

Review of the Employer Skills and Employer Perspectives surveys

A synthesis of stakeholder views

June 2017

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1 Introduction

London Economics have been commissioned by the Department for Education (DfE) to assess two surveys that the Department will administer following the closure of the UKCES, namely the **Employer Skills Survey (ESS)** and the **Employer Perspectives Survey (EPS)**. The **fundamental objectives** of this assessment were to identify whether the data collected via the ESS and EPS are **adequate** to answer the key policy and research questions relating to employer demand for skills; and to understand whether this primary data collection could be achieved in a **more integrated, cost-effective** manner.

To this end, London Economics have undertaken a stakeholder consultation across the UK covering stakeholders from the government and policy sectors, Local Authorities, higher education and further education providers, the private sector, and the academic community. A total of 27 different institutions have contributed to the consultation exercise. Their views on the surveys and suggestions for their future administration are presented in this report.

The following sub-section presents some background on the ESS and EPS. Section 2 presents the methodology used to undertake the stakeholder consultation. Section 3 describes how different stakeholders use the survey data and sheds light on the impact of the surveys. Section 4 presents stakeholders' views on the questionnaires including suggested additions and possible ways of streamlining. Section 5 elaborates on potential options for the future of the surveys, including amendments to sample sizes, a potential merging of the surveys, and changes to survey frequency and sampling method. Section 6 finishes with our observations and conclusions, upon which the Department might wish to make recommendations going forward.

1.1 Background

Designed to complement each other, the **Employer Skills Survey** and **Employer Perspectives Survey** run **biennially** in **alternate years** and provide insights to the UK labour market and skills system. Together, they are a unique source of evidence on employer demand for and provision of skills across the UK.

The ESS focuses on employer demand for skills, skills shortages and training within firms. It has two parts. Covering 91,000 employers, with time series available for 2011, 2013 and 2015, the main survey covers **business strategy, recruitment, retention, skills gaps, upskilling needs, training and workforce development** and **high performance working**. The **Investment in Training** follow-up survey covers the investment establishments make in training their staff in terms of time and associated cost.

The EPS is primarily outward-looking, covering provision of and engagement with the wider skills system. It gives an insight into the **thoughts and behaviours** of 18,000 employers across the UK as they make decisions about **how to engage with training providers, schools, colleges and individuals to get the skills they need**. Time series data is available for 2010, 2012, 2014 and 2016 (forthcoming).

2 Methodology

The analysis presented in this report is based on a **targeted stakeholder consultation** aimed at collecting stakeholder views on the current setup of the surveys and potential options for the future of the surveys, including ways to achieve the current data collection in a more cost effective manner as well as ways to increase the use and impact of the surveys.

2.1 Desk-based research

As a preparatory step preceding the stakeholder consultation, we conducted a desk-based review of the surveys to gain an in-depth understanding of the nature of the data collected. This assessment considered all documentation in relation to the ESS and EPS, such as the questionnaires, summary and technical reports, generated in previous years. The official documentation of the surveys was complemented by information provided by the UKCES on previous survey reviews including stakeholder consultations conducted in 2010 and 2013. Furthermore, we considered other surveys relating broadly to skill development in the labour market, such as the Apprenticeship Employer Survey administered by the (former) Department for Business, Innovation and Skills.

2.2 Stakeholder consultation

The desk-based research resulted in the production of a **consultation document**. The consultation document had three parts with the following questions:

Part I: Key policy and research questions for employer skills surveys

- In your opinion, what are the **key questions** relating to employer demand for skills that are of the greatest importance from a **policy** or **research** perspective?
- In relation to the **key information you would like to see collected** in order to answer these questions,
 - Is this data currently being collected (in any survey)?
 - By the ESS or the EPS? (Please specify)
- Which of the existing survey questions of the ESS/EPS are particularly important for your work?
 - Are they asked in ways which you regard as **efficient and adequate** to address the issues at hand?
 - How could questions which you regard as not adequate be **improved**?

Part II: Technical in-depth questions

- In the last 3 years, have you used the data which is collected by the:
 - Employer Skills Survey (ESS)?

- Employer Perspectives Survey (EPS)?
- Apprenticeship Employer Survey?
- Do you **link any of the data sets** to other existing data sets? Please specify.
- Are you aware of **other providers who are linking the data** of the employer surveys to other existing data sets? (Please specify)

This part was followed by in-depth questions on all sections of each of the surveys regarding past/current/future use of specific questions, potential changes to existing questions to improve their usefulness, questions which consultees would like to see added, and questions that consultees perceived as redundant.

Part III: Potential integration of the ESS/EPS:

This part of the consultation document outlined the potential integration of the surveys using a core survey and additional modules which are asked only to randomly selected subsamples of responding employers.

- Do you see a potential for integrating the Employer Skills Survey with the Employer Perspectives Survey?
 - (1) Why or why not?
 - (2) What benefits or problems are there from your perspective?
- What other option might be there to achieve this?

The consultation document was accompanied by the following **supporting documents**:

- Overviews of the ESS and Investment in Training Questionnaire, EPS, and Apprenticeship Employer Survey;
- Latest versions of the questionnaire of ESS 2015 and EPS 2014.

The Department and the UKCES provided London Economics with a list of stakeholders to contact for the consultation. In total, we sent out 33 consultation invitations to 29 different institutions during July and August 2016. We received 27 written responses from 23 different institutions or individuals.

Consultees were subsequently invited to participate in follow-up interviews, either via phone or through face-to-face meetings. We conducted 10 phone interviews (with 12 consultees from 10 different institutions), and 5 face to face interviews (with 19 consultees from 10 different institutions). The interviews were semi-structured in order to encourage a more in-depth discussion on some of the topics raised in the written responses to the consultations. The interviews also provided an opportunity to ask consultees about their overall views on the surveys, the impact they believe the surveys have, and their opinions on potential future options for the surveys relating to, for example, sample size and frequency.

Consultees covered a range of different sectors and interests, including government, the private sector and the academic community. All four nations were represented within the study. An overview of the consultation responses received is shown in Table 1. The consultation was closed on 8th September 2016.

Table 1 Number of consultation responses by sector and nation

	England	Scotland	Wales	Northern Ireland
Policy or government	4	2	1	1
Local/Combined authority	1		1	
Policy Research	2		2	
Academia / Research	7		2	
Private sector	3			
HE/FE providers			1	
Total	17	2	7	1

Note: A total of 27 institutions responded to the consultation.

Source: London Economics

Once the stakeholder consultation had completed, all information gathered through the consultation document and follow-up interviews was collated for analysis. The findings reported in the following sections represent the views of the consulted stakeholders. The focus of the consultation on current or recent users of the employer skill surveys was necessary to ensure high quality responses and recommendations from those most familiar with the surveys and from those most likely to be impacted by any changes. However, this focus has also meant that the views of any individuals who do not currently use the data cannot be included.

3 Use and impact of the employer skills surveys

3.1 Key questions relating to the demand for skills

Part 1 of the consultation document asked consultees what they considered the key questions relating to employer demand for skills from a policy or research perspective.

3.1.1 Common themes

The majority of consultees referred to the identification of skills shortages, skills gaps and skills mismatches as a key question, with many indicating that they used the ESS for this purpose. Many consultees mentioned the importance of being able to identify where these gaps occur, not only geographically (e.g. LEP or LA level information) but also in what occupations, in what sectors and at what skills levels.

Consultees also raised topics closely related to skills shortages, gaps and mismatches, for example:

- **Drivers:** What are the determinants of employer demand for skills?
- **Impact:** What is the impact of skills shortages, gaps and mismatches on the employer in terms of productivity, recruitment activity and retention?
- **Response:** How do employers respond to skills shortages, gaps and mismatches? Do they invest in training? Do they adjust their management or HR practices?

