UKCES

UK COMMISSION FOR EMPLOYMENT AND SKILLS

National Employer Skills Survey for England 2009: Main report

Evidence Report 23

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Analysis › Understanding › Insight › Expert advice

National Employer Skills Survey for England 2009: Main report

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Foreword

The UK Commission for Employment and Skills aims to raise UK prosperity and opportunity by improving employment and skills levels across the UK, benefitting individuals, employers, government and society. The UK Commission provides independent advice to the highest levels of the UK Government and Devolved Administrations on how improved employment and skills systems, participation and attainment can help the UK become a world class leader in productivity, in employment and in having a fair and inclusive society.

Research and policy analysis plays a fundamental role in the work of the UK Commission and is central to its advisory function. In fulfilling this role, the Research and Policy Directorate of the UK Commission is charged with delivering a number of the core activities of the UK Commission and has a crucial role to play in:

- Assessing progress towards making the UK a world-class leader in employment and skills by 2020
- Advising Ministers on the strategies and policies needed to increase employment, skills and productivity
- Examining how employment and skills services can be improved to increase employment retention and progression, skills and productivities
- Promoting employer investment in people and the better use of skills.

We produce research of the highest quality to provide an authoritative evidence base; we review best practice and offer policy innovations to the system; we undertake international benchmarking and analysis and we draw on panels of experts, in the UK and internationally, to inform our analysis.

Sharing the findings of our research and policy analysis and engaging with our audience is very important to the UK Commission. Our Evidence Reports are our chief means of reporting our detailed analytical work. Our other products include summaries of these reports; Briefing Papers; Thinkpieces and seminars. All our outputs are accessible in the Research and Policy pages at http://www.ukces.org.uk/our-work/research-and-policy.

This Evidence report follows the National Employer Skills Survey for England 2009: Key findings report which was published in March 2010. It presents a fuller picture of the results from the National Employer Skills Survey for England 2009 (NESS09), covering (i) the incidence, extent and nature of skills problems facing employers, in terms of skill-shortage vacancies, skills gaps and the likelihood that employees will need upskilling, (ii) employer training activity and training spend and (iii) employers' product market strategies. The context of recession, in which the fieldwork for this project was carried out, is reflected in analysis of questions asking employers how they were impacted by the economic downturn. This report includes a large variety of findings analysed by the key cross-breaks of size of organisation; sector, defined by both Standard Industrial Classification and Sector Skills Council footprint; and English region, as well as drawing out the cross-cutting themes that run through the extensive analysis covered in the report.

We hope you find this report useful and informative. It is an important component of the evidence we need to inform our on-going policy advice to achieve a more prosperous and inclusive society.

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Tracy Mitchell at the Learning Skills Council was the project manager until the end of the fieldwork phase. Dr Susannah Constable at the UK Commission for Employment and Skills managed the writing of the Key Findings and Main Reports. NESS09 was overseen throughout by a steering group that guided the direction of the project. It comprised: Mark Spilsbury, Genna Kik and Dr Susannah Constable, UK Commission for Employment and Skills; Tracy Mitchell and Rob Cirin, Learning and Skills Council National Office; Kathy Murphy, Mark Langdon, Dominic Rice, David Campbell, Department for Business Innovation and Skills (BIS); Dr Sally Walters and Bob Windmill, Alliance of Sector Skills Councils; and Sam Richardson, Learning and Skills Council, West Midlands Region.

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Glossary

Hard-to-fill vacancies (HtFVs)	Those vacancies classified by respondents as hard-to-fill.
Skill-shortage vacancies (SSVs)	A subset of hard-to-fill vacancies where the reason given for the difficulty filling the position is a low number of applicants with the required skills, work experience or qualifications.
Skills gaps	These exist when the employer indicates that staff at the establishment are not fully proficient at their jobs. NESS records only whether staff are fully proficient or not.
Upskilling	An employer is described as having upskilling needs where they say that any of their staff need to acquire new skills or knowledge over the next 12 months, for example to keep up-to-date with legislative requirements or as a result of the development of new products/services.
Off-the-job training	Training away from the individual's immediate work position, whether on the establishment's premises or elsewhere.
On-the-job training	Informal training and development activities that would be recognised as training by staff, but not the sort of learning by experience which could take place all the time.
SIC/SSC Sector	Please refer to Annex A for full details.
Employer-based measures	These are survey results which are based on the proportion of employers responding in a particular way (e.g. the proportion of employers providing training for their staff).
Employment-based measures	These are survey results which are based on the number of staff (e.g. the proportion of staff for whom training has been provided).
Weighting	Weighting ensures that the survey results are representative of the entire population of employers. Weighting of this survey involved grossing-up the survey results to population estimates. Different weights are applied for employer and employment measures.
Unweighted base	This refers to the number of respondents on which a survey result is based.

Executive Summary

The aim of the National Employer Skills Survey (NESS) is to provide the UK Commission for Employment and Skills (UKCES) and partners with robust and reliable information from employers in England on skills deficiencies and workforce development to serve as a common basis to develop policy and assess the impact of skills initiatives. NESS09 incorporates responses from just over 79,000 employers.

From education to employment

Reflecting the fact that the country was in recession at the time of the 2009 fieldwork, the proportion of employers recruiting staff aged 16 to 24 over the previous 12 months was lower in 2009 (23 per cent) than when the previous NESS survey was conducted in 2007 (26 per cent).

The perceived readiness for work of those recruited directly from education, whether 16-year-old school leavers, 17- or 18-year-old school or college leavers, or those from higher education aged 24 or under, has remained relatively unchanged. Two-thirds of employers (66 per cent) that had recruited a young person who had completed only compulsory education found them to be well or very well prepared for work, as did almost three-quarters (74 per cent) of employers that had recruited 17- or 18-year-old college or school leavers, and 85 per cent of employers that had recruited HE leavers into their first job. That is to say, the longer people stay on in education, the more work ready they are perceived to be.

Recruitment problems

The proportions of employers reporting vacancies (12 per cent), hard-to-fill vacancies (three per cent) and skill-shortage vacancies (three per cent) have all fallen in 2009 compared to the levels found in previous NESS studies from 2003 to 2007.

The number of skill-shortage vacancies is far lower than found for previous NESS surveys: the number reported for NESS09 (approximately 63,000, equivalent to three per thousand workers) is just under half the number reported for NESS07.

This lower number of skill-shortage vacancies in 2009 reflects both reduced recruitment activity but also the fact that the proportion of vacancies where skill shortages are making them hard-to-fill is at its lowest level (16 per cent) since the NESS series began in 2003. Not only are employers less likely to be recruiting, but they are having fewer problems caused by skill shortages in filling these vacancies.

Skills gaps

The proportion of employers with any staff at their establishment not fully proficient at their jobs (i.e. experiencing skills gaps) fell in the period 2003 to 2007 (from 22 per cent to 15 per cent) but has risen for the first time in the series, to 19 per cent in 2009. The proportion of the workforce lacking full proficiency has remained relatively consistent (seven per cent in 2009, close to the six per cent reported in both 2005 and 2007).

Skills gaps are more common in 'lower level' occupations both in absolute terms and in terms of the proportion of those occupations lacking proficiency – nine per cent of elementary staff and 10 per cent of sales and customer service staff are described by their employers as lacking proficiency. By contrast, just six per cent of managers and professionals have skills gaps.

Training and workforce development

As in 2007, just over two-thirds of employers (68 per cent) had provided any training or development in the previous 12 months. The pattern of training practice is changing, however, with fewer employers delivering all of their training on-the-job and more combining on-the-job with off-the-job training: the proportion delivering only on-the-job training has fallen from 21 per cent in 2007 to 17 per cent in 2009, while the proportion of employers delivering both off- and on-the-job training has increased from 33 per cent in 2005 and 2007 to 38 per cent in 2009.

There has also been a decrease in the number and proportion of staff receiving training, from 14.0 million workers (63 per cent of the workforce) in 2007 to 12.8 million workers (56 per cent of the workforce) in 2009, and a slight decrease in the number of days of training provided per head of the workforce.

Total employer expenditure on training is estimated to have been £39.2bn over the course of the 12 months prior to NESS09, an increase of just over £500m or 1.3 per cent since 2007. After inflation, this is equivalent to a decrease in real terms of five per cent. The labour costs of those receiving, delivering and managing training form the bulk of this employer training expenditure.

Although fewer staff are receiving training than in 2007, more is being spent on each person trained. The average annual investment in training per trainee is £3,050, a three per cent increase in real terms on the 2007 figure of £2,775.

Size and sector are key determinants of training activity. Larger establishments and those in sectors dominated by public sector services or finance report higher levels of training activity.

Government training initiatives

Awareness of Government-funded Apprenticeships was high (91 per cent of establishments had heard of them), although awareness of the different categories of Apprenticeship (Advanced, Higher and adult) was much lower, with Higher Apprenticeships the least well recognised (16 per cent). Overall, eight per cent of employers offer Apprenticeships, though only four per cent actually had any staff currently undertaking an Apprenticeship at the time of the survey.

Around three in five employers (61 per cent) were aware of Train to Gain, a large increase from the 2007 figure of 28 per cent. One in nine (11 per cent) reported having been actively involved with Train to Gain, for example through dealings with a Skills Broker (up from four per cent in 2007).

In comparison, awareness of the Skills Pledge (27 per cent) and National Skills Academies (36 per cent) was considerably lower. Similarly, involvement with these Government initiatives was also lower than with Train to Gain, with just four per cent of employers having made the Skills Pledge and two per cent having engaged with a National Skills Academy.

1 Introduction

Background

The National Employer Skills Survey 2009 (NESS09) provides data trends on skills issues. It incorporates responses from 79,152 employers and thus represents by far the largest and most comprehensive source of information on current skills issues affecting employers in England. Its importance to policy-makers charged with raising the country's skill levels lies not just with its scale, but also in that:

- It is a key source of labour market information on skill-shortage vacancies, skills gaps and workforce development activity, and is a crucial part of the evidence to inform skills policy.

- The partnership approach developed by the UK Commission for Employment and Skills, LSC, the Alliance of Sector Skills Councils and BIS allows the key agencies involved in skills policy to develop a shared understanding of skill deficiencies and workforce development issues through the use of one survey with widely accepted terminology and definitions.

This study complements previous waves of the survey undertaken in 2003 (NESS03), 2004 (NESS04), 2005 (NESS05) and 2007 (NESS07) by the Learning and Skills Council which explored skills shortages and workforce development activity among employers across England. These built upon previous series of employer surveys designed to assess and monitor skills issues which included the Employers Skill Survey (ESS) commissioned by the DfES in 1999, 2001 and 2002.

1.1 Aims and objectives

The aim of NESS is to provide the UK Commission for Employment and Skills, Skills Funding Agency, BIS, the Alliance of Sector Skills Councils and their partners with robust and reliable information from employers in England on skills deficiencies and workforce development to serve as a common basis to develop policy and assess the impact of skills initiatives.

Against this aim, NESS09 has been designed specifically to provide robust measures, by sector and geography, of:

- the recruitment and quality of young people taken on straight from education (school, college or higher education).
- how many employers have difficulty finding suitably skilled recruits to fill vacant positions; how many vacancies remain unfilled because of skill shortages among applicants in each of the major occupational categories; and which skills are in short supply.
- how many employers face skills deficiencies among their workforce; how many (and which) employees are affected; and the nature of the skills challenges they face.
- whether employers expect any of their employees to need to acquire new skills or knowledge ('upskill') over the next 12 months and the specific skills that particular occupations need improving or updating.
- the extent to which employers develop the skills and assess the skills needs of their workforce; and the extent to which such activities are a feature of wider strategic planning.
- employer use of (and satisfaction with) FE colleges, Higher Education Institutions and other providers of training and workforce development.
- employer expenditure on training and development (these data are gained through a follow-up survey with a subset of employers who participated in the initial NESS interview).
- employer awareness, current and future usage of and attitudes towards Government training initiatives, specifically Apprenticeships, Train to Gain, National Skills Academies and the Skills Pledge.

1.2 The scope of the survey

The survey was designed to incorporate employers across all sectors of business activity in England. 'Employers' were defined as establishments (individual sites) rather than enterprises. Some enterprises may therefore be represented in the survey by more than one of their sites. The sample for the survey was drawn from Experian's National Business Database.

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

Data measuring this population was established through the Office of National Statistics (ONS), based on the Inter-departmental Business Register (IDBR) counts for March 2009. These indicated a total population of 1.49 million employers, with 22.98 million people working within them.

1.3 Key methodological details

The sample design was created using a three-dimensional grid defined by SSC sector of business activity and size of establishment within region, with a non-interlocking LEA grid running in parallel. A target number of interviews were distributed between regions in proportion to the number of establishments within each region. Within each region, the allocated target number of interviews was divided between sectors as defined by the SSC footprints (described in more detail in Annex C), half in proportion to the number of establishments within each sector, and half evenly across each sector. Then the targets within each sector were distributed across six size bands in proportion to the number of people working in establishments of that size within that sector.

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

The overall response rate achieved from the sample was 41 per cent, slightly lower than for NESS05 and NESS03 (43 per cent and 42 per cent respectively) though an improvement on NESS07 (35 per cent). For each of these surveys, the sample size was between 72,000 and 79,000 interviews.

1.4 Survey fieldwork

For the main NESS fieldwork, 79,152 interviews were conducted. Interviews were undertaken using computer-aided telephone interviewing (CATI) technology.

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

Fieldwork took place between March and July 2009. The survey questionnaire is included as Annex A of this report.

In addition to the main NESS09 survey a separate follow-up survey was conducted with employers who indicated during the main interview that they provided training to their staff. The purpose of this research was to estimate the cost to employers of providing training.

A total of 7,317 employers provided data for the Cost of Training survey, with the sample selected such that it was representative of the profile of employers providing training by establishment size, region, SSC sector and the type of training provided (off-the-job only, on-the-job only, or both). The main NESS09 survey data was used to derive these population profiles.

Those agreeing to take part were sent a datasheet to complete, detailing their training activity and costs. A copy of the datasheet questionnaire is included in Annex B. This information was then collected by IFF Research using CATI technology between April and July 2009.

1.5 Structure of the report

The remainder of this report is in seven chapters:

- Chapter 2: Employer Population and Business Context
- Chapter 3: From Education to Employment
- Chapter 4: Recruitment Problems
- Chapter 5: Skills Gaps

- Chapter 6: Upskilling
- Chapter 7: Training and Workforce Development
- Chapter 8: Government Training Initiatives
- Chapter 9: Drawing out cross-cutting themes
- Annex: Technical and methodological information

Chapter 2 contextualises the survey findings by examining the characteristics of employers that NESS09 covers in terms of size and product market strategy at the national, regional and sectoral levels. This section also sets the scene by establishing the recessionary backdrop against which NESS09 data was collected.

Chapter 3 investigates the extent to which employers have recruited young people straight from education over the past 12 months, and explores employers' perceptions of the work-readiness of these recruits and which skills, if any, they were found to be lacking.

Chapter 4 explores the scale and nature of recruitment problems facing employers, and looks at the causes of recruitment difficulties, with particular focus on the incidence, number, distribution and density of vacancies caused at least in part by a lack of skills, experience or qualifications among those applying (skill-shortage vacancies (SSVs)). This analysis looks at skill-shortage vacancies overall, and their distribution by occupation as well as by size of establishment, sector and region of employer. It also examines the impact of hard-to-fill vacancies (HtFVs) and how these employers experiencing recruitment difficulties have tried to overcome them.

Chapter 5 examines the incidence of skills gaps within the workforce, both in terms of the frequency with which employers have staff that are not fully proficient at their job, and the proportion of staff described as lacking proficiency. The incidence and density of skills gaps are analysed overall and by occupation and other demographic variables. This chapter also explores employer perceptions of the main causes of skills gaps and the skills that are described as lacking among the workforce in England.

Chapter 6 explores whether employers expect any of their employees will need to acquire new skills or knowledge ('upskill') over the next 12 months, and if so why, the occupational groups that will be most affected by the need for upskilling, and the specific skills that these occupational groups will need to improve or update.

Chapter 7 turns to training and development, and explores the extent, nature and volume of training and workforce development activity, including: the proportion of establishments that provide on- and off-the-job training; the number and occupation of staff for whom on- or off-the-job training has been provided; the amount of training provided in terms of training days; the subject areas in which training has been provided; and the extent of engagement and satisfaction with FE colleges, Higher Education Institutions and other training providers. The section also explores the extent to which employers plan and budget for training, and examines the factors that influence training activity. The reasons employers give for not providing training are also discussed. This chapter also examines employer expenditure on training, breaking down the various costs that employers face in providing or arranging training, including indirect costs (e.g. trainee and trainer labour costs) as well as direct costs (e.g. fees to external providers and the costs of in-house training facilities).

Chapter 8 looks at awareness of and engagement with government training initiatives, specifically Apprenticeships, Train to Gain, the Skills Pledge, and National Skills Academies.

Chapter 9 discusses cross-cutting themes which run through a number of the research topics, to emphasise their collective importance.

Through each of these sections, the focus is first on the 2009 picture nationally and how this compares with any trend data that exist, going back to the first NESS in 2003. The reporting then describes differences and trends against key variables, in particular size of establishment, region, sector, product market strategy and occupation. Statistical reliability for analysis is presented in Annex E.

Significance testing has been undertaken on changes in the headline findings from 2007 to 2009. Where it is indicated that there is a significant difference in 2009 from 2007 figures, the data has been tested at the 95 per cent confidence level.

At various places in the report, we use occupational-level data. The occupational structure for each establishment is described as part of the survey process, and it is not a demographic variable in the same sense as region, size or sector.

There is no population data available for occupational employment that lends itself to structuring or weighting an employer survey such as NESS. While the Labour Force Survey (LFS) may be considered the principal source for ascertaining the occupational profile of the workforce, LFS data comes from information supplied directly by individuals about their jobs. This could not be expected to match the occupational profile derived through an employer survey for several reasons:

- For reasons of simplicity within the questionnaire, rather than recording the occupations employed verbatim, respondents to NESS are asked to classify their workforce into nine (one-digit) Standard Occupational Classification (SOC) categories. Any system requiring respondents to make such classifications will yield differences compared with one in which this classification is carried out post-interview, based on verbatim information on job role.

- LFS data covers the entire workforce including temporary workers and the self-employed, whilst NESS deals only with establishments with at least two staff.

- In larger establishments, the NESS survey respondent is unlikely to know the exact detail of all jobs within that site.

2 The Employer Population and Response to the Recession

NESS is designed to measure and report on the training practices and skills deficiencies of establishments in England in which at least two people are employed. This population comprises approximately 1.49 million establishments, with 22.98 million people working within them[1].

Beyond reporting at overall national level, this report explores how experiences differ among and between different groups of employers. To give some context to this analysis, this chapter describes the population of establishments in terms of their size, sector, and regional distribution, and in terms of the product market strategies that they adopt.

The chapter also explores the extent to which the employer population has changed since the last NESS study in 2007. This analysis is particularly important for the 2009 survey since it is the first in the series to be conducted during a recession. It also more directly explores employers' views and experiences of the impact of the downturn.

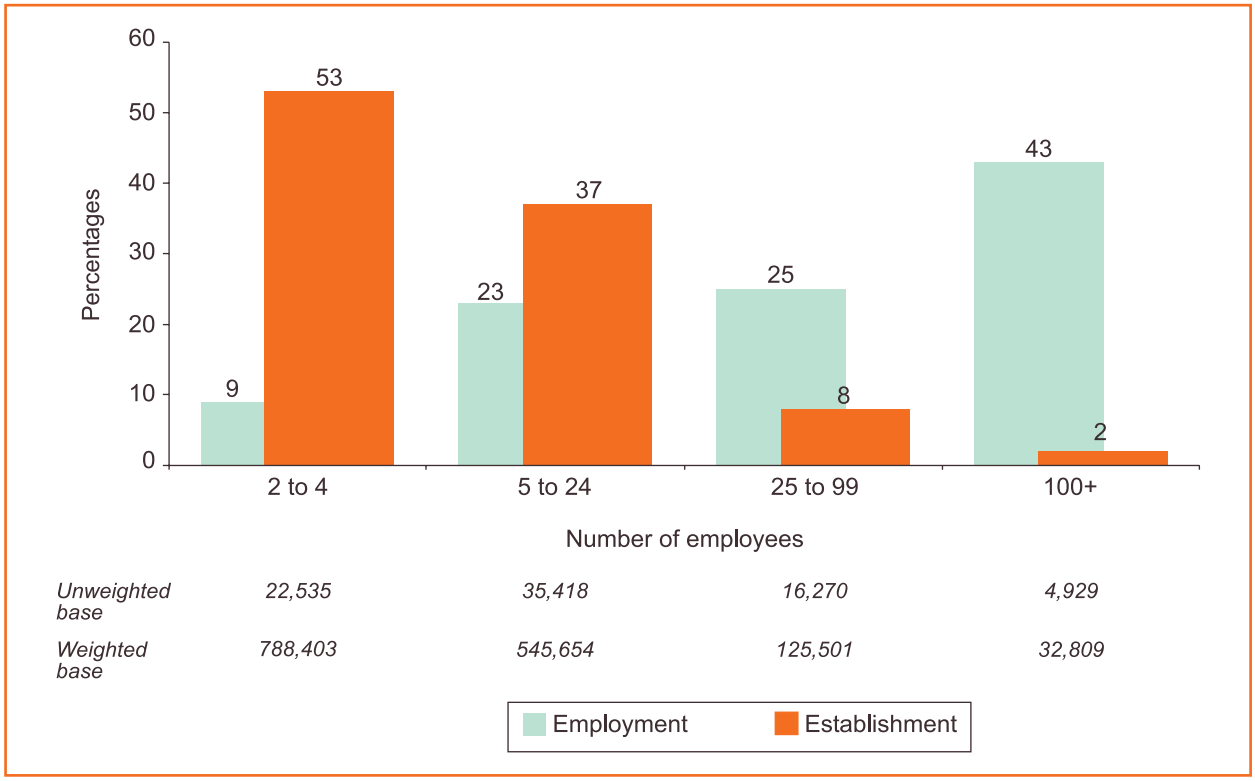
2.1 Size

The employer landscape is dominated by small establishments. Over half of establishments (53 per cent) are very small, with two to four people on the payroll including any working proprietors. A further 37 per cent have between five and 24 staff, meaning that nine in ten establishments (89 per cent) employ fewer than 25 people. This is shown in Figure 2.1.

Figure 2.1 also shows the distribution of employment by establishment size. Although nine in ten establishments have fewer than 25 staff, only a third (32 per cent) of the workforce works for these smaller establishments. By contrast, although only two per cent of establishments employ 100 or more staff, these workplaces employ more than two-fifths of the workforce.

[1] Population figures are derived from the Inter-Departmental Business Register (IDBR) for March 2009.

Figure 2.1: Distribution of establishment size and employment



Source: IDBR (March 2009).

It is important to note that the IDBR population figures which underpin the survey date from March 2009 and therefore do not show the impact of the continuing economic downturn and job layoffs since that date. At that stage official figures were not suggesting any change in the size distribution of the employer base.

2.2 Sector

There are many different ways of understanding and describing the range of activities in which employers engage. In this report, business sector is principally described in two ways: by classification into 14 SIC sectors (these are listed in the Annex in Table C.1) and on the basis of Sector Skills Councils (SSCs – these are listed in the Annex in Table C.2)[2].

[2] The 2003 version of SIC codes are used, rather than the more recently introduced 2007 version of the typology.

Standard Industrial Classification codes are a means of describing the type of industry an employer operates in. The typology works through five levels, from relatively broad 2-digit SIC codes, such as 65 representing Financial Intermediation activities, to extremely specific five-digit SIC codes, such as 65.23/5 representing establishments whose activities focus specifically on venture and development capital. NESS09 sampled establishments at the four digit level of detail but – to marry the opposing demands of statistical rigour on the one hand, and detail of the analysis on the other – the broader two-digit SIC ranges are used for the purposes of analysis in this report.

Table 2.1 details the broad SIC groupings that have been used and shows the percentage share of establishments and employment that each SIC group accounts for. The SIC sector groups are very uneven in size, with particularly large volumes of establishments in the Business Services and in the Retail & Wholesale sectors (24 per cent and 22 per cent respectively) although both of these sectors clearly tend towards smaller establishments as they account for a considerably lower share of all employment (19 per cent and 17 per cent respectively).

Hotels & Catering (a sector which accounts for nine per cent of all establishments), Manufacturing (seven per cent), Other Services (eight per cent) and Health & Social Work (seven per cent) are all medium-sized SIC sectors in terms of their employer base. Manufacturing and Health & Social Work have larger than average sizes of establishments, whereas the others tend to small establishments.

The other SIC sectors are all relatively small in establishment terms, although the Education sector has a lot of large establishments and overall accounts for nine per cent of employment. Mining & Quarrying and Electricity, Gas & Water are very small sectors and little rigorous analysis can be derived from them.

Table 2.1: Employers and employment by sector

	2009	
	Share of establishments %	Share of employment %
Overall	100	100
Agriculture	5	1
Mining & Quarrying	*	*
Manufacturing	7	10
Electricity, Gas & Water	*	*
Construction	9	5
Retail & Wholesale	22	17
Hotels & Catering	9	6
Transport, Storage & Communications	4	6
Financial Intermediation	2	4
Business Services	24	19
Public Administration & Defence	1	5
Education	3	9
Health & Social Work	7	12
Other Services	8	5

Source: IDBR March 2009.
Base: First column all employers, second column, all employment.
Note: "*" indicates figures below 0.5% but greater than zero.

Sector Skills Councils are responsible for increasing the skills of the workforce and boosting productivity in their industries. At the time of the survey, there were 25 Sector Skills Councils in the UK, which cover 82 per cent of establishments and a similar share (81 per cent) of employment. (Data on the remaining industries – which span "pockets" of the entire SIC spectrum – is tabulated under a category of 'non-SSC employers'.) Details of the industries each SSC covers are presented in Appendix C along with how each SSC is defined in terms of the footprint of SIC codes it covers.

Table 2.2 provides a breakdown of establishments according to SSC. Skillsmart Retail (retail industry) is the SSC covering the largest population, with 12 per cent of establishments and 10 per cent of employment, followed by People 1st (hospitality, leisure, travel and tourism; 10 per cent and seven per cent respectively) and ConstructionSkills (nine per cent and five per cent).

