10	27	27
Construction	1,202	960	%	14	19	9	10	4	6	23	28
Wholesale & Retail	2,755	3,086	%	20	22	13	15	11	12	31	33
Hotels & Restaurants	1,234	1,344	%	25	24	17	17	15	17	36	36
Transport & Comms	948	910	%	11	11	8	10	15	18	28	28
Financial Services	419	304	%	14	6	12	10	23	16	36	24
Business Services	2,000	2,412	%	12	12	8	8	19	17	32	29
Public Admin.	342	294	%	13	15	13	12	23	16	32	27
Education	936	818	%	19	18	21	20	39	34	55	51
Health & Social Work	1,567	1,560	%	14	13	13	13	17	16	32	30
Arts & Other	961	844	%	18	21	12	14	13	13	32	35

Base: all establishments in England, Northern Ireland and Wales

Table A.3.7b Whether recruited anyone to their first job on leaving school, college or university in the last 2-3 years by sector, in Scotland (2014 comparison)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Secondary school leaver		FE College leaver		HEI leaver		ANY EDUCATION LEAVER	
				2014	2016	2014	2016	2014	2016	2014	2016
UK	4,015	4,009	%	19	19	11	11	13	14	32	32
Sector											
Primary Sector & Utilities	293	257	%	13	16	9	6	5	6	23	27
Manufacturing	202	187	%	25	22	10	12	10	16	35	37
Construction	263	252	%	23	23	7	8	2	4	27	32
Wholesale & Retail	825	847	%	24	26	11	13	11	10	33	35
Hotels & Restaurants	415	448	%	25	27	16	15	15	18	35	35
Transport & Comms	217	233	%	16	13	12	8	17	14	38	29
Financial Services	67	91	%	17	9	9	5	13	9	25	15
Business Services	613	669	%	11	11	6	7	14	20	25	29
Public Admin.	124	109	%	18	23	14	13	21	22	32	36
Education	186	172	%	21	24	17	29	31	24	52	50
Health & Social Work	543	463	%	17	15	21	15	19	16	38	32
Arts & Other	267	281	%	22	16	14	13	12	14	33	34

Base: all establishments in Scotland

Table A.3.8a Proportion of poorly prepared education leavers in England, NI and Wales who lack specific skills

Column percentages	16-year-old school leavers	17-18 year-olds recruited to their first job from school	17-18 year-olds recruited to their first job from college	University or higher education leavers
	1,827	2,630	2,558	3,147
	%	%	%	%
Lack of working world / life experience or maturity	25	21	16	8
Poor attitude / personality or lack of motivation	24	22	15	6
Lack required skills or competencies	12	12	8	6
Lack of common sense	8	6	4	2
Literacy / numeracy skills	4	3	2	*
Poor education	2	1	1	1

Base: all establishments in England, NI and Wales who have recruited each type of education leaver

** denotes a figure larger than zero but smaller than 0.5

Table A.3.8b Proportion of poorly prepared education leavers in Scotland who lack specific skills

Column percentages	Scottish Secondary school leavers	Scottish FE College leavers	Scottish University leavers
	1,052	707	827
	%	%	%
Lack of working world / life experience or maturity	17	9	7
Poor attitude / personality or lack of motivation	15	6	4
Lack required skills or competencies	9	5	5
Lack of common sense	4	1	3
Literacy / numeracy skills	3	1	1
Poor education	1	1	1

Base: all establishments in Scotland who have recruited each type of education leaver

Table A.3.9 Proportion of establishments offering specific types of work experience placements in the last 12 months

Row percentages	Unwtd Base:		Placements for people at school	Placements for people at college	Placements for people at university	Work trials for potential new recruits	Placements targeted at giving work experience to the unemployed	Internships, either paid or unpaid	ANY TYPE OF WORK PLACEMENT
UK	18,028	%	20	12	11	11	5	6	38
Country									
England	10,015	%	20	13	11	11	5	6	38
Northern Ireland	2,007	%	31	20	15	7	9	7	48
Scotland	4,009	%	21	10	13	9	7	7	39
Wales	1,997	%	20	13	11	10	7	7	39
Size									
2 to 4	4,297	%	15	9	6	7	4	4	28
5 to 9	4,290	%	20	12	11	12	5	6	40
10 to 24	4,312	%	25	17	17	15	7	8	51
25 to 49	2,337	%	35	24	23	19	8	12	62
50 to 99	1,250	%	44	33	34	18	12	17	72
100+	1,542	%	52	37	43	16	16	30	77
Sector									
Primary Sector & Utilities	866	%	17	9	8	9	3	5	33
Manufacturing	1,065	%	19	9	8	8	3	6	32
Construction	1,212	%	11	5	2	9	2	2	23
Wholesale & Retail	3,933	%	21	9	6	9	6	4	35
Hotels & Restaurants	1,792	%	13	10	7	22	7	4	38
Transport & Comms	1,143	%	17	10	11	8	3	9	32
Financial Services	395	%	19	9	12	5	2	13	35
Business Services	3,081	%	19	11	13	8	3	8	36
Public Admin.	403	%	27	17	17	7	9	11	46
Education	990	%	57	50	46	15	10	12	78
Health & Social Work	2,023	%	29	27	24	13	16	8	60
Arts & Other	1,125	%	28	19	13	13	8	9	49

Base: all establishments

Table A.3.10 Proportion of establishments offering specific work experience placements in the last 12 months (2014 comparison)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Any internships		Any broad adult work placements		Any education placements		Any type of work placement	
				2014	2016	2014	2016	2014	2016	2014	2016
UK	18,059	18,028	%	7	7	14	15	30	30	38	38
Country											
England	10,032	10,015	%	7	7	13	15	29	29	38	38
Northern Ireland	2,005	2,007	%	8	7	21	16	40	41	48	48
Scotland	4,015	4,009	%	6	7	16	15	28	30	37	39
Wales	2,007	1,997	%	4	8	17	15	31	29	39	39
Size											
2 to 4	4,223	4,297	%	4	4	10	11	21	22	28	28
5 to 9	4,284	4,290	%	7	7	14	16	29	30	40	40
10 to 24	4,068	4,312	%	8	9	19	21	38	39	49	51
25 to 49	2,497	2,337	%	13	12	24	25	51	49	63	62
50 to 99	1,337	1,250	%	16	18	25	25	60	63	70	72
100+	1,650	1,542	%	28	31	26	26	72	70	79	77
Sector 12											
Primary Sector & Utilities	962	866	%	3	5	6	11	23	25	27	33
Manufacturing	1,213	1,065	%	4	6	10	10	19	25	26	32
Construction	1,465	1,212	%	2	2	8	11	14	15	21	23
Wholesale & Retail	3,580	3,933	%	5	4	14	14	26	27	35	35
Hotels & Restaurants	1,649	1,792	%	4	5	23	25	20	22	38	38
Transport & Comms	1,165	1,143	%	8	9	12	10	28	26	36	32
Financial Services	486	395	%	8	13	6	6	27	27	31	35
Business Services	2,613	3,081	%	10	8	10	11	30	29	38	36
Public Admin.	466	403	%	11	11	19	15	44	37	53	46
Education	1,122	990	%	15	13	25	24	76	74	80	78
Health & Social Work	2,110	2,023	%	10	9	23	27	50	49	61	60
Arts & Other	1,228	1,125	%	8	9	18	21	39	40	48	49