Many consultees cited the importance of having **consistent information** on these topics **over time** in order to track progress. A number of consultees expected to use the time series of the ESS and EPS data to assess the impact of current and future policy (e.g. the apprenticeship levy) and economic changes (e.g. the impact of the United Kingdom's decision to leave the European Union).

3.1.2 Specific needs

While the identification of skills shortages, gaps and mismatches appeared to be a common theme, consultees also reported key questions which were specific to their own needs. The wide range of key questions raised demonstrates the diversity of need among ESS and EPS users – and indicates the challenge in meeting these many diverse needs through two survey tools. These key questions included the following (in approximate order of frequency):

- Perceptions and awareness of government interventions;
- Availability of work experience and apprenticeships;

- Performance of training providers and FE structures;
- Future skill needs including the role of technology and outsourcing;
- Work-related benefits and perceptions among employers of claimants in recruitment;
- Whether migration can address shortages in certain sectors and occupations;
- Evidence to support funding strategies and decisions;
- Strategies for regional skills development;
- Employer engagement with National Occupational Standards; and,
- Standards of working conditions.

Some consultees focused on the skill needs (and related issues) of specific groups of employees, for instance:

- Younger people and/or graduates;
- Older people;
- Disadvantaged workers; and,
- Public sector employees.

3.2 Impact of the surveys

While the consultation document asked consultees which questions within ESS and EPS they used, it did not specifically enquire for what purpose the consultees used the data – although some consultees did provide this information.

Additionally, the follow-up interviews provided an opportunity to probe consultees on their use of the data and their perceptions of the ultimate impact of the data.

This section considers evidence provided in the written responses and the follow-up interview on the use and impact of the two surveys.

3.2.1 Impact on policy

Many consultees reported using information collected by the ESS and EPS to inform policymaking. At a national level, some consultees representing UK Government departments and Devolved Administrations (DAs) mentioned using the ESS and EPS to brief Ministers. One consultee within a UK Government department described the wide range of policy and research areas for which the surveys were used within that Department.

Many consultees described how the surveys were used by national and local skills and development agencies, and regional skills partnerships, to develop strategy in relation to skills. The consultation received differing views on the use of the surveys by Local Enterprise Partnerships (LEPs). One consultee explained that 75% of LEPs had used ESS statistics in material provided by the LEPs to this consultee. However, the consultation could not establish to what extent the LEPs

used the surveys to guide decision-making internally, with another consultee expressing doubt on this use.

A few consultees noted the use of the surveys for funding decisions. In some cases, the surveys were used by those applying for funding as evidence to support their request. In other cases, the surveys were used by those supplying the funding to assess relative need. Some consultees referred to using the surveys to develop co-funding strategies.

A number of consultees reported using the ESS to benchmark other surveys that they undertook, due to the high reputation, reliability and sample size of the ESS.

3.2.2 Impact on training providers

A number of consultees described how the surveys could be used to tell Further Education and Higher Education providers how to fill skills gaps. However, one EPS user stated that the current categories of skill used to gather information on skill gaps were **too broad** for this use – with the result of restricting the ultimate impact of the surveys on training provision.

Another consultee mentioned the use of the surveys for informing HR training courses.

3.2.3 Impact on employers

A small number of consultees noted the impact of the surveys on employers, trade unions and industry trade association. One consultee representing a Devolved Administration described how the surveys '*gave leverage to tell businesses that they have a key responsibility in training*' – whereas previously they had expected the government to provide it – leading to some culture change.

3.2.4 Impact on the academic community

A number of consultees mentioned the use of the surveys for academic research – due in part to the quality of the surveys and access to the data. One consultee suggested that the surveys' predecessors, regional and local surveys, had been used rarely by academics and that it was a '*major step forward*' when the surveys were harmonised in the form of the current employer skills surveys.

One consultee reported that the surveys were '*fairly well known in the academic community*' and that the research was often read and cited. However the same individual did say that there was scope for the surveys to be better known.

3.3 Overall feedback on the surveys

When follow-up interviewees were encouraged to provide high level views on the employer skills surveys, the most commonly cited view was a wish to see the surveys continue. At the same time, some consultees also acknowledged the value in reviewing the surveys for potential efficiencies.

Many consultees referred to the high value of the surveys in answering key policy and research questions, to the lack of comparable alternative data sources, and to the loss of evidence should the surveys cease or be fundamentally re-organised (and resulting in a possible break of the longevity of the time-series). They highlighted **neutrality, credibility, robustness, reliability, comprehensiveness** and **breadth**, as being particular strengths of the surveys.

As evidence of the excellent reputation of the surveys, consultees pointed to the breadth of users, the fact that the OECD sees the surveys as a benchmark in the field, and that the surveys have inspired other international data collection exercises. However, a number of consultees expressed the opinion that **awareness** and **use** of the surveys could be higher, given these characteristics.

One consultee, who used both ESS and EPS, mentioned that they had not been aware of the surveys until quite recently, despite having worked in labour market research for many years. Another consultee explained that other, less reliable surveys with smaller sample sizes often get more attention in the press, which could lead to an inferior policy response if there is pressure to react to a 'skills crisis'. One suggestion from a consultee was to bring back a 'road show' to disseminate the results and boost awareness. Another suggestion was to use infographics to disseminate results.

4 Views on the questionnaires

The consultation document provided a number of opportunities to consultees to suggest amendments to the ESS and EPS questionnaires. Consultees were asked whether key topics of interest to them were covered by existing survey questions, whether the questions were asked efficiently and adequately and whether they could be improved. Consultees were also asked whether there were questions they would like to see added to the questionnaire, whether questions should be reformulated and whether there were any questions they considered superfluous. This section presents the feedback received.

4.1 Suggested changes to the questionnaires

Many consultees suggested changes to existing questions and/or additions of new questions to the ESS and EPS surveys, to enhance the evidence collected on topics relevant to their work. Reflecting the diverse needs of ESS and EPS users, the suggested changes spanned a wide range of topics, discussed here in turn.

4.1.1 Demand for skills

Greater detail on skills

A number of consultees expressed a wish to see **more specific detail on the skills demanded by employers**. One EPS user stated that the current categories of skill used to gather information on skill gaps were too broad to inform FE colleges how to address the gap – with the result of restricting the ultimate impact of the surveys on training provision.

Also requesting additional detail on skills demand, one ESS user expressed a desire to see further detail on the specific skills (and levels) being requested in the recruitment process. They said that more detailed occupation and job title information would give a better sense of the specific skills employers say they are looking for. This consultee raised the question of whether the ESS could, or should, deliver this information but also mentioned that they were undertaking their own data collection exercise (by web-scraping words from job advertisements) to achieve the same objective.

Another consultee requested more nuance from the EPS in relation to the preparedness for work among young people, which would indicate what specific skills were absent. One ESS user questioned whether the list of skills in the 2013 ESS upskilling section was wide enough to capture changing skill needs. Another ESS user suggested breaking down literacy and numeracy skills, where possible in

the survey, into basic and advanced skills. Finally, when we probed consultees on the issue, there was consensus that the categories of ‘technical/other skill’¹ that accounts for about 70% of skill gaps in certain occupations was not particularly helpful in its current form. Consultees would appreciate further detail on this category in order to target specific policies or training curricular.

Drivers of demand for skills

One consultee wanted the ESS to deliver information on the determinants of employer demand for skills and training with the particular aim of understanding whether employers were prone to short-term thinking. It was suggested that the formulation of the question could take inspiration from existing management economics literature and also would benefit from cognitive testing. Another ESS user cited a study² that explores the drivers of change in skill needs. Another consultee requested questions in the EPS on employer motivations to engage in upskilling.

Over-qualification

One ESS user wanted to identify the level of qualification at which over-qualification (if it was perceived to exist) occurred. The same consultee suggested that there might be scope to use the survey to explore behaviour and cultural reasons why individuals might be over-qualified for their current roles.