Where a sector accounts for a greater percentage of establishments than it does employees, this indicates that this sector tends towards smaller average establishment size. This is the case for Lantra (environment and land-based industries), ConstructionSkills (construction), People 1st (hospitality, leisure, travel and tourism) and Asset Skills (property and facilities management). In contrast other sectors account for more employees than they do establishments, indicating a tendency towards larger establishments. This is the case for employers covered by Skills for Health (healthcare), Lifelong Learning UK (16+ education and skills), Government Skills (central government), Financial Services and SEMTA (science, engineering and manufacturing technologies) SSCs.

There have been few changes in the distribution of employers and employment by SSC between 2007 and 2009. A greater proportion of establishments have come under the remit of an SSC, from 75 per cent in 2007 to 82 per cent in 2009 as a result of an expansion of the range of SIC codes that some SSCs cover. The Skills for Logistics SSC sector has expanded the most, rising from two per cent of establishments and three per cent of employment in 2007 to seven per cent of each in 2009. No other SSC has seen movement of more than one percentage point in their share of either employers or employment.

Table 2.2: Employers and employment by sector skills council

	2009	
	Share of establishments %	Share of employment %
Overall	100	100
Lantra (land-based)	6	2
Cogent (chemicals/nuclear/oil/gas)	1	1
Proskills (extractives/building products)	2	2
Improve (food/drink)	1	1
Skillfast-UK (clothing/textile)	1	1
SEMTA (science/engineering)	3	5
Energy and Utility Skills (electricity/gas/waste management)	*	1
ConstructionSkills (built environment)	9	5
SummitSkills (building services engineering)	2	1
IMI (retail motor industry)	3	2
Skillsmart Retail (retail)	12	10
People 1st (hospitality)	10	7
GoSkills (passenger transport)	1	1
Skills for Logistics (freight logistics)	7	7
Financial Services (finance)	2	4
Asset Skills (property/housing/facilities management)	6	4
e-Skills UK (IT/telecoms/contact centres)	3	3
Government Skills (Central Government)	*	2
Skills for Justice (justice/police)	*	1
Lifelong Learning UK (learning/development)	2	5
Skills for Health (NHS/health organisations)	3	7
Skills for Care and Development (social care)	4	4
Skillset (audio-visual)	1	1
Creative and Cultural (arts/heritage)	1	1
SkillsActive (sport/recreation)	1	1
Non-SSC employers (various)	18	19

Source: IDBR March 2009.
Base: Two first columns all employers, two second columns all employment.
Note: "*" indicates figures below 0.5% but greater than zero.

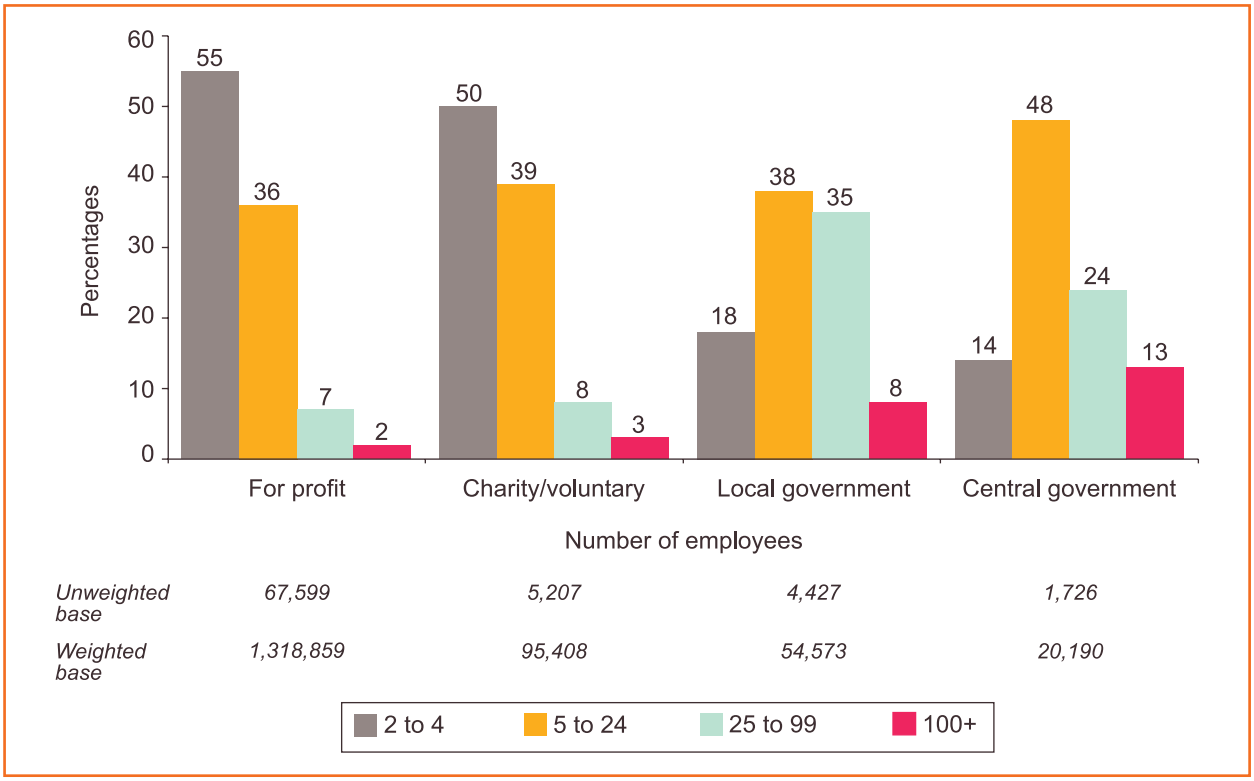
The report also groups employers according to whether they are commercial "for profit" businesses, part of the charity or voluntary sector, or whether they are public sector organisations funded by local or national government[3].

The great majority (88 per cent) of establishments described themselves as 'for profit', commercial businesses. The charity and voluntary sector accounts for six per cent of establishments, and the public sector five per cent – with most of the latter (four per cent overall) local government funded, and the rest (one per cent overall) central government funded.

Figure 2.2 shows that different sectors have quite different distributions of establishment size. Commercial businesses and charity organisations are broadly similar in their distribution of employers by size, with each having around half of their establishments in the two to four staff 'micro-establishment' size-band. Public sector organisations tend to be larger, particularly those which are central government funded. Overall 13 per cent of public sector establishments have 100 or more staff, compared to just two per cent of commercial 'for profit' establishments.

[3] The distribution of establishments within SSC and SIC sectors was obtained externally from IDBR data representing the whole employer population. In contrast, information on broad sector type (commercial/charity/public sectors) was generated through the NESS09 survey itself.

Figure 2.2: Establishment size by organisation type



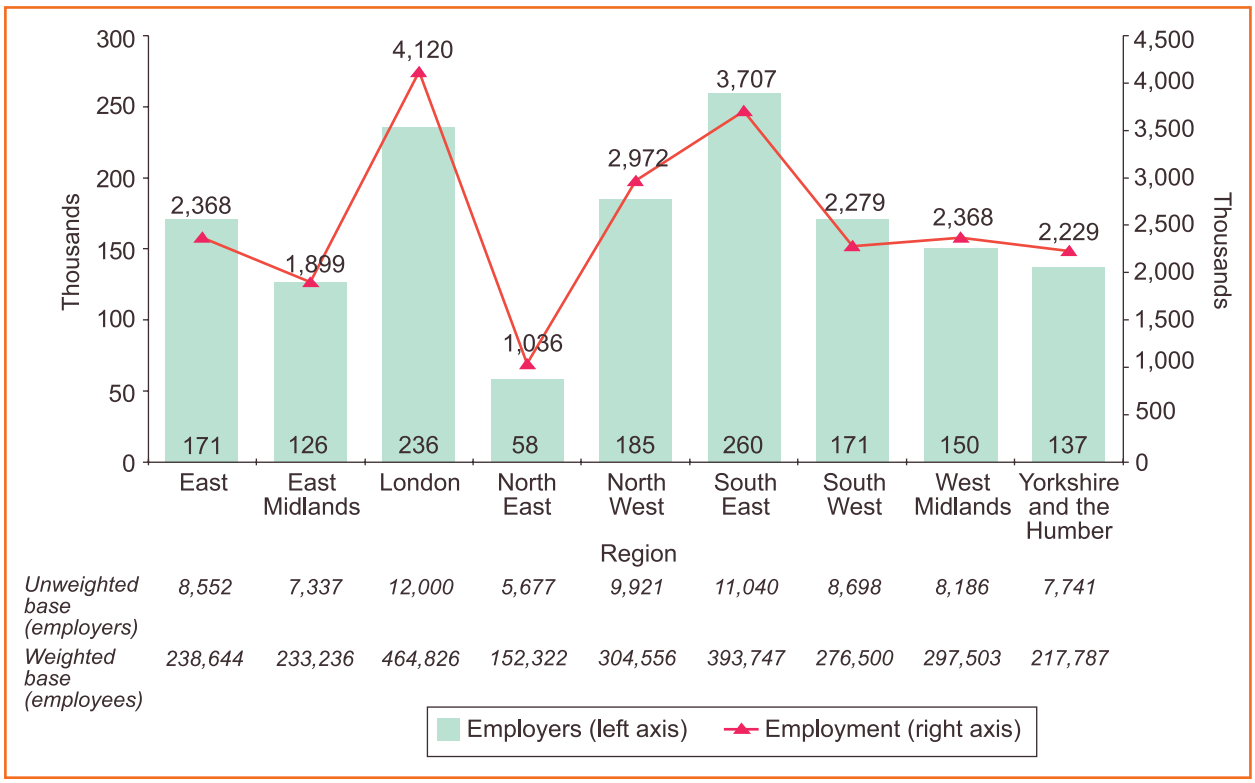
Base: All employers.
Note: Employers who gave a 'don't know' response about their organisation type are excluded.

2.3 Regional characteristics

The number of establishments in each region varies considerably. The South East has the highest numbers with nearly 260,000 establishments, followed by London with 236,000. Subsequent chapters will show regional differences in recruitment difficulties and training, so it is helpful here to understand the different profiles of establishments in each region.

In Figure 2.3 establishment numbers are plotted against employment for each region. The relationship between the two is not entirely linear: e.g. the South East accounts for more establishments but fewer employees than London. For each region the relationship between the proportion of employers and the proportion of employment that it represents is consistent in 2009 with that of 2007.

Figure 2.3: Employers and employment across the regions



Source: IDBR (March 2009).

There is some variation between the regions regarding the proportion of establishments and employment falling within the commercial, charity/voluntary, and public sectors. The differences appear quite small (in percentage point terms) in terms of the proportion of establishments they account for, but are more apparent in terms of employment. The North East stands out for having the lowest levels of employment in the commercial 'for profit' sector: at 69 per cent this is five percentage points below the national average; almost a quarter of employment (24 per cent) in the region is through central or local government. The North West and West Midlands share a similar pattern, with below-average levels of commercial employment made up for with higher-than-average public sector employment. The West Midlands has a particularly high level of local government employment, at 17 per cent of the workforce.

The distribution of SSC sectors also varies by region. London has a higher level of non-SSC employers (at 22 per cent of establishments, against an average of 18 per cent), and also a higher proportion of establishments than average that fall within Asset Skills, Financial Services, Skillset and Creative and Cultural Skills, reflecting the fact that it has a higher density of financial, business and media service orientated establishments than in the rest of England. By contrast, Lantra represent only one per cent of employers in London, against an average of six per cent nationally and 11 per cent of employers in the South West.

Other variations include higher proportions of retail and personal services establishments in the North East, and e-skills UK having a greater presence in the South East than in other regions (five per cent of establishments against an average of three per cent), reflecting the concentration of the IT industry around Reading and the "M4 corridor".

2.4 Product market strategies

NESS09 incorporated questions on product market strategies, i.e. where and how an establishment positions the products they produce or the services they supply in relation to others within their industry. So, for example, whether they produce a small number of bespoke products or a large volume of low cost products. Questions were previously asked in the Employer Skills Survey 2001 (a precursor to the NESS series) about the characteristics of employers' product market strategies and analysis showed a correlation between product market strategies and skill levels within establishments[4]. The relationship between an establishment's product market strategy and the skills levels of its staff will be explored in a simple way here through cross-tabulations and descriptive analysis.

The analysis of product market strategies is based on a series of questions to commercial employers about how their product market strategies compare with others in their industry in terms of: the quality and the range/volume of their offer; the extent to which it is price dependent and whether they lead the way within their sector in terms of developing new products, services or techniques. Findings are shown in Figure 2.4.

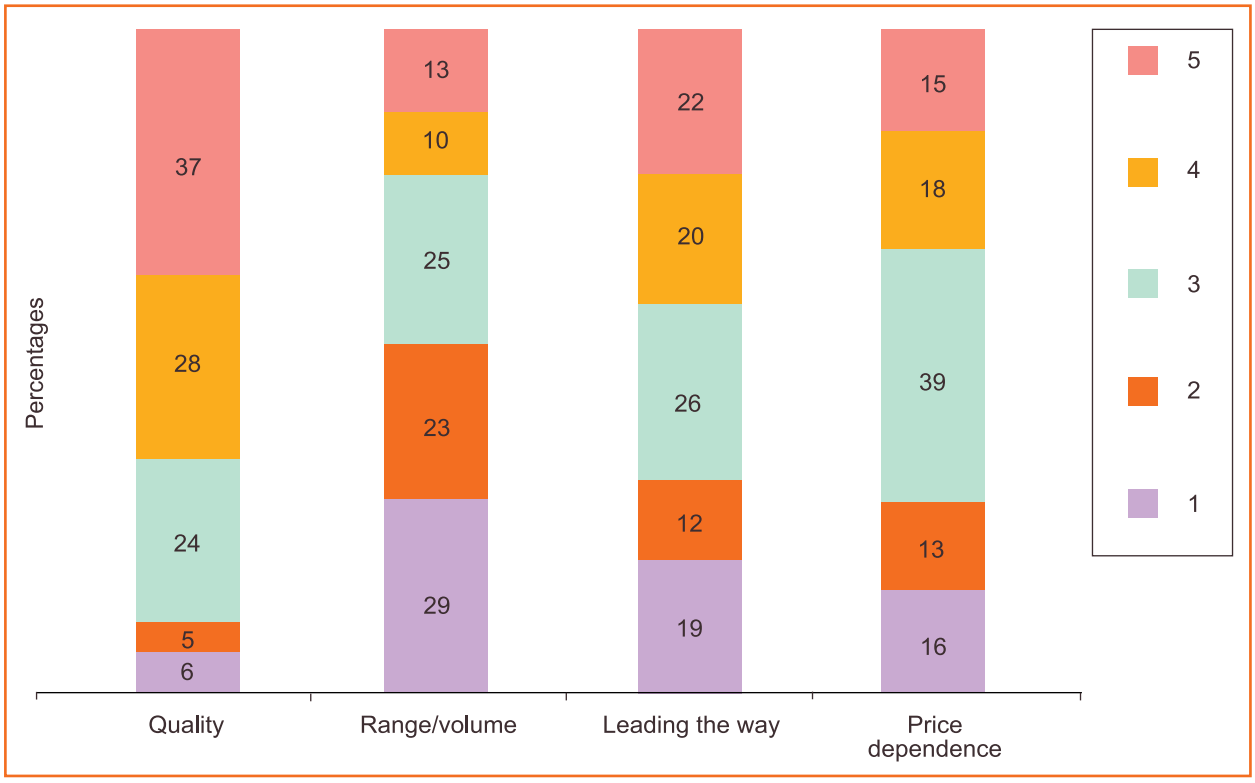
In terms of price dependency, commercial employers were asked to position their offer on a scale from wholly price dependent to not at all price dependent. Just short of two-fifths placed themselves at the mid-point with roughly even proportion describing their products or service as not price dependent (33 per cent) and as price dependent (28 per cent).

[4] Geoff Mason: *Enterprise Product Strategies and Employer Demand for Skills in Britain: Evidence from the Employers Skill Survey* (2004).

Nearly two-thirds (65 per cent) consider their goods or services to be high quality (with 37 per cent thinking they are premium quality); only 11 per cent consider their offer to be more basic. Almost a quarter (23 per cent) consider that they provide a limited range of services or low volume of products, compared to just over half (52 per cent) who consider they provide a high volume of products or wide range of services.

More employers see themselves as leaders than as followers: 42 per cent consider that they often or sometimes lead the way in their sector, with 32 per cent saying they very rarely or rarely do.

Figure 2.4: Product market strategy measures, overall



Base: All commercial "for profit" employers giving definite answer (excluding those who answered 'Don't Know' to any product market strategy question).
Quality: 1 = standard or basic quality, 5 = premium quality.
Range/volume: 1 = high volume/wide range, 5 = one-off/limited range. It should be noted, however, that in the survey questionnaire these scales were inverted to aid respondent understanding (i.e. 1 relating to one-off/limited range and 5 to high volume/wide range).
Leading the way: 1 = very rarely lead the way, 5 = often lead the way.
Price dependence: 1 = wholly price dependent, 5 = not at all price dependent.

The volume/range of products or services on offer, and how far the establishment considers itself to lead the way is strongly linked with the size of establishment: larger establishments are very much more likely to consider that they offer high volume/a wide range of products or services and that they often lead the way. The quality of products or services was linked to size but less strongly, and the price dependence of goods or services was not at all linked to size.

This report looks at how the product market strategy of an establishment relates to an it's skills position and training practices. It combines three of the product market strategy variables (the extent to which their goods or services are price dependent, premium quality, and whether the establishment leads the way in the sector or not) into one 'composite quality' variable. This composite measure is then used to indicate the overall quality of an establishment's product market strategy. The 'composite quality' variable was created by combining response categories across the three constituent variables[5].

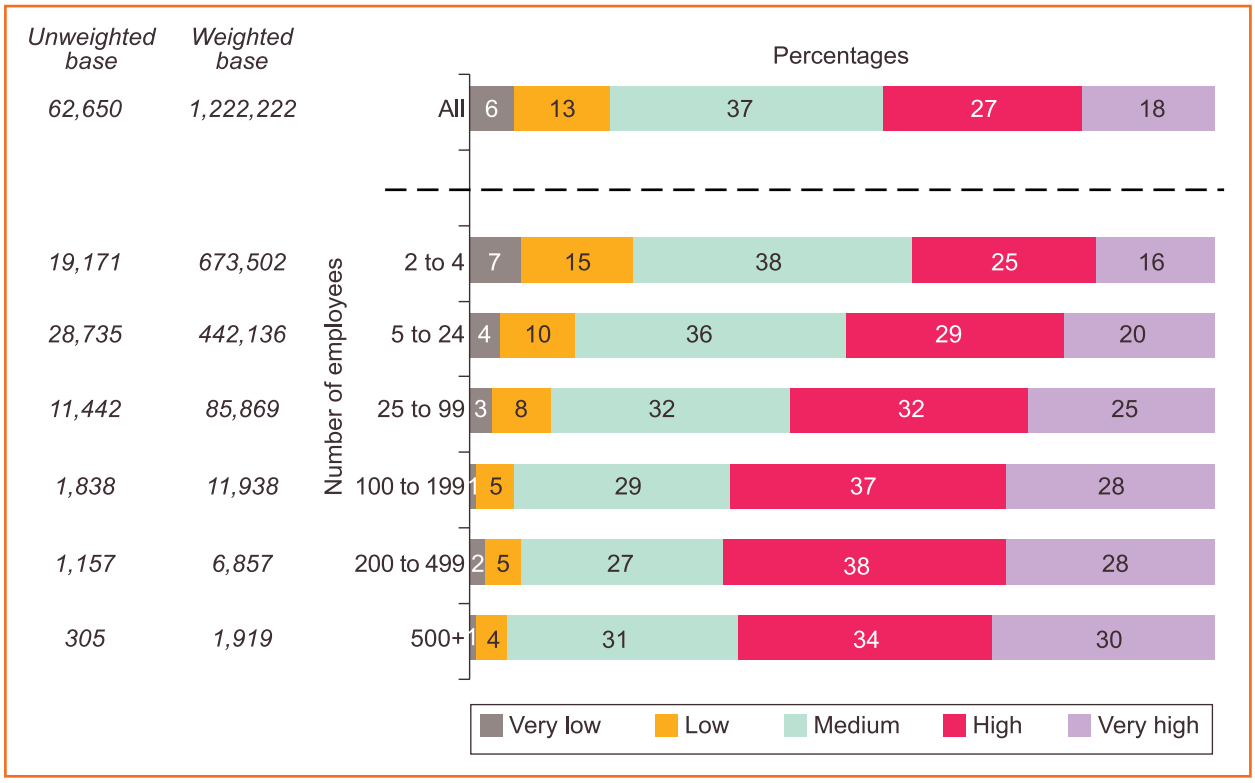
Where the combined "score" across the three was 7 or less, the quality of an establishment's product market strategy is described as low (with a score of 3-5 described as "very low"); where the combined score was between 8 and 10 the quality of their strategy is described as medium and where it was between 11 and 15 the quality of their product market strategy is described as high (with a score of 13-15 described as "very high").

Using this composite measure, 45 percent of commercial employers believed they were operating a 'high quality' product market strategy, and 18 percent a 'low quality' strategy.

Using the 'composite quality' measure, larger establishments are considerably more likely to register as having a high quality product market strategy than smaller establishments, with 64 per cent of the largest establishments (with 500+ staff) classified as having a 'high quality' product market strategy, and only 41 per cent of the smallest establishment registering as such using the 'composite quality' measure.

[5] The three indicators combined to form the 'composite quality' variable have a significant positive correlation with each other, which is why they have been combined.

Figure 2.5: Quality of product market strategy by establishment size



Base: All commercial "for profit" employers giving definite answer (excluding those who answered 'Don't Know' to any product market strategy question).
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than purely the quality of their products and services.

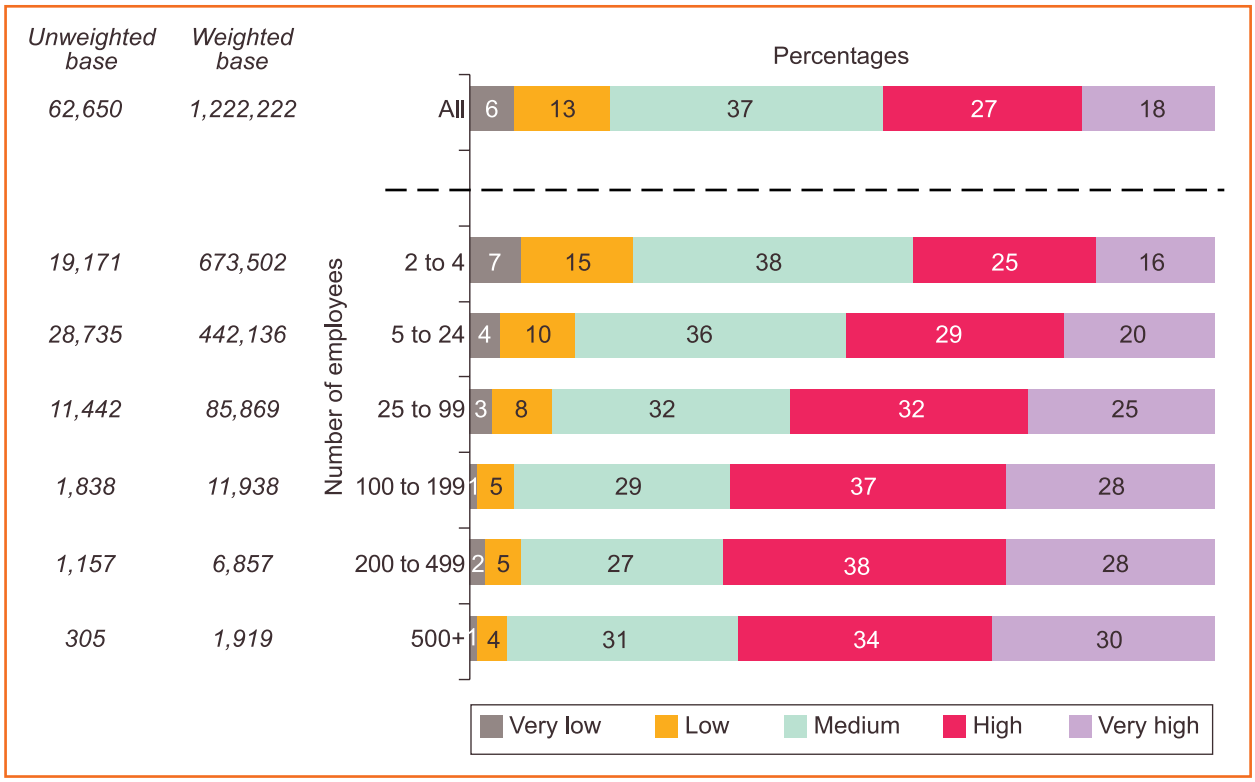
Using the 'composite quality' measure outlined above, establishments working in Agriculture, hunting and forestry and fishing, and Construction are most likely to be have a 'low quality' product market strategy, 33 per cent and 30 per cent respectively (compared to 18 per cent nationally). Conversely, establishments in Education and Health & Social Work were most likely to believe they operate a 'high quality' product market strategy, 65 per cent and 59 per cent (compared to 45 per cent nationally)[6].

[6] Please note that only commercial establishments in these sectors were asked the questions used to form the 'composite quality' variable.

This is reflected in SSC sectors, for which – again using the 'composite quality' measure – Lantra, Summitskills and ConstructionSkills employers most likely to be operating at the lower end of the product market strategy spectrum (28 per cent, 28 per cent and 24 per cent respectively with 'low' or 'very low' scores). Conversely, employers covered by Lifelong Learning UK, Skills for Care & Development and Skills for Health are shown to be most likely to be operating at the higher end of the product market strategy spectrum (with 65 per cent, 64 per cent and 62 per cent with 'high' or 'very high' scores) .

Regional variation in product market strategy was less marked than variation by size of establishment, but there are some disparities between the regions (see Figures 2.6). Commercial establishments in London and the South East are more likely than average to come out as having a high quality product market strategy as defined by the 'composite quality' measure, whilst those in the East Midlands and Yorkshire and the Humber are more likely to come out as having a low quality product market strategy.

Figure 2.6: Quality of product market strategy by region



Base: All commercial "for profit" employers giving definite answer (excluding those who answered 'Don't Know' to any product market strategy question).
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than purely the quality of their products and services.

2.5 The recession

The National Employer Skills Survey 2009 was conducted between March and July 2009 and is being reported against a backdrop of a recession which started in September 2008[7]. Official estimates of the size of the employer and employee populations show an increase between March 2007 and March 2009 and the survey findings have been weighted and grossed up to represent these populations for March 2009[8].