Base: all establishments

Table A.3.11a Proportion of employers who have taken on individuals into a permanent or long-term paid role following their placement in the last 12 months

<i>Column percentages</i>	%	Placements for people at school	Placements for people at college	Placements for people at university	Work trials for potential new recruits	Placements targeted at giving work experience to the unemployed	Internships, either paid or unpaid
UK	%	11	18	21	59	29	25
Country							
England	%	11	17	22	60	30	26
Northern Ireland	%	10	15	14	54	18	20
Scotland	%	11	21	21	58	28	20
Wales	%	14	20	21	53	27	18
Size							
2 to 4	%	6	10	9	45	20	20
5 to 9	%	11	19	21	60	29	24
10 to 24	%	13	22	25	71	33	29
25 to 49	%	16	22	26	78	48	27
50 to 99	%	18	24	33	64	46	31
100+	%	20	31	43	63	46	31
Sector 12							
Primary Sector & Utilities	%	11	23	10	55	16	13
Manufacturing	%	6	18	20	62	25	20
Construction	%	9	27	31	47	35	32
Wholesale & Retail	%	11	20	27	61	39	29
Hotels & Restaurants	%	24	26	27	67	43	32
Transport & Comms	%	8	11	25	54	31	36
Financial Services	%	6	14	15	**	**	22
Business Services	%	9	15	23	56	23	28
Public Admin.	%	9	10	25	54	23	16
Education	%	10	19	24	56	23	18
Health & Social Work	%	9	20	20	60	24	22
Arts & Other	%	13	11	8	59	20	15

Base: all establishments with placements within each type of placement by country, size, sector and organisation type

** denotes a base size of less than 25

Figures in italics denote a base size between 25 and 49

Table A.3.11b Unweighted base sizes for previous table (A.3.11a)

	Placements for people at school	Placements for people at college	Placements for people at university	Work trials for potential new recruits	Placements targeted at giving work experience to the unemployed	Internships, either paid or unpaid
UK	5,006	3,265	3,170	2,285	1,460	1,787
Country						
England	2,653	1,777	1,703	1,384	688	977
Northern Ireland	769	541	432	168	211	217
Scotland	1,045	589	710	471	379	401
Wales	539	358	325	262	182	192
Size						
2 to 4	704	373	284	291	213	178
5 to 9	911	532	506	452	250	281
10 to 24	1,167	782	753	654	339	361
25 to 49	850	570	545	436	207	292
50 to 99	554	422	396	205	168	203
100+	820	586	686	247	283	472
Sector						
Primary Sector & Utilities	176	99	103	72	43	69
Manufacturing	301	166	170	125	54	116
Construction	220	120	85	145	77	48
Wholesale & Retail	927	409	317	427	328	206
Hotels & Restaurants	348	251	161	529	163	135
Transport & Comms	290	141	200	110	53	161
Financial Services	100	53	66	17	9	61
Business Services	844	481	661	282	147	430
Public Admin.	145	91	105	31	49	71
Education	612	531	519	149	114	159
Health & Social Work	678	682	603	259	299	207
Arts & Other	365	241	180	139	124	124

Table A.3.12 Bases showing unweighted numbers of establishments offering grouped work placements in last 12 months

	Any Education Placements	Any Broad Adult Placements	Any internships	All work placements
UK	7,128	3,416	1,858	8,838
Country				
England	3,859	1,880	1,015	4,847
Northern Ireland	1,001	364	218	1,131
Scotland	1,525	764	421	1,902
Wales	743	408	204	958
Size				
2 to 4	990	492	188	1,283
5 to 9	1,356	656	290	1,751
10 to 24	1,744	923	377	2,260
25 to 49	1,190	585	305	1,471
50 to 99	767	326	211	875
100+	1,081	434	487	1,198
Sector				
Primary Sector & Utilities	264	104	73	335
Manufacturing	403	163	120	496
Construction	311	189	52	419
Wholesale & Retail	1,196	695	218	1,578
Hotels & Restaurants	514	600	142	881
Transport & Comms	414	146	164	500
Financial Services	137	24	64	164
Business Services	1,245	391	438	1,465
Public Admin.	188	74	73	221
Education	796	256	168	836
Health & Social Work	1,146	509	220	1,326
Arts & Other	514	265	126	617

Table A.3.13 Most common reasons for offering work placements in the last 12 months

<i>Row percentages</i>	Unwt'd base	%	Gives them experience	Helps us with recruitment/use it as a trial period	Doing our bit/uphold relations with local	Approached by student or educational institution	Part of formal Social responsibility policy	Help with the workload
UK	8,838	%	51	29	29	8	7	6
Country								
England	4,847	%	51	29	29	7	7	6
Northern Ireland	1,131	%	54	23	24	11	7	6
Scotland	1,902	%	54	27	28	8	7	4
Wales	958	%	52	27	26	9	8	5
Size								
2 to 4	1,283	%	50	27	31	8	6	8
5 to 9	1,751	%	50	30	29	8	8	4
10 to 24	2,260	%	52	30	26	7	8	5
25 to 49	1,471	%	53	31	25	6	9	3
50 to 99	875	%	52	25	28	6	10	3
100+	1,198	%	55	30	28	6	12	3
Sector								
Primary Sector & Utilities	335	%	40	24	26	14	2	5
Manufacturing	496	%	41	30	23	7	7	3
Construction	419	%	43	39	20	8	5	5
Wholesale & Retail	1,578	%	50	28	31	8	8	5
Hotels & Restaurants	881	%	43	43	23	7	6	4
Transport & Comms	500	%	47	32	29	11	7	5
Financial Services	164	%	40	25	27	5	4	4
Business Services	1,465	%	51	26	28	6	7	7
Public Admin.	221	%	60	14	36	5	17	7
Education	836	%	65	21	31	6	8	4
Health & Social Work	1,326	%	62	25	33	5	10	9
Arts & Other	617	%	57	28	32	9	8	7

Base: all establishments offering work placements in the last 12 months

Table A.3.14 Most common reasons for engaging in work inspiration activities in the last 12 months

<i>Row percentages</i>	Unwt'd base	%	Doing our bit/uphold relations with local	Gives them experience	Raises our profile in the recruitment market	Part of formal Social responsibility policy	Help us with recruitment/use it as a trial period	Approached by student or educational institution
UK	2,872	%	46	31	26	13	7	7
Country								
England	1489	%	45	32	25	13	7	7
Northern Ireland	371	%	47	28	25	13	5	9
Scotland	722	%	49	34	27	17	6	7
Wales	290	%	51	29	29	15	6	4
Size								
2 to 4	311	%	50	32	17	12	4	10
5 to 9	423	%	46	33	24	15	7	5
10 to 24	621	%	40	30	29	12	9	6
25 to 49	486	%	45	30	32	11	11	4
50 to 99	348	%	42	31	36	18	9	4
100+	683	%	47	32	46	17	7	1
Sector								
Primary Sector & Utilities	123	%	40	30	16	13	4	26
Manufacturing	161	%	52	17	34	12	6	7
Construction	116	%	60	28	15	16	6	8
Wholesale & Retail	356	%	43	32	22	10	8	5
Hotels & Restaurants	204	%	45	38	35	6	9	10
Transport & Comms	183	%	48	24	22	13	7	11
Financial Services	66	%	51	15	16	14	2	7
Business Services	556	%	50	29	27	16	8	7
Public Admin.	163	%	54	27	28	26	6	3
Education	334	%	41	40	22	14	8	2
Health & Social Work	407	%	42	42	31	12	7	3
Arts & Other	203	%	38	35	31	11	4	2