A potential weakness in identifying skill gaps

Another consultee highlighted a potential weakness in the skill gap information collected. They stated that although the skill gap questions were well developed, it was only possible to identify an external skill gap in the labour market if the firm happened to have a vacancy at the time of the survey. However, the same consultee pointed out the significant advantage associated with having a consistent time series, and so did not advise changing this aspect of the survey, although additional questions on external skill shortages faced by firms without current vacancies were considered useful.

4.1.2 Training activities

Greater detail on training activities

A number of consultees requested greater information on training activities undertaken by employers. One consultee stated that a greater focus on education

¹ The precise wording of these categories in the ESS questionnaire is: ‘Specialist skills or knowledge needed to perform the role’ and ‘Technical, practical or job specific skills’.

² Nesta (2016) ‘Employment in 2030: skills, competencies and the implications for learning’, available at: <http://www.nesta.org.uk/blog/employment-2030-skills-competencies-and-implications-learning>

would open up the ESS to a wider body of policy and research users. Two ESS users wished to be able to distinguish between non-discretionary (i.e. training mandated by legal rules, government regulations or other outside bodies) and discretionary training. Another consultee who used both the ESS and EPS requested information on the use of interactive and flexible learning. One ESS user wondered whether the inclusion of some questions on 'less formal' workforce development might elicit new information on training from small firms (i.e. those without HR professionals). Another ESS user wanted to find out more about policies to accommodate staff who fund training themselves (e.g. in terms of time off work).

One consultee suggested asking about on-the-job training before asking about off-the-job training in the ESS since it was 'likely to be foremost in employers' minds'. The same consultee suggested adding 'difficulty in releasing existing staff for training because of recruitment problems' as a possible reason why training was not being undertaken; requested information on the age ranges or tenure with the company of those being trained; and suggested splitting the 'Level 4 qualifications or above' category. The same consultee suggested that the EPS could collect feedback on the experience of firms that had sought help on skills or training-related issues from external organisations, and asking about the barriers to doing so, where they had not.

Measurement of volumes and cost

A number of consultees requested information on the cost of training activities. One consultee requested the return of the ESS follow-up questionnaire on Investment in Training so that progress of work-based learning could be tracked over time. UKCES suggested that this questionnaire would repeat with ESS 2017, saying that it was now an 'integral part' of the ESS. However, one consultee argued against the inclusion of questions that would ask respondents how much they spend on training for the reason that there is '*no benchmark on what is the optimal investment in training*', meaning that the usefulness and robustness of the information collected would be questionable.

Another consultee suggested to use the ESS to capture how much employers are prepared to pay for training. One consultee suggested that the measurement of training volumes within the ESS could be made more robust. Specifically, the consultee pointed to recommendations within a recent paper³.

An EPS user requested that questions on who pays for training be returned to the questionnaire to better understand HR practices. In particular, this consultee

³ F. Green et al. (2016) 'The Declining Volume of Workers' Training in Britain', available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2785897

wanted to assess potential displacement effects of the apprenticeships levy system (which would subsidise apprenticeship training) on other types of training.

4.1.3 Firm-level information

Greater detail on surveyed firms

A number of consultees requested additional information on the firms being surveyed. One consultee requested the addition to the ESS of a question on the ownership of establishment (similarly to how it was asked in NESS 2009) or at least capturing whether the firm is listed on the stock market, as this was considered a determinant of training. Others suggested capturing the age of the firm (suggested addition to the ESS), whether it is a Foreign Direct Investment firm (EPS) and whether it pays any form of training levy (EPS). One ESS user recommended that the questions on size and age of the firm be aggregated to three or four categories as they are generally reported at this level.

Another suggestion was to include 'social enterprise' as a category separate to 'charity or voluntary sector organisation' in the ESS. One consultee commented that the use of SIC and SOC codes within both the ESS and EPS could be restrictive in terms of identifying all activities (and associated roles) undertaken by the company. One EPS user wanted the survey to probe the barriers to growth (e.g. finance, infrastructure, skills) for firms that reported that they expected growth to contract or remain the same over the next 12 months.

Impact of skills on firm-level outcomes

A few consultees said that they would like more information on the impact of training on productivity. One noted that the existing question on 'improved performance' may not translate directly into improved productivity and company growth.

Another consultee suggested that data linking of skill and HR issues (as collected by the ESS) to firm level outcome variables could allow the estimation of the impact of certain activities (e.g. apprenticeships) on business outcomes (for instance, productivity and profitability). Another agreed with achieving this through data linkage but also suggested that information on productivity could be collected through a self-assessment question within the survey (but recommended that this approach be cognitively tested first). According to the consultee, this would deliver establishment-level information on productivity (which is the level at which ESS is recorded) that would not be possible through data linking (as the external sources tend to record information at enterprise level). See Section 5.4.3 for further details.

4.1.4 Internal company practices

A few consultees mentioned that they would like more information on internal company practices such as retention, progression and management.

Employee retention

One consultee considered the module on retention and retention difficulties in the 2015 ESS 'a very valuable addition' and requested that it be repeated either (ideally) as a permanent addition or (alternatively) as a module. Other consultees suggested changes to this module such as:

- disaggregating the information for young people;
- asking for all occupations which face retention difficulties; and
- including the lack of flexible working arrangements and job security to the list of possible reasons why the firm was finding it difficult to retain staff.

One consultee asked how information collected in different questions (including those on retention) throughout the ESS might be combined to allow the estimation of a staff turnover rate at 4-digit SOC level.

Progression within the company

Two consultees wanted to know more about the impact of skills on progression within a company (potentially from the ESS), in particular to identify the skills which most often hold employees back from progressing. Another consultee wanted to know how improvements as a result of skills development were measured within firms.

Management

Two consultees who use both the ESS and EPS requested information on the quality of line managers, management efficiency and investment in training for managers. One of these consultees also requested information on skills transfer within firms, the use of incentives in regards to skills, and the use of interactive and flexible learning. Another ESS user suggested including questions on management effectiveness, and questions on the culture of the establishment (e.g. whether they have *change* managers, internal surveys, and what they do to empower employees).

Internal skills strategy

One consultee who uses both the ESS and EPS requested that the EPS ask how employers identify training needs within the company (e.g. whether they assess the skills available in relation to the aims and objectives of the business plan, whether it occurs at organisation level or is left to departments or individuals, or whether there is a formal review process). The same consultee was interested in whether firms cluster according to industry or according to company size when they discuss skills and training needs with other firms in the same locale.

4.1.5 Recruitment

More detail on recruitment activities

Two ESS users requested information on whether the recruitment activities reported by firms were in order to replace existing staff, or to fill new roles. Other ESS users wanted more information on the recruitment channels being used by employers, the use of recruitment agencies to hire both temporary and permanent employees, and feedback on any recruitment programmes used. Two consultees requested information on the level of staff turnover in the ESS and EPS.

Another ESS user was interested to find out what engagement companies have with career advisors (e.g. at school), particularly for those who do not attain a Level 4 qualification, arguing that employers must take some responsibility for making potential recruits aware of available opportunities (and associated skill requirements). The same individual also wanted to know how rigidly employers stick to their job specification – in terms of skill requirements – when recruiting and how many skills gaps are created by applicants not meeting these requirements.

One EPS user requested that the absence of the Careers Wales programme be included as a potential barrier to recruitment, as in the past many schools had received work experience and employer engagement through this programme.

'Hard-to-fill' vacancies

In relation to 'hard-to-fill' vacancies, one consultee reported that they found it strange that no definition was provided for 'hard-to-fill' vacancies within the ESS questionnaire. Where firms reported 'poor terms and conditions (e.g. pay) offered for post' as a possible main cause for having a hard-to-fill vacancy, another ESS user suggested that the questionnaire could probe whether this had to do with current pay levels, pay progression, pensions, benefits-in-kind or other related issues. Another consultee suggested the inclusion of 'no-shows at interviews' as a potential reason why certain vacancies were hard to fill. The same individuals suggested adding 'difficulty in releasing existing staff for training' as a possible impact of having such vacancies. One other ESS user requested a focus on more objective, 'measurable' impacts of hard-to-fill vacancies to replace the existing wording which was seen as more subjective.