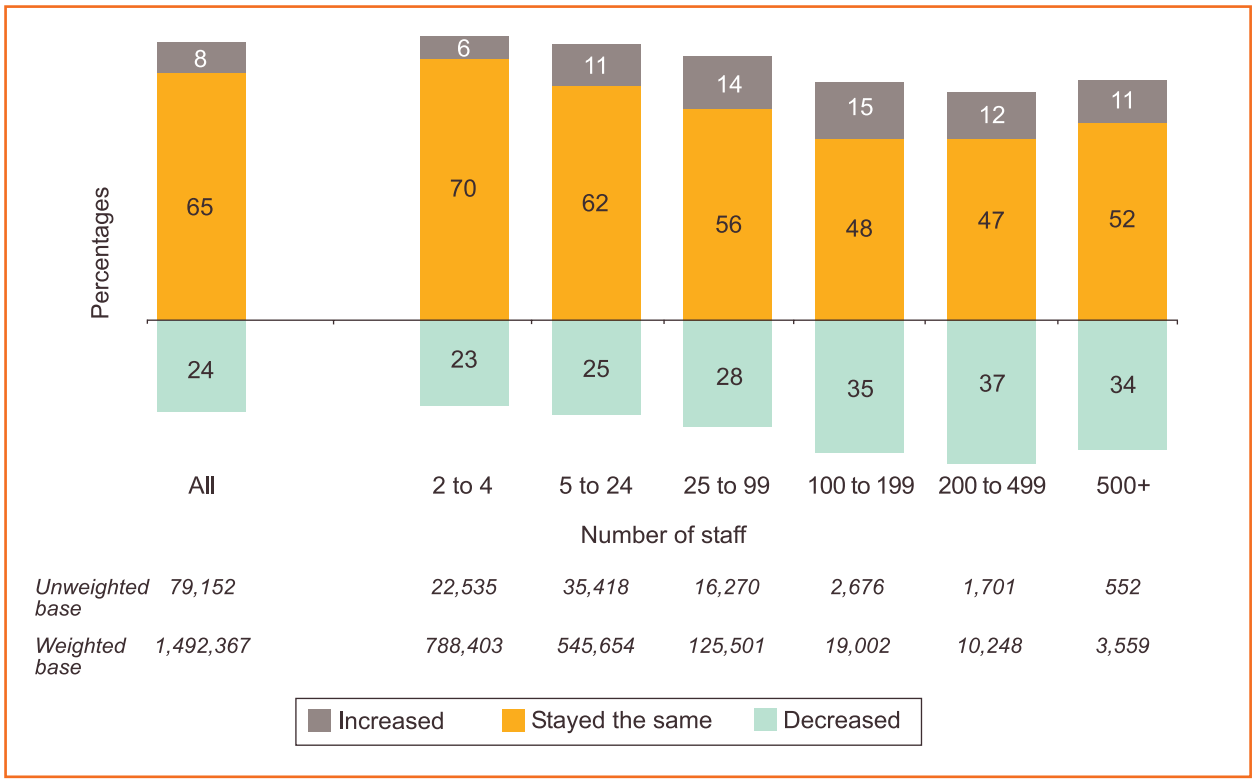
NESS09 asked employers directly whether the recession had impacted on staffing levels. Overall, a quarter of employers had decreased their headcount (24 per cent), although most had stayed at the same size (65 per cent) and one in twelve had increased in size (eight per cent). As Figure 2.7 shows, large employers with 100 or more staff were more likely to have reduced staff numbers because of the recession than smaller organisations: 37 per cent of establishments with 200-499 staff have made reductions in staffing because of the recession, as have over a third of those with 100-199 staff (35 per cent) and 500+ staff (34 per cent). Those with fewer than five staff were the most likely to have been unaffected in terms of their headcount.

It is worth noting, however, that measures of the impact of the recession on employer behaviour do not offer insight into the volumes of staff affected by these changes.

7 ONS reported that Gross Domestic Product fell by 1.5% in the last three months of 2008 after a 0.6% drop in the previous quarter.

8 These population estimates were taken from the Office for National Statistics' Inter-Departmental Business Register (IDBR).

Figure 2.7: Effect of the recession on the number of staff employed at establishment



Base: All employers.

Staffing levels have been particularly affected by the recession in the commercial sector: 26 per cent of commercial "for profit" businesses report a reduction in staffing levels as a consequence of the downturn, compared with eight per cent that had increased staff. The voluntary/charity sector and the public sector were much less likely to have decreased staffing levels. Subsequent chapters of the report will explore how these differences impact on employers' skills issues and engagement in training. Where employers have reduced the number of people they employ because of the recession, one might expect them to have a different experience of skills deficiencies and to approach training differently.

The report also includes analysis of other questions framed directly around the recession and its impact: changes to training behaviour as a result of the recession are analysed in the Training and Development chapter, and issues relating to recruitment are discussed in the next chapter (From Education to Employment).

3 From Education to Employment

Chapter summary

In the 12 months prior to NESS09 fieldwork, just under a quarter of employers (23 per cent) had recruited a young person aged under 24 to their first job on leaving education, significantly fewer than in 2007 (26 per cent).

Employers were more likely to have taken on 17- or 18-year-olds straight from school or college (11 per cent) and under 24s from Higher Education (10 per cent) than 16 year olds straight from school (six per cent). There has been little change in the proportion of employers recruiting each of these groups since the 2007 survey.

Employers that had taken on young recruits direct from education were asked about their work-readiness. Two-thirds of employers recruiting 16-year-olds (66 per cent) found them to be well or very well prepared for work. Almost three-quarters (74 per cent) thought 17- or 18-year-old college or school leaver recruits were well prepared for work. Recruits from university or other HE institutions are considered the most work-ready of the three groups, with 84 per cent of employers recruiting recent graduates finding them to be well prepared.

The minority of employers believing their young recruits to be poorly prepared for work more often put this down to a lack of working world, life experience or maturity, or to poor attitude, personality or a lack of motivation, than to a lack of specific skills. However, among HE graduates, as many as 44 per cent of employers who found their recruits poorly prepared put this down to a lack of required skills or competencies.

3.1 Introduction

This chapter looks specifically at the recruitment and skill levels of young people. It discusses the proportion of employers that have recruited 16- to 24-year-olds into their first job on leaving education (looking specifically at three groups: 16 year-olds from school, 17-18 year old school or college leavers, and under 24s entering employment straight from Higher Education). It also examines employers' perceptions of these new recruits in terms of their readiness for work and their skills. Throughout the chapter comparisons are made with the 2005 and 2007 NESS surveys. Comparable questions were not included in the 2003 survey.

3.2 Proportion of employers recruiting young people into their first jobs

Almost a quarter of employers (23 per cent) had recruited at least one young person under 24 to their first job on leaving education in the last 12 months. This represents a small decrease from 2007 (26 per cent).

As in 2005 and 2007, more employers have taken on school and FE leavers aged 17 or 18 (11 per cent) and HE leavers (10 per cent) in the last 12 months, than 16-year olds straight from school (six per cent).

Table 3.1: Incidence of recruitment of young people straight from education in the last 12 months

	2005	2007	2009
Unweighted	**74,835**	**79,018**	**79,152**
Weighted	**1,390,155**	**1,451,507**	**1,492,367**
	%	**%**	**%**
Any under 24-year-olds recruited straight from education	21	26	23
16-year-olds recruited straight from school	7	7	6
17- or 18-year-olds recruited straight from school or college	11	12	11
Under 24-year-olds recruited straight from HE	9	10	10

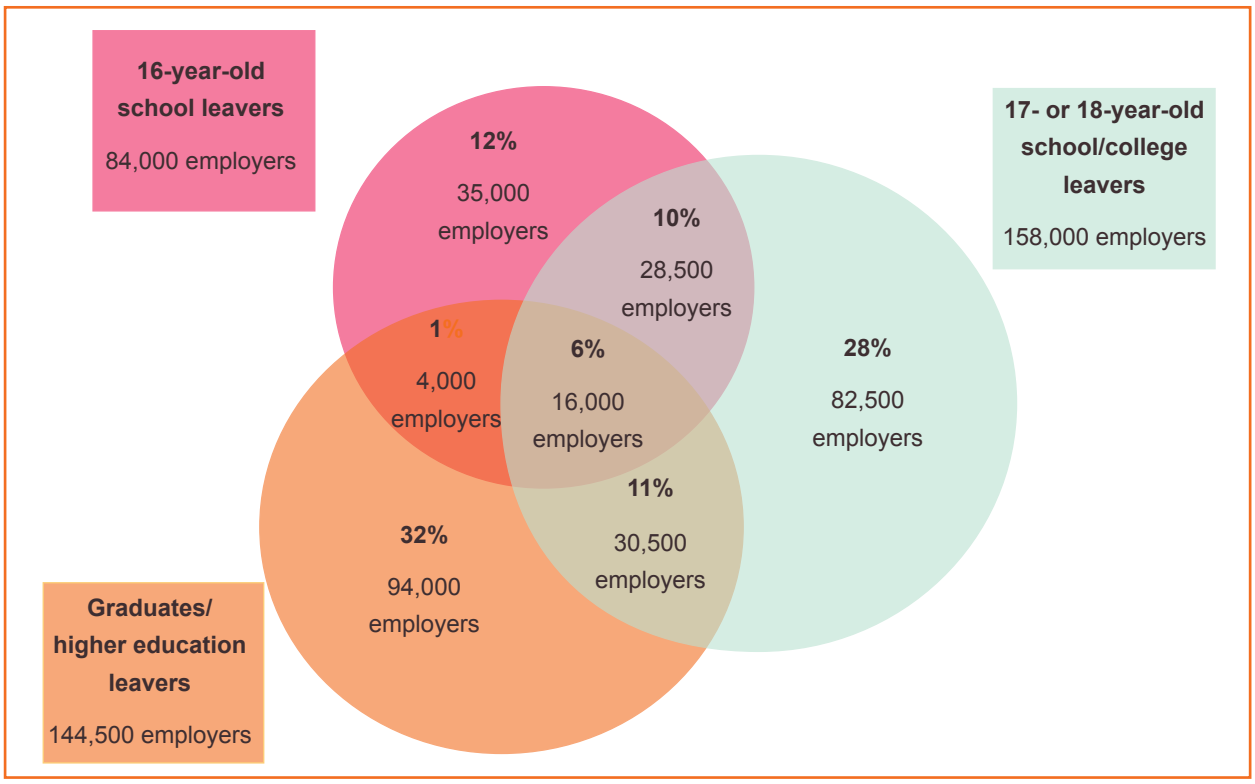
Base: All employers.
Notes: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

Figure 3.1 shows the proportion of employers in the last 12 months taking on young people straight from education in one, two or three of the age categories considered.

Among those that had recruited under 24s straight from education in the last 12 months:

- Most had recruited from just one of the three specific groups considered (73 per cent); this proportion has increased compared with 2007 (70 per cent).
- Just over one in five had recruited from two of the three groups (22 per cent). Most commonly this was HE graduates and 17- or 18-year-olds (11 per cent) or 16 year old school leavers and 17- or 18-year-olds (10 per cent). Very few recruiters of young people had taken on both 16-year-old school leavers and young HE graduates (one per cent).
- A relatively small proportion had recruited from all three groups (six per cent, equivalent to one per cent of all employers).

Figure 3.1: Employer recruitment of young people direct from education

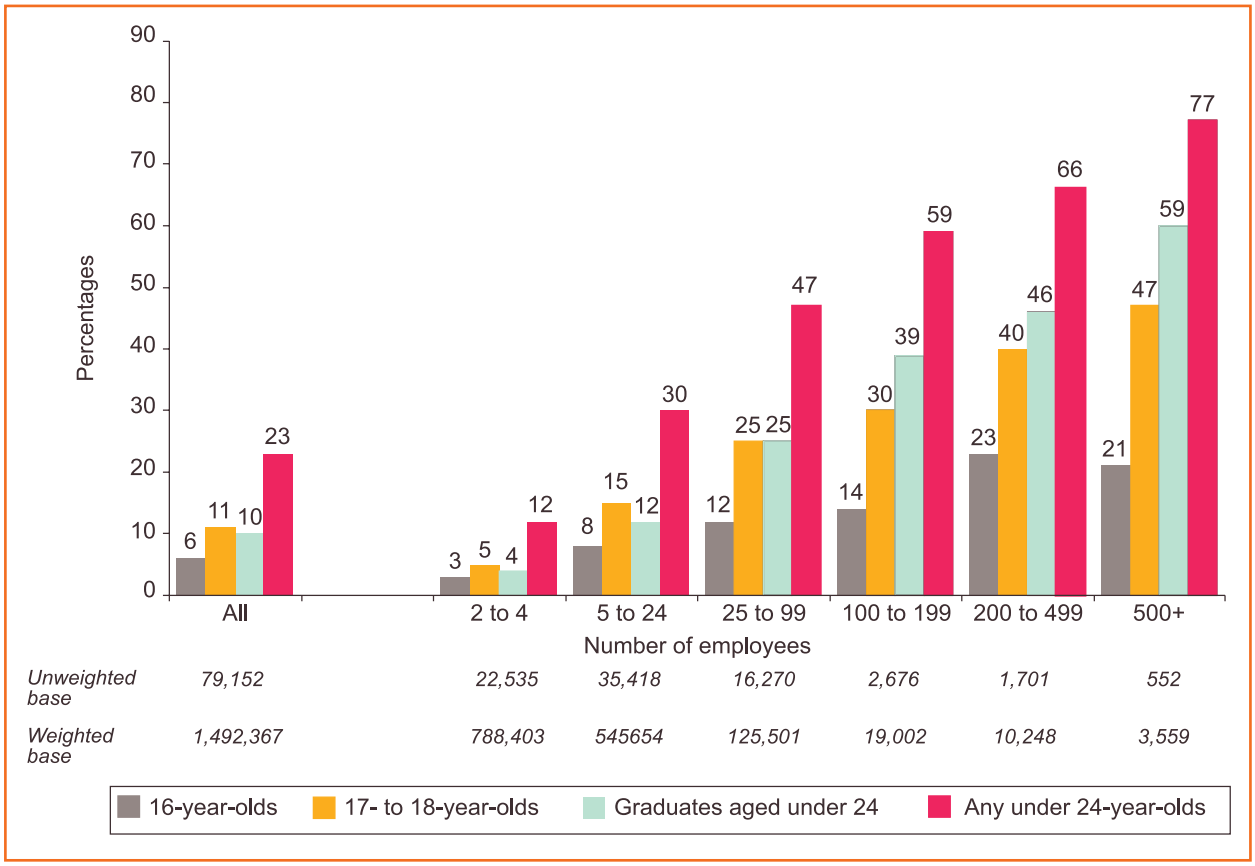


Base: All employers who have recruited under 24s to their first job on leaving school, college or HE in the last 12 months (weighted=291,211; unweighted=20,625).
Note: Volume figures rounded to the nearest 500.
Note: The relative size of each circle/overlapping area is not to scale.

Matching the trend seen in recruitment activity generally, the recruitment of young, new labour market entrants straight from education increases with the size of the establishment.

As in 2007, those with 100 or more staff were more likely to recruit graduates from HE than they were to recruit school or college leavers aged 16 to 18. In contrast, those with between 25 and 99 employees were equally likely to have recruited graduates from HE and 17- to 18 year-olds, while establishments with fewer than 25 employees were more likely to have recruited 17- or 18-year-olds (nine per cent) than they were to have taken on 16 year olds or recent graduates (five per cent and seven per cent respectively).

Figure 3.2: Incidence of recruitment in the last 12 months of 16- to 24-year-old leavers straight from education into their first jobs by size of establishment



Base: All employers.

There is very wide variation in the extent to which employers in different SIC sectors recruit young people straight from education.

Employers in Education were the most likely to have taken on under 24s from HE (25 per cent), whilst those in Hotels & Catering had the highest levels of recruitment of 16-year-olds (12 per cent) and 17-18 year olds (22 per cent).

The sectors least likely to have taken on young people from education in the last 12 months were Agriculture (15 per cent), Transport, Storage & Communications, Business Services (both 17 per cent), Construction (18 per cent) and Manufacturing (19 per cent).

Business Services employers were the least likely of any SIC sector to have taken on 16-year-olds (two per cent) or 17-18 year-olds (five per cent); those in Construction and Agriculture were the least likely to have recruited under 24s from HE (three per cent and four per cent respectively).

Table 3.2: Recruitment of 16- to 24-year-old leavers from education by sector

Row percentages	*Unweighted base*	*Weighted base*	Any under 24-year-olds straight from education %	16-year-old school leavers %	17- or 18-year-old school/ college leavers %	Under 24-year-olds from HE %
Overall	*79,152*	*1,492,367*	23	6	11	10
Agriculture	*2,350*	*73,725*	15	4	7	4
Mining and quarrying	*120*	*1,245*	20	4	6	15
Manufacturing	*9,374*	*103,135*	19	6	9	6
Electricity, gas and water	*231*	*1,410*	34	8	17	18
Construction	*5,283*	*131,115*	18	7	9	3
Retail and wholesale	*15,502*	*322,700*	23	8	13	7
Hotels and catering	*5,609*	*132,815*	37	12	22	15
Transport, storage and communications	*4,501*	*56,925*	17	3	7	7
Financial intermediation	*2,456*	*36,435*	23	3	9	13
Business services	*13,375*	*352,890*	17	2	5	11
Public administration and defence	*1,031*	*17,200*	23	3	8	16
Education	*5,096*	*44,200*	38	4	15	25
Health and social work	*7,178*	*102,700*	23	3	10	11
Other services	*7,046*	*115,270*	27	8	13	12

Base: All employers.
Note: Table shows row percentages.

By SSC sector, employers in only three sectors were significantly more likely than average to recruit straight from education: Skillsactive (37 per cent), People 1st (36 per cent) and Lifelong Learning (29 per cent); employers covered by SkillsActive and People 1st were the only examples of SSC sectors in which recruitment of young people from education is higher than average across all three of the specific groups discussed, suggesting a younger profile of the workforce in these sectors. This is consistent with findings in 2007.

By contrast, employers covered by the following SSCs were less likely than average to have recruited young people leaving education:

- Asset Skills (13 per cent)
- Skills for Logistics (14 per cent)
- GoSkills (14 per cent)
- Skillfast-UK (15 per cent)
- Proskills (16 per cent)
- ConstructionSkills (16 per cent)
- Lantra (17 per cent)

Recruitment of 16-year-old school leavers is more common than average amongst employers covered by the following SSCs:

- SkillsActive (13 per cent)
- People 1st (11 per cent)
- Skillsmart Retail (10 per cent)
- IMI (automotive) (8 per cent)
- SummitSkills (8 per cent)

In contrast, recruitment of 16-year-old school leavers is less common than average among employers covered by the following SSCs. These employers are typically service or public sector establishments and require a higher initial skill level from their recruits than those in other industry sectors:

- Creative and Cultural Skills (2 per cent)
- Asset Skills (2 per cent)
- e-skills UK (2 per cent)
- Skillset (2 per cent)
- GoSkills (3 per cent)
- Skills for Logistics (3 per cent)
- Financial Services (3 per cent)
- Government Skills (3 per cent)
- Skills for Justice (3 per cent)
- Skills for Health (3 per cent)
- Skills for Care & Development (3 per cent)

In all eleven of these sectors employers also had below average levels of recruitment of 17-18 year-olds, this being particularly marked for employers covered by Creative and Cultural Skills (four per cent), Skillset (five per cent), GoSkills and Skills for Logistics (each six per cent). On the other hand nearly all of these sectors were at least as likely as average to recruit graduates straight from education, the exceptions being Skills for Logistics, GoSkills and Asset Skills (each five or six per cent).

Recruitment of young people straight from HE was higher than average amongst employers covered by:

- Lifelong Learning UK (20 per cent)
- Government Skills (18 per cent)
- Skillset (18 per cent)
- SkillsActive (16 per cent)
- Creative and Cultural Skills (15 per cent)
- People 1st (15 per cent)

Table 3.3: Recruitment of 16- to 24-year-old leavers from education by SSC

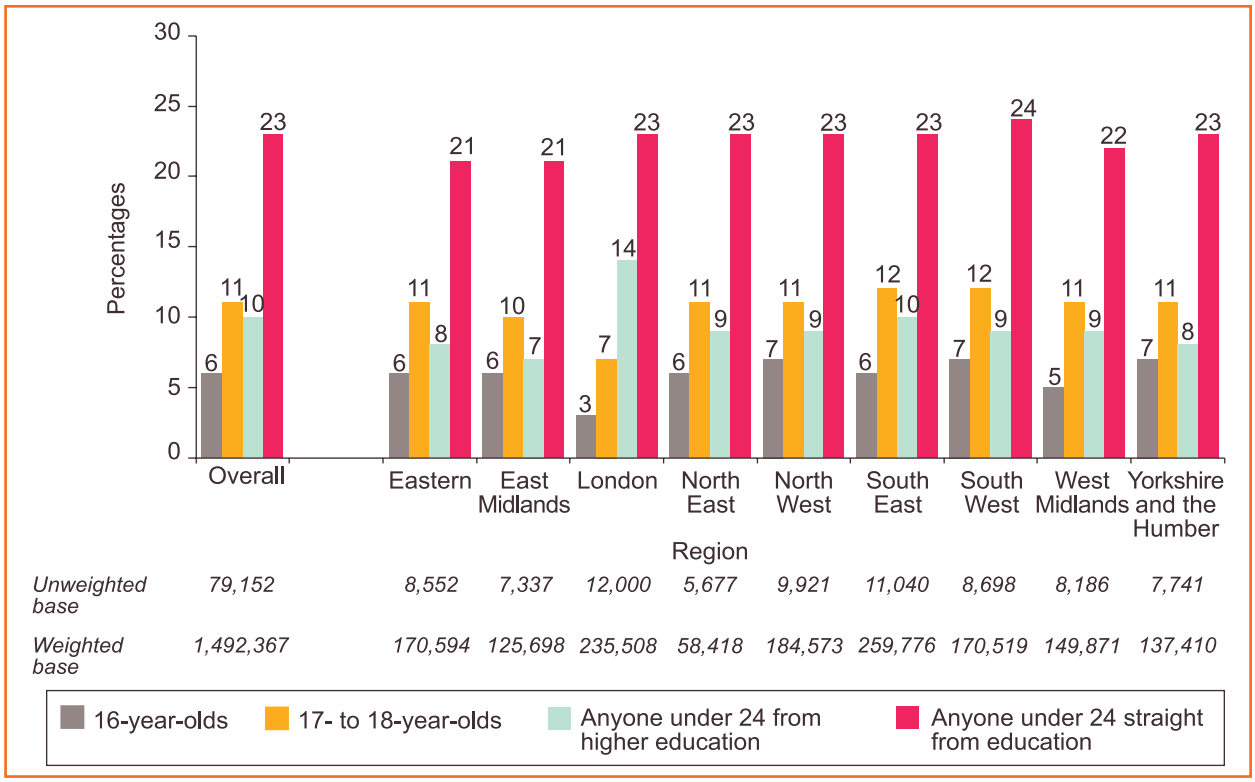
Row percentages	*Unweighted base*	*Weighted base*	Any under 24s straight from education %	16-year-old school leavers %	17- or 18-year-old school/ college leavers %	Under 24s from HE %
Overall	*79,152*	*1,492,367*	23	6	11	10
Lantra	*3,665*	*88,802*	17	4	8	5
Cogent	*1,588*	*11,683*	22	4	11	9
Proskills	*1,949*	*23,385*	16	4	7	5
Improve	*1,282*	*7,565*	24	6	12	8
Skillfast-UK	*1,850*	*15,786*	15	4	7	5
SEMTA	*3,046*	*47,834*	18	6	9	6
Energy & Utility Skills	*754*	*6,443*	22	6	9	8
ConstructionSkills	*5,059*	*129,830*	16	4	6	7
SummitSkills	*2,456*	*34,367*	20	8	10	3
IMI	*2,995*	*49,758*	21	8	10	3
Skillsmart Retail	*7,740*	*182,849*	27	10	17	10
People 1st	*5,991*	*148,650*	36	11	21	15
GoSkills	*1,763*	*10,122*	14	3	6	6
Skills for Logistics	*4,830*	*99,743*	14	3	6	5
Financial Services	*2,456*	*36,435*	23	3	9	13
Asset Skills	*3,485*	*93,595*	13	2	5	6
e-skills UK	*2,698*	*49,902*	19	2	7	11
Government Skills	*371*	*3,657*	24	3	9	18
Skills for Justice	*443*	*3,478*	26	3	10	16
Lifelong Learning UK	*2,629*	*22,600*	29	4	10	20
Skills for Health	*2,667*	*42,947*	20	3	8	10
Skills for Care & Development	*3,826*	*56,592*	23	3	10	10
Skillset	*1,677*	*15,556*	23	2	5	18
Creative and Cultural Skills	*1,800*	*21,401*	20	2	4	15
SkillsActive	*1,924*	*15,001*	37	13	23	16
Non SSC employers	*10,208*	*274,387*	26	5	10	13

Base: All employers.
Note: Table shows row percentages.

Figure 3.3 shows the proportion of employers recruiting under 24-year-olds into their first job from school, college or university in the different regions.

As in 2007, the incidence of recruitment of young people from education varies relatively little by region, with the exception of London. Employers in London were the least likely in the last 12 months to have recruited either 16-year-olds (three per cent) or 17- or 18-year-olds (seven per cent), but by far the most likely to have recruited graduates straight from higher education (14 per cent compared to a national average of 10 per cent).

Figure 3.3: Incidence of recruitment of young people into their first jobs by region



	Overall	Eastern	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire and the Humber
Unweighted base	*79,152*	*8,552*	*7,337*	*12,000*	*5,677*	*9,921*	*11,040*	*8,698*	*8,186*	*7,741*
Weighted base	*1,492,367*	*170,594*	*125,698*	*235,508*	*58,418*	*184,573*	*259,776*	*170,519*	*149,871*	*137,410*

Base: All employers.

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

Employers that had taken on young recruits direct from education in the last 12 months were asked whether they considered recruits to be very well prepared, well prepared, poorly prepared or very poorly prepared for work.

Results are presented in Figure 3.4 for 2005, 2007 and 2009. Mean scores are also shown (using a scale of 100 for 'very well prepared', 50 for 'well prepared', -50 for 'poorly prepared' and -100 for 'very poorly prepared').

Employers were far more likely to believe that each of the three specific age groups were well prepared for work than poorly prepared, and the perceived level of work-readiness increases with the amount of time recruits had spent in education. More specifically:

- Two-thirds of employers recruiting 16-year-olds (66 per cent) found them to be well or very well prepared for work, in line with 2007 findings (67 per cent), though higher than 2005 (60 per cent).