Base: all establishments engaging in work inspiration activities in the last 12 months

Table A.3.15 Most common reasons for not offering work-related experiences in the last 12 months

<i>Row percentages</i>	Unwt'd base	%	We have no suitable roles	Do not have the time/resource to manage it	No one has approached us	They are not suitable due to the size of the establishment	Recruitment freeze	Does not offer us any business benefits
UK	8,512	%	36	22	12	11	9	6
Country								
England	4,825	%	36	22	12	12	9	6
Northern Ireland	808	%	37	18	14	9	10	8
Scotland	1,918	%	35	22	15	11	9	5
Wales	961	%	34	19	17	8	7	6
Size								
2 to 4	2,882	%	39	23	12	14	11	7
5 to 9	2,412	%	33	22	13	9	8	5
10 to 24	1,858	%	30	18	15	5	4	5
25 to 49	775	%	26	17	16	3	4	5
50 to 99	325	%	25	14	10	3	5	3
100+	260	%	24	16	13	2	3	4
Sector 12								
Primary Sector & Utilities	499	%	45	22	10	8	13	7
Manufacturing	531	%	39	24	13	11	8	6
Construction	762	%	40	27	10	11	10	6
Wholesale & Retail	2,245	%	29	19	13	10	8	7
Hotels & Restaurants	872	%	35	14	16	15	10	6
Transport & Comms	594	%	39	24	10	13	10	5
Financial Services	209	%	43	21	15	15	7	5
Business Services	1,493	%	37	28	10	13	9	7
Public Admin.	123	%	35	30	9	13	4	3
Education	110	%	35	27	6	9	6	8
Health & Social Work	612	%	34	15	14	8	4	5
Arts & Other	462	%	35	15	20	6	12	6

Base: all establishments offering no work-related experiences in the last 12 months

Table A.3.16 Awareness and use of traineeships

Row percentages	England				Wales			
	Unwt'd Base		Aware or traineeships	Had someone undertake a traineeship	Unwt'd Base		Aware or traineeships	Had someone undertake a traineeship
Overall	10,015	%	48	1	1,997	%	49	1
Size								
2 to 4	2,261	%	49	*	511	%	48	1
5 to 9	2,353	%	47	1	471	%	49	1
10 to 24	2,461	%	47	1	471	%	51	2
25 to 49	1,339	%	46	3	234	%	47	2
50 to 99	670	%	51	3	140	%	46	2
100+	931	%	55	4	170	%	52	3
Sector								
Primary Sector & Utilities	375	%	45	*	114	%	50	1
Manufacturing	612	%	45	1	142	%	42	1
Construction	656	%	51	*	143	%	42	1
Wholesale & Retail	2,072	%	45	1	483	%	46	2
Hotels & Restaurants	991	%	47	1	222	%	40	*
Transport & Comms	712	%	46	*	102	%	52	*
Financial Services	220	%	51	*	38	%	45	*
Business Services	1,934	%	47	*	232	%	54	1
Public Admin.	209	%	51	2	51	%	59	*
Education	572	%	59	2	107	%	55	3
Health & Social Work	1,066	%	56	3	242	%	57	3
Arts & Other	596	%	53	1	121	%	54	2

Base: all establishments in England and Wales

“*” denotes a figure smaller than 0.5

Chapter 4: People development

Table A.4.1 Proportion of establishments providing training that used FE, HE or any private providers (2014 comparison)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		FE Colleges		Higher Education institutions		ANY PUBLIC		ANY PRIVATE	
				2014	2016	2014	2016	2014	2016	2014	2016
UK	14,501	14,820	%	12	12	7	7	15	15	60	60
Country											
England	8,058	8,362	%	11	12	6	6	15	15	60	60
Northern Ireland	1,535	1,581	%	13	14	9	11	18	21	63	62
Scotland	3,325	3,288	%	13	13	8	9	17	17	58	61
Wales	1,583	1,589	%	13	14	8	7	18	17	56	62
Size											
2 to 4	2,294	2,496	%	8	8	3	4	10	11	51	53
5 to 9	3,342	3,452	%	9	10	5	5	12	13	58	57
10 to 24	3,600	3,906	%	14	13	7	7	18	17	67	67
25 to 49	3,659	2,237	%	19	20	13	11	25	26	75	77
50 to 99	3,659	1,214	%	24	27	18	19	33	33	82	82
100+	1,606	1,515	%	35	36	32	33	46	47	84	82
Sector											
Primary Sector & Utilities	591	621	%	14	14	3	6	15	17	67	65
Manufacturing	975	855	%	17	15	5	6	18	17	58	64
Construction	1,053	944	%	15	17	3	5	17	18	70	74
Wholesale & Retail	2,662	3,016	%	6	8	3	3	8	9	46	48
Hotels & Restaurants	1,344	1,469	%	7	6	2	2	8	8	46	42
Transport & Comms	907	905	%	8	5	4	4	10	8	58	55
Financial Services	423	339	%	5	7	5	7	8	11	60	53
Business Services	2,108	2,542	%	10	10	7	7	14	14	62	62
Public Admin.	436	381	%	19	24	21	20	28	30	69	73
Education	1,059	950	%	22	25	26	25	36	37	80	83
Health & Social Work	1,979	1,903	%	21	21	18	13	30	28	76	74
Arts & Other	964	895	%	16	16	5	5	19	19	61	62

Base: all establishments providing training

Table A.4.2a Proportion of establishments that take up vocational qualifications alongside the qualification levels the establishment has arranged or funded training for

Row percentages	Base (unwtd)	Take up of Vocational Qualifications	Base* (unwtd):	Vocational Qualification Level	
				Level 2 or lower	Level 3 or higher
		%		%	%
UK	18,028	26	6,662	50	65
Country					
England	10,015	26	3,824	51	65
Northern Ireland	2,007	22	620	46	71
Scotland	4,009	26	1,443	40	50
Wales	1,997	26	775	48	74
Size					
2 to 4	4,297	15	621	41	55
5 to 9	4,290	27	1,154	49	61
10 to 24	4,312	42	1,786	53	68
25 to 49	2,337	53	1,225	58	79
50 to 99	1,250	63	780	58	75
100+	1,542	70	1,096	58	80
Sector					
Primary Sector & Utilities	866	22	268	40	48
Manufacturing	1,065	20	356	52	65
Construction	1,212	30	473	51	56
Wholesale & Retail	3,933	20	1,017	56	59
Hotels & Restaurants	1,792	22	597	63	61
Transport & Comms	1,143	18	329	29	46
Financial Services	395	31	158	18	59
Business Services	3,081	22	995	32	64
Public Admin.	403	49	221	49	74
Education	990	55	576	45	81
Health & Social Work	2,023	54	1,297	68	83
Arts & Other	1,125	26	375	61	67

Base: all establishments

Base*: all who have arranged training in the past 12 months that leads to Vocational Qualifications

Table A.4.2b Specific Vocational Qualification level at which training has been arranged or funded training for