One consultee with a focus on graduates noted a difficulty in telling whether recruitment difficulties are a result of not having enough qualified people for the role, or whether there are a sufficient number, but the particular company cannot attract them. The consultee noted that it was often the latter case with recruiters, especially SMEs, not being familiar enough with the labour market to make a suitable employment offer to in-demand workers. The consultee stated that the current questions within the ESS suggest that recruitment difficulties are mitigated

through training for the applicants where instead support for employers in recruitment might be more effective.

4.1.6 Apprenticeships and other placements

More detail on apprenticeships and placements

A number of consultees wanted additional information on apprenticeships, placements and work-based training. One EPS user requested a distinction in the questions between work experience and work placements and between formal and informal arrangements. Another EPS user wanted information on whether placements were paid or unpaid. The same consultee also wanted to know whether employers had contributed to curriculum design in addition to asking whether they had helped design or set coursework for students, and to know whether employers were aware of degree-level apprenticeships.

One consultee requested that future iterations of the survey repeat a previous module that collected information on the duration of work placements for students, so that comparisons could be made across time. The consultee said that this was important in order to be able to contrast the employer view of placements with the offer.

Motivation to offer apprenticeships and placements

One consultee suggested that the ESS examine the reasons why companies offer work-based training (including apprenticeships, traineeships and sector-based work academies), as well as the reasons why other companies do not, and whether they might consider offering work-based training. Other consultees suggested the EPS further probe the barriers to taking individuals on placement, including one suggestion to reference the possible need for a third-party to broker arrangements between schools and employers as a possible barrier.

Impact of the apprenticeship system

A number of consultees suggested that the surveys could be used to assess the impact of the apprenticeship system. One consultee was interested in using the surveys to analyse the impact on skill levels, addressing skill gaps and improving achievement rates. Another was interested in the impact on productivity and profitability.

Other consultees stated a desire to use the EPS to gather feedback on the new apprentice levy system. In particular, one consultee wanted to know the extent to which firms found the new system user-friendly; whether firms were responding to the system by increasing the number of apprenticeships they offer (and if so at what level); and the impact of the new system on the overall quality of apprenticeships. The consultee was also interested in understanding firms' intentions to increase the number of Level 3+ apprenticeships and any barriers to doing so. They also wanted to know what proportion of firms have apprentices on Level 2 programmes have progressed onto a higher level apprenticeship, and

whether at the same organisation or at a different one. The same consultee wanted the EPS to track the number of firms involved in the apprenticeship Trailblazers programme, how applicable Trailblazer standards were seen to be across occupations, how widely used they are, and whether they are being updated or if there are any plans to do so.

Recent focus on apprenticeships

Two consultees raised concerns about dropping some questions from the ESS and EPS in favour of a greater focus on topical policy developments (such as apprenticeships). An example provided by one of the consultees was talent co-development, which they identified as a topic which had been dropped from EPS in favour of questions on apprenticeships. The consultee requested the return of these questions. They said that work experience and talent co-development by employers with education institutions were a key component of labour market intelligence, and that the removal of these questions would leave many work experience practices out of scope for any time series analysis.

Speaking about the ESS and EPS, another consultee made the point that new questions to collect employer feedback on specific policy developments should not come at the expense of questions that 'map supply and demand at a general level'. They argued that such changes would damage the global reputation of the surveys as 'independent and reliable sources of information'. Another consultee, representing a Devolved Administration, requested that the apprenticeship sections be tailored to maximise effectiveness to all parts of the UK, rather than focusing on the English apprenticeships.

4.1.7 Disaggregation by industry

Two ESS users pointed out that employment numbers are only collected at 1-digit SOC level (while vacancy numbers are collected at 4-digit SOC level), with the ultimate result that the vacancy density ratio can only be collected at the 1-digit level. Another consultee requested that a breakdown of information be made available for the tourism sector.

4.1.8 Specific employee groups

Young people and graduates

A number of consultees requested additional information on young people and graduates. One consultee wanted information on whether there was underemployment of graduates (i.e. graduates employed in 'non-graduate' roles) within local firms. Other consultees requested more detail from the EPS on the preparedness for work for young people – at a level which would indicate the specific skills that they were missing - and this providing evidence on what education providers might do to improve this. One suggestion was to add the response 'lack of work-focussed experience (including work experience)' as a

description of how young people might not be prepared for work. One ESS user wanted the survey to gather views on young people among employers that had received applications from young people but who did not actually recruit them. One ESS user wanted the ESS data disaggregated so that it would deliver evidence relating to young people *only* in respect of training, skill gaps, retention and recruitment.

Older people and demographic issues

One EPS user wanted the same disaggregation of the information collected on recruitment as is currently collected for young people, for workers aged over 50. Another consultee who uses both ESS and EPS expressed an interest in assessing workforce demographics in order to identify demographic challenges (such as that of an aging workforce) faced in certain sectors. The same consultee requested greater information on the experiences of protected groups.

Other groups

A number of consultees expressed an interest in migrant workers. One consultee wanted to understand more about overseas recruitment drives by employers such as the NHS. Another consultee recommended asking about the share of migrants in the workplace in order to determine whether there is any difference in terms of training offered and in terms of access to skills between organisations with a high level of migrant labour and organisations with a low level.

Two consultees requested information on the recruitment of individuals who are unemployed, inactive and/or benefit-dependent.

4.1.9 Role of technology and outsourcing

A number of consultees requested additional information about the interaction of skills and technology. One consultee was interested in using the ESS to predict future skills needs and workforce development, particularly in relation to digital and new technology skills. The individual was also interested in how job roles might change in response to changing skill needs as an aging workforce is replaced. Another consultee, who uses both ESS and EPS, wanted some information on the impacts of artificial intelligence (AI) and robotisation, at least in sectors where such developments were relevant. Another ESS and EPS user requested that questions in the ESS about skills needs adjusting to technological change be worded to reflect changes that had actually happened in the preceding year, rather than asking the respondent to guess what would happen in the future.

One consultee requested the addition of a question to ask whether jobs had been lost due to technology and outsourcing (although the consultee did acknowledge that information on outsourcing might be difficult for firms to report accurately), in what numbers and in what occupations.

4.1.10 Fair business practices

A number of consultees requested information on 'fair work' and responsible business practices, including work contracts, work conditions, workplace relations, the rise of non-standard jobs, payment of the living wage, equality and task discretion.

4.1.11 Other topics

Other consultees suggested the addition of question on the following topics:

- the level of use of the gov.uk website among employers and their perceptions of the website (suggested addition to ESS);
- whether public sector establishments employ staff whose annual pay is determined by central Government (ESS);
- whether employers based in Wales utilise training from outside of Wales (EPS);
- employers' awareness of how National Occupational Standards (NOS) relate to qualifications development and how they relate to apprenticeship frameworks (EPS);
- more detail on High Performance Working (e.g. to what extent certain practices are in place, rather than collecting a simple 'yes/no' response) (ESS).

One consultee suggested that the EPS could have a more positive slant on certain questions, e.g. instead of asking why employers would not engage with FE colleges, to ask what providers they prefer to use and why? Another consultee recommended that any new questions be cognitively tested before addition to the surveys.