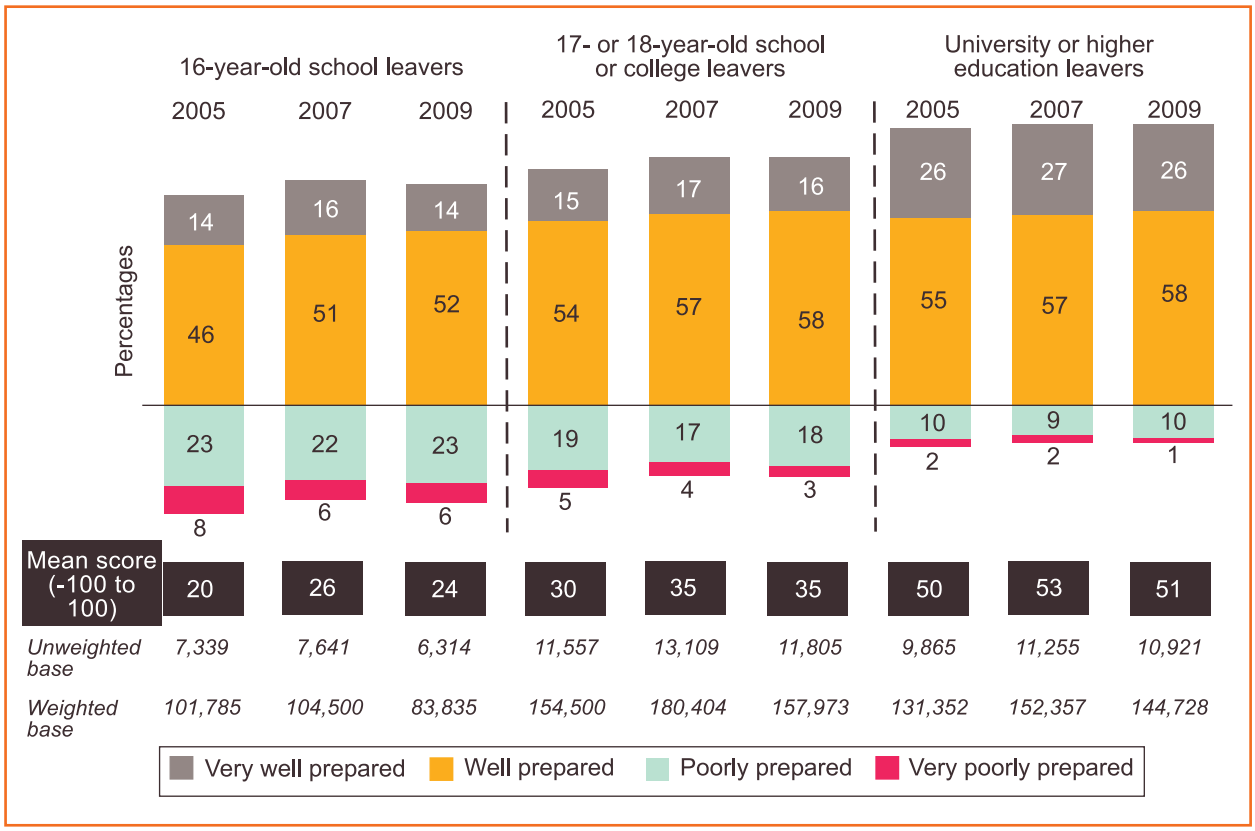
- Almost three-quarters (74 per cent) thought 17- or 18-year-old college or school leaver recruits were well prepared for work, the same proportion as in 2007, and again slightly higher than in 2005 (69 per cent).

- Recruits from university or other HE institutions are considered the most work-ready of the three groups, with 84 per cent of employers recruiting recent graduates finding them to be well prepared. Just 12 per cent found them poorly prepared, no change from 2007, though on balance the mean score has fallen slightly (see Figure 3.4). It is not possible though to tell from NESS whether recruits from HE are seen as better prepared for work than younger recruits because of the additional time they have spent in education, because of the more specialised nature of higher education, or because employers invest more resource in the recruitment of graduates and are therefore more likely to find individuals that are suitable for their organisation.

Differences in work-readiness between graduates and younger education leavers are most apparent in regard to the proportion of employers who regard each group as very well prepared for work. Around a quarter of employers recruiting graduates regard them as very well prepared as compared with around one in six recruiting 16-year-old and 17- to 18-year-old school or college leavers.

Despite the balance of opinion being generally positive, significant minorities of employers feel that recruits from school, college or university are poorly prepared for work. Around three in ten (29 per cent) consider the 16-year-old school leavers they have recruited to have been poorly prepared for work, as do just over a fifth (21 per cent) of those that have recruited 17- or 18-year-olds, and around one in eight (12 per cent) of those recruiting young people direct from higher education.

Figure 3.4: Work-readiness of 16- to 24-year-olds recruited straight from education



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

In 2007, the smaller the employer, the more likely they were to believe that the young people they had recruited were poorly prepared for work. This pattern is less clear-cut in 2009, but it remains the case that the smallest establishments with fewer than five staff are the most likely to believe their young recruits (16 to 24 year olds) were poorly prepared for work.

Employers with between 100 and 499 staff, particularly those with 100-199 employees, are the most positive about all three categories of recruit.

This is shown in Table 3.4, which shows the proportion of employers in each size band regarding young recruits in the last 12 months as poorly prepared for work.

Table 3.4: Proportion of employers recruiting young people from education experiencing any of these recruits as poorly prepared for work, by size of establishment

Size of establishment	16-year-old school leavers		17- or 18-year-old school or college leavers		Under 24-year-olds from university or HE institution	
Row percentages	Unweighted base	%	Unweighted base	%	Unweighted base	%
Overall	6,314	29	11,805	21	10,921	12
Size of establishment						
2 to 4	572	32	954	25	936	17
5 to 24	2,544	29	4,701	21	3,924	11
25 to 99	2,187	28	4,259	19	3,957	8
100 to 199	442	20	883	15	981	5
200 to 499	441	26	732	16	800	7
500+	128	31	276	20	323	6

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

Table 3.5 shows the proportion of employers thinking that recruits were poorly prepared by SIC sector.

Sectors with particular problems with work-readiness of young recruits were:

- 16 year olds: Manufacturing
- 17-18 year olds: Manufacturing, Construction
- Under 24s from HE: Agriculture, Construction

Table 3.5: Proportion of employers experiencing recruits from education being poorly or very poorly prepared for work, by sector

	16-year-old school leavers			17- or 18-year-old school or college leavers			Under 24-year-olds from university or HE institution		
Row percentages	**Unweighted base**	**Weighted base**	**%**	**Unweighted base**	**Weighted base**	**%**	**Unweighted base**	**Weighted base**	**%**
Overall	6,314	83,385	29	11,805	157,793	21	10,921	144,728	12
Agriculture	134	3,073	25	203	4,928	18	130	3,096	22
Mining & Quarrying	*7*	52	!	*9*	76	!	*21*	186	!
Manufacturing	678	6,102	33	1,056	9,190	25	795	6,568	14
Electricity, Gas & Water	*18*	106	!	35	241	28	37	248	3
Construction	554	9,116	32	702	11,484	25	265	4,283	20
Retail & Wholesale	1,915	24,635	28	3,017	40,801	21	1,770	23,877	12
Hotels & Catering	1,052	15,309	28	1,904	28,846	20	1,299	19,426	10
Transport, Storage & Communications	195	1,981	28	388	4,018	23	384	3,968	14
Financial Intermediation	79	1,022	23	258	3,393	19	369	4,893	12
Business Services	438	6,886	30	1,159	18,901	21	2,198	37,454	13
Public Administration & Defence	44	520	33	120	1,411	10	210	2,671	6
Education	202	1,695	28	776	6,424	18	1,364	11,046	6
Health & Social Work	266	2,809	27	953	10,274	22	954	10,827	11
Other Services	732	9,371	26	1,225	14,490	20	1,125	14,038	12

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

Table 3.6 presents perceived work-readiness of young recruits by SSC sector. For each of the three age groups considered, the table shows the proportion of employers perceiving their young recruits to be poorly prepared for work.

There are a number of patterns by SSC sector regarding the perceived work-readiness of young people recruited from education.

- Employers covered by Skillsmart Retail, SkillsActive and Lifelong Learning UK SSCs were more positive than average about the work-readiness of all three categories of young recruit.
- Those covered by Proskills, SEMTA and e-skills UK SSCs were particularly likely to report 16-year-olds to be poorly prepared for work.
- IMI (automotive), ConstructionSkills and SEMTA employers were particularly likely to consider 17- or 18-year-olds recruited from school or college to be poorly prepared.
- Employers covered by SummitSkills, IMI and Skills for Logistics SSCs were particularly likely to report recruits from HE as being poorly prepared for work.

Table 3.6: Proportion of employers experiencing recruits from education being poorly prepared for work, by SSC

	16-year-old school leavers			17- or 18-year-old school or college leavers			Under 24-year-olds from university or HE institution		
	Unweighted base	Weighted base	%	Unweighted base	Weighted base	%	Unweighted base	Weighted base	%
Overall	6,314	83,385	29	11,805	157,793	21	10,921	144,728	12
Lantra	234	3,785	27	414	6,980	21	281	4,462	17
Cogent	78	504	29	188	1,254	22	162	1,019	12
Proskills UK	96	947	39	174	1,727	24	120	1,259	15
Improve Ltd	83	472	32	172	930	26	108	589	12
Skillfast-UK	99	688	32	163	1,108	25	115	817	17
SEMTA	267	2,645	38	406	4,134	30	314	2,861	9
Energy and Utility Skills	47	380	25	79	609	22	69	526	10
ConstructionSkills	377	5,447	34	587	8,025	27	610	8556	17
SummitSkills	291	2,845	33	332	3,401	23	91	942	24
IMI	321	3,866	35	397	4,998	31	138	1,698	18
Skillsmart Retail	1,362	18,000	25	2,148	30,504	18	1,296	18,846	10
People 1st	1,071	16,380	28	1,956	31,051	21	1,378	21,815	10
GoSkills	67	310	18	118	563	25	102	570	13
Skills for Logistics	204	3,118	31	382	5,738	26	338	5,205	18
Financial Services Skills Council	79	1,022	23	258	3,393	19	369	4,893	12
Asset Skills	85	1,560	27	239	4,666	22	293	5,529	9
e-skills UK	67	760	37	228	3,261	17	444	5,604	13
Government Skills	11	110	!	37	343	8	73	665	5
Skills for Justice	14	105	!	52	351	9	93	545	5
Lifelong Learning UK	125	981	25	306	2,318	17	581	4,484	5
Skills for Health	100	1,103	24	318	3,393	21	354	4,193	13
Skills for Care and Development	138	1,449	26	538	5,789	23	500	5,744	10
Skillset	46	367	22	112	833	19	328	2,795	14
Creative and Cultural Skills	62	486	28	144	954	20	350	3,144	16
SkillsActive	301	1,908	22	566	3,482	17	404	2,462	8
Non-SSC employers	689	14,597	32	1,491	28,168	20	2,010	35,507	10

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

Table 3.7 shows for each of the three groups of young recruits the proportion of employers by region who felt they were poorly prepared for work.

In 2007 employers in the North East and London were the most likely to report all three categories of young recruits to be poorly prepared for work. In 2009 there is a slightly less clear cut pattern in the regional findings:

- Employers in the South East are the most positive about the preparedness of all three groups, particularly for 16-year-old leavers (just 24 per cent have experienced such recruits as poorly prepared against the national average of 29 per cent) and 17- or 18-year old school leavers (18 per cent experiencing poorly prepared such recruits against a national average of 21 per cent).

- Employers in the West Midlands are also more positive than average about the work-readiness of 16-year-old school leavers.

- Employers in the North East continue to be more likely than average to believe 16-year-old and 17- or 18-year-old school or college leavers to be poorly prepared, but the proportion describing HE leavers as poorly prepared is now in line with the national average.

- Employers in the East Midlands are now above the national average for reporting 16-year-old school leavers to be poorly prepared.

Table 3.7: Proportion of employers experiencing young recruits being poorly prepared for work, by region

	16-year-old school leavers	17- or 18-year-old school or college leavers	Under 24-year-olds from university or HE institution
	%	%	%
Overall	29	21	12
Eastern	30	22	11
East Midlands	34	21	11
London	31	26	13
North East	33	23	12
North West	32	21	11
South East	24	18	11
South West	28	21	11
West Midlands	24	21	13
Yorkshire and the Humber	31	22	11

Base: All employers that have recruited each type of 16-to 24-year-old education leaver in the previous 12 months. Cell sizes vary from (unweighted) 424 (16-year-olds in the North East) to 2,219 (HE graduates in London).
Note: Table shows row percentages.

3.4 Skills lacking in young recruits

Employers that reported that young people they had recruited were ill prepared for work were asked what skills were lacking. When comparing the list of skills and attributes lacking across the three educational groups, it should be borne in mind that employers' expectations of these three groups will vary considerably.

In regard to the actual skills that recruits from education have lacked, the key findings are as follows:

- The skill most commonly felt to be lacking among all three categories of young recruits (16-24 years olds) was a lack of working world or life experience or maturity (reported by just over half of those experiencing poorly prepared recruits in each age category);

- Over two in five (44 per cent) perceived their poorly prepared graduates to lack specific skills or competencies, such as technical or job-specific skills; and almost two in five (38 per cent) felt their poorly prepared graduates to have poor attitude, personality or a lack of motivation.

- Poor attitude, personality or a lack of motivation are commonly reported by employers recruiting poorly prepared 16 to 18-year-olds (an issue for a half these employers). Lack of specific skills or competencies, such as technical or job-specific skills, is also a relatively common issue for those recruiting poorly prepared 16-18 year olds from education (reported by around a third in each case).

Table 3.8: Skills lacking among poorly prepared young recruits taken on direct from education in the last 12 months (spontaneous)

	16-year-old school leavers	17-or 18-year-old school or college leavers	University or HE leavers
Unweighted base	*1,764*	*2,380*	*1,088*
Weighted base	*24,400*	*33,560*	*16,663*
	%	%	%
Lack of working world, life experience or maturity (including general knowledge)	55	54	55
Poor attitude, personality or lack of motivation (e.g. poor work ethic, punctuality, appearance, manners)	49	45	38
Lack of required skills or competencies (e.g. technical or job specific skills, IT skills, problem solving skills, team working skills)	30	35	44
Lack of common sense	17	19	17
Literacy/numeracy skills	12	9	5
Poor education	9	8	6
Other	1	1	1

Base: All employers that have recruited each type of 16- to 24-year-old leaver from education in previous 12 months and who say some of these recruits were poorly prepared.

4 Recruitment Problems

Chapter summary

In line with the fact that the country was in recession at the time the 2009 data was collected, there have been substantial decreases in recruitment activity compared with 2003, 2005 and 2007.

The total numbers of vacancies, hard-to-fill vacancies and skill-shortage vacancies reported have all decreased compared with previous years.

However, where vacancies are proving hard-to-fill (an occurrence which is significantly less common in 2009 than in 2005 and 2007), the difficulty filling the vacancy is more likely to be caused by skills shortages than was the case in 2005 or 2007.

The pattern of recruitment difficulties by establishment size remains broadly unchanged from previous years, with recruitment difficulties caused by skill shortages (skill-shortage vacancies as a proportion of all vacancies) being felt more acutely among smaller establishments.

By occupation, volumes of skill-shortage vacancies are highest for associate professional occupations, whilst skilled trades and professional positions are the occupations where the highest proportion of vacancies involve skill shortages in applicants

An increased workload for staff is the most common impact of recruitment difficulties, and was reported by three-quarters (75 per cent) of employers with hard-to-fill vacancies. Two in five (40 per cent) experiencing recruitment difficulties have suffered delays in developing new products or services, and around a third report increased operating costs (36 per cent), a loss of business to competitors (33 per cent), difficulties introducing new working practices (33 per cent) and difficulties meeting quality standards (32 per cent).

The most common actions taken by employers to overcome recruitment difficulties remain increasing advertising and recruitment spend (41 per cent) and using new recruitment methods or channels (25 per cent).

4.1 Introduction

This chapter examines the extent to which employers experience difficulty filling vacancies, and the nature of those difficulties, particularly those caused by a lack of candidates with the required skills, work experience or qualifications. The chapter explores the incidence, number, distribution and density of these skill-shortage vacancies, as well as identifying which particular skills employers are finding in short supply when recruiting.

The section first looks at national trends in recruitment difficulties from 2003 to 2009 and then investigates what impact these problems are having on employers and what actions are being taking to overcome them.

Throughout this chapter it should be borne in mind that data on employment, vacancies, hard-to-fill vacancies and skill-shortage vacancies have been weighted using the March 2009 IDBR employment profiles, the most up-to-date at the time of the survey. These volume figures will be somewhat inflated as they do not take into account reductions in the size of the overall workforce since March 2009 brought about by the continuation of the recession.

4.2 Trends in recruitment difficulties since 2003

In line with the fact that the country was in a recession when the NESS09 fieldwork was conducted, significantly fewer employers in 2009 report any vacancies, hard-to-fill vacancies or skill-shortage vacancies than in 2003-2007.

Around one in eight employers in 2009 reported any vacancies at the time of interview (12 per cent), six percentage points lower than in 2007. In line with this, the proportion reporting hard-to-fill vacancies and skill-shortage vacancies, which had remained static between 2005 and 2007 at 7 per cent and 5 per cent respectively, had fallen to just 3 per cent for both measures in 2009. The fact that the incidence of hard-to-fill and skill-shortage vacancies is at parity in 2009 indicates that recruitment difficulties are nearly always ascribed at least in part to deficiencies in available labour.

Table 4.1: Trends in incidence of vacancies and recruitment difficulties 2003–2009

	2003	2005	2007	2009
Unweighted base (employers)	*72,100*	*74,835*	*79,018*	*79,152*
Weighted base (employers)	*1,915,053*	*1,390,155*	*1,451,507*	*1,492,367*
	%	%	%	%
Establishments with any vacancies	17	17	18	**12**
Establishments with any HtFVs	8	7	7	**3**
Establishments with any SSVs	N/A	5	5	**3**

Source: NESS03, NESS05, NESS07, NESS09.
Base: All employers.
Note: A comparable skills-shortage vacancy figure is not available for 2003.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

In volume terms, the number of vacancies at the time of the survey has fallen from around 620,000 in 2007 to around 386,000 in 2009. The number of vacancies as a proportion of total employment has declined sharply from 2.7 per cent in 2005 and 2.8 per cent in 2007 to 1.7 per cent in 2009.

The number of hard-to-fill vacancies has fallen year-on-year since 2003, with a particularly sharp fall between 2007 and 2009, from around 183,500 to approximately 85,500. In 2009 just over a fifth (22 per cent) of all vacancies were described as hard to fill, much lower than reported in 2003 (40 per cent), 2005 (35 per cent) or 2007 (30 per cent).

The number of skill-shortage vacancies has been falling year-on-year since 2005, though as with hard-to-fill vacancies the fall between 2007 and 2009 was particularly steep, from around 130,000 in 2007 to around 63,000 in 2009. In 2009, 16 per cent of all vacancies were hard to fill because of skill-related reasons (i.e. were skill-shortage vacancies), down from 25 per cent in 2005 and 21 per cent in 2007.

In summary, compared with previous years, in 2009 employers reported fewer vacancies, hard-to-fill vacancies and skill-shortage vacancies, but also that a lower proportion of current vacancies are hard-to-fill, or hard to fill because of skill shortages.

However, the fall in the numbers of hard-to-fill vacancies between 2007 and 2009 has been more pronounced than the fall in the numbers of skill-shortage vacancies, hence skill-shortage vacancies form a slightly larger share of all hard-to-fill vacancies (74 per cent) than was the case in 2007 (71 per cent) and 2005 (70 per cent). Hence where vacancies are proving hard-to-fill (an occurrence which is significantly less common in 2009 than in 2005 and 2007), the difficulty filling the vacancy is more likely to be caused by skill shortages than was the case in 2005 or 2007.

Table 4.2 shows analysis of trends since 2003 in the number and density of vacancies, hard-to-fill vacancies and skill-shortage vacancies.

Table 4.2: Trends in the number of vacancies and recruitment difficulties 2003–2009

	2003	**2005**	**2007**	**2009**
Unweighted base (employers)	*72,100*	*74,835*	*79,018*	*79,152*
Weighted base (employers)	*1,915,053*	*1,390,155*	*1,451,507*	*1,492,367*
Vacancies as proportion of all employment	3.1%	2.7%	2.8%	**1.7%**
HtFVs as a proportion of employment	1.2%	0.9%	0.8%	**0.4%**
HtFVs as a proportion of vacancies	40%	35%	30%	**22%**
SSVs as a proportion of employment	N/A	0.7%	0.6%	**0.3%**
SSVs as a proportion of vacancies	N/A	25%	21%	**16%**
SSVs as a proportion of HtFVs	N/A	70%	71%	74%
Total employment	21,877,300	21,504,975	22,259,625	22,976,750
Number of vacancies	679,075	573,900	619,675	385,675
Number of HtFVs	271,400	203,550	183,475	85,425
Number of SSVs	N/A	143,125	130,000	63,100

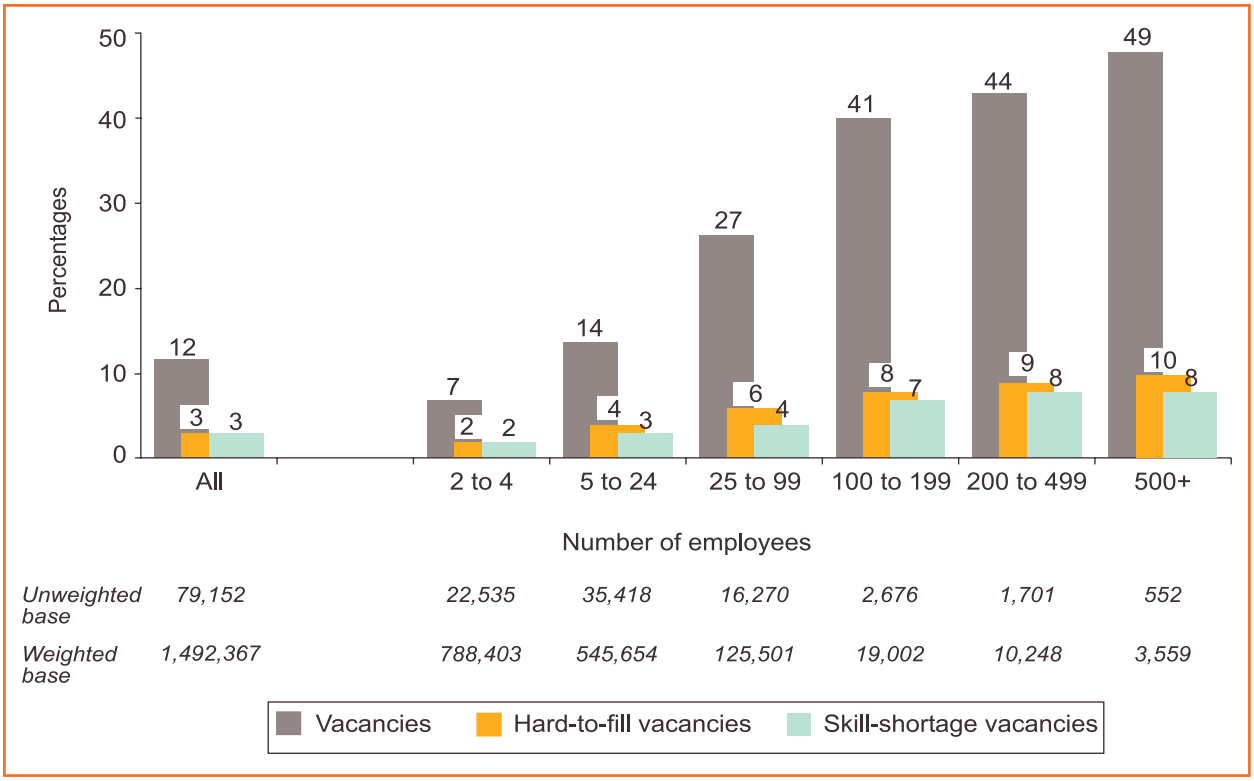
Source: NESS03, NESS05, NESS07, NESS09.
Base: All employers.
Notes: Total employment and vacancy figures rounded to the nearest 25.
Notes: Comparable skill-shortage vacancy figures are not available for 2003.
Notes: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

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

The fall in the proportion of establishments reporting vacancies, hard-to-fill vacancies and skill-shortage vacancies between 2007 and 2009 at an overall level is observed across all size bands. However, the pattern of recruitment difficulties by size remains similar to previous years, with the incidence of vacancies, hard-to-fill vacancies and skills-shortage vacancies increasing with establishment size. Almost half (49 per cent) of the largest establishments (with 500+ staff) reported at least one vacancy at the time of the interview, compared with just seven per cent of micro establishments (with between two and four staff).

Similarly, 10 per cent of the largest establishments reported at least one vacancy that was proving hard-to-fill, compared with just two per cent of micro establishments. The incidence of skill-shortage vacancies follows a similar pattern, as illustrated in Figure 4.1.