	Vocational Qualification Level*						
<i>Row percentages</i>		Entry Level	Level 1	Level 2	Level 3	Level 4	Level 5 to 8
UK	%	13	19	42	46	23	25
Country							
England	%	14	19	43	47	24	24
Northern Ireland	%	13	21	37	46	27	33
Scotland	%	11	13	30	30	15	26
Wales	%	17	22	44	51	30	33
Size							
2 to 4	%	13	18	31	34	18	17
5 to 9	%	12	17	41	43	20	20
10 to 24	%	13	18	47	51	23	27
25 to 49	%	14	21	55	59	30	35
50 to 99	%	17	23	52	57	33	36
100+	%	18	23	53	60	45	49
Sector							
Primary Sector & Utilities	%	14	17	27	30	20	13
Manufacturing	%	17	23	43	44	29	25
Construction	%	18	23	39	42	18	13
Wholesale & Retail	%	16	24	46	45	19	15
Hotels & Restaurants	%	17	28	55	53	23	11
Transport & Comms	%	6	8	25	28	24	17
Financial Services	%	7	7	15	27	26	35
Business Services	%	10	12	26	33	23	31
Public Admin.	%	14	24	41	50	40	44
Education	%	7	10	42	55	31	38
Health & Social Work	%	14	19	64	68	29	45
Arts & Other	%	16	25	53	53	19	15
	Vocational Qualification Level*						
<i>Row percentages</i>		Entry Level	Level 1	Level 2	Level 3	Level 4	Level 5 to 8
UK	%	13	19	42	46	23	25
Country							
England	%	14	19	43	47	24	24
Northern Ireland	%	13	21	37	46	27	33
Scotland	%	11	13	30	30	15	26
Wales	%	17	22	44	51	30	33
Size							

2 to 4	%	13	18	31	34	18	17
5 to 9	%	12	17	41	43	20	20
10 to 24	%	13	18	47	51	23	27
25 to 49	%	14	21	55	59	30	35
50 to 99	%	17	23	52	57	33	36
100+	%	18	23	53	60	45	49
Sector							
Primary Sector & Utilities	%	14	17	27	30	20	13
Manufacturing	%	17	23	43	44	29	25
Construction	%	18	23	39	42	18	13
Wholesale & Retail	%	16	24	46	45	19	15
Hotels & Restaurants	%	17	28	55	53	23	11
Transport & Comms	%	6	8	25	28	24	17
Financial Services	%	7	7	15	27	26	35
Business Services	%	10	12	26	33	23	31
Public Admin.	%	14	24	41	50	40	44
Education	%	7	10	42	55	31	38
Health & Social Work	%	14	19	64	68	29	45
Arts & Other	%	16	25	53	53	19	15

Base: all who have arranged training in the past 12 months that leads to Vocational Qualifications

**In Scotland: Entry Level: Access 1 or 2, Level 1: Access 3, Level 2: Level 4 or 5, Level 3: Level 6, Level 4: Level 7, Level 5 to 8: Level 8+*

Table A.4.3 Proportion of establishments that agree or strongly agree with each statement regarding the features of vocational qualifications

<i>Row percentages</i>	<i>Unwtd Base:</i>	Can be adapted to business needs	Offer good value for money	Cover all skills needed by the company
		%	%	%
UK	6,662	85	74	71
Country				
England	3,824	85	74	71
Northern Ireland	620	87	83	76
Scotland	1,443	84	74	70
Wales	775	85	76	70

Size				
2 to 4	621	84	70	69
5 to 9	1,154	85	73	70
10 to 24	1,786	86	77	73
25 to 49	1,225	86	79	73
50 to 99	780	86	78	70
100+	1,096	85	76	67
Sector				
Primary Sector & Utilities	268	82	67	65
Manufacturing	356	84	73	66
Construction	473	81	71	68
Wholesale & Retail	1,017	87	73	76
Hotels & Restaurants	597	86	78	78
Transport & Comms	329	87	68	55
Financial Services	158	84	73	67
Business Services	995	85	71	63
Public Admin.	221	83	73	69
Education	576	83	74	73
Health & Social Work	1,297	87	83	82
Arts & Other	375	86	80	70

Base: all who have arranged training in the past 12 months that leads to vocational qualifications

Table A.4.4 Proportion of establishments that agree or strongly agree with each statement regarding the impact of vocational qualifications for establishments

<i>Row percentages</i>	<i>Unwtd Base:</i>	Better business performance %	Improved staff retention %
UK	6,662	87	78
Country			
England	3,824	87	78
Northern Ireland	620	90	81
Scotland	1,443	86	76
Wales	775	89	79
Size			
2 to 4	621	84	72
5 to 9	1,154	87	77
10 to 24	1,786	88	81
25 to 49	1,225	91	84
50 to 99	780	88	81
100+	1,096	90	84
Sector 12			
Primary Sector & Utilities	268	74	69
Manufacturing	356	85	79
Construction	473	81	71
Wholesale & Retail	1,017	87	82
Hotels & Restaurants	597	88	81
Transport & Comms	329	83	73
Financial Services	158	90	77
Business Services	995	89	77
Public Admin.	221	85	81
Education	576	90	81
Health & Social Work	1,297	89	81
Arts & Other	375	90	80

Base: all who have arranged training in the past 12 months that leads to vocational qualifications

Table A.4.5 Proportion of employers who sought external help on their skills and training-related issues in the last 12 months

<i>Row percentages</i>	<i>Unwtd Base:</i>	Sought or received advice on skills and training related issues %	Experienced skills and training related issues but have NOT sought or received advice %
UK	18,028	28	7
Country			
England	10,015	28	7
Northern Ireland	2,007	24	9
Scotland	4,009	26	7
Wales	1,997	28	7
Size			
2 to 4	4,297	22	7
5 to 9	4,290	29	6
10 to 24	4,312	35	7
25 to 49	2,337	38	6
50 to 99	1,250	47	6
100+	1,542	48	7
Sector 12			
Primary Sector & Utilities	866	33	7
Manufacturing	1,065	24	7
Construction	1,212	31	9
Wholesale & Retail	3,933	17	6
Hotels & Restaurants	1,792	21	5
Transport & Comms	1,143	22	7
Financial Services	395	29	7
Business Services	3,081	29	7
Public Admin.	403	41	8
Education	990	50	7
Health & Social Work	2,023	46	6
Arts & Other	1,125	29	7

Base: all establishments

Table A.4.6 Specific sources of advice employers used to resolve skills and training related issues in the last 12 months (2014 comparison)