4.2 Opportunities for streamlining

While many consultees suggested questions they would like added to the ESS or EPS, very few suggested culling existing questions. However, a number of consultees did question the usefulness of certain sections (though from the previous section, many other consultees expressed an interest in various aspects of these same modules), for example:

- Within the ESS:
 - The section on business strategy and structure
 - The section on high performance working
 - The need for an occupational breakdown for Skills Shortage Vacancies
 - Questions on online training and e-learning
 - Questions asking what percentage of staff have a formal written job description/have an annual performance review
 - Questions on over-qualification

- Within the EPS:
 - The section on awareness and perceptions of *Investors In People*
 - Questions on National Occupational Standards
 - Questions on perceptions of future growth and whether establishment grew last year
 - Questions on why firms use certain types of training providers
 - Questions on firms' use of recruitment programmes
 - Questions on awareness of training schemes and initiatives

However, there was no consensus on the questions or topics that could be straightforwardly cut. It was difficult to identify any topics or questions within the questionnaire marked as redundant by one consultee, which were not used by at least one other consultee.

It is important to note the existing evidence in relation to the current survey questions. Specifically, in UKCES's submission to the consultation, they explained that the surveys were unlikely to contain redundant or unnecessary questions:

'The pressure on the content of the questionnaire means there is no space for questions or topics that are superfluous to the aims and purpose of the surveys and the needs of UKCES or stakeholders; every question must have a clear rationale, align with each survey's objectives and be supported/valued by stakeholders.'

They mentioned their role in *'drawing attention to and providing insight on previously lesser known topics such as skills utilisation and high performance working'* and said that the *'value and impact of these lesser known or lesser used topics should not be underestimated'*.

5 Views on the surveys and potential options for the future

This section reports mainly on information which was collected during the follow-up interviews as well as views received through the written consultation responses.

5.1 Sample size

The following subsections report stakeholder views on current, increased and decreased sample sizes of the ESS and EPS.

5.1.1 Current setup

Currently, approximately 91,000 employers are surveyed for the ESS, and in alternate years, 18,000 for the EPS.⁴ These sample sizes allow users to conduct analyses at sectoral, occupational, and regional level.

Our understanding is that the large ESS sample allows for fine-grained analyses at a national and regional level – with acceptable numbers of employers surveyed at LEP and Local Authority (LA) level to allow for aggregate analyses to be undertaken at these geographies. More granular analyses, for instance, skills gaps by occupation, by sector and by establishment size are possible to some extent; however, the sizes of the sub-samples decline rapidly. Additional quotas have been set to ensure representativeness of regional level data also in Scotland, Wales and Northern Ireland.⁵

The EPS can be used to undertake robust analysis at a larger geographical level compared to the ESS. Specifically, the EPS was sampled to be representative at Government Office Region (GOR) level in England, and at similar levels in the other UK nations.⁶

A majority of consultees across all UK nations considered the current setup of both surveys in terms of sample size suitable. For users of the ESS, many consultees from public and private backgrounds mentioned that they require at least LEP level disaggregation for their analysis, with the current sample size thus meeting their needs. Others mentioned the sample size of the ESS as being '*the main value of the survey*', because it ensures robustness of the data and opens up numerous possibilities of linking the data to other sources and conducting cross-analyses.

⁴ For the ESS 75,000 responses were collected in England, 6,000 respectively in Scotland and Wales, 4,000 in Northern Ireland. For the EPS the split was: England 10,000, Scotland 4,000 and 2,000 respectively in Northern Ireland and Wales.

⁵ See UKCES (2016) 'Employer Skills Survey 2015: Technical Report', Evidence Report 98, p.5 ff.

⁶ See UKCES (2014) 'Employer Perspectives Survey 2014: Technical report', Evidence Report 88, p. 17ff.

EPS users were also generally satisfied with its current sample size. The current setup allows users to gain a robust nation-wide view on employer perspectives while being able to run some more fine-grained analysis (e.g. by sector or for some regional breakdowns).

5.1.2 Decreasing sample size

One way of reducing the costs of the surveys would be to reduce their respective sample sizes. This potential future option was explored more in relation to the ESS rather than the EPS, because the latter already has a relatively small sample, and the perception is that limited cost reductions might be achievable without substantially reducing the impact and usefulness of the survey.

A few users, especially those interested in national-level policy questions, said that their work would not be affected through a reduction in sample size. However, many consultees expressed strong views against meaningful reductions in sample size of the ESS. As mentioned above, many consultees use the survey data to produce evidence at sub-regional, such as LEP, level. One consultee responded that *'Even with a sample size of 91,000, the base size for these specific occupations and sector / occupation / size combinations quickly drop to 100s rather than 1,000s. Reducing the sample size would threaten the availability of this information. Arguably, it would also threaten the viability and value for money of the survey'*.

Many users further said that the ESS should continue to provide at least LEP level data and that if it failed to allow for this type of analysis, its value would be significantly compromised, if not fully jeopardised. One researcher wrote that by decreasing the ESS, the *'value of it would be dramatically decreased as it is used by colleges, universities and LEAs, amongst others, and is unique in providing the local level of information it provides from a top-down and wholly integrated national source'*.

Contrary to those advocating for LEP or even LA level data, one consultee stated that according to their experience, relatively few LEAs use the ESS/EPS data and therefore the need for consistent LEP level data provision might be limited or at least patchy. The perception was that this limited use was grounded in a lack of awareness, resources or capacity to independently analyse the data.

Some of the specific disadvantages mentioned by consultees related to their ability to conduct LEP/LA level analysis as well as to analyse small sectors. Some consultees also mentioned potential difficulties in conducting cross-analysis (e.g. across modules of the survey or with other data sources), and with linking the data to other sources (e.g. the IDBR and other ONS data). Finally, a smaller ESS could

have a negative impact on maintaining the sample size of the investment in training follow-up survey as this is sampled from ESS respondents.⁷

5.1.3 Increasing sample size

In the stakeholder follow-up interviews, we enquired whether increasing the sample size of the ESS or EPS would positively impact the usefulness and value of the surveys. The exploration of this potential option was partly motivated by a recent evaluation of a possible increase in the EPS sample (by the UKCES as part of its annual review process).

Overall, consultees did not see an increased sample size of either survey as a priority. However, when prompted, most consultees said that they would appreciate it if the surveys were larger than in the current setup. There was consensus among consultees that an increased sample size might cause survey fatigue, especially amongst larger employers who are interviewed more frequently. This potential risk does not necessarily seem to be offset by the additional gains which could be attained from a larger sample.

The main stated benefits from a larger ESS sample relate to a general increased robustness of the results, and a better representation of regions and small sectors which are currently sparsely represented. The latter point was mentioned particularly by Devolved Administrations and consultees that have been involved in the design and administration of the surveys, and are more familiar with issues surrounding representativeness of specific sectors and regions.

Following the stakeholder consultation, we would not expect a significant increase in the use of the EPS data if it were available at a more sub-regional level (e.g. LEP level). When prompted, consultees said that they would not use the data more extensively if the sample were larger because there was generally less demand for regional/sub-regional figures for the topics covered by the EPS. A few consultees mentioned a desire for more granular data provision, at the level of cities, or regions close to a university, as this would allow them to use the evidence to target policies and potentially influence curriculum design in HE/FE institutions.

5.2 Merging of the ESS and EPS

The last section of the consultation document asked consultees about their views on merging the ESS and EPS. This potential option referred specifically to

⁷ The investment in training questionnaire is asked to employers who have responded to the ESS and have agreed to be contacted for further research. The response rate in 2015 was 66% among the contacted employers.

maintaining a core survey and additional modules which are asked only to randomly selected subsamples of responding employers.

Consultees who have been involved in the development and administration of the surveys stated that combining them would be '*technically feasible*' because they share the same sampling population, and similar sampling strategy. However, the integration would demand careful considerations for the exact setup of the resulting survey with respect to length, definitions⁸ and sample sizes.

The UKCES has previously assessed the possibility of merging the surveys and has, at the time, decided against it. One reason for this decision was that '*the range of issues that needed to be included in each [survey] was so great and the range of policy customers so large that there was no way that they could have been suitably covered in one survey with modules*'.