Figure 4.1: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by establishment size



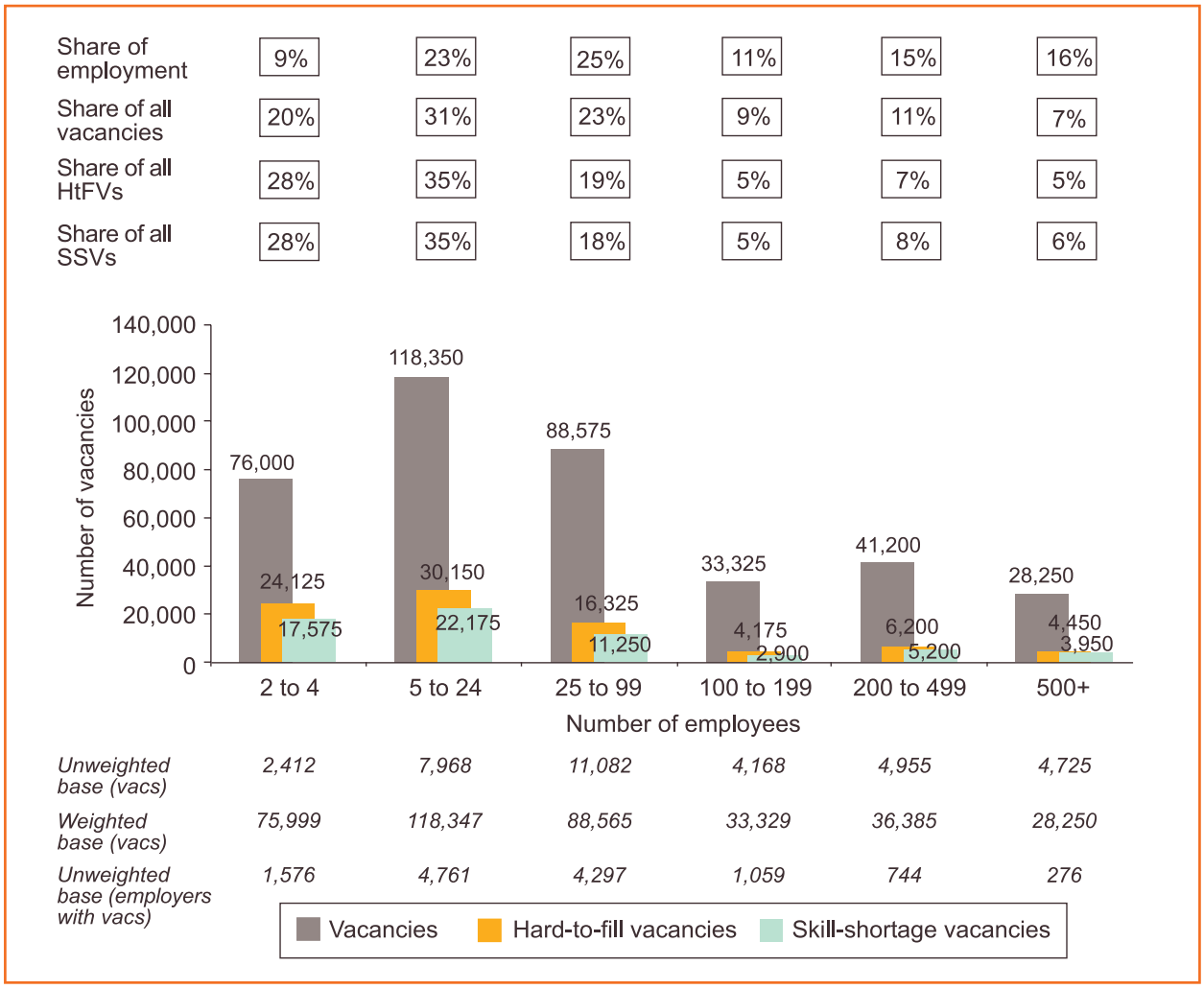
Base: All employers.

Figure 4.2 shows the number of vacancies, hard-to-fill vacancies and skill-shortage vacancies by size of establishment.

As in 2007, establishments with fewer than 25 staff account for a disproportionately large share of all vacancies (50 per cent) when compared with their share of employment (32 per cent). These smaller establishments account for even larger proportions of all hard-to-fill and skill-shortage vacancies (64 per cent and 63 per cent respectively). Hence, smaller establishments continue to experience a disproportionate degree of difficulty when recruiting. This appears to be increasingly true for the very smallest establishments with two to four staff – their share of employment has remained the same as in 2007 (nine per cent), but they account for an increased share of all vacancies (20 per cent, up one percentage point from 2007), hard-to-fill vacancies (28 per cent, up three percentage points on 2007) and skills-shortage vacancies (28 per cent, up four percentage points from 2007).

Although establishments with 100 or more staff are more likely to report any vacancies and recruitment difficulties per se, the actual volume of vacancies, hard-to-fill vacancies and skill-shortage vacancies experienced by these establishments is low, relative to their share of employment. This is shown in Figure 4.2.

Figure 4.2: Number and share of vacancies, hard-to-fill vacancies and skill-shortage vacancies by size of establishment



Base: All vacancies (weighted 385,675; unweighted 35,310).

Table 4.3 summarises the volume and density of skill-shortage vacancies by size of establishment. Two different measures of density are shown. The first shows the percentage of all vacancies where skill shortages are experienced. This indicates the likelihood of establishments encountering skills-related difficulties when recruiting. The second shows the total number of skill-shortage vacancies being experienced per thousand employees, which indicates how the volume of skill-shortage vacancies relates to total employment.

The smallest establishments are the most likely to encounter skill shortages when recruiting, with approaching a quarter (23 per cent) of all vacancies among establishments with two to four 25 staff described as hard-to-fill because of a lack of skills, experience or qualifications, compared with one in six (16 per cent) among all employers.

That skill shortages among applicants is a greater problem for smaller establishments than larger ones is even more apparent when density is examined on an employment base. Establishments with fewer than five staff experience nine skill-shortage vacancies per 1,000 employees, whereas those establishments with 100 or more staff experience just one SSV per 1,000 employees.

That said, smaller establishments that are recruiting are less likely to be experiencing skill-shortage vacancies than was the case in 2007: skill-shortage vacancies as a proportion of all vacancies have decreased by three percentage points for micro-business (with two to four staff) and by six percentage points for those with five to 24 staff when compared against 2007. Establishments with between 100 to 199 staff have seen the greatest decrease in SSV density since 2007 (nine per cent in 2009, from 17 per cent).

In contrast, the proportion of all vacancies hard to fill for skills-related reasons for establishments with 200 or more staff has remained stable since 2007, indicating that where these larger organisations are recruiting they are as likely to experience skill shortages as they were in 2007.

Table 4.3: Density of skill-shortage vacancies by size of establishment

	% of vacancies that are SSVs	SSVs per 1,000 employees
Overall	16%	3
2 to 4 employees	23%	9
5 to 24 employees	19%	4
25 to 99 employees	13%	2
100 to 199 employees	9%	1
200 to 499 employees	13%	1
500+ employees	14%	1

Base: All vacancies (weighted 385,675; unweighted 35,310).

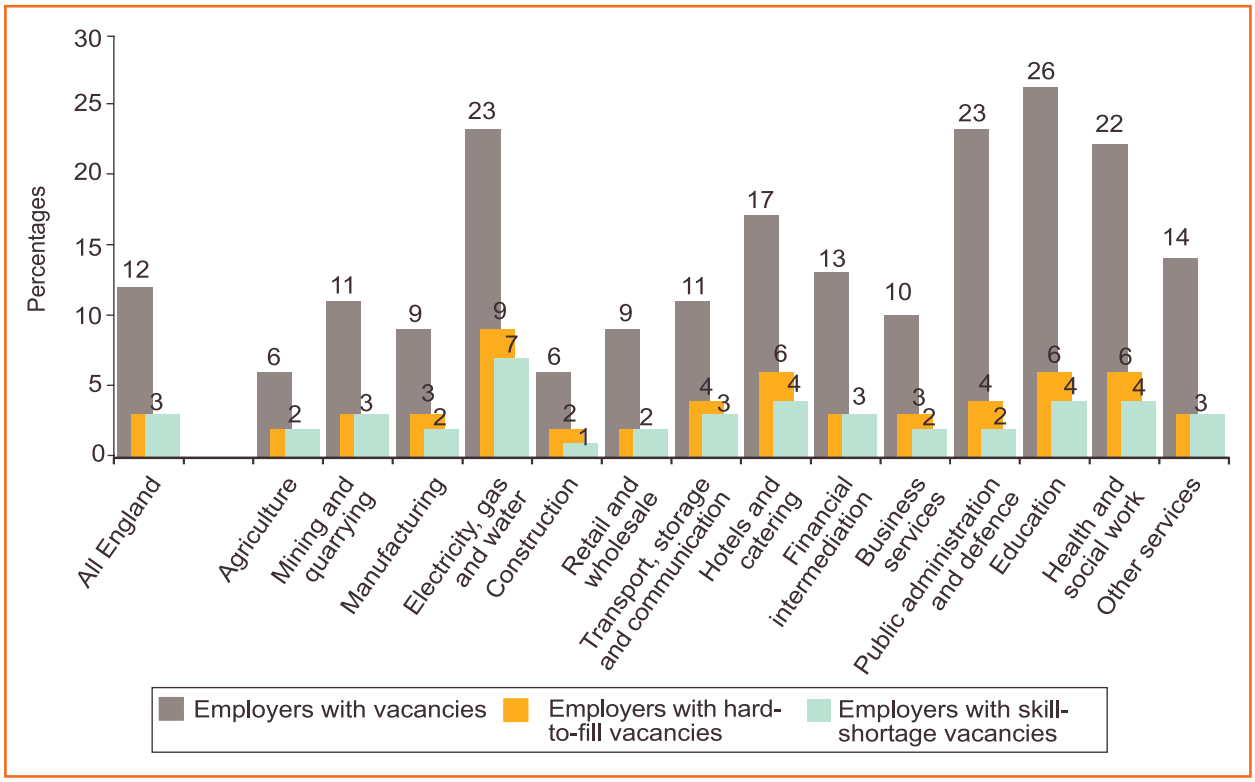
4.4 Incidence and density of vacancies, hard-to-fill and skill-shortage vacancies by sector

As seen in previous NESS surveys, there is substantial variation in the incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies across different SIC sectors. This is shown in Figure 4.3.

Establishments operating in the Education, Public Administration & Defence, and Health & Social Work sectors were particularly likely to report vacancies (26 per cent, 23 per cent and 22 per cent respectively). Education and Health & Social Work employers also report above average levels of hard-to-fill vacancies and skill-shortage vacancies, as do those operating in Hotels & Catering (six per cent hard-to-fill vacancies and four per cent skill-shortage vacancies respectively in each case).

Employers in the Electricity, Gas & Water supply sector also have high levels of vacancies overall (23 per cent), as well as reporting the highest levels of hard-to-fill vacancies (nine per cent) and skill-shortage vacancies (seven per cent) across all sectors. It should be borne in mind, however, that the unweighted base size for this sector is relatively small (120 interviews), hence results should be treated as indicative only.

Figure 4.3: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by SIC sector



Base: All employers.

In line with the findings by SIC sector, as Figure 4.4 demonstrates, employers in SSC sectors largely composed of public sector establishments are the most likely to report vacancies, with around a quarter of establishments covered by Government Skills (27 per cent), Skills for Justice (26 per cent), Skills for Care & Development (25 per cent) and Lifelong Learning UK (24 per cent) reporting vacancies. This is consistent with the pattern seen in 2007 and 2005, although the incidence of vacancies has decreased slightly from previous years in these sectors.

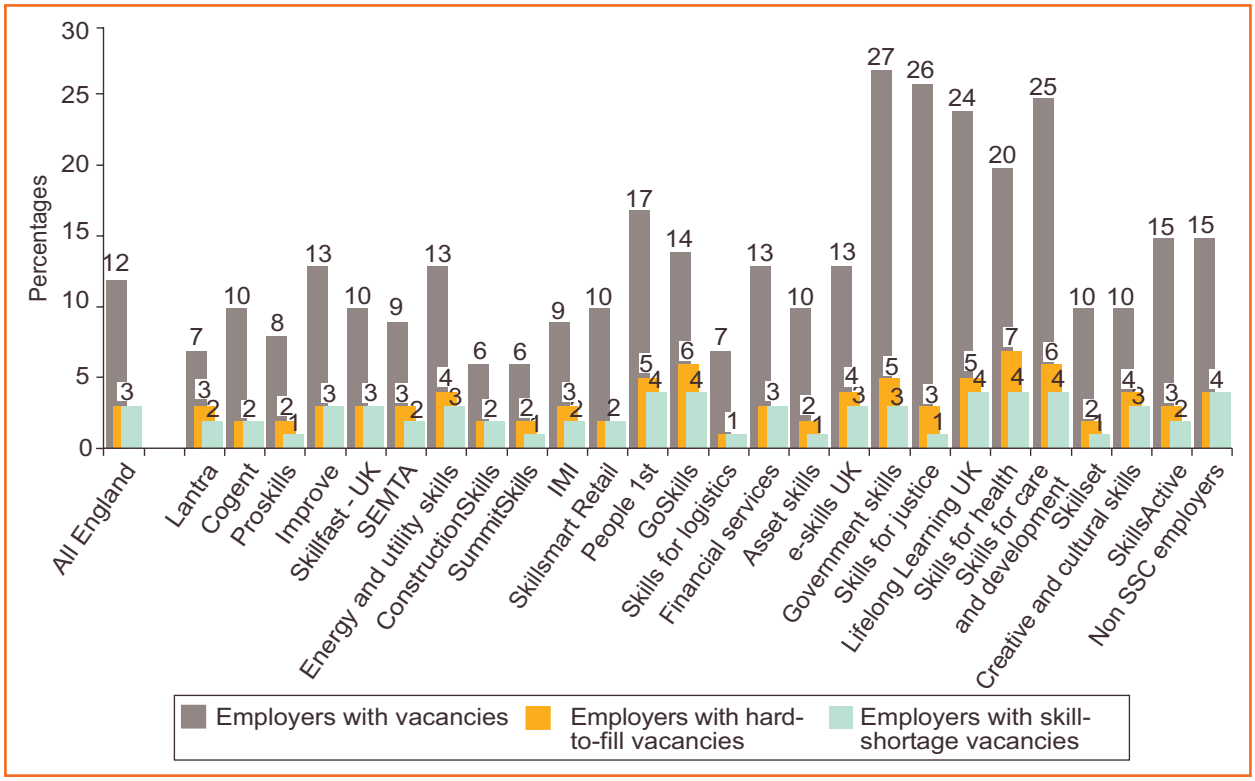
Establishments covered by the Skills for Health SSC also have higher than average levels of vacancies overall (20 per cent), and report the highest levels of hard-to-fill vacancies (seven per cent). Employers covered by Skills for Care & Development and GoSkills SSCs also report levels of hard-to-fill vacancies at twice the national average, with six per cent of these establishments having vacancies they are finding hard to fill.

These three sectors also report the highest levels of skill-shortage vacancies (four per cent), along with employers falling within the Lifelong Learning UK and People 1st SSC footprints, and those employers that do not fall within the scope of any SSC.

Although employers falling within the Skills for Justice SSC footprint have the second highest incidence of employers reporting overall vacancies, the proportion reporting hard-to-fill vacancies (three per cent) and skill-shortage vacancies (one per cent) are both below average.

In contrast, in some sectors nearly all employers with recruitment difficulties report these difficulties as being caused at least in part by skills shortages. This is true for non-SSC employers, and employers covered by the Financial Services SSC, Improve, Skillfast-UK, Cogent, Skillsmart Retail, ConstructionSkills and Skills for Logistics SSCs, for whom the percentage of employers with skill-shortage vacancies is the same as the percentage of employers with any hard-to-fill vacancies.

Figure 4.4: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by SSC sector



Base: All employers (weighted=1,492,367; unweighted=79,152).

Table 4.4 presents density measures of recruitment and recruitment difficulties by SIC sector.

The total number of vacancies reported by establishments nationally is equivalent to 1.7 per cent of total employment. Employers in the following SIC sectors report much higher vacancy densities: Hotels & Catering (3.0 per cent of employment), Health & Social Work (2.3 per cent) and “Other Services” (2.3 per cent).

By contrast, vacancies as a proportion of employment was lowest for those employers involved in Mining & Quarrying (0.8 per cent), Manufacturing (1.0 per cent) and Construction (1.1 per cent).

In addition to reporting the highest density of vacancies relative to employment, employers in Hotels & Catering also report a high density of hard-to-fill vacancies, equating to 0.7 per cent of employment. Employers in the Agriculture sector also report a particularly high density of hard-to-fill vacancies (0.7 per cent of employment and 43 per cent of all vacancies).

When skill-shortage vacancies are expressed as a proportion of all vacancies, we again see that employers in the Agriculture sector have particular difficulties, with 26 per cent of all vacancies proving hard to fill for skills related reasons, compared with the national average of 16 per cent. Levels are also above average for employers in Electricity, Gas & Water, as well as those operating in Construction (30 per cent and 23 per cent respectively).

Public Administration & Defence establishments have the least difficulties findings skilled candidates to fill vacant positions, with just one SSV per 1,000 employees, representing just seven per cent of all vacancies.

Table 4.4: Vacancies and recruitment difficulties as a proportion of employment by broad industry sector

	Base = All employment		Vacancies as a % of employment	HtFVs as a % of employment	HtFVs as a % of vacancies	% of vacancies that are SSVs	SSVs per 1,000 employees
	Unweighted	Weighted	%	%	%	%	
Overall	*2,579,121*	*22,976,759*	1.7	0.4	22	16	3
Agriculture	*19,822*	*307,505*	1.7	0.7	43	26	4
Mining and quarrying	*4,716*	*27,182*	0.8	0.2	24	19	2
Manufacturing	*365,750*	*2,352,634*	1.0	0.2	22	18	2
Electricity, gas and water	*14,288*	*105,939*	1.5	0.6	38	30	4
Construction	*91,652*	*1,097,851*	1.1	0.3	28	23	2
Retail and wholesale	*444,172*	*3,876,566*	1.3	0.3	20	15	2
Hotels and catering	*149,282*	*1,470,110*	3.0	0.7	22	14	4
Transport, storage and communications	*159,819*	*1,350,221*	1.3	0.3	22	16	2
Financial intermediation	*71,012*	*969,290*	1.4	0.3	19	16	2
Business services	*364,700*	*4,264,752*	1.7	0.4	23	18	3
Public administration and defence	*141,092*	*1,190,652*	1.6	0.2	12	7	1
Education	*270,325*	*2,069,590*	1.4	0.2	18	14	2
Health and social work	*338,388*	*2,678,026*	2.3	0.6	25	17	4
Other services	*144,103*	*1,194,638*	2.3	0.5	24	17	4

Base: All employment.

Results by SSC sectors are shown in Table 4.5. Government Skills employers report the highest level of vacancies in relation to employment, with vacancies representing 3.5 per cent of employment. Employers covered by Skills for Care & Development (3.1 per cent) and People 1st (2.9 per cent) SSCs also have high vacancy density rates.

The density of vacancies (in relation to employment) was lowest for those employers involved in manufacturing industries covered by Proskills UK (0.7 per cent), Improve (0.8 per cent) and primary industry employers covered by Cogent (0.7 per cent). These SSCs also had the lowest density of recruitment activity in 2007 before the recession started. Skills for Logistics employers also have very low recruitment activity (vacancies represent 0.8 per cent of total employment in the sector).

As well as reporting higher than average density of vacancies relative to employment, Creative and Cultural Skills employers also report a particularly high density of hard-to-fill vacancies, equivalent to 0.9 per cent of employment and to 39 per cent of all vacancies. Lantra employers also report a high density of hard-to-fill vacancies (0.8 per cent of employment and 43 per cent of all vacancies), as they did in 2007 and 2005.

As with vacancy densities, recruitment difficulties are at their lowest level relative to employment for establishments in the sectors covered by Cogent, Proskills, Improve, and Skills for Logistics SSCs. For these SSCs, the number of hard-to-fill vacancies is equivalent to 0.1 per cent of employment in the sector.

The density of skill-shortage vacancies as a proportion of all vacancies indicates that skill shortages are a greater issue, relative to other SSCs, for employers in the Lantra and Creative and Cultural Skills sectors (though these are still not a significant issue in real terms). Both sectors have six skill-shortage vacancies per 1,000 employees, twice the national average, and a third of vacancies among Lantra employers (32 per cent) and a quarter (26 per cent) among those covered by Creative and Cultural Skills SSC encounter skill shortages among applicants.

Employers covered by Cogent, Proskills, Improve, and Skills for Logistics have the fewest problems finding skilled candidates for job openings, with just one SSV per 1,000 employees. These SSC sectors have average to low ratios of skill-shortage vacancies to overall vacancies (13 to 16 per cent), although the sectors with the lowest ratio of skill-shortage vacancies to vacancies are SkillsActive (10 per cent) and Asset Skills and Skillsmart Retail (at 11 per cent).

Table 4.5: Vacancies and hard-to-fill vacancies as a proportion of employment by SSC

	Unweighted	Weighted	Vacancies as a % of employment	HtFVs as a % of employment	HtFVs as a % of vacancies	% of vacancies that are SSVs	SSVs per 1,000 employees
			%	%	%	%	
Overall	*2,579,121*	*22,976,759*	1.7	0.4	22	16	3
Lantra	*37,373*	*419,709*	1.8	0.8	43	32	6
Cogent	*55,767*	*329,184*	0.7	0.1	19	14	1
Proskills	*49,737*	*401,597*	0.7	0.1	20	16	1
Improve	*63,787*	*321,605*	0.8	0.1	16	13	1
Skillfast-UK	*25,571*	*180,269*	1.5	0.4	27	20	3
SEMTA	*169,833*	*1,194,185*	1.1	0.2	21	18	2
Energy and Utility Skills	*29,738*	*200,038*	1.4	0.2	17	13	2
ConstructionSkills	*129,602*	*1,145,679*	1.2	0.3	28	24	3
SummitSkills	*30,168*	*255,960*	1.5	0.3	21	18	3
IMI	*54,217*	*466,205*	1.3	0.4	31	26	3
Skillsmart Retail	*292,548*	*2,330,291*	1.5	0.3	17	11	2
People 1st	*163,072*	*1,633,284*	2.9	0.6	22	15	4
GoSkills	*50,590*	*246,833*	2.3	0.5	22	16	4
Skills for Logistics	*153,813*	*1,660,224*	0.8	0.1	17	13	1
Financial Services	*71,012*	*969,290*	1.4	0.3	19	16	2
Asset Skills	*76,099*	*1,003,809*	1.5	0.3	18	11	2
e-skills UK	*53,562*	*618,313*	1.9	0.4	24	19	4
Government Skills	*50,125*	*358,431*	3.5	0.7	20	15	5
Skills for Justice	*57,918*	*330,524*	0.9	!	!	!	!
Lifelong Learning UK	*179,912*	*1,227,959*	1.4	0.2	17	14	2
Skills for Health	*209,923*	*1,649,494*	1.9	0.5	30	23	4
Skills for Care & Development	*119,677*	*995,215*	3.1	0.7	22	12	4
Skillset	*42,212*	*250,146*	1.4	0.3	19	15	2
Creative and Cultural Skills	*35,041*	*188,787*	2.4	0.9	39	26	6
SkillsActive	*51,691*	*267,051*	1.8	0.2	13	10	2
Non SSC employers	*326,133*	*4,332,677*	1.8	0.4	22	18	3

Base: All employment.
Note: Findings based on fewer than 25 interviews are replaced by "!".Vacancies figures rounded to the nearest 25.

4.5 Incidence, number and density of vacancies, hard-to-fill and skill-shortage vacancies by region

This section examines the variation in the incidence and density of recruitment difficulties across regions. Figure 4.5 shows the proportion of establishments in each region experiencing vacancies, hard-to-fill vacancies and skill-shortage vacancies.

The incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies has fallen in all regions compared with 2007.

Results in 2009 vary little by region (and less so than in 2007). Employers in London were more likely than average to have any vacancies at the time of interview (14 per cent compared with 12 per cent nationally), otherwise the incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies were all within +/- one percentage point of the national figures.

Figure 4.5: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by region

Base: All employers.

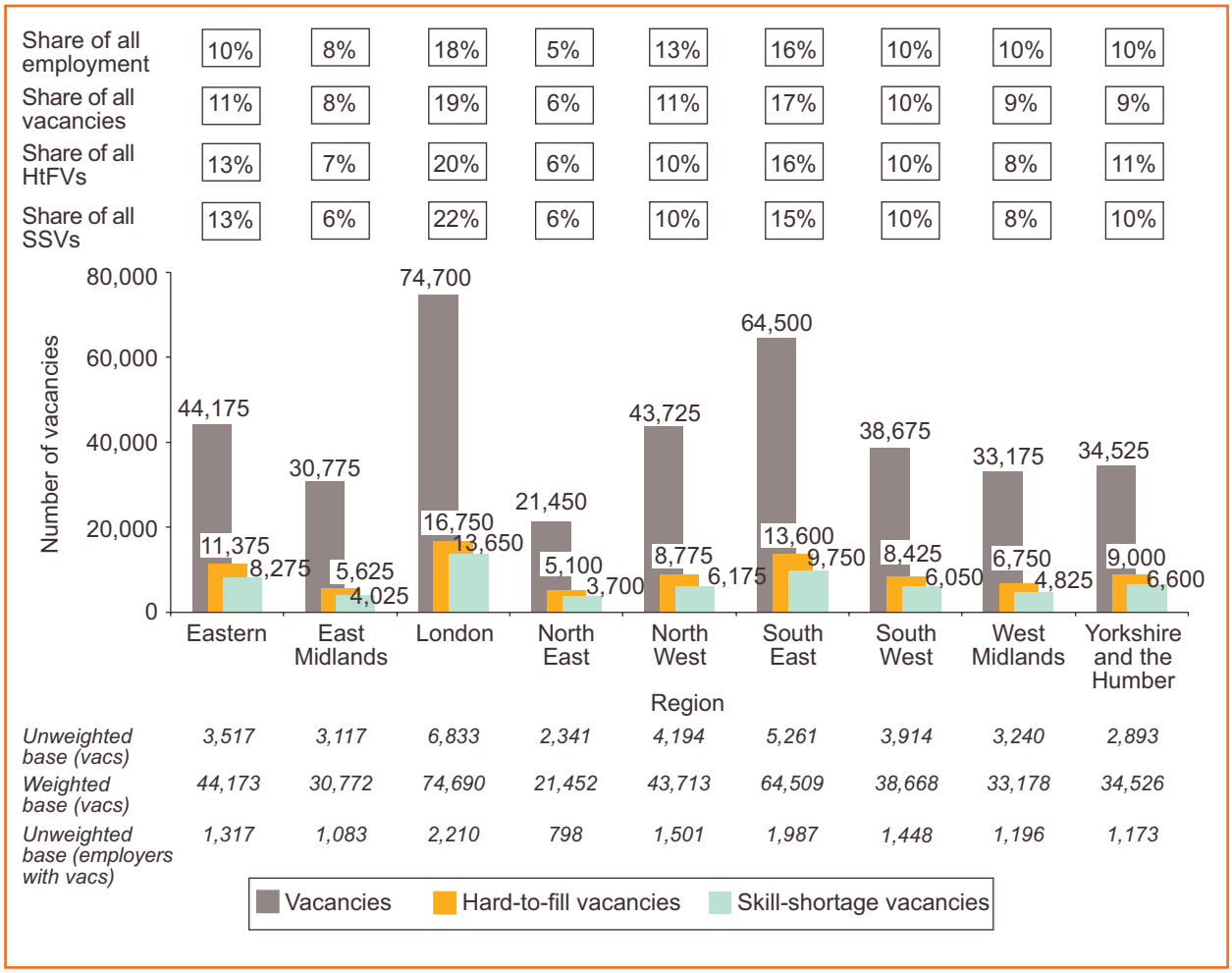
A more marked regional pattern emerges when comparing the total number of vacancies, hard-to-fill vacancies and skill-shortage vacancies, as shown in Figure 4.6 (represented by the columns of data). This figure also details the proportion of vacancies, hard-to-fill vacancies and skill-shortage vacancies accounted for by each region against that region's share of national employment (shown in boxes above the chart), in order to highlight whether a particular region is experiencing a disproportionate share of recruitment difficulties.