Unwtd base:	UK		England		Northern Ireland		Scotland		Wales	
	2014	2016	2014	2016	2014	2016	2014	2016	2014	2016
	18,059	18,028	10,032	10,015	2,005	2,007	4,015	4,009	2,007	1,997
	%	%	%	%	%	%	%	%	%	%
Sought ANY external advice	28	28	27	28	29	24	28	26	34	28
Where establishments have received advice from										
A Professional body	11	12	11	12	11	11	12	11	11	11
A commercial or not-for-profit training provider	11	15	11	15	11	10	11	14	12	14
An FE college	7	8	7	8	7	9	7	7	7	9
A consultancy	6	5	6	5	7	5	6	4	6	4
Other employers in your industry or your locality	6	6	6	6	6	6	5	5	5	5
Local Authority	6	6	5	5	7	7	7	6	7	7
Gov.uk	4	4	4	5	n/a	n/a	n/a	n/a	5	4
A university	3	3	3	3	4	4	4	4	4	4
A Local Enterprise Partnership (or LEP)	2	2	2	3	n/a	n/a	n/a	n/a	n/a	n/a
Chamber of Commerce	2	2	2	2	2	2	2	2	1	1
A Trade union	1	1	1	1	2	2	2	1	2	1
A Sector Skills Council (SSC)	1	6	1	6	2	6	1	6	1	5
Welsh Government	1	*	n/a	n/a	n/a	n/a	n/a	n/a	13	9
Skills Development Scotland	*	*	n/a	n/a	n/a	n/a	5	5	n/a	n/a
Business Gateway	*	*	n/a	n/a	n/a	n/a	4	3	n/a	n/a
Scottish Enterprise	*	*	n/a	n/a	n/a	n/a	4	3	n/a	n/a
Careers Wales	*	*	n/a	n/a	n/a	n/a	n/a	n/a	6	5
Suppliers	*	*	*	*	*	*	*	*	*	*
Local Enterprise Agency	*	*	n/a	n/a	n/a	n/a	n/a	n/a	4	3
Invest Northern Ireland	*	*	n/a	n/a	6	4	n/a	n/a	n/a	n/a
Highlands and Islands Enterprise	*	*	n/a	n/a	n/a	n/a	1	1	n/a	n/a
NI Business Information	*	*	n/a	n/a	3	1	n/a	n/a	n/a	n/a
TRAINING PROVIDERS	16	19	16	19	17	16	16	18	17	19
COLLECTIVES AND REPRESENTATIVES	14	17	14	17	15	15	16	16	14	16
PUBLIC SECTOR	10	13	9	13	13	13	12	15	20	17
OTHER PRIVATE	6	6	6	6	7	6	6	5	6	6
NO ADVICE SOUGHT OR RECEIVED	72	72	73	72	71	76	72	74	66	72

Base: all establishments

“*” denotes a figure larger than zero but smaller than 0.5; ‘n/a’ denotes a source not available in that country

Table A.4.7 Proportion of establishments who have worked with other employers to develop skills or expertise in the workforce

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Worked with any other employer	
				2014	2016
UK	18,059	18,028	%	17	14
Country					
England	10,032	10,015	%	17	14
Northern Ireland	2,005	2,007	%	17	14
Scotland	4,015	4,009	%	18	14
Wales	2,007	1,997	%	16	13
Size					
2 to 4	4,223	4,297	%	13	10
5 to 9	4,284	4,290	%	16	14
10 to 24	4,068	4,312	%	22	20
25 to 49	2,497	2,337	%	29	23
50 to 99	1,337	1,250	%	34	30
100+	1,650	1,542	%	33	30
Sector					
Primary Sector & Utilities	962	866	%	15	10
Manufacturing	1,213	1,065	%	11	10
Construction	1,465	1,212	%	14	10
Wholesale & Retail	3,580	3,933	%	12	10
Hotels & Restaurants	1,649	1,792	%	14	10
Transport & Comms	1,165	1,143	%	16	10
Financial Services	486	395	%	13	11
Business Services	2,613	3,081	%	17	13
Public Admin.	466	403	%	39	35
Education	1,122	990	%	45	45
Health & Social Work	2,110	2,023	%	30	27
Arts & Other	1,228	1,125	%	22	14

Base: all establishments

Table A.4.8 Proportion of employers involved in the design of training leading to Vocational Qualifications

<i>Row percentages</i>	<i>Unwtd Base (2016)</i>	Any involvement in the design of VQs %
UK	6,662	47
Country		
England	3,824	47
Northern Ireland	620	53
Scotland	1,443	49
Wales	775	47
Size		
2 to 4	621	46
5 to 9	1,154	46
10 to 24	1,786	48
25 to 49	1,225	48
50 to 99	780	49
100+	1,096	55
Sector		
Primary Sector & Utilities	268	52
Manufacturing	356	51
Construction	473	43
Wholesale & Retail	1,017	38
Hotels & Restaurants	597	50
Transport & Comms	329	43
Financial Services	158	39
Business Services	995	52
Public Admin.	221	52
Education	576	45
Health & Social Work	1,297	49
Arts & Other	375	56

Base: all who have arranged training in the past 12 months that leads to vocational qualifications

Table A.4.9 Proportion of employers involved in the design of external training

<i>Row percentages</i>	<i>Unwtd Base (2016)</i>	Any involvement in the design of external training %
UK	10,654	42
Country		
England	5,972	41
Northern Ireland	1,161	49
Scotland	2,365	43
Wales	1,156	40
Size		
2 to 4	1,437	37
5 to 9	2,186	40
10 to 24	2,843	44
25 to 49	1,811	47
50 to 99	1,046	53
100+	1,331	57
Sector		
Primary Sector & Utilities	485	38
Manufacturing	677	42
Construction	785	35
Wholesale & Retail	1,726	35
Hotels & Restaurants	841	39
Transport & Comms	617	40
Financial Services	214	38
Business Services	1,856	44
Public Admin.	312	52
Education	859	46
Health & Social Work	1,636	51
Arts & Other	646	48

Base: all who have arranged external training

Table A.4.10 Proportion of employers aware of National Occupational Standards (NOS)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Aware of National Occupational Standards	
				2014	2016
UK	18,059	18,028	%	39	36
England	10,032	10,015	%	39	35
Northern Ireland	2,005	2,007	%	42	43
Scotland	4,015	4,009	%	40	40
Wales	2,007	1,997	%	40	37
2 to 4	4,223	4,297	%	37	33
5 to 9	4,284	4,290	%	39	36
10 to 24	4,068	4,312	%	43	40
25 to 49	2,497	2,337	%	47	42
50 to 99	1,337	1,250	%	48	43
100+	1,650	1,542	%	52	47
Primary Sector & Utilities	962	866	%	45	36
Manufacturing	1,213	1,065	%	34	30
Construction	1,465	1,212	%	42	39
Wholesale & Retail	3,580	3,933	%	34	31
Hotels & Restaurants	1,649	1,792	%	39	32
Transport & Comms	1,165	1,143	%	34	30
Financial Services	486	395	%	39	28
Business Services	2,613	3,081	%	36	35
Public Admin.	466	403	%	59	50
Education	1,122	990	%	51	51
Health & Social Work	2,110	2,023	%	55	52
Arts & Other	1,228	1,125	%	44	39

Base: all establishments

Table A.4.11 Proportion of employers accredited with Investors in People (IiP)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		Accredited with Investors in People	
				2014	2016
UK	18,059	18,028	%	14	11
England	10,032	10,015	%	14	11
Northern Ireland	2,005	2,007	%	13	13
Scotland	4,015	4,009	%	16	13
Wales	2,007	1,997	%	17	13
2 to 4	4,223	4,297	%	7	6
5 to 9	4,284	4,290	%	15	11
10 to 24	4,068	4,312	%	24	19
25 to 49	2,497	2,337	%	28	25
50 to 99	1,337	1,250	%	37	30
100+	1,650	1,542	%	40	37
Primary Sector & Utilities	962	866	%	5	5
Manufacturing	1,213	1,065	%	8	7
Construction	1,465	1,212	%	7	5
Wholesale & Retail	3,580	3,933	%	16	11
Hotels & Restaurants	1,649	1,792	%	17	11
Transport & Comms	1,165	1,143	%	10	6
Financial Services	486	395	%	34	13
Business Services	2,613	3,081	%	11	10
Public Admin.	466	403	%	47	33
Education	1,122	990	%	25	20
Health & Social Work	2,110	2,023	%	28	27
Arts & Other	1,228	1,125	%	16	10