5.2.1 Stated advantages of merging the ESS and EPS

Most consultees, across Devolved Administrations and various types of institutions, were generally in favour of merging the two surveys. But many also acknowledged that a merger would require addressing important technical issues which complicate this option in practice. One consultee wrote:

'There is clearly potential for integrating the two surveys, given the similar themes of the two. Merging them together would obviously provide big cost savings, and would increase the number of variables that can be analysed together, by allowing ESS and EPS variables to be considered in the same analysis [...].'

A few stakeholders mentioned that a merged survey could be valuable for the overall environment of employer skills surveys. At the moment, two separate surveys treat apparently similar topics, and for new as well as for existing users, the distinction between the two surveys is not straightforward. In relation to this, one consultee stated that a question s/he has been using for years suddenly moved from the ESS to the EPS such that s/he could no longer run the same analyses as before. A single survey could thus decrease this ambiguity and potentially improve awareness and use.

Another recurring point that was stated in favour of merging was that consultees feel that there is some overlap between the ESS and EPS. This was often mentioned in the context of both surveys covering the topics of people

⁸ Many users see especially the ESS as 'definitive'. For example, there is an emerging consensus that concepts such as 'skill gaps' have a uniform meaning through the way it is measured. Therefore, changing the way certain concepts are asked and thus defined by the ESS could have far-reaching implications.

development and recruitment. Consultees felt that a merged survey would not result in doubling in survey length, but that efficiency gains could be achieved through cutting questions with overlapping topics or scope.

Some users mentioned the benefit from improved possibilities for cross-analysis across ESS and EPS topics. At the moment, since both surveys are independent cross-sections, comparisons can only be made on average across but not within individual establishments. Finally, it was mentioned that the EPS could benefit from an increased sample size if it were added as a module to the ESS.

5.2.2 Stated disadvantages of merging the ESS and EPS

The main risk associated with a merged survey relates to the potential impact the resulting overall survey length. In the current setup, the ESS questionnaire lasts on average 23 minutes while the EPS lasts on average 24½ minutes (ranging from 15-40 minutes). A merged survey could certainly save time (and resources) through the combined coverage of firmographics and closing questions, however, these are not the most time-intensive parts of the questionnaires.

Several stakeholders mentioned that survey dropouts would be expected to increase if the average survey length significantly exceeded 20 minutes. Additionally one consultee highlighted that what is considered to be 'core' in the ESS takes up nearly 20 minutes and that there was little potential for streamlining (see later discussion for further detail on questionnaire streamlining).

'One risk which could be encountered by integrating the two would be of creating a single one survey instrument that it is too long and risks increased dropout rates thereby compromising the quality of the data and survey response rates.'

In a similar spirit, several stakeholders acknowledged the substantial need for streamlining the questionnaires to achieve a lean combined survey. Respondents mentioned however that this should not come at the expense of asking less relevant questions regarding employers' recruitment and training activities. Otherwise, the fundamental value of the surveys could easily be diluted.

Moreover some consultees with extensive knowledge of both surveys highlighted that the surveys treat apparently similar topics from different viewpoints. In this regard, several stakeholders mentioned that the training definitions used in the ESS and EPS are fundamentally different. For instance, the ESS asks employers about their use of on-the-job and off-the-job training, whereas the EPS asks about internally versus externally provided training. There was no consensus among consultees regarding which training definition should persist in a merged survey. A point mentioned in favour of the EPS definition is that employers find it easier to distinguish between internal and external training, which in turn affects the quality of the data obtained from the questions. The main argument in favour of the


training definition used in the ESS relates to the availability of the time series that would be lost if solely the EPS definition were adopted for future waves.

Another stated risk with merging the surveys relates to modularising parts of the surveys that are not considered to be 'core'⁹. Firstly, the modularisation would have implications for coverage and representativeness of regional data. As mentioned previously, many stakeholders see LEP level as the minimum requirement for regional data that should be maintained across modules. Secondly, data collected in different modules could not be used in the same analysis as it would not cover the same respondent base. With just two modules in the current approach, this risk is limited because the module topics were selected to present little cross-relevance. In a future setup with more modules, the risk of having more limited scope for cross analysis should be taken into consideration. Lastly, data collected in modules could not be directly analysed in conjunction with the core survey asked to all employers, but would require re-weighting to achieve representativeness of the module data (and significant resource cost to undertake correctly). This presents a potential source of error, especially for basic users of the data and results, and could thus impact the reliability of produced findings.

In conclusion, although merging the surveys has clear benefits in terms of possible cost savings, and might also increase the awareness (and impact) of the merged survey as the unique source of insight into UK-wide employer demand and views on skills, there are a number of non-trivial methodological issues that would need to be addressed fully before any attempt to merge the surveys took place. Addressing these methodological issues could limit any saving that might be associated with merging, but potentially jeopardise a well-regarded suite of surveys.

5.3 Survey frequency

5.3.1 The current approach

At present both the ESS and EPS are biennial surveys running in alternate years, as shown in Figure 1 . We asked stakeholders in the follow-up interviews about their views on survey frequency. It generally emerged that the current frequency suits most users well. There were some suggestions to increase or decrease the frequency on which we elaborate in turn below.

⁹ We did not ask consultees specifically about their opinion on what constitutes the 'core' of the surveys. However, many respondents seem to feel that the ESS sections on Recruitment and vacancies (Section C), Demand for skills and skill gaps (Section D), and Workforce development (Section F) are core to the survey. Similarly the sections on Recruitment (Section C) and People Development (Section D) seem to be considered core in the EPS.

Figure 1 Current ESS and EPS survey frequency



Note: The surveys are run every other year in alternation.

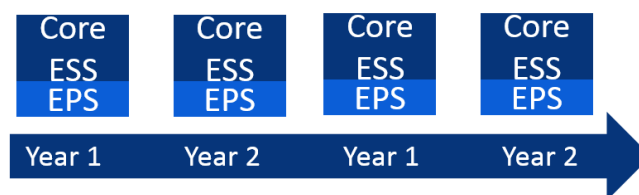
Source: London Economics

5.3.2 Increasing the survey frequency

Some stakeholders, mostly with an interest in skills policy, mentioned that they would like to receive the survey data annually. At the same time, consultees acknowledged that an increased survey frequency would not only have significant cost implications, but could also lead to survey fatigue amongst employers, and thus increase non-response or dropout rates among respondents. Consultees agreed that the benefits of increased data provision are unlikely to outweigh the potential downsides.

The administration of an annual survey was sometimes mentioned in conjunction with merging the surveys (such as, *'If the surveys are merged then it would be useful to get the results annually'*), which is the approach presented in Figure 2. Respondents felt that this would imply maintaining the current frequency, since at present one survey is run every year.¹⁰

Figure 2 Annual frequency of a merged survey



Note: A merged version of the ESS/EPS that preserve the 'core' of the ESS and uses a shortened version of the EPS as a module, as described in Section 5.2, could be administered annually.

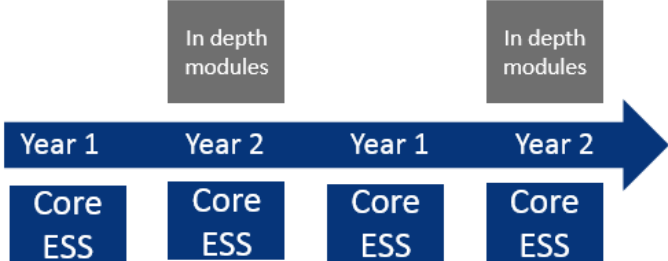
Source: London Economics

An alternative approach of administering the ESS annually would be to ask a 'core' questionnaire to employers every year, and complement these waves with in-depth modules every other year. These modules could, for example cover EPS topics or

¹⁰ The discussion of survey frequency was sometimes decoupled from the sample size discussion. It is thus difficult to say whether respondents would like to see annual surveys of the current ESS sample size or smaller.

other topics which might be of interest to stakeholders. This scenario is depicted in Figure 3 below. Several modules could be asked to sub-samples of randomly selected employers.