London accounts for the single largest share of overall employment, vacancies, hard-to-fill vacancies and skill-shortage vacancies, and the capital's share of vacancies (19 per cent), hard-to-fill vacancies (20 per cent) and skill-shortage vacancies (22 per cent) is higher than its share of employment (18 per cent), indicating disproportionately high levels of recruitment activity and recruitment difficulties. Although London's share of all skill-shortage vacancies in England is high (22 per cent), it is lower than in 2007 (25 per cent), suggesting its share of skills shortages in the labour market relative to other regions has eased since 2007.

The East of England also has a higher share of all vacancies, hard-to-fill vacancies and skill-shortage vacancies (11, 13 and 13 per cent respectively) than its share of employment (10 per cent), a change since 2007 when these recruitment and recruitment difficulty density measures were all very similar to their share of employment. This shows that recruitment difficulties in this region have increased, in contrast to the South East where its share of total vacancies is no longer greater than its share of employment (as they were in 2007).

Across the other regions, the number of vacancies, hard-to-fill vacancies and skill-shortage vacancies being experienced is roughly in line with employment. The North West, West Midlands and East Midlands have the least acute recruitment difficulties, with lower shares of hard-to-fill vacancies and skill-shortage vacancies than overall employment.

Figure 4.6: Number and distribution of vacancies, hard-to-fill vacancies and skill-shortage vacancies by region



Base: All vacancies.
Notes: Vacancy figures are rounded to the nearest 25.

Table 4.6 compares recruitment difficulties as a proportion of employment by region for 2007 and 2009.

The fall nationally in job vacancies and hard-to-fill vacancies between 2007 and 2009 is found in all regions. London and the South East have seen the greatest changes: while in 2007 both had above average vacancies and hard-to-fill vacancies relative to their share of employment, and the proportion of vacancies where recruitment difficulties were encountered was above average, in 2009 these figures in both regions were at or very close to the national average.

In contrast, in 2009 all density measures of vacancies and hard-to-fill vacancies are above average in the North East and the Eastern region, whereas in 2007 these regions were at or below the national averages.

Employers in Yorkshire and the Humber account for a slightly lower share of the country's vacancies than its share of employment, but where vacancies occur employers are more likely than average to experience difficulties: 26 per cent of vacancies in the region are hard to fill, compared with 22 per cent nationally.

Table 4.6: Vacancies and hard-to-fill vacancies density measures by region – 2007 and 2009 comparison

	Vacancies as a % of employment		HtFVs as a % of employment		HtFVs as a % of vacancies	
	2007	2009	2007	2009	2007	2009
	%	%	%	%	%	%
Overall	2.8	**1.7**	0.8	**0.4**	30	**22**
Region						
Eastern	2.8	**1.9**	0.8	**0.5**	30	**26**
East Midlands	2.3	**1.6**	0.7	**0.3**	30	**18**
London	3.3	**1.8**	1.0	**0.4**	32	**22**
North East	2.3	**2.1**	0.7	**0.5**	30	**24**
North West	2.6	**1.5**	0.6	**0.3**	25	**20**
South East	3.2	**1.7**	1.0	**0.4**	31	**21**
South West	2.7	**1.7**	0.9	**0.4**	35	**22**
West Midlands	2.6	**1.4**	0.6	**0.3**	24	**20**
Yorkshire and the Humber	2.4	**1.5**	0.7	**0.4**	28	**26**

Source: NESS07 and NESS09.
Base: All employment.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

Table 4.7 presents skill-shortage vacancy density for each region, showing skill-shortage vacancies as a proportion of all vacancies and then of total employment, for both 2007 and 2009.

All regions have seen a reduction since 2007 in the number of skill-shortage vacancies as a proportion of employment. This figure is highest in the North East (four SSVs per 1,000 employees), and lowest in the East Midlands, the West Midlands and the North West (each two per 1,000 employees). The fall compared with 2007 is particularly marked for London (from eight SSVs per 1,000 employees in 2007 to three SSVs per 1,000 in 2009).

Although there has been a large fall nationally from 2007 to 2009 in the proportion of all vacancies where skill-shortages are experienced (from 21 per cent to 16 per cent), this fall has not occurred in all regions, and in Yorkshire and the Humber and in the Eastern region this SSV density measure has remained unchanged (at 19 per cent in both regions). There have been large falls in this measure though in London, the East Midlands, the South East and the South West: hence where vacancies occur in these regions they are far less likely than they were in 2007 to be hard to fill because of skills shortages.

Table 4.7: Skill-shortage vacancy density measures by region

	% of vacancies that are SSVs		SSVs per 1,000 employees	
Unweighted base	**2007**	**2009**	**2007**	**2009**
Overall	21%	**16%**	6	3
Region				
Eastern	19%	19%	5	3
East Midlands	21%	**13%**	5	2
London	26%	**18%**	8	3
North East	20%	**17%**	5	4
North West	17%	**14%**	4	2
South East	22%	**15%**	7	3
South West	22%	**16%**	6	3
West Midlands	16%	**15%**	4	2
Yorkshire and The Humber	19%	19%	5	3

Base: All employment.

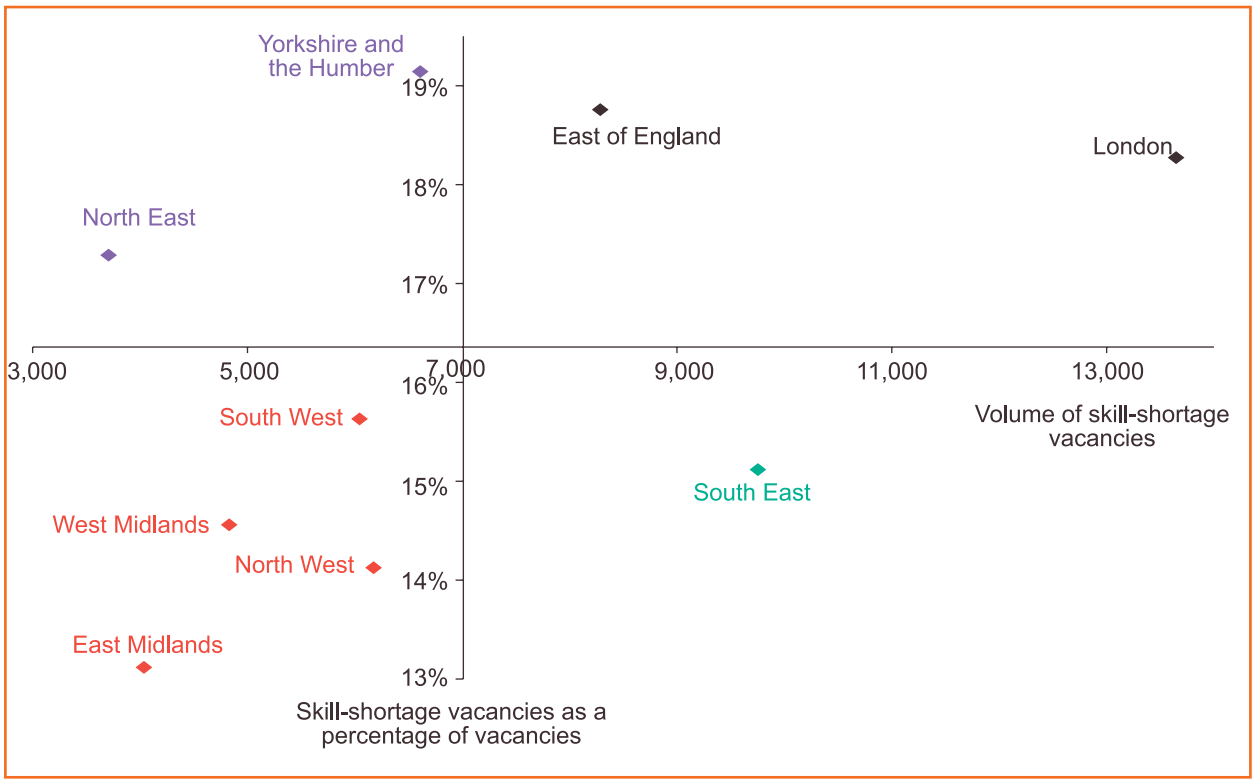
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

The presentation of SSV density measures (Table 4.7) does not reveal much variation between regions. However, when presented in volume terms as in Figure 4.7, differences are more apparent. The axes of this graph cross at the average volume of skill-shortage vacancies and the average SSV as a percentage of vacancies, dividing the graph into quadrants grouping regions with similar patterns of skills shortages.

London has both the highest volume of skill-shortage vacancies and one of the highest SSV densities (SSVs as a percentage of vacancies) making it evident that London continues to face greater skills shortages in recruitment than other regions, as it also did in 2007. The East of England also has both a higher volume of skill-shortage vacancies and a higher SSV density.

The South East has a large volume of skill-shortage vacancies, but largely because it has the second highest share of employment: SSVs as a percentage of all vacancies is lower than average in this region, indicating skill-shortages are frequent but not especially prevalent.

Figure 4.7: Summary of skill-shortage vacancies by region



Base: All vacancies.

4.6 Incidence, volume and density of vacancies, hard-to-fill and skill-shortage vacancies by Product Market Strategy classification

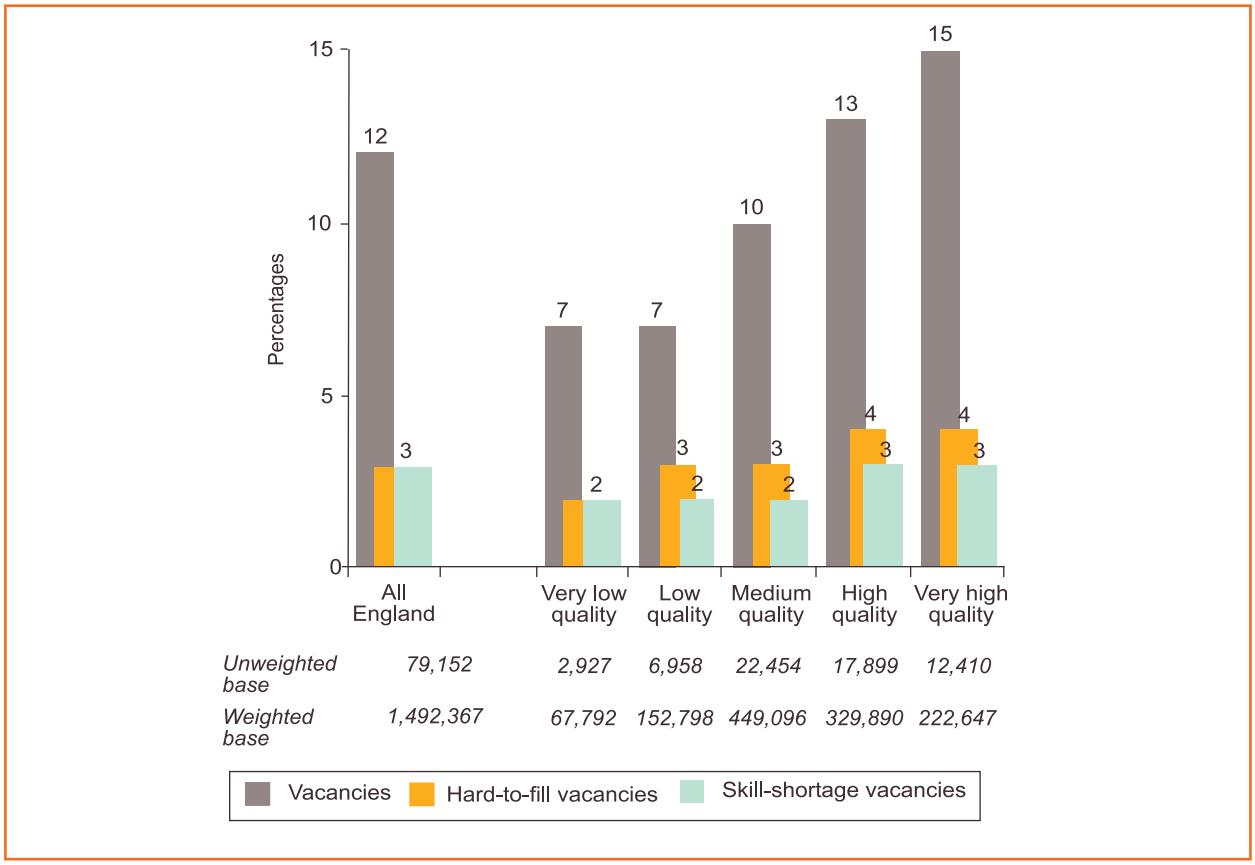
As shown in Figure 4.8, some variation exists in the incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies according to product market strategy positioning, as defined by the 'composite quality' (i.e. the overall quality of products and services, the price dependency of an establishment's business model and the extent to which an establishment 'leads the way' within their industry)[9].

In particular, there is a clear link between both the overall quality of an establishment's product market strategy (i.e. the composite quality measure) and their likelihood to have current vacancies Just seven per cent of employers classified as operating a 'very low quality' product market strategy have current vacancies, yet this proportion rises to 15 per cent of those classified as operating a 'very high quality' strategy. Evidence of the link between skill levels and product market strategy suggests that establishments are more willing to have vacancies if they have a high product market strategy because they are less likely to fill vacancies if they cannot find people with the right skills[10].

The incidence of recruitment difficulties (hard-to-fill vacancies and also skill-shortage vacancies specifically) also increases as the position of an employer in terms of the overall quality of their product market strategy increases, though the difference is less clear-cut than found for vacancies.

[9] See page 22 for an explanation of how the composite quality measure was derived.
[10] For a more detailed discussion around this hypothesis, please refer to: Geoff Mason, Enterprise Product Strategies and Employer Demand for Skills in Britain: Evidence from the Employers Skill Survey (2004).

Figure 4.8: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by Product Market Strategy positioning



Base: All commercial "for profit" employers.
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than purely the quality of their products and service. Quality defined using the composite quality variable (see. page 22 for more details of how it was derived).
Note: Employers giving a "don't know" response to any component of the composite quality measure have been excluded from the respective elements of the chart.

Table 4.8 summarises the volume and density of skill-shortage vacancies by product market strategy classification.

Looking at the proportion of all vacancies where skill shortages are experienced (shown in the penultimate column in Table 4.8), establishments classified as operating a low quality product market strategy are more likely to encounter skill shortages in applicants, with around a quarter (24 per cent) of all vacancies among establishments classified as 'very low quality' on the product market strategy spectrum being hard-to-fill because of a lack of the requisite skills, qualifications or experience in applicants, compared with 17 per cent among those classified as 'very high quality'. However, the difference is not particularly marked.

Table 4.8: Volume and density of skill-shortage vacancies by product market strategy classification

	Base (unweighted)	Base (weighted)	Number of Vacancies	Numbers of SSVs	% of vacancies that are SSVs	SSVs per 1,000 employees
Very low quality	41,276	470,879	7,425	1,750	24%	3.7
Low quality	113,986	1,229,254	18,950	4,075	22%	3.3
Medium quality	532,116	5,096,859	82,100	16,350	20%	3.2
High quality	559,537	4,993,160	82,650	15,200	18%	3.0
Very high quality	455,076	3,882,792	69,100	11,450	17%	3.0

Base: All commercial "for profit" employers.
Note: Vacancies and SSVs rounded to nearest 25.
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than purely the quality of their products and services. Quality defined using the 'composite quality' variable. (See page 22 for an explanation for how it was defined).

4.7 The pattern of recruitment difficulties by occupation

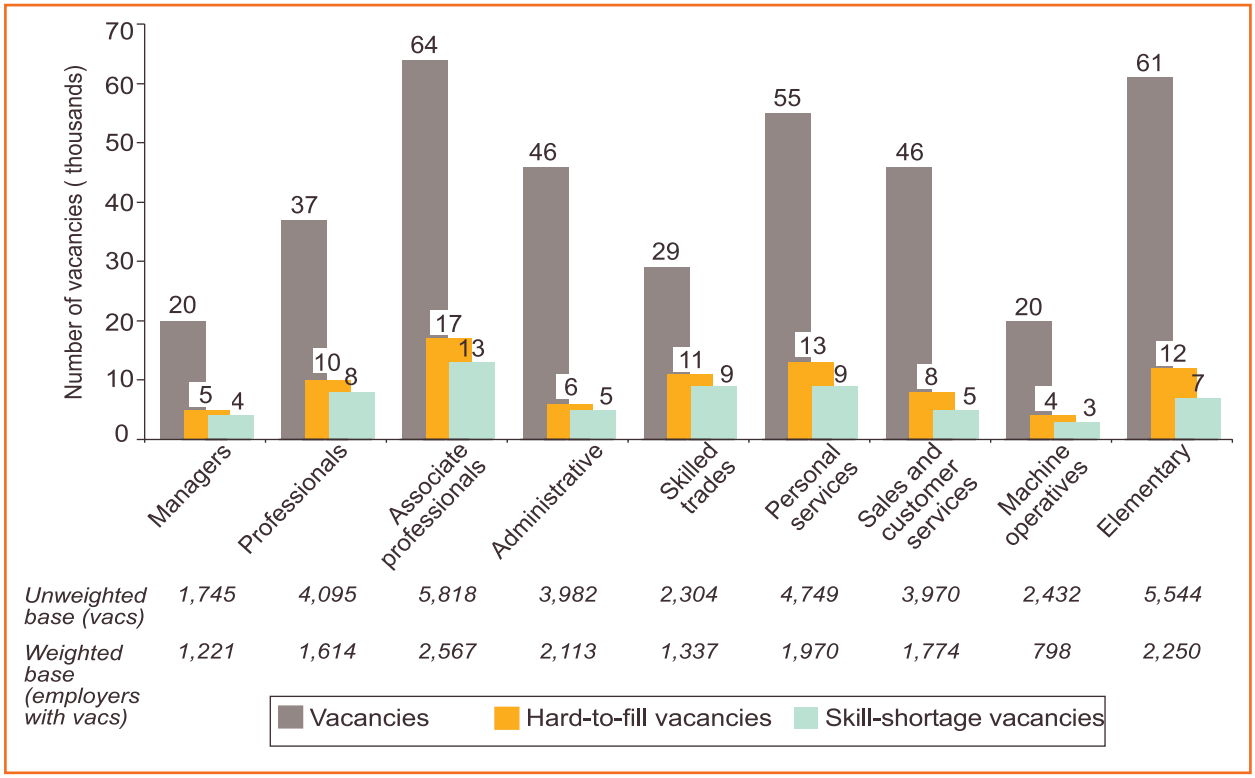
Figure 4.9 illustrates how vacancies and recruitment difficulties differ by occupation, showing the numbers of vacancies, hard-to-fill vacancies and skill-shortage vacancies reported for each major occupational group.

Employers report the greatest volume of hard-to fill and skill-shortage vacancies in associate professional occupations, followed by (in order of skill-shortage vacancies) personal services, skill trades, professional and elementary occupations.

The pattern of recruitment by occupation shows some variation to that seen in 2007. In 2007 vacancies for sales and customer services occupations were among the most common (around the same number were reported as for elementary occupations, and behind only the number of vacancies for associate professionals). In 2009 vacancies for sales and customer services occupations have fallen below the numbers reported for both elementary and personal services occupations, and are now at similar levels to those seen for administrative occupations.

Recruitment activity for personal services occupations shows the least change from 2007: the total numbers of vacancies have fallen from around 62,700 vacancies to 54,700 – a fall that is much less marked than that observed across all other occupational groups.

Figure 4.9: Overall numbers of vacancies, HtFVs and SSVs by occupation



Base: All vacancies (weighted 385,675; unweighted 35,310).

Table 4.9 shows SSV density as a proportion of vacancies, and per 1,000 employees by occupation.

The number of skill-shortage vacancies relative to employment in that occupation is higher than average for associate professionals (seven SSVs per 1,000 employees), skilled trades (six per 1,000) and personal services occupations (five per 1,000), and low for managers (one per 1,000). For managers this low figure is a reflection of a low number of vacancies, and the proportion of vacancies where skills shortages are encountered is actually slightly above average (19 per cent compared with the average of 16 per cent across all occupations).

SSV density (skill-shortage vacancies as a proportion of all vacancies) is particularly high for skilled trades occupations (where SSVs accounted for 31 per cent of all vacancies) and professionals (23 per cent). These two occupations also had the highest densities in 2007 (though five to six percentage points higher than in 2009).

Employers in 2009 were least likely to encounter skill shortages when recruiting for sales & customer services (12 per cent of vacancies were SSVs), elementary occupations (11 per cent), or administrative occupations (10 per cent).

The decrease in SSV density (SSVs as a proportion of all vacancies) since 2007 observed at a national level has occurred across all occupational groups. However, the fall in SSV density has been particularly marked for machine operatives (from 24 per cent in 2007 to 14 per cent in 2009), thus where employers have vacancies for machine operatives they are much less likely to experience difficulties filling these because of skills-related reasons than had been the case in 2005 and 2007. Unlike in 2005 and 2007, SSV density for machine operatives is now slightly below average.

Conversely, two occupational groups – managerial and associate professional – have seen a relatively minor decrease in SSV density compared with some other groups. While employers previously reported an SSV density for these two groups that was around average, in 2009 this was slightly above average (though in each case still two percentage points less than the 2007 SSV density).

Table 4.9: Vacancies, SSVs and SSV density by occupation

	Vacancies	SSVs	SSVs per 1,000 employees	2009 % of vacancies that are SSVs	2007 % of vacancies that are SSVs
Unweighted base	*35,310*	*5,118*		%	%
Overall	385,675	63,100	2.7	**16**	21
Managers and senior officials	19,750	3,725	0.9	19	21
Professionals	36,825	8,300	3.2	**23**	28
Associate professionals	64,125	12,700	7.4	**20**	22
Administrative and secretarial	45,525	4,575	1.4	**10**	12
Skilled trades	28,975	8,900	5.5	**31**	37
Personal service	54,700	9,125	5.1	**17**	21
Sales and customer service	46,325	5,475	1.8	**12**	15
Machine operatives	20,125	2,900	1.9	**14**	24
Elementary occupations	61,300	6,925	2.1	**11**	15

Base: All vacancies (weighted 385,675; unweighted 35,310).
Note: Weighted figures rounded to the nearest 25.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

4.8 The sectoral pattern of recruitment difficulties by occupation

Within some SIC sectors, skill-shortage vacancies are particularly likely to affect specific occupations. This is shown in Table 4.10. This shows:

- In Agriculture, Construction and Public Administration & Defence, skill-shortage vacancies are particularly likely to fall within skilled trades.
- For Health & Social Work and Other Services, a much higher proportion of skill-shortage vacancies than average are for personal services positions.
- Retail & Wholesale employers are most likely to be experiencing skill-shortage vacancies for sales positions.
- Employers in the Hotels & Catering sector are most likely to report skill-shortage vacancies in relation to elementary positions.
- Financial Intermediation employers are most likely to be experiencing skill-shortage vacancies for associate professional positions.

Table 4.10: Profile of skill-shortage vacancies by occupation within sector

Row percentages	*Unweighted*	*Weighted*	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales and customer service	Machine operatives	Elementary	Unclassified
			%	%	%	%	%	%	%	%	%	%
Overall	*5,118*	*63,089*	6	13	20	7	14	14	9	5	11	1
Agriculture	*59*	*1,374*	3	2	1	0	48	4	0	10	31	0
Manufacturing	*532*	*4,409*	6	20	13	4	28	0	11	13	5	*
Construction	*159*	*2,739*	12	11	7	5	49	0	3	9	3	*
Retail and wholesale	*484*	*7,672*	8	1	14	7	26	*	30	9	4	0
Hotels and catering	*441*	*6,347*	7	0	2	3	29	2	3	1	55	0
Transport, storage and communications	*247*	*2,758*	3	1	13	16	4	2	11	48	3	1
Financial intermediation	*153*	*2,201*	6	1	46	26	0	1	16	0	0	4
Business services	*851*	*13,170*	8	20	25	11	7	2	9	6	11	1
Public administration and defence	*145*	*1,287*	7	9	22	11	39	0	2	4	6	0
Education	*481*	*3,961*	1	42	24	5	1	21	1	4	1	0
Health and social work	*1,185*	*10,442*	3	21	30	4	1	37	1	*	2	1
Other services	*351*	*4,605*	3	11	32	6	3	35	2	1	8	*

Base: All skill-shortage vacancies.
Notes: Percentages sum to 100 across each row (subject to rounding).
'*' denotes a figure greater than 0 per cent but less than 0.5 per cent.
Notes: Mining & Quarrying and Electricity, Gas & Water sectors have base sizes of less than 25 and are therefore not shown.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

For some SSC sectors, skill-shortage vacancies are concentrated in particular occupational groups, largely reflecting the occupational structures of establishments' current workforces.

Employers covered by SummitSkills, IMI, SEMTA and Lantra SSCs are particularly likely to be experiencing skill-shortage vacancies for skilled trades positions.

Meanwhile, almost half (48 per cent) of skill-shortage vacancies among employers covered by Skillsmart Retail SSC are for sales & customer services staff; 53 per cent of skill-shortage vacancies experienced by the hospitality, leisure and tourism employers covered by People 1st SSC are for low skilled, elementary level positions; and 56 per cent of Skills for Care & Development sector employers' skill-shortage vacancies are for staff in the personal services occupational group.