Base: all establishments

Chapter 5: Apprenticeships

Table A.5.1 Average number of apprentices employed at the time of the survey (May-August 2016)

<i>Row percentages</i>	<i>Unweighted bases</i>	Total number of apprentices (to nearest 1000)	Average number of apprentices per establishment
UK	2,842	458,000	2.1
Country			
England	1,766	395,000	2.1
Northern Ireland	215	7,000	1.7
Scotland	569	36,000	2.5
Wales	292	20,000	2.4
Size			
2 to 4	265	67,000	1.0
5 to 9	476	64,000	1.3
10 to 24	637	79,000	1.8
25 to 49	493	59,000	2.4
50 to 99	334	59,000	4.1
100+	637	130,000	8.0
Sector			
Primary Sector & Utilities	94	13,000	1.2
Manufacturing	277	42,000	2.9
Construction	362	59,000	1.9
Wholesale & Retail	465	53,000	1.4
Hotels & Restaurants	153	18,000	2.0
Transport & Comms	144	24,000	2.3
Financial Services	46	13,000	3.6
Business Services	432	79,000	2.1
Public Admin.	103	16,000	4.6
Education	276	34,000	2.1
Health & Social Work	322	67,000	3.6
Arts & Other	168	40,000	1.7

Base: all establishments with current apprentices

Table A.5.2 Length of time that employers have been offering apprenticeships for

<i>Row percentages</i>	<i>Unweighted bases</i>	<i>%</i>	<i>For a year or less</i>	<i>For more than a year, up to 3 years</i>	<i>More than 3 years, up to 5 years</i>	<i>More than 5 years, up to 10 years</i>	<i>More than 10 years</i>	<i>Don't know</i>
UK	4,264	%	18	21	16	16	22	7
Country								
England	2,683	%	19	22	16	16	20	7
Northern Ireland	326	%	10	13	13	16	43	5
Scotland	817	%	14	14	13	14	37	8
Wales	438	%	13	18	15	15	34	5
Size								
2 to 4	455	%	23	21	13	14	24	5
5 to 9	747	%	19	21	16	17	22	5
10 to 24	1,073	%	16	22	15	17	20	9
25 to 49	758	%	16	20	21	15	21	8
50 to 99	459	%	17	20	20	15	17	11
100+	772	%	8	18	19	18	25	12
Sector								
Primary Sector & Utilities	129	%	34	28	9	16	12	1
Manufacturing	360	%	19	18	15	18	22	8
Construction	461	%	13	17	11	15	42	4
Wholesale & Retail	784	%	17	20	15	17	23	8
Hotels & Restaurants	393	%	23	22	17	14	10	14
Transport & Comms	230	%	20	29	21	15	11	3
Financial Services	73	%	32	25	23	5	6	9
Business Services	599	%	20	24	18	15	16	7
Public Admin.	125	%	19	15	23	18	20	5
Education	374	%	19	18	17	18	17	10
Health & Social Work	501	%	18	20	18	16	18	10
Arts & Other	235	%	13	20	14	15	33	4

Base: all establishments who currently have or offer formal apprenticeships

Table A.5.3 The top six reasons why establishments started to offer apprenticeships by country, size and sector

<i>Row percentages</i>	<i>Unweighted bases</i>	<i>%</i>	<i>Good way to get skilled staff</i>	<i>Good way to give young people a chance</i>	<i>To ensure young people continue to enter the industry/company</i>	<i>We want to upskill current staff</i>	<i>Good value for money/cost effective</i>	<i>We could shape our own apprenticeship framework or standard</i>
UK	1,424	%	39	20	14	8	8	6
Country								
England	993	%	39	20	14	8	9	7
Northern Ireland	83	%	39	16	10	8	-	6
Scotland	221	%	35	19	19	13	1	4
Wales	127	%	31	21	19	11	4	3
Size								
2 to 4	172	%	45	20	10	6	11	10
5 to 9	275	%	34	21	15	8	5	3
10 to 24	380	%	34	16	17	10	8	5
25 to 49	256	%	36	22	18	7	7	3
50 to 99	156	%	39	18	13	13	7	5
100+	185	%	36	29	25	9	3	5
Sector								
Primary Sector & Utilities	52	%	33	33	14	2	1	7
Manufacturing	103	%	43	15	17	12	3	10
Construction	96	%	36	16	12	8	9	9
Wholesale & Retail	251	%	30	19	15	6	6	4
Hotels & Restaurants	165	%	36	13	13	10	2	7
Transport & Comms	96	%	61	12	19	9	11	9
Financial Services	34	%	44	14	9	-	6	-
Business Services	224	%	39	22	11	10	13	10
Public Admin.	36	%	33	41	23	-	1	7
Education	136	%	34	22	15	8	15	3
Health & Social Work	157	%	41	24	17	14	8	3
Arts & Other	74	%	50	20	15	6	9	3

Base: all who started offering apprenticeships in last 3 years

'-' denotes a figure of zero

Figures in italics denote a base size between 25 and 49

Table A.5.4 Profile of establishments that used to offer apprenticeships in the last three years but now no longer do so

<i>Row percentages</i>	<i>Unwtd Base:</i>		Used to offer apprenticeships in the past three years, but now no longer do so
UK	13,764	%	9
Country			
England	7,332	%	9
Northern Ireland	1,681	%	7
Scotland	3,192	%	5
Wales	1,559	%	6
Size			
2 to 4	3,842	%	7
5 to 9	3,543	%	9
10 to 24	3,239	%	11
25 to 49	1,579	%	12
50 to 99	791	%	16
100+	770	%	15
Sector			
Primary Sector & Utilities	737	%	7
Manufacturing	705	%	11
Construction	751	%	11
Wholesale & Retail	3,149	%	8
Hotels & Restaurants	1,399	%	6
Transport & Comms	913	%	6
Financial Services	322	%	9
Business Services	2,482	%	9
Public Admin.	278	%	8
Education	616	%	9
Health & Social Work	1,522	%	10
Arts & Other	890	%	11

Base: all who do not offer apprenticeships

Table A.5.5 Reasons for not offering apprenticeships, by previous experience of apprenticeships

<i>Reasons for not currently offering apprenticeships</i>	Used to offer apprenticeships in the last 3 years	No recent experience of offering apprenticeships
	<i>1,215 %</i>	<i>12,548 %</i>
We are not looking to recruit new staff	29	18
Past apprentices have not been of a good standard	19	1
All our staff fully skilled, no need	14	12
They are not suitable due to the size of establishment	12	21
We cannot currently afford to	8	7
Prefer to recruit experienced staff	5	7
Don't have time to train them	5	5
No one has enquired about doing one lately	5	2
Don't know	4	7
Don't have the work to offer them	3	3
We don't have the resources (various)	3	3
Don't suit our business model	3	10
We have struggled to find a suitable applicant	3	1
Other	3	2
Apprenticeships are not offered for our industry	1	10
Prefer other forms of training	1	3
Decision made by Head Office / someone else	1	3
Never have before so have not considered it	*	5
Summary of reasons		
Structural	57	61
Active choice	43	32
Lack of awareness	24	9