Figure 3 Annual administration of a ‘core’ ESS complemented by biennial in-depth modules



Note: In depth modules could cover, for example, EPS topics.
 Source: London Economics

A final approach of providing data more frequently, which was mentioned by some consultees was that the survey could be run quarterly with smaller samples. This would generate a regular flow of data and allow some analyses of seasonal developments of skill gaps, recruitment, and training provision; however, this would risk the time-series, since the methodology would change and data may no longer be comparable. Also, it may be difficult to provide robust sub-regional level data with smaller, more frequent surveys.

5.3.3 Decreasing the survey frequency

A few consultees, especially those from the academic community, stated that the survey frequency could be decreased, for example to three years, without diminishing the value of the surveys (see Figure 4 for an illustration). Many consultees mentioned that the labour market and skills do not move significantly from one survey wave to the next and that skill gaps are relatively stable over time. A lower survey frequency would furthermore coincide with strategic planning horizons at local level that commonly run over 5 to 10-year horizons.

Figure 4 Administration of the ESS and EPS every 3 years in alternation



Source: London Economics

Other stakeholders however felt that less frequent skills surveys would diminish the surveys' overall value, for example it *'would degrade the usefulness of the time series'*. This was particularly the case for users working in policy and government. Given the nature of legislative cycles, it is important for the government to implement and measure the effects of policy changes on an ongoing basis. With data on skills provision, skills shortages and employer perspectives released only every three years, the tardiness of the results might mean a government implementing a particular reform is no longer in office by the time the impact of their reforms is assessed.

In conclusion, unless the Department for Education plans an extensive redesign of the surveys that could accommodate the provision of a more regular flow of data, for example through the administration of smaller annual surveys, the current biennial frequency seems to suit a majority of survey users adequately, and offers an acceptable trade-off between cost, coverage and timeliness.

5.4 Sampling and survey sample frame

A few stakeholders provided information regarding potential changes to the sampling frame and sampling method that could lead to either cost savings or increased usefulness compared to the current approach.

5.4.1 Sampling frame

The ESS and EPS currently cover representative samples of UK establishments with 2 or more workers in employment (i.e. at least two people working at the particular establishment)¹¹. Given the fact that the smallest establishments are generally more difficult to reach compared to larger employers (and therefore more resource intensive), it was suggested that one way of decreasing sampling costs would be to change the sampling frame from establishments with 2+ employees to establishments with 5+ employees .

This approach would save costs and the time required for the sampling and survey administration¹² with the consequence of allowing a significant reduction in required survey sample sizes to achieve representativeness. It would also potentially facilitate the production of robust data for LEPs.

However, on the downside, the data would not be representative of all employers across the UK. Potentially more importantly, data from previous years would no

¹¹ See UKCES (2016) 'Employer Skills Survey 2015: Technical Report', Evidence Report 98, p. 4f. UKCES (2014) 'Employer Perspectives Survey 2014: Technical report', Evidence Report 88, p. 5 & p. 8.

¹² This is because the very smallest establishments tend to have higher turnover and lower response rates.

longer be directly comparable to newly collected information (specifically, although the time series would be completely lost for establishments with between 2 and 5 employees, the data could be reweighted to continue the series for the slightly larger establishments).

However, respondents indicated that the decreased representativeness would be an important loss for the surveys. Specifically, small establishments make up a large share of businesses in the UK, and their behaviour and specific issues relating to skills are important to understand, and track. Respondents also mentioned that some users, especially the Devolved Administrations, would be particularly disadvantaged given the relatively high incidence of small businesses, and as such opposed such changes to the sampling frame.

5.4.2 Sampling

The ESS and EPS are currently sampled from Experian's Business Database because it is the most complete register of UK establishments that include respondents' phone numbers/ contact details. This is important for the survey administration since all employer responses are collected by telephone using computer-assisted telephone interviewing (CATI) systems.

In a number of the follow-up consultations, it was asked whether it would be feasible to draw the ESS and EPS survey samples from the Inter-Departmental Business Register (IDBR) provided by the Office for National Statistics (ONS), as this would allow for the linking of the ESS and EPS to external data sets (also sampled from the IDBR). Although this would significantly increase the potential impact of the data sets, one respondent did indicate that there may be a very significant short term increase in the costs of administration since the IDBR does not consistently provide up-to-date phone numbers of establishments.

5.4.3 Implications for data linking

Drawing the sample from the IDBR may be more costly, but this sampling method could at the same time significantly increase the overall value of the surveys. Sampling from the IDBR would facilitate linking the ESS and EPS data to any other existing ONS data sets which use the IDBR. This would not only allow users to run more extensive cross-analyses, but some questions could potentially be cut from the employer surveys in case the information is available through other ONS sources. This could free up valuable questionnaire space for other in-depth questions which stakeholders would like to see answered.

At the moment, only one of the consulted stakeholders has complemented the ESS data with information from FAME and the Business Structure Databases (BSD).¹³ Currently, linking the data presents a challenge, and the overall rate of successful matches is low (approximately half the sample was successfully matched). The low match rate is due to several reasons, including 20% of employers not consenting to the linking their responses to other data sources, and incomplete data records.

While linking the surveys to other ONS data sources seems like an important potential added value for the surveys, it is unfortunately not certain that this benefit would be fully recouped by (all) users. Firstly, only relatively few users seem to undertake any secondary data analysis of the ESS and EPS, which suggests that they would be unlikely to undertake the linking of the ESS/EPS data to other ONS data sources. Despite this, for government Departments, who have the capacity and capability to link the data, the benefits from a policy perspective are highly significant.

It is important to note however is that most ONS data is collected at company level, whereas the skills surveys are implemented at establishment level¹⁴. Therefore, depending on the precise research questions that should be addressed, other ONS data may not necessarily be adequate to complement the ESS/EPS data. However, if suitable research questions are examined, they could be answered using a much more powerful evidence base than is available at the moment.

5.5 Other stated options

The following sub-sections present other interesting stakeholder views on the administration of the ESS and EPS.

5.5.1 Survey administration

Some efficiency gains could potentially be achieved from commissioning the ESS and EPS together – and over a longer timeframe. Compared to the current approach where each round of surveys is commissioned one at a time, commissioning two or three waves of the ESS and/or the EPS would result in increased institutional knowledge within the contractor's organisation, as well as a reduction in the ongoing burden of resubmitting large research proposals. It would be expected that the benefits associated with increased certainty and reduced burden on the contractor side would be shared with the Department and present

¹³ A. Felstead (2016) 'Tracing the connections: short-termism, training and recession', The International Journal of Human Resource Management, available at: <http://dx.doi.org/10.1080/09585192.2016.1184176>.

¹⁴ This is because recruitment problems and demand for skills are perceived as being strongly linked to the specific labour market and geography surrounding the establishment, and that local HR managers are likely to have a better grasp of ongoing issues relating to skills.

themselves as (not insignificant cost savings). However, comprehensive monitoring and quality assurance processes would need to be in place to ensure value for money for the taxpayer.

5.5.2 Survey steering group

Linked to this point in relation to quality assurance and monitoring, some consultees have been involved in the UKCES Survey Steering Group. These respondents have been involved in questionnaire development, as well as in other strategic questions relating to the administration of the surveys. The consultees with Steering Group experience mentioned that they valued the Steering Group function greatly and believed that the Steering Group has a positive impact on the quality of the surveys, and are keen to see it continued. More generally, there is extensive institutional knowledge in relation to these two surveys, which should not be jeopardised with the incorporation of the surveys into the Department.