Table 4.11: Profile of skill-shortage vacancies by occupation within SSC

Row percentages	*Unweighted*	*Weighted*	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales and customer service	Machine operatives	Elementary
	%	%	%	%	%	%	%	%	%	%	%
Overall	*133*	*2,345*	6	13	20	7	14	14	9	5	11
Lantra	*51*	*335*	1	13	6	3	34	8	*	14	21
Cogent	*38*	*460*	11	12	21	6	2	0	33	14	1
Proskills	*65*	*349*	0	1	24	2	54	0	9	4	6
Improve	*57*	*563*	7	1	6	6	29	0	13	29	10
Skillfast-UK	*295*	*2,369*	19	*	13	11	17	0	13	16	9
SEMTA	*36*	*366*	3	32	11	4	30	0	6	11	2
Energy and Utility Skills	*239*	*3,117*	7	14	31	4	15	0	*	19	10
ConstructionSkills	*67*	*674*	14	21	16	4	31	0	1	10	2
SummitSkills	*127*	*1,529*	11	5	5	4	67	0	*	7	1
IMI	*223*	*3,961*	3	*	7	6	56	0	16	9	3
Skillsmart Retail	*451*	*6,869*	14	2	12	10	9	*	48	*	5
People 1st	*178*	*902*	7	*	2	3	27	3	5	1	53
GoSkills	*116*	*1,723*	2	1	4	17	2	*	2	69	*
Skills for Logistics	*116*	*1,723*	6	*	35	16	8	*	22	5	7
Financial Services	*153*	*2,201*	6	1	46	26	*	1	16	*	*
Asset Skills	*76*	*1,710*	3	1	10	14	2	11	18	8	31
e-skills UK	*186*	*2,232*	8	25	35	8	12	*	10	1	1
Government Skills	*101*	*1,839*	2	2	1	13	73	*	2	2	5
Lifelong Learning UK	*311*	*2,273*	1	45	35	8	2	6	2	1	*
Skills for Health	*797*	*7,002*	1	24	45	3	*	24	*	*	2
Skills for Care & Development	*351*	*3,854*	5	6	17	5	3	56	2	*	1
Skillset	*64*	*511*	2	6	37	4	*	2	46	*	3
Creative and Cultural Skills	*151*	*1,194*	4	23	51	9	1	*	8	*	2
SkillsActive	*76*	*452*	4	*	31	9	10	25	4	*	15
Non SSC employers	*511*	*14,199*	6	17	18	8	2	31	5	3	8

Base: All skill-shortage vacancies.
Note: Percentages sum to 100 across each row (subject to rounding).
'*' denotes a figure greater than 0 per cent but less than 0.5 per cent.
Note: Skills for Justice sector has a base size of less than 25 and is therefore not shown.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

4.9 Reasons for hard-to-fill vacancies

So far this chapter has reported the incidence, number and density of hard-to-fill vacancies and skill-shortage vacancies, and how these vary by size of establishment and occupational group. In this section, the reasons why employers consider some vacancies hard-to-fill are explored. Where skill-shortage vacancies exist, the balance between a lack of skills, qualifications and experience is examined.

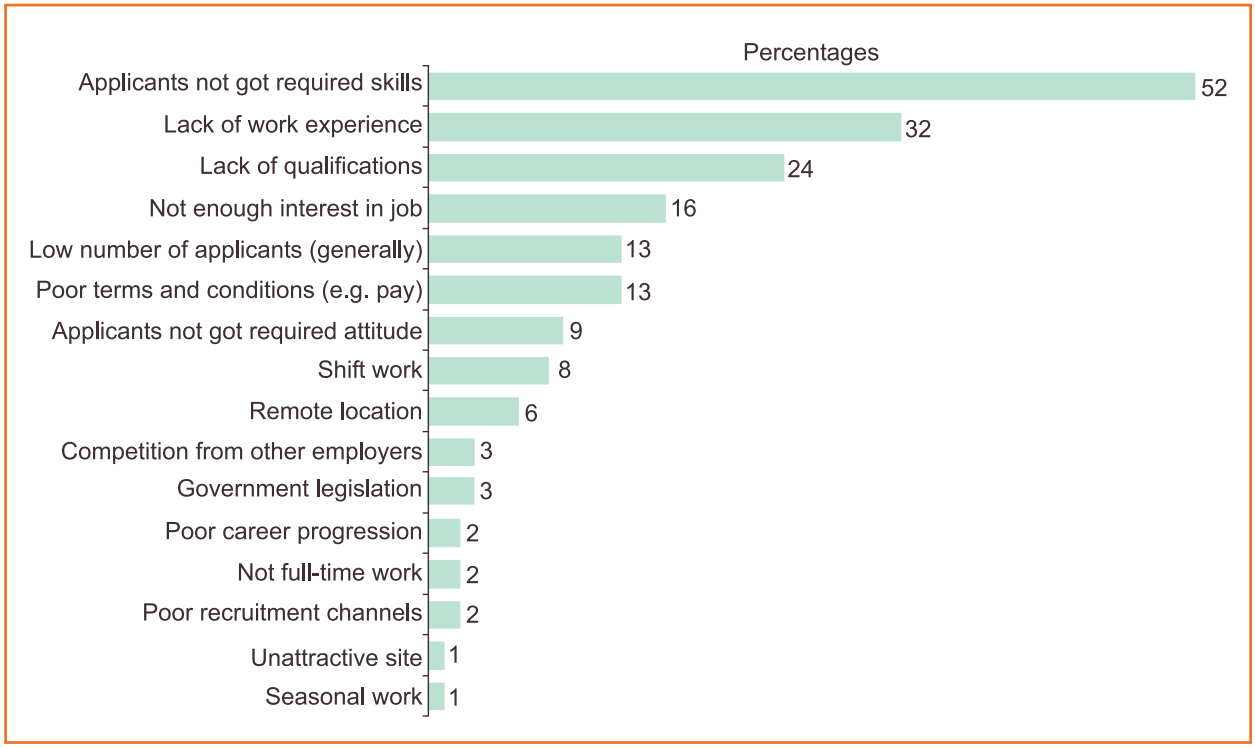
Figure 4.10 shows the reasons given by employers for considering vacancies hard to fill. The results are based on the number of hard-to-fill vacancies (rather than the number of employers with such vacancies). Employers were first asked to give their reasons spontaneously (i.e. without being read out a list of possible reasons). Any employers not reporting skills-related issues were then asked if any of their hard-to-fill vacancies were proving hard-to-fill due to a lack of skills, experience or qualifications on a prompted basis. Employers were able to record more than one reason for each hard-to-fill vacancy, hence results add to more than 100 per cent.

Just over half (52 per cent) of all hard-to-fill vacancies are described as caused, at least in part, by a lack of skills amongst applicants. A lack of work experience explains, at least in part, almost a third of all hard-to-fill vacancies (32 per cent) and a lack of qualifications almost a quarter of all hard-to-fill vacancies (24 per cent).

This balance between skills, experience and qualifications remains broadly unchanged from 2005 and 2007, although there have been small year-on-year increases (of three to six percentage points compared with 2005) in the proportion of hard-to-fill vacancies caused by each of these factors.

Overall, almost three-quarters (74 per cent) of hard-to-fill vacancies are the result of a skills-related reason (i.e. a lack of the required qualifications, skills or experience). This figure represents an increase from 2007 (71 per cent) and 2005 (70 per cent). Despite this, employers are no less likely than in 2007 to report other factors as explaining their recruitment difficulties, an indication therefore that employers in 2009 were more likely to give multiple reasons for vacancies being hard-to-fill than in 2007. Other common factors explaining hard-to-fill vacancies include there being not enough interest in the job (identified in relation to 16 per cent of all hard-to-fill vacancies – an identical proportion to 2007), there being a low number of applicants generally (13 per cent – an increase of two percentage points from 2007) or poor pay/conditions attached to the role (13 per cent – an increase of four percentage points from 2007).

Figure 4.10: Reasons for hard-to-fill vacancies



Base: All hard-to-fill vacancies (weighted=85,421; unweighted=6,948; unweighted employer base=3,234).

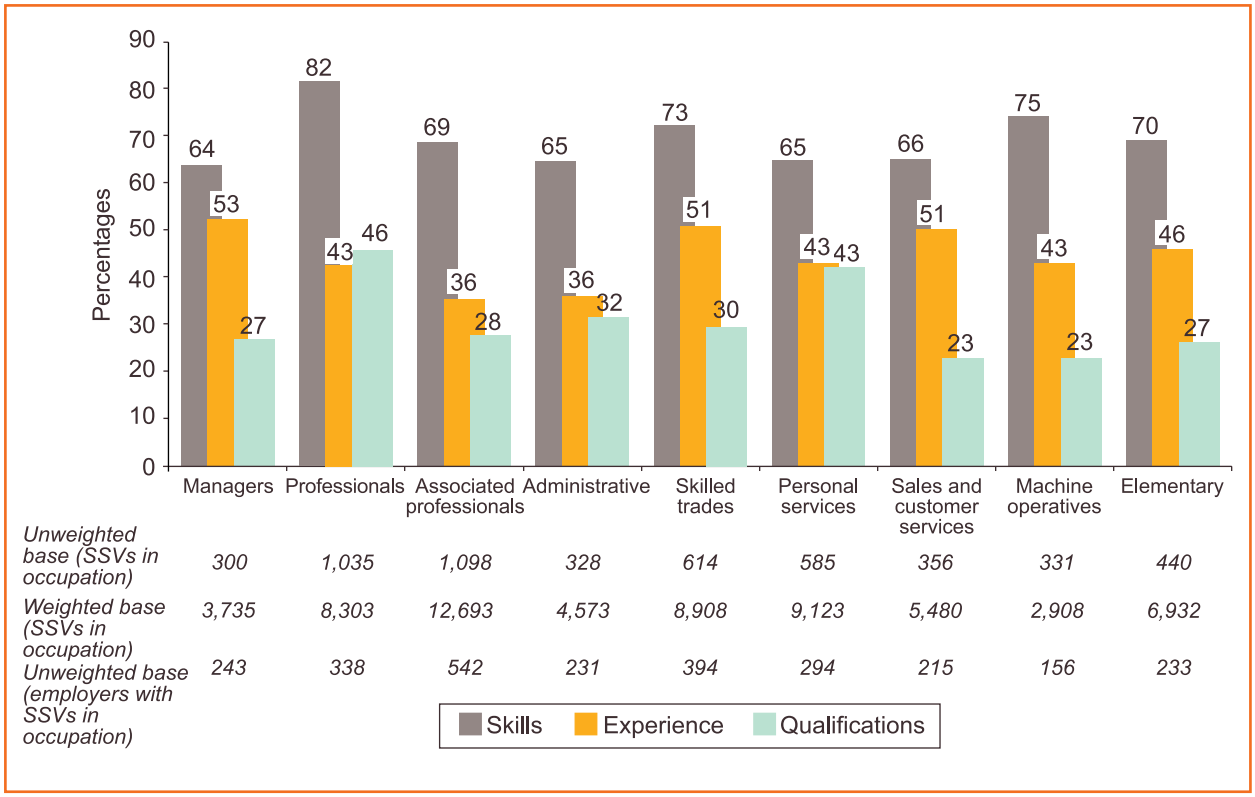
Figure 4.11 shows how the balance of the component factors of skill-shortage vacancies – a lack of skills, experience or qualifications – varies by occupation.

As in previous years, a lack of skills is more common than a lack of qualifications or work experience across all occupational groups. The proportion of skill-shortage vacancies that are caused by a lack of skills ranges from 64 per cent for skill-shortage vacancies for managers and senior officials to 82 per cent of skill-shortage vacancies amongst professionals.

A lack of work experience is the next most common cause of skill-shortage vacancies across all occupations with the exception of professional occupations, where skill-shortage vacancies are slightly more likely to be caused by a lack of qualifications than a lack of work experience. A lack of experience amongst applicants is more likely than average to be the cause of skill-shortage vacancies in managerial, skilled trades and sales & customer services occupations. In each case just over half of all skill-shortage vacancies are reported to be due at least in part to a lack of experience.

Skill-shortage vacancies for sales & customer services and machine operative staff were the least likely to be related to a lack of qualifications (23 per cent in both cases).

Figure 4.11: Extent to which occupational skill-shortage vacancies are attributed to a lack of skills, a lack of experience, and/or a lack of qualifications



Base: All skill-shortage vacancies attributable to an occupational category.

4.10 Skills lacking in connection with skill-shortage vacancies

Employers were asked which particular skills they found difficult to obtain where skill-shortage vacancies existed. Figure 4.12 shows results based on the total number of skill-shortage vacancies (as opposed to establishments with skill-shortage vacancies).

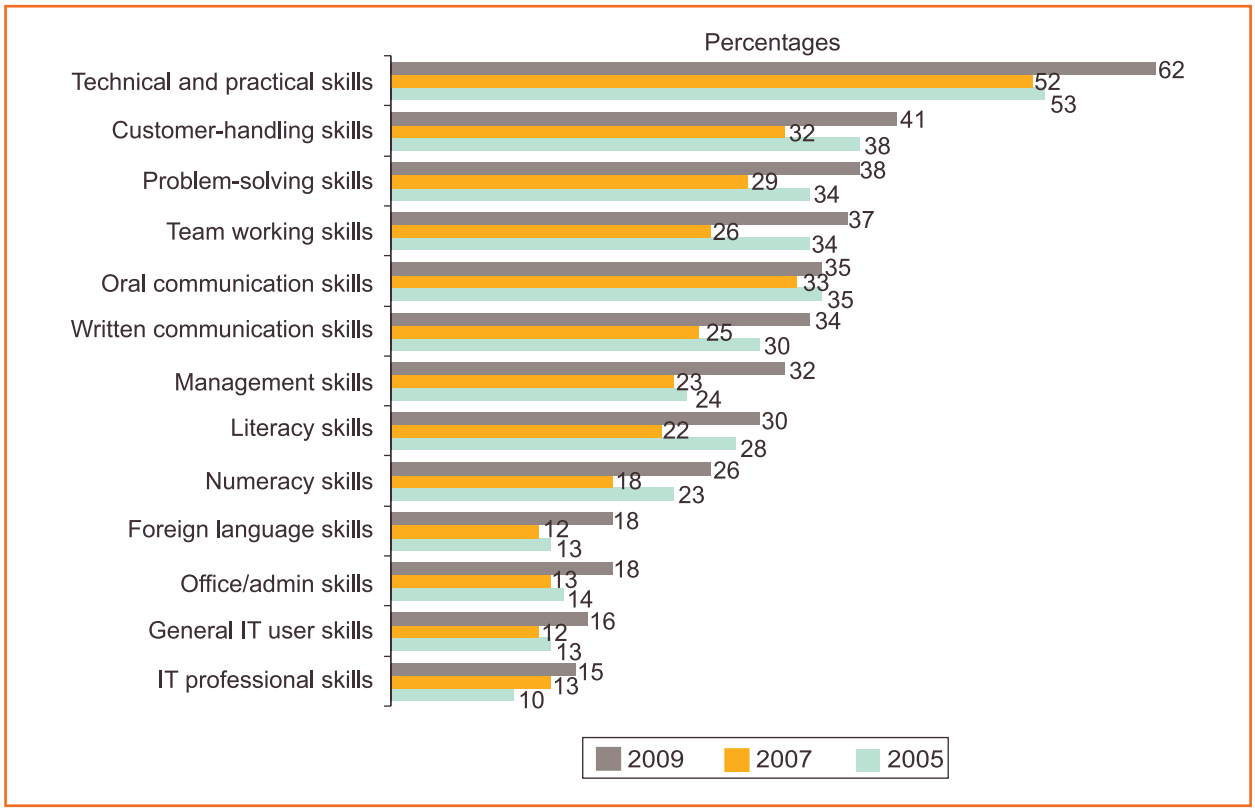
As in previous years, technical, practical and job-specific skills are the most frequently reported type of skill lacking; over three in five (62 per cent) of all skill-shortage vacancies were linked with technical, practical and job-specific skill shortages.

Customer-handling skills, problem-solving skills and team working skills were each cited in connection with around two in five skill-shortage vacancies (41 per cent, 38 per cent and 37 per cent respectively). Mentions of these 'softer' skills in connection with skill-shortage vacancies had seen significant decreases in 2007 compared with 2005; however in 2009 mentions of these skills have increased to levels even higher than reported in 2005 (2005 figures were 38 per cent for customer-handling skills, 34 per cent for problem-solving skills and 34 per cent for team working skills).

The hierarchy of skills lacking in applicants remains broadly unchanged from 2007, with the exception of oral communication skills which was the second most frequently identified in 2007, but the fifth most common in 2009.

However, there have been increases in mentions of each skill, indicating a greater number of different skills lacking for each skill-shortage vacancy than in 2007. It is not possible to tell from this research if this is a result of an increase in inappropriately skilled applicants applying for posts as unemployment rises, employers being more demanding of the skills they want, or other reasons.

Figure 4.12: Skills lacking where skill-shortage vacancies exist



Base: All SSVs (Weighted: 2009=63,089; 2007=130,004; 2005=143,124. Unweighted: 2009=5,118; 2007=10,399; 2005=11,326. Unweighted employer base: 2009=2,450; 2007=4,588; 2005=4,846.)
Notes: Comparable figures are not available for 2003.

The pattern of skills lacking by occupation is broadly similar to that observed in previous years.

Technical, practical and job-specific skills continue to particularly affect professional, skilled trades and machine operative occupations. In line with the significant increase in mentions of these skills at an overall level, they are now identified in connection with around three-quarters of all skill-shortage vacancies for these three occupations compared with between a half and two-thirds in 2007.

While some skill shortages particularly affect specific occupations in predictable ways (managerial skills for managers, customer handling for sales & customer services positions, office administration skills for administrative staff) these skills often affect other occupations too, indeed, customer handling skills shortages are more likely to be reported for elementary than for sales & customer services staff (60 per cent and 56 per cent of SSVs in that occupation respectively).

Problem solving skills are particularly lacking for professional and for elementary occupations, and were reported in connection with 45 per cent of skill-shortage vacancies for each occupation. This represents a significant increase from 2007 where problem-solving skills were cited in relation to around a quarter of skill-shortage vacancies for these two occupational groups. The fact that they are seen as particularly affecting these two very different occupations in 2009 suggests that the nature and/or level of this skill (the problems that they are looking for these applicants to be able to solve) varies widely.

Team working skills were found to be lacking in the external labour market in over half (54 per cent) of all instances of skill-shortage vacancies for elementary occupations, again a sharp rise compared with 2007 (32 per cent).

Foreign language skills were relatively unlikely to be reported as a skill shortage for professional occupations in 2007 (identified in connection with just one in ten skill-shortage vacancies for this group). This has now increased significantly to almost three in ten (28 per cent).

Historically employers have reported having problems recruiting staff for elementary occupations with the required literacy skills. However, in 2009 literacy skills are no more likely to be identified in connection with elementary occupations than average, and the proportion of elementary skill-shortage vacancies linked to a lack of literacy skills has decreased by eight percentage points compared with 2007. However, literacy problems are cited in connection with more sales & customer services skill-shortage vacancies than was the case in 2007 (41 per cent in 2009 compared with 32 per cent in 2007).

Table 4.12: Main skills lacking by occupation where skill-shortage vacancies exist

Column percentages	Overall	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales and customer service	Machine operatives	Elementary
Unweighted base (SSVs)	*5,118*	*300*	*1,035*	*1,098*	*328*	*614*	*585*	*356*	*331*	*440*
Weighted base (SSVs)	*63,089*	*3,735*	*8,303*	*12,693*	*4,573*	*8,908*	*9,123*	*5,480*	*2,908*	*6,932*
Unweighted base (establishments with SSVs in occupation)	*2,450*	*243*	*338*	*542*	*231*	*394*	*294*	*215*	*156*	*233*
	%	%	%	%	%	%	%	%	%	%
Technical and practical skills	62	60	76	55	51	73	60	51	73	59
Customer-handling skills	41	40	37	36	49	28	45	56	24	60
Problem-solving skills	38	39	45	28	39	42	38	41	21	45
Team working skills	37	25	31	31	33	41	42	41	26	54
Oral communication skills	35	27	17	26	46	38	46	49	27	44
Written communication skills	34	29	19	29	47	39	40	45	22	36
Management skills	32	63	29	33	30	37	24	34	11	32
Literacy skills	30	30	14	26	39	35	35	41	20	28
Numeracy skills	26	23	11	21	40	34	27	31	18	29
Office/admin skills	18	19	11	24	40	11	17	22	7	12
Foreign language skills	18	11	28	13	17	13	19	19	8	30
General IT user skills	16	18	9	16	31	13	15	22	9	11
IT professional skills	15	13	13	15	28	10	12	20	6	19

Base: All skill-shortage vacancies.
Note: Column percentages sum to more than 100 since multiple responses were allowed.
Note: SSVs not attributable to an occupational group have been included in the “Overall” figures, though have not been included in the more detailed breakdowns.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

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

The three per cent of employers who reported at least one hard-to-fill vacancy were asked what impact these vacancies were having on their establishment. Results from this spontaneous question are presented in Figure 4.13. It separates out the results for employers with and without skill-shortage vacancies.

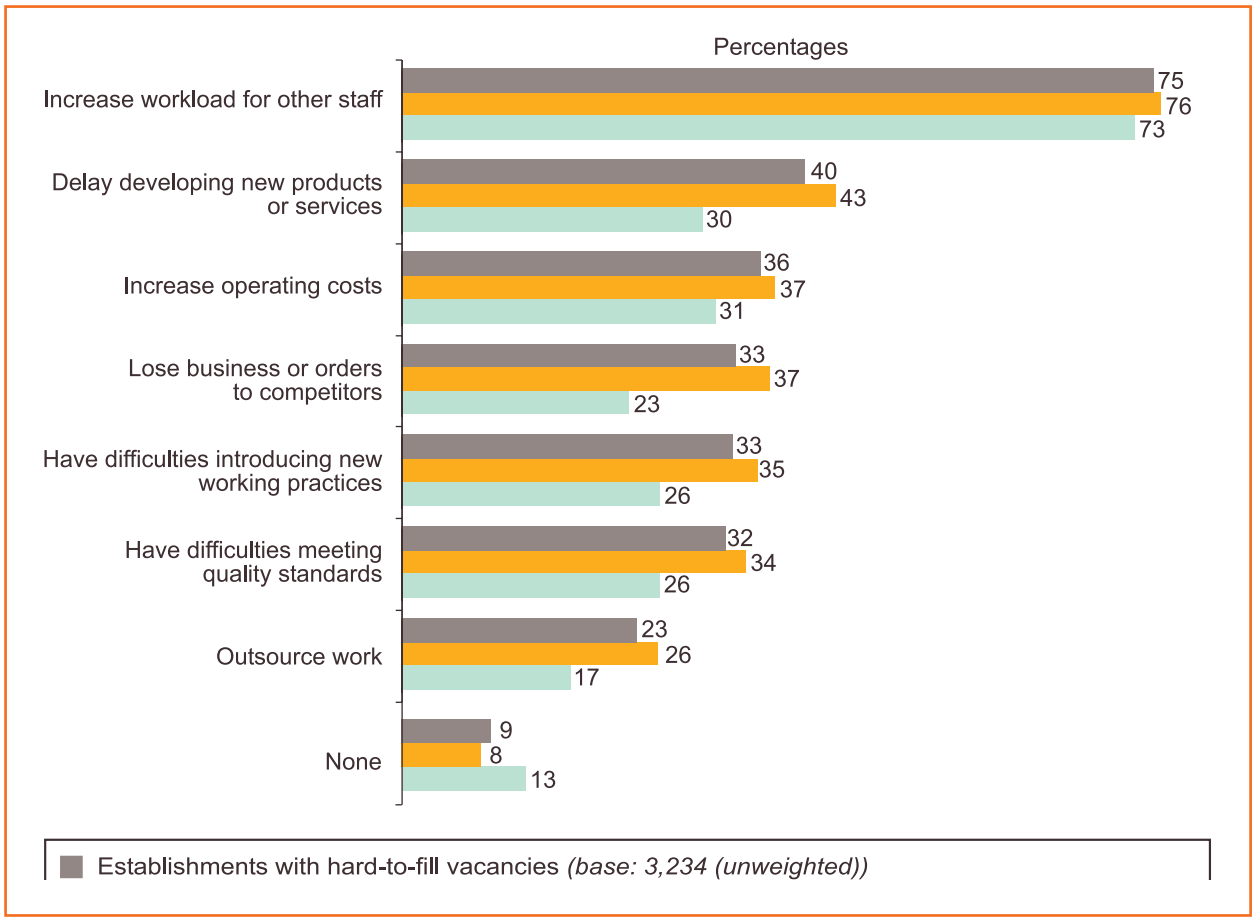
An increased workload for staff is the most common impact of recruitment difficulties, and was reported by three-quarters (75 per cent) of employers with hard-to-fill vacancies. Two in five (40 per cent) experiencing recruitment difficulties have suffered delays in developing new products or services as a result, and around a third report increased operating costs (36 per cent), a loss of business to competitors (33 per cent), difficulties introducing new working practices (33 per cent) and difficulties meeting quality standards (32 per cent). Just under a quarter reported having to outsource work as a result of hard-to-fill vacancies (23 per cent).

Clearly recruitment difficulties have a significant impact on employers, including short-term financial implications but also long-term issues for product or service development and the introduction of new working practices. Just one in eleven establishments with hard-to-fill vacancies said there were no negative impacts as a result of their recruitment difficulties (nine per cent).

The hierarchy of impacts, illustrated in Figure 4.13, has shown little change in recent years.

As seen in previous years, each of the impacts discussed is slightly more common where employers face any skills-related recruitment difficulties.

Figure 4.13: Impact of hard-to-fill vacancies



Base: All employers with hard-to-fill vacancies (weighted=50,442; unweighted=3,234).

4.12 Impacts of hard-to-fill vacancies by sector

Some sector-based differences are apparent when analysing the perceived impact that hard-to-fill vacancies have on employers.

Public Administration & Defence employers stand out as being the least likely SIC sectors to report any impacts (80 per cent). They are, however, the most likely to be experiencing difficulties introducing new working practices as a result of vacancies proving hard to fill (45 per cent, compared with an all-sector average of 33 per cent), and also difficulties meeting quality standards (49 per cent, compared with an average of 32 per cent).

In other SIC sectors, the impacts of hard-to-fill vacancies cited by employers were relatively close to the all-sector averages.

Table 4.13: Impact of hard-to-fill vacancies by sector

	Unweighted	*Weighted*	Increased workload for other staff	Delays developing new products or services	Increased operating costs	Loss of business or orders to competitors	Difficulties introducing new working practices	Difficulties meeting quality standards	Need to outsource work	None
			%	%	%	%	%	%	%	%
Overall	*3,234*	*50,442*	75	40	36	33	33	32	23	9
Agriculture	*69*	*1,803*	78	36	47	41	27	39	37	7
Manufacturing	*285*	*2,861*	75	45	37	34	32	30	29	11
Construction	*117*	*2,314*	70	42	39	41	22	21	38	12
Retail and Wholesale	*404*	*7,404*	77	38	36	40	32	34	20	8
Hotels and Catering	*396*	*7,427*	77	36	33	26	36	36	16	10
Transport, Storage and Communications	*161*	*1,999*	72	39	41	54	31	42	36	6
Financial Intermediation	*88*	*1,240*	74	39	24	32	32	40	9	15
Business Services	*528*	*10,333*	75	48	34	39	31	27	30	10
Public Administration and Defence	*44*	*623*	73	22	37	1	45	49	10	20
Education	*301*	*2,459*	77	37	40	18	34	36	27	10
Health and Social Work	*556*	*6,445*	78	37	44	24	36	31	25	6
Other Services	*263*	*3,978*	72	47	34	42	39	39	18	9

Base: All employers with hard-to-fill vacancies (weighted=50,442; unweighted=3,234).
Note: Mining & Quarrying and Electricity, Gas & Water sectors have base sizes of less than 25 and are therefore not shown.