Base: all establishments who do not offer formal apprenticeships

“*” denotes a figure larger than zero but smaller than 0.5

Table A.5.6 Age ranges that establishments currently offer apprenticeships to (2014 comparison)

Row percentages	Unwtd Base (2014)	Unwtd Base (2016)		16 - 18 year olds		19 - 24 year olds		Those aged 25 or over		ANY YOUNG PEOPLE (AGED UNDER 25)	
				2014	2016	2014	2016	2014	2016	2014	2016
UK	3,685	4,264	%	74	74	75	74	44	48	94	93
Country											
England	2,352	2,683	%	74	75	75	75	44	48	94	93
Northern Ireland	255	326	%	73	74	75	72	39	42	94	91
Scotland	715	817	%	78	74	72	72	34	42	95	92
Wales	363	438	%	71	71	80	75	46	51	94	94
Size											
2 to 4	335	455	%	74	76	65	64	35	36	93	91
5 to 9	617	747	%	76	74	73	74	43	49	94	93
10 to 24	845	1,073	%	71	73	80	80	47	55	94	93
25 to 49	664	758	%	73	74	82	83	51	55	96	96
50 to 99	436	459	%	72	72	83	84	48	54	96	95
100+	788	772	%	77	73	87	87	57	55	96	95
Sector											
Primary Sector & Utilities	103	129	%	68	86	67	49	47	27	87	92
Manufacturing	376	360	%	80	81	76	77	31	40	94	95
Construction	428	461	%	77	79	67	68	35	38	93	93
Wholesale & Retail	564	784	%	78	78	71	71	37	42	95	93
Hotels & Restaurants	338	393	%	69	75	82	89	71	69	94	97
Transport & Comms	192	230	%	76	73	70	86	36	42	94	97
Financial Services	65	73	%	54	57	85	79	64	43	93	90
Business Services	481	599	%	69	64	76	75	42	46	93	88
Public Admin.	122	125	%	74	69	74	78	45	55	92	89
Education	347	374	%	77	79	87	83	53	62	96	95
Health & Social Work	419	501	%	61	62	87	83	63	71	94	92
Arts & Other	250	235	%	84	85	69	62	35	40	98	94

Base: all who currently have or offer apprenticeships

Table A.5.6a Proportion of establishments who have or offer apprenticeships to people specifically recruited as apprentices, existing employees, or both

<i>Row percentages</i>	<i>Unwtd Base:</i>		Existing employees	New employees recruited as apprentices	Both
UK	4,264	%	6	47	44
Country					
England	2,683	%	6	48	43
Northern Ireland	326	%	8	38	51
Scotland	817	%	9	39	50
Wales	438	%	9	40	49
Size					
2 to 4	455	%	3	55	40
5 to 9	747	%	6	47	43
10 to 24	1,073	%	9	39	48
25 to 99	758	%	8	42	47
50 to 99	459	%	10	46	42
100+	772	%	7	44	47
Sector					
Primary Sector & Utilities	129	%	6	46	46
Manufacturing	360	%	3	53	42
Construction	461	%	4	54	40
Wholesale & Retail	784	%	7	46	44
Hotels & Restaurants	393	%	14	23	60
Transport & Comms	230	%	3	59	36
Financial Services	73	%	8	34	59
Business Services	599	%	4	58	36
Public Admin.	125	%	6	64	26
Education	374	%	4	46	48
Health & Social Work	501	%	14	29	54
Arts & Other	235	%	5	48	44

Base: all who currently have or offer apprenticeships

Table A.5.7 Awareness and knowledge of apprenticeships among employers not offering apprenticeships

<i>Row percentages</i>	<i>Unwtd Base:</i>		Have not heard of apprenticeships	Have heard the term but do not know what is involved	Aware of them and have some knowledge of what is involved	Aware of them and have a good knowledge of what is involved	Aware of them and have a very good knowledge of what is involved.
UK	13,764	%	2	14	51	24	10
Country							
England	7,332	%	2	13	51	24	10
Northern Ireland	1,681	%	3	19	48	22	7
Scotland	3,192	%	2	17	49	21	10
Wales	1,559	%	2	17	48	24	8
Size							
2 to 4	3,842	%	2	15	50	23	10
5 to 9	3,543	%	2	14	51	24	10
10 to 24	3,239	%	2	13	52	25	9
25 to 99	1,579	%	2	14	52	24	9
50 to 99	791	%	1	13	48	30	8
100+	770	%	2	10	47	32	9
Sector							
Primary Sector & Utilities	737	%	3	17	54	20	6
Manufacturing	705	%	1	15	47	26	10
Construction	751	%	1	9	48	28	15
Wholesale & Retail	3,149	%	2	18	51	20	9
Hotels & Restaurants	1,399	%	5	17	47	22	9
Transport & Comms	913	%	2	14	47	27	9
Financial Services	322	%	2	14	55	23	7
Business Services	2,482	%	1	11	52	27	9
Public Admin.	278	%	2	6	60	24	8
Education	616	%	1	10	52	25	12
Health & Social Work	1,522	%	2	14	55	23	6
Arts & Other	890	%	1	14	50	22	13

Base: all who do not offer apprenticeships

Table A.5.8 Proportion of establishments that were aware of specific government-recognised apprenticeship schemes, by country

Column percentages	UK	England	Northern Ireland	Scotland	Wales
	18,028 %	10,015 %	2,007 %	4,009 %	1,997 %
Apprenticeships for those aged 25 plus	26	26	25	23	27
EN/SC: Advanced level apprenticeships	23	26		20	
Higher apprenticeships	22	22	24	17	26
EN/SC: Intermediate level apprenticeships		22		19	
EN: Degree apprenticeships		17			
SC: Modern apprenticeships				62	
SC: Technical apprenticeships				26	
SC: Professional apprenticeships				20	
WL: Foundation apprenticeships					27
AWARE OF APPRENTICESHIPS BUT NOT HEARD OF ANY OF THE SPECIFIC SCHEMES	53	55	64	28	55
NOT AWARE OF APPRENTICESHIPS OVERALL	2	2	3	2	2

Base: all establishments

Table A.5.9a Proportion of establishments that were aware the following apprenticeship schemes, by country

Column percentages	UK	England	Northern Ireland	Scotland	Wales
	18,028 %	10,015 %	2,007 %	4,009 %	1,997 %
EN: Find an Apprenticeship	45	53			
EN: Apprenticeship Grant for Employers (AGE 16-24)	32	40			
EN: Apprenticeship Training Agencies	20	38			
EN: National Apprenticeship Service (NAS)	34	24			
SC: Skills Development Scotland	5			60	
Group Training Associations	7	7	7	10	7
NI: Apprenticeships NI	1		40		
WL: Apprenticeship Matching Service	1				29
WL: Young Recruits Programme	1				19
SC: Adopt an Apprentice	1			9	
AWARE OF APPRENTICESHIPS BUT NOT USED ANY OF THE SPECIFIC SCHEMES	29	26	56	36	59
NOT AWARE OF APPRENTICESHIPS OVERALL	2	2	3	2	2