Despite this high level governance, one consultee moreover mentioned that the surveys could benefit from an academic advisory panel and also called for more rigorous cognitive testing of the questionnaires.¹⁵

5.5.3 Panel element

One consultee mentioned that some efficiency gains could be realised through developing a panel element in the ESS.¹⁶ This would imply contacting a share of employers again for subsequent waves. Clearly, a panel element would be beneficial for ongoing data analysis, as it would allow for the assessment of change over time within establishments, or to allow for establishment-specific activities and/or perceptions to be tracked over time. It would thus provide a more rigorous time series compared to the purely cross-sectional time series which exists in the current setup.

However, other respondents, with significant experience in either developing or administering the ESS/EPS or other surveys, mentioned that the development of a panel element is unlikely to decrease costs. Instead, increased costs associated with panel maintenance to avoid panel dropouts would be likely to outweigh the above mentioned cost savings.

¹⁵ We later found out that the surveys are indeed cognitively tested. Therefore, it is unsure whether these testing activities should be intensified or the results merely made public, for example through the technical report.

¹⁶ This option was also explored in previous consultations conducted by the UKCES.

5.5.4 Questionnaire streamlining

A final approach considered to reduce the costs associated with the surveys was to streamline the surveys. Achieving survey length of under 20 minutes would significantly reduce administration costs of both surveys (and specific questions which were considered redundant by some consultees are outlined in section 4.2).

Although some consultees were able to note some questions they considered redundant, it was much more common for consultees to make suggestions for *additions* to the questionnaires. Furthermore, there was no consensus on the elements of the two surveys that could be straightforwardly cut. It was difficult to identify any topics or questions within the survey marked as redundant by one consultee, which were not used by at least one other consultee.

Furthermore, many questions are required to introduce follow-up topics or to filter out respondents (e.g. questions on recruitment of education-leavers are only asked to employers that have employed education-leavers in the last 2-3 years). This is a particular concern for some of the Devolved Administrations since many in-depth questions ask specifically about their own specific programmes and policies operating within that Devolved Administration.

Although there were several suggestions put forward in relation to the future administration/ composition of the surveys that might deliver cost savings, many of these would have a detrimental impact on the usefulness of the survey for other users; result in an increase in costs in the short term; or generate a risk in relation to the year-on-year quality and comparability of the data. As such, with the exception of the possibility of procuring the administration of the surveys on a longer-term basis, where some significant savings might be generated, the proposed options appeared to introduce change (and costs) without necessarily delivering any benefits that would warrant a fundamental re-organisation of the surveys.

6 Conclusions

London Economics were tasked with undertaking a consultation of ESS and EPS users to assess whether the survey data collected was sufficient to answer key policy and research questions relating to employer demand for skills. We were also asked to gather information on whether the current data collection approach and surveys' structure could be achieved in a more integrated, cost-effective manner. The consultees represented a range of different sectors and interests, including government, the private sector and the academic community.

Impact

The consultees expressed interest in a wide range of key policy and research questions relating to employer demand for skills, demonstrating the diversity of need among ESS and EPS users – and indicating the challenge in meeting these many diverse needs through just two survey tools. The most common theme was the use of the surveys to identify skills shortages, gaps and mismatches, and many consultees mentioned the ability of the surveys to generate this evidence consistently and robustly over time and at more refined geographic levels, as particular merits.

Consultees described the impact of the surveys on national level policy, as well as in developing regional and local skills strategies (and for informing funding decisions). While some consultees highlighted the role of the surveys in facilitating training providers to target skills gaps, others questioned whether the surveys collected information in sufficient detail for this purpose. As such, although there was significant impact identified, there was a belief that awareness of the surveys and their associated impact could be increased.

Options for cost savings

Cutting questions or modules

Many consultees suggested changes to existing questions and/or additions of questions to the ESS and EPS surveys in order to enhance the evidence collected on topics relevant to their work. Very few suggested cutting existing questions; however, a number did question the usefulness of certain sections. There was no consensus on the questions or topics that could be straightforwardly cut. It was difficult to identify any topics or questions within the questionnaire marked as redundant by one consultee, which were not used by at least one other consultee.

Reducing sample sizes

ESS and EPS users were also generally satisfied with current sample sizes, with some identifying the large sample size of the ESS as being '*the main value of the survey*'. When asked about a possible reduction in the sample size of the ESS,

many consultees expressed strong views **against** this change, as it would jeopardise their ability to produce evidence at sub-regional (or lower) levels.

Merging data sets

Many consultees saw merit in a potential merger of the ESS and EPS into a unique questionnaire covering all topics relating to employer demand for skills. While merging the surveys has some benefits in terms of possible cost savings, there would be a number of non-trivial methodological issues that would need to be addressed before any attempt to merge the surveys took place. Addressing these methodological issues would probably significantly reduce any savings that might be associated with merging, but failure to do so would undoubtedly jeopardise a well-regarded suite of surveys. Given the fact that the surveys are fundamentally different (for instance in the nature of the questions asked within the same topic), merging the two data sets offers limited gains.

Survey frequency

In terms of survey frequency, the current biennial data collection of the ESS and EPS seems to suit a majority of survey users adequately, and offers an acceptable trade-off between cost, coverage and timeliness.

Sampling frame

Significant benefits could be achieved for some users, especially those in government departments and the academic community, if the surveys were sampled from the IDBR instead of from Experian and were thus directly ready for analyses in combination with other ONS sources. Although the IDBR would facilitate data linking, the ESS/EPS data may not become fully comparable to other ONS data sources due to other sampling differences (for instance, the skills surveys being collected at establishment level, while most other data is available at enterprise level). However, given the benefits associated with this option, even for a small number of users, it might be worth considering what the indicative costs of this option might be.

Currently, all establishments with at least two workers are eligible for the surveys. If this sampling frame were decreased to include only establishments with at least 5 workers, some significant cost savings could be achieved in the fieldwork and through a potentially smaller required overall sample size. However, such savings would come at the expense of less representative surveys and discontinued time series for small businesses.

Survey administration

Some efficiency gains could potentially be achieved from commissioning the ESS and EPS together – and over a longer timeframe. Compared to the current approach where each round of surveys is commissioned one at a time,

commissioning two or three waves of the ESS and/or the EPS would result in increased institutional knowledge within the contractor's organisation, as well as a reduction in the ongoing burden of resubmitting large research proposals. It would be expected that the benefits associated with increased certainty and reduced burden on the contractor side would be shared with the Department and present themselves as (not insignificant cost savings). However, comprehensive monitoring and quality assurance processes would need to be in place to ensure value for money for the taxpayer.

Cost savings versus risk

Although there were several suggestions put forward in relation to the future administration/ composition of the surveys that might deliver cost savings, many of these would have a detrimental impact on the usefulness of the survey for other users; result in an increase in costs in the short term; or generate a risk in relation to the year-on-year quality and comparability of the data. As such, with the exception of the possibility of procuring the administration of the surveys on a longer-term basis, where some significant savings might be generated without any impact on the surveys themselves, the proposed options appeared to introduce change (and costs) without necessarily delivering any benefits that would warrant a fundamental re-organisation of the surveys.

Future use and benefits

Overall, a majority of consultees expressed a wish to see the surveys continue beyond the closure of UKCES. As evidence of the reputation of the surveys, consultees pointed to the breadth of users, the surveys' international status, and that fact the surveys have inspired other international data collection exercises. However, a number of consultees expressed the opinion that awareness and use of the surveys could be higher, given their significant value.

In light of the challenge to make cost savings, evidence from the consultation exercise suggests that the focus of policy makers involved in the management of the surveys should be to increase the awareness and use (and impact) of the surveys. A concerted effort to reduce costs through amending the methodology or content of the surveys would likely be self-defeating, and would result in a suite of surveys that has limited use. Given the fundamental risks that the UK economy now faces, the continuation of well-respected, reliable, authoritative and transparent data sources on the employer demand for skills is a (currently unrealised) benefit in its own right and should not be put at risk.

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