Base: all establishments

Table A.5.9b Proportion of establishments that made use of specific government-recognised apprenticeship schemes in the past 12 months, by country

Column percentages	UK	England	Northern Ireland	Scotland	Wales
	18,028 %	10,015 %	2,007 %	4,009 %	1,997 %
EN: Find an Apprenticeship		6			
EN: Apprenticeship Grant for Employers (AGE 16-24)		5			
EN: Apprenticeship Training Agencies		5			
EN: National Apprenticeship Service (NAS)		5			
SC: Skills Development Scotland				11	
Group Training Associations	1	1	*	1	1
NI: Apprenticeships NI			2		
WL: Apprenticeship Matching Service					1
WL: Young Recruits Programme					1
SC: Adopt an Apprentice				*	
AWARE OF APPRENTICESHIPS BUT NOT USED ANY OF THE SPECIFIC SCHEMES	85	83	95	87	95
NOT AWARE OF APPRENTICESHIPS OVERALL	2	2	3	2	2

Base: all establishments

** denotes a figure of greater than 0 but less than 0.5

Table A.5.10 Future demand for apprenticeships, including the timescale in which establishments plan to offer apprenticeships in future

<i>Row percentages</i>	<i>Unwtd Base:</i>	Currently offer apprenticeships %	Plan to offer apprenticeships in the future %	Plans to start offering apprenticeships in the next 12 months %	Plans to start offering apprenticeships in the next 2-3 years %	Plans to start offering apprenticeships in some other timescale %
UK	18,028	18	30	39	40	8
Country						
England	10,015	19	31	39	40	7
Northern Ireland	2,007	13	23	39	42	10
Scotland	4,009	15	25	39	39	9
Wales	1,997	15	26	44	35	9
Size						
2 to 4	4,297	11	23	39	41	8
5 to 9	4,290	18	31	35	42	9
10 to 24	4,312	27	39	42	35	6
25 to 49	2,337	35	46	41	37	5
50 to 99	1,250	39	51	48	36	3
100+	1,542	51	65	51	32	3
Sector						
Primary Sector & Utilities	866	11	20	32	51	11
Manufacturing	1,065	22	40	39	40	12
Construction	1,212	24	38	36	45	5
Wholesale & Retail	3,933	17	27	40	36	10
Hotels & Restaurants	1,792	15	26	56	22	5
Transport & Comms	1,143	13	27	37	48	5
Financial Services	395	14	21	41	45	0
Business Services	3,081	14	28	34	45	7
Public Admin.	403	26	36	49	29	5
Education	990	39	51	45	39	4
Health & Social Work	2,023	22	34	41	30	8
Arts & Other	1,125	23	32	43	39	8

Base: all establishments

Table A.5.11 Market potential for apprenticeships in terms of number of establishments, by sector

<i>Row percentages</i>	Currently offers apprenticeships and plans to continue offering them	Plans to start offering apprenticeships in the next 12 months	Currently offers apprenticeships but plan to stop / unsure if will continue to offer
UK	295,000	107,000	45,000
Sector			
Primary Sector & Utilities	7,000	5,000	5,000
Manufacturing	19,000	8,000	2,000
Construction	36,000	10,000	6,000
Wholesale & Retail	57,000	18,000	9,000
Hotels & Restaurants	24,000	12,000	2,000
Transport & Comms	16,000	8,000	2,000
Financial Services	5,000	1,000	1,000
Business Services	51,000	23,000	8,000
Public Admin.	4,000	1,000	500
Education	21,000	4,000	2,000
Health & Social Work	26,000	8,000	4,000
Arts & Other	29,000	7,000	4,000

Appendix B: References

Delebarre, J. (2016) *Apprenticeship Statistics: England (1996-2015)*. House of Commons Library, London.

Department for Education (2016) *Technical and Further Education Bill*. Department for Education, London.

Department for Education (2016) *Apprenticeship Funding in England from May 2017*. Department for Education, London.

Department for Education (2016) *Technical and Further Education Bill: factsheet*. Department for Education, London.

Department for Education (2016) *Apprenticeship Evaluation 2015 – Employers*. Department for Education, London.

Department for Education, Department for Business, Innovation and Skills, Boles, N. (2016) *Post-16 Skills Plan*. Department for Education, London.

Department for Education and Learning in Northern Ireland (2014) *Securing our Success: The Northern Ireland Strategy on Apprenticeships*. Belfast, Northern Ireland.

Evaluation, Research & LMI Team. (2015) *Modern Apprenticeship Employer Survey*. Skills Development Scotland, Dumfries.

Gambin, L., Hogarth, T., Winterbotham, M., Huntley-Hewitt, J., Eastwood, L. and Vivian, D. (2016) *The apprenticeship levy: how will employers respond?* Department for Education, London.

Haigh, R and Woods, J. (2016) *Work experience: a quantitative impact assessment*. Department for Work and Pensions, London.

Higher Education Statistics Agency (2015) *Destinations of Leavers from Higher Education Statistics*. Available at: <https://www.hesa.ac.uk/stats-dlhe>

HM Treasury (2015) *Fixing the foundations: Creating a more prosperous nation*. HM Treasury, London.

HM Government (2013) *The Future of Apprenticeships in England: Implementation Plan*. Department for Business, Innovation and Skills, London.

HM Government. (2015) *English Apprenticeships: Our 2020 Vision*. Department for Business, Innovation and Skills, London.

Mann, A. (2012) *Work Experience: Impact and delivery – insights from the evidence*. Education and Employers Taskforce, London.

McCulloch, A. (2013) *Learning from Futuretrack: The impact of work experiences on higher education student outcomes*. Department for Business, Innovation and Skills, London.

ONS (2014) *Business Demography 2014*. [Online] ONS, Newport. Available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2014>

ONS (2016) *Labour Market Statistics 2016*. [Online] Available at: <http://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/aug2016>

Richard, D. (2012) *The Richard Review of Apprenticeships*. School for Startups, London.

Scottish Credit and Qualifications Framework. *SCQF Levels*. [Online] Available at: <http://scqf.org.uk/the-framework/scqf-levels/>

Tamkin, P. and Luanaigh, A. (2016) *The Relationship between UK Management and Leadership and Productivity*. UK Commission for Employment and Skills, London.

UKCES (2014) *The Labour Market Story: The UK Following Recession*. UK Commission for Employment and Skills, London.

UKCES (2013) *Scaling the Youth Employment Challenge*. UK Commission for Employment and Skills, London.

Vivian, D., Winterbotham, M., Shury, J., Skone James, A., Huntley Hewitt, J., Tweddle, M. and Downing, C. (2016) *The UK Commission's Employer Skills Survey 2015: UK Results*, UKCES Evidence Report 92. UK Commission for Employment and Skills, London.

Wilson et al. (2016) *Working Futures 2014-2024*, UKCES Evidence Report 100. UK Commission for Employment and Skills, London.



Department
for Education

© IFF Research 2017

Reference: DFE-RR693

ISBN: 978-1-78105-764-3

The views expressed in this report are the authors' and do not necessarily reflect those of the Department for Education.

Any enquiries regarding this publication should be sent to us at:

employer.surveys@education.gov.uk or www.education.gov.uk/contactus

This document is available for download at www.gov.uk/government/publications