By SSC, ConstructionSkills employers have high volumes and densities of skill-shortage vacancies, but are the sector least likely to report negative impacts of hard-to-fill vacancies: 17 per cent of employers report no impacts at all. This sector is also the least likely to report hard-to-fill vacancies producing increased workloads for other staff (67 per cent of employers against the all-sector average of 75 per cent). Skillsmart Retail and Financial Services employers also report some of the fewest impacts of hard-to-fill vacancies on their establishments.

Negative impacts of hard-to-fill vacancies were particularly likely to be felt by employers covered by Creative and Cultural Skills, GoSkills or Energy & Utility Skills (though low base sizes in some of these SSC sectors should be noted).

Table 4.14: Impact of hard-to-fill vacancies by SSC

	Unweighted	*Weighted*	Increased workload for other staff	Delays developing new products or services	Increased operating costs	Loss of business or orders to competitors	Difficulties introducing new working practices	Difficulties meeting quality standards	Need to outsource work	None
			%	%	%	%	%	%	%	%
Overall	*137*	*2,670*	75	40	36	33	33	32	23	9
Lantra	*36*	*244*	78	44	47	42	33	32	29	6
Cogent	*36*	*459*	81	35	48	23	40	32	24	4
Proskills	*42*	*244*	79	39	24	35	27	36	29	4
Improve	*55*	*542*	76	57	45	28	54	28	26	11
Skillfast-UK	*110*	*1,423*	69	48	44	52	41	46	27	13
SEMTA	*27*	*237*	70	42	32	28	24	22	19	13
Energy and Utility Skills	*142*	*2,486*	83	36	58	32	39	43	42	3
ConstructionSkills	*58*	*594*	67	50	39	37	28	26	41	17
SummitSkills	*104*	*1,500*	77	35	43	49	25	21	36	4
IMI	*203*	*4,127*	77	40	39	46	35	43	33	6
Skillsmart Retail	*404*	*8,027*	75	27	28	29	29	27	14	11
People 1st	*119*	*623*	77	36	34	27	35	35	17	10
GoSkills	*80*	*1,437*	76	42	46	61	37	44	41	5
Skills for Logistics	*80*	*1,437*	70	41	34	42	32	38	22	12
Financial Services Skills Council	*88*	*1,240*	74	39	24	32	32	40	9	15
Asset Skills	*82*	*1,816*	78	40	38	39	32	32	23	11
e-skills UK	*129*	*1,902*	75	54	32	38	25	27	25	8
Lifelong Learning UK	*151*	*1,107*	77	45	44	23	35	38	29	8
Skills for Health	*240*	*2,847*	81	38	47	23	40	30	30	6
Skills for Care & Development	*278*	*3,429*	77	37	39	23	32	33	20	6
Skillset	*34*	*253*	82	43	29	26	25	36	22	6
Creative and Cultural Skills	*72*	*770*	78	59	24	54	47	33	26	4
SkillsActive	*67*	*399*	78	48	34	33	40	48	17	10
Non SSC employers	*511*	*11,776*	73	42	33	36	34	31	23	10

Base: All employers with hard-to-fill vacancies.
Note: Findings are not shown for Skills for Justice and Government Skills sectors as unweighted bases are below 25.

4.13 Impacts of hard-to-fill vacancies by region

The hierarchy of reported impacts of hard-to-fill vacancies was similar across regions, and in all regions increased workloads for other staff was by far the most common impact.

Recruitment difficulties in the North East cause particular problems with increased workloads for other staff (84 per cent), and overall this region had the fewest establishments with hard-to-fill vacancies saying they were having no impact (just three per cent). In London, half (51 per cent) reported that hard-to-fill vacancies were leading to delays developing new products or services.

The South East has the most establishments reporting no negative impacts from their hard-to-fill vacancies (12 per cent), and establishments here report all the specified negative impacts to be occurring at below average or average levels.

Establishments in the West Midlands also experience lower than average negative impacts from their hard-to-fill vacancies. It was noticeable that the region had the fewest establishments with hard-to-fill vacancies saying these were causing delays developing new products/services, increased costs, difficulties introducing new working practices, or needing to outsource work.

Hard-to-fill vacancies delaying developing new products or services is the impact that varies most between regions. In the West Midlands this affects only 24 per cent of establishments with recruitment difficulties, against more than twice that figure (51 per cent) in London. There is also quite wide variation in hard-to-fill vacancies leading to losing business to competitors – again this was highest in London (44 per cent of those with hard-to-fill vacancies, compared with 26 per cent of establishments in the South West).

Table 4.15: Impact of hard-to-fill vacancies by region

	Unweighted base	*Weighted base*	Increased workload for other staff	Delays developing new products or services	Increased operating costs	Loss of business or orders to competitors	Difficulties introducing new working practices	Difficulties meeting quality standards	Need to outsource work	None
			%	%	%	%	%	%	%	%
Overall	*3,234*	*50,442*	75	40	36	33	33	32	23	9
Region										
Eastern	*406*	*6,473*	73	39	31	32	32	32	20	11
East Midlands	*275*	*3,668*	77	44	39	34	36	33	30	10
London	*570*	*9,346*	75	51	41	44	43	40	28	7
North East	*228*	*2,023*	84	45	33	34	42	39	26	3
North West	*382*	*5,522*	81	41	36	33	37	33	26	8
South East	*443*	*8,641*	72	40	32	32	27	25	20	12
South West	*383*	*6,243*	71	31	36	26	23	24	19	11
West Midlands	*254*	*3,987*	74	24	29	28	21	27	15	11
Yorkshire and the Humber	*293*	*4,539*	79	41	42	32	39	41	29	8

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

4.14 Actions taken to overcome hard-to-fill vacancies

In line with previous years, the vast majority of those experiencing recruitment difficulties had taken at least some steps to try to overcome these problems – that said the proportion that have done nothing has increased from 13 per cent in 2007 to 16 per cent in 2009.

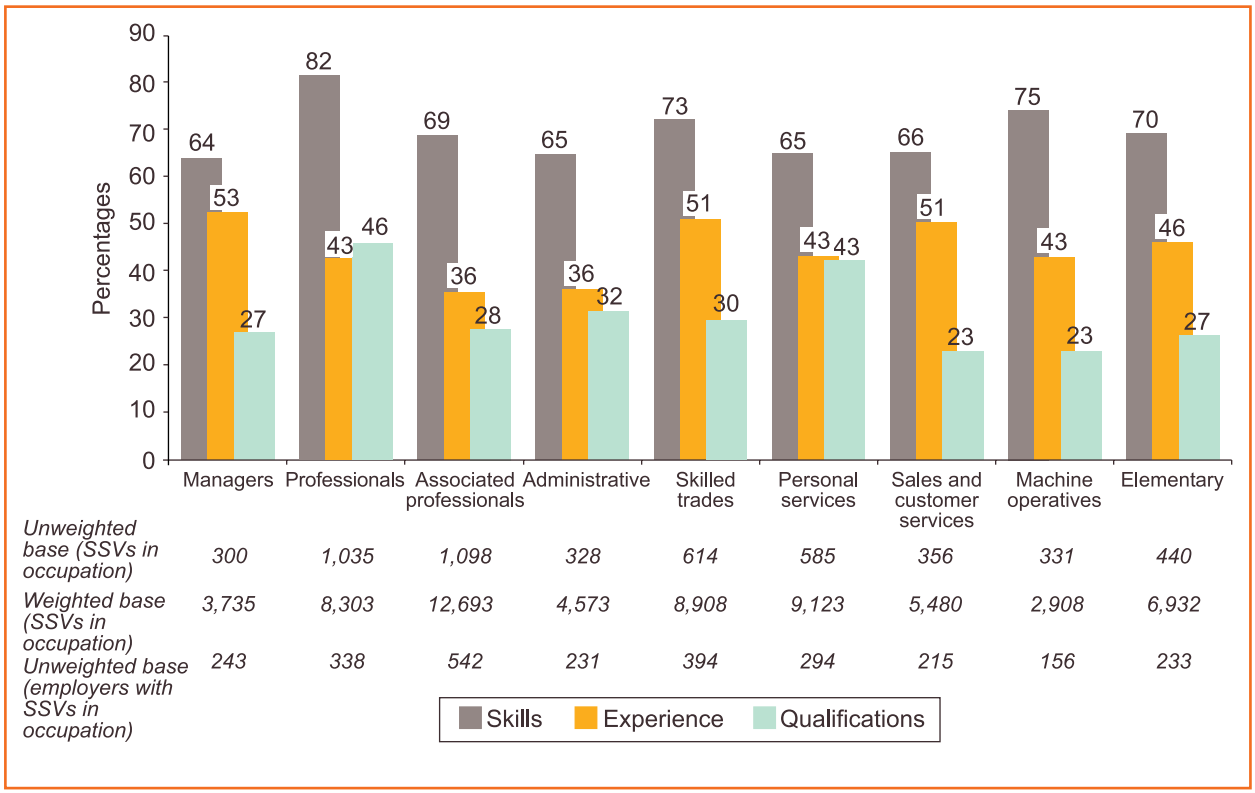
The most common actions taken by employers to overcome recruitment difficulties remain increasing advertising and recruitment spend (41 per cent) and using new recruitment methods or channels (25 per cent).

Compared with 2007, employers in 2009 were slightly less likely to take the 'spend more' approach (44 per cent in 2007) and slightly more likely to opt for trying new methods or channels (23 per cent in 2007), perhaps indicative of the recession leading to fewer employers being able to spend their way out of recruitment difficulties.

Employers also use training as a means to compensate for or overcome hard-to-fill vacancies: nine per cent of establishments with hard-to-fill vacancies have increased training given to existing staff, and seven per cent have increased spending on trainee programmes. These figures have not changed substantially since 2007 (when 10 per cent and seven per cent respectively of firms with hard-to-fill vacancies responded in these ways).

Establishments with skills-related recruitment difficulties are more likely than those with more general recruitment problems to have taken any action to attempt to overcome the difficulties (86 per cent and 84 per cent respectively). On specific measures, this difference is most pronounced for using new recruitment methods: 27 per cent of establishments with skill-shortage vacancies have tried this compared with 19 per cent of those with non-SSV hard-to-fill vacancies.

Figure 4.14: Actions taken to overcome hard-to-fill vacancies



Base: All employers with hard-to-fill vacancies (weighted=50,442; unweighted=3,234).

5 Skills Gaps

Chapter summary

Skills gaps exist where employers consider that employees are not fully proficient at their job. The proportion of establishments reporting skills gaps has risen for the first time since 2003 (from 15 per cent in 2007 to 19 per cent), having previously fallen year on year from 2003 to 2007. However, the density of skills gaps (that is, the overall proportion of the workforce that are not fully proficient at their job) has remained constant (seven per cent in 2009 versus six per cent in 2007).

Where staff are described as not being fully proficient this is most commonly a temporary or interim problem caused by a lack of experience and/or related recruitment and staff turnover difficulties. These skills gaps would be expected to reduce with time. But there is more employers could do to expedite this process, given that a quarter of all skills gaps are attributed to a lack of training or development.

Occupationally, 'lower level' occupations (where demand for skills is theoretically lower) continue to be more likely to suffer proficiency problems in both numeric and density terms. That is, a higher proportion of the workforce in sales and customer services positions (10 per cent) and elementary occupations (nine per cent) lack proficiency than in more senior occupations, such as managerial and professional occupations (both six per cent). More than a third of all staff described by employers as lacking proficiency work in sales or elementary positions (35 per cent), despite their accounting for just over a quarter (27 per cent) of all employment.

By far the most common impact of skills gaps on an establishment is increased workload for other staff. But beyond that, almost a third of employers with skills gaps report that they have led to increased operating costs, almost a fifth had lost business or turned business away, and the same proportion had been forced to delay developing new products or services as a result of a skills gaps.

As in 2007, where proficiency problems are reported, a wide range of skills is lacking, spanning both hard skills (technical and practical) and soft skills (such as customer handling, oral communication and team working skills).

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

5.1 Introduction

This section looks at the extent to which employers are experiencing skills deficiencies or gaps[11] among their existing workforce, and focuses on the incidence, number, distribution, profile and causes of skills gaps, and the range of skills described as lacking. It also examines the impact that skills gaps are having and the actions employers are taking to overcome them.

5.2 Trends since 2003 in the incidence and number of skills gaps

Nineteen per cent of establishments in 2009 reported that they employed staff whom they considered not fully proficient, amounting to around 1.7 million workers or seven per cent of the total workforce in England.

The proportion of establishments reporting that they employ staff lacking proficiency has risen for the first time in the NESS series (from 15 per cent in 2007 to 19 per cent) after having previously fallen with each survey from 2003 to 2007. The level now exceeds that seen in 2005 but is still lower than that recorded in 2003 (22 per cent).

The proportion of staff that lack proficiency has remained constant since 2007 (seven per cent in 2009 versus six per cent in 2007), but is lower than at the start of the series (NESS03: 11 per cent).

[11] Skills gaps are defined in terms of staff not being fully proficient. In the survey, respondents were asked to indicate for each major standard occupational category (SOC) in which they employed staff (defined at one-digit SOC level) how many were fully proficient at their job. If respondents asked for clarification, then a proficient employee was described as 'someone who is able to do their job to the required level'. Implications of this are discussed in Annex D.
It should be noted that the survey categorises staff as either fully proficient or not. While from a policy perspective there is clearly interest in raising the skill levels of the workforce, NESS survey data only identifies changes over time in the proportion of staff identified as fully proficient, not improvements in the skills levels of staff who remain below full proficiency.

Table 5.1: Skills gaps, 2003–2009

	2003	2005	2007	2009
Percentage of establishments with a skills gap	22%	16%	15%	**19%**
Percentage of staff described as having a skills gap	11%	6%	6%	**7%**
Number of staff described as having a skills gap	2.4 million	1.3 million	1.4 million	1.7 million

Source: NESS03, NESS05, NESS07, NESS09.
Base: First row all employers; second and third rows all employment.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

5.3 The incidence, number, density and distribution of skills gaps by establishment size

The proportion of employers reporting any skills gap has increased across all sizes of employer compared with 2007. While the percentage point increase is greatest among the largest establishments, this is a function of the fact that the incidence of skills gaps is greater among these establishments; the actual percentage increase is broadly consistent across all establishment size bands (see Table 5.2).

While the incidence of skills gaps increases with the size of establishment (Table 5.2, column A), the proportion of staff described as having a skills gap (Table 5.2, column C) is broadly consistent in terms of establishment size, other than at the extremes: four per cent of the workforce employed by the smallest establishments were described as not fully proficient compared with nine per cent among employers with more than 200 employees.

While across most size bands the share of skills gaps (Table 5.2, column E) is more or less in line with the proportion of the workforce they employ (Table 5.2, column D), large employers (those with 200 or more employees) account for a disproportionately high share of skills gaps with the effect most marked among those with 500+ staff. These establishments account for 16 per cent of employment but 20 per cent of all skills gaps. The converse is true for those with fewer than 100 staff, most notably among those employing fewer than five staff, where the share of all skills gaps (five per cent) is much lower than their share of employment (nine per cent).

Table 5.2: Incidence, number, density and distribution of skills gaps by size of establishment

	A		B	C	D	E
	% of establishments with any skills gaps		Number of employees not fully proficient (i.e. number of skills gaps)	% of staff reported as having skills gaps	Share of employment	Share of all skills gaps
	2007	2009				
	%	%		%	%	%
Overall	15	19	1,702,500	7	100	100
Size:						
Fewer than 5	8	10	90,300	4	9	5
5 to 24	21	26	359,300	7	23	21
25 to 99	30	39	380,700	7	25	22
100 to 199	39	48	195,100	7	11	11
200 to 499	42	55	331,300	10	15	19
500+	48	59	345,700	9	16	20

Base: First two columns all employers, remainder all employment.
Note: The number of employees not fully proficient has been rounded to the nearest 100.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

5.4 The number, density and distribution of skills gaps by occupation

There has been little change from 2007 in skills gap density by occupation. It remains the case that people employed in what are traditionally described as unskilled or semi-skilled occupations (elementary and sales & customer services positions) are the most likely to be described as lacking full proficiency, while those in more highly skilled occupational areas, such as managers and professionals, are the least likely to be described as having skills gaps.

The occupation profile of staff lacking proficiency has remained relatively stable over time, though the proportion of staff with skills gaps that fall within managerial positions is higher in 2009 (14 per cent) than found previously.

Table 5.3 illustrates trends in the distribution of skills gaps over time by occupation. The table presents row percentages that sum to 100 per cent (subject to rounding).

Table 5.3: Distribution of skills gaps by occupation 2003-2009

Row percentages	Number of skills gaps (000s)	Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal services	Sales and customer service	Machine operatives	Elementary
		%	%	%	%	%	%	%	%	%
Total 2003	2,400	12	10	8	13	8	6	19	8	16
Total 2005	1,265	11	7	6	12	8	9	19	8	20
Total 2007	1,361	12	9	7	14	8	7	19	7	17
Total 2009	1,702	14	9	7	13	8	9	18	7	17

Base: All skills gaps.
Note: Percentages sum to 100 per cent in each row (subject to rounding).
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

Not only are skills gaps most likely to occur among sales & customer services and elementary positions in absolute numeric terms, but the density of skills gaps is highest among these occupations: 10 per cent of sales & customer services staff and nine per cent of those employed in elementary positions were described as lacking full proficiency. Over a third of all staff described by employers as lacking proficiency work in elementary and sales & customer services occupations (35 per cent), despite their accounting for just over a quarter (27 per cent) of all employment.

Table 5.4 shows the total employment within each occupation and the number of workers in each major occupational category described as not fully proficient, the proportion of each occupation described as not fully proficient, and each occupation's share of total employment and of all skills gaps.

Table 5.4: Incidence, number, density and distribution of skills gaps by occupation

	A	B	C	D	E
	Total employment ('000s)	Number of employees not fully proficient, i.e. number of skills gaps ('000s)	% of staff reported as having skills gaps	Share of employment	Share of all skills gaps
			%	%	%
Overall	22,977	1,702	7	100	100
Occupation					
Managers	4,219	233	6	18	14
Professional	2,575	147	6	11	9
Associate Professional	1,721	117	7	7	7
Administrative	3,207	219	7	14	13
Skilled trades	1,612	135	8	7	8
Personal service	1,797	148	8	8	9
Sales and Customer Service	3,041	311	10	13	18
Machine operatives	1,571	111	7	7	7
Elementary	3,233	282	9	14	17

Base: First four columns all employment, final all skills gaps.
Note: The number of employees not fully proficient has been rounded to the nearest 1,000.

By size, over a quarter (27 per cent) of skills gaps among the smallest employers fall within managerial occupations. This high incidence of skills gaps among managers in these establishments simply reflects the fact that a very high proportion of all staff in establishments with fewer than five employees have managerial positions (47 per cent) – the proportion of managers in the smallest establishments described as not being fully proficient is actually significantly lower (at three per cent) than in those where five or more staff are employed (six per cent).

Half of all skills gaps in establishments with 500+ staff are accounted for by those in managerial, professional or administrative roles. Small establishments (with fewer than 25 staff) are relatively more likely to have skills gaps for skilled trades staff and relatively less likely to have skills gaps for machine operatives.

Table 5.5: Distribution of skills gaps by occupation within size for 2009

Row percentages	Number of skills gaps (000s)	Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal services	Sales and customer service	Machine operatives	Elementary
		%	%	%	%	%	%	%	%	%
Overall	1,702	14	9	7	13	8	9	18	7	17
Size										
Fewer than 5	90	27	3	4	16	14	6	17	3	10
5 to 24	359	13	4	5	11	10	9	24	4	20
25 to 99	381	10	6	6	9	8	13	19	6	23
100 to 199	195	12	11	7	12	7	8	18	7	17
200 to 499	331	13	9	9	14	6	7	20	8	14
500+	346	17	15	8	18	5	7	11	9	10

Base: All skills gaps.
Note: Percentages sum to 100 per cent in each row (subject to rounding).
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

5.5 The incidence, number, density and distribution of skills gaps by sector

The incidence of skills gaps is highest in Hotels & Catering (26 per cent), Education (25 per cent), Health & Social Work and Public Administration & Defence (both 23 per cent).

The density of skills gaps in the Hotels & Catering sector is also higher than average (11 per cent compared to the all-sector average of seven per cent) and its share of all skills gaps (10 per cent) is considerably higher than its share of employment (six per cent).

Otherwise, the number of staff not fully proficient is fairly consistent with the size of sector (i.e. each sector's share of all skills gaps closely matches their share of total employment).

Table 5.6: Incidence, number, density and distribution of skills gaps by sector

	Unweighted base)	% of establishments with any skills gaps	Number of employees not fully proficient (i.e. number of skills gaps)	% of staff reported as having skills gaps	Share of employment	Share of all skills gaps
			Row percentages		Column percentage	
		%		%	%	%
Overall	*79,152*	19	1,702,500	7	100	100
Agriculture	*2,350*	13	18,400	6	1	1
Mining and quarrying	*120*	16	1,500	6	*	*
Manufacturing	*9,374*	20	203,500	9	10	12
Electricity, gas and water	*231*	30	9,400	9	*	1
Construction	*5,283*	18	76,700	7	5	4
Retail and wholesale	*15,502*	20	292,900	8	17	17
Hotels and catering	*5,609*	26	164,700	11	6	10
Transport, storage and communications	*4,501*	17	89,000	7	6	5
Financial intermediation	*2,456*	22	82,100	8	4	5
Business services	*13,375*	15	298,300	7	19	17
Public administration and defence	*1,031*	23	59,100	5	5	3
Education	*5,096*	25	110,000	5	9	6
Health and social work	*7,178*	23	211,900	8	12	12
Other services	*7,046*	18	92,100	8	5	5

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

To a large extent, the occupational distribution of skills gaps within SIC sector reflects employment patterns. For example, employers within the Education sector were more likely to report skills gaps within professional occupations, Agricultural and Construction employers have a high proportion of skills gaps falling within skilled trades occupations, employers in Retail & Wholesale report high concentrations of skills gaps among sales & customer services staff, and employers in the Manufacturing and Transport, Storage & Communications sectors are particularly likely to identify skills gaps among machine operatives. These results are shown in Table 5.7.

Table 5.7: Distribution of skills gaps by occupation within sector

	Number of skills gaps (000s)	Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal service	Sales and customer service	Machine operatives	Elementary
		Row percentages								
		%	%	%	%	%	%	%	%	%
Overall	1,702	14	9	7	13	9	9	18	7	17
Agriculture	18	15	2	2	7	29	*	2	13	30
Mining and quarrying	2	13	39	4	7	16	0	1	18	2
Manufacturing	204	13	7	8	8	18	*	8	24	14
Electricity, gas and water	9	26	4	6	20	22	0	11	9	1
Construction	77	16	4	5	11	44	*	3	5	12
Retail and wholesale	293	11	1	2	7	8	*	50	5	16
Hotels and catering	165	9	1	*	3	5	1	17	1	63
Transport, storage and communications	89	13	5	4	11	3	1	22	27	13
Financial intermediation	82	14	10	12	25	*	*	38	*	1
Business services	298	20	15	13	17	7	1	14	4	10
Public administration and defence	59	22	9	21	30	3	4	7	1	2
Education	110	11	36	9	12	2	19	2	*	9
Health and social work	212	12	9	7	18	2	42	2	2	5
Other services	92	14	5	6	20	8	11	15	2	19

Base: All skills gaps.
Note: Percentages sum to 100 per cent in each row (subject to rounding).
'*' denotes a figure greater than 0 per cent but less than 0.5 per cent.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

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

- A relatively low proportion of managers were described as lacking in proficiency in the vast majority of sectors. Employers in the Agriculture, Construction, Retail & Wholesale, Hotels & Catering and Other Services sectors in particular reported a disproportionately low share of managers with gaps relative to employment.

- There is a particular concentration of skills gaps in skilled trade occupations in the Agriculture, Mining & Quarrying and Construction sectors.

- A number of sectors have particular concentrations of skills gaps within their sales & customer services staff, particularly the Hotels & Catering, Transport, Storage & Communications, Financial Intermediation, and Public Administration & Defence sectors.

- Employers in the Agriculture and Construction sectors have particular concentrations of skills gaps among elementary occupations.

Table 5.8: SIC sectors with a disproportionately high or low proportion of occupational skills gaps compared with employment

	Disproportionately HIGH share of employees with gaps relative to employment	Disproportionately LOW share of employees with gaps relative to employment
Managers	Electricity, gas and water (26% v 16%)	Agriculture (15% v 33%) Construction (16% v 26%) Retail and wholesale (11% v 18%) Hotels and catering (9% v 17%) Other services (14% v 21%)
Professionals	Mining and quarrying (39% v 19%)	Electricity, gas and water (4% v 7%) Public administration and defence (9% v 15%)
Associate professionals		
Administration	Other services (20% v 14%)	Mining and quarrying (7% v 14%)
Skilled trades	Agriculture (29% v 20%) Mining and quarrying (16% v 11%) Construction (44% v 35%)	Transport, storage and communications (3% v 6%)
Personal services	Education (26% v 19%)	
Sales and customer service occupations	Hotels and catering (17% v 12%) Transport, storage and communications (22% v 11%) Financial intermediation (38% v 28%) Public administration and defence (7% v 2%)	
Machine operatives		Mining and quarrying (18% v 29%) Electricity, gas and water (9% v 16%)
Elementary occupations	Agriculture (30% v 21%) Construction (12% v 9%)	

Table 5.8 shows sectors in which the proportion of skills gaps is disproportionately high or low **compared with employment within that sector**. Figures in brackets show the proportion of skills gaps falling within that occupation and the comparative proportion of employment within that same occupation.

5.6 The incidence, number, density and distribution of skills gaps by SSC sector

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

- Those with particular skills challenges, where the incidence and density of skill gaps is higher than average. This covers: People 1st, Improve Ltd, SEMTA, Skillsmart Retail, Financial Services, SkillsActive, Skills for Health, Energy and Utility Skills and SummitSkills. Skills gaps appear particularly acute for employers covered by People 1st.

- Those where the incidence of skills gap is average or below average, but where the density is above average: hence where skills gaps exist, skills issues are particularly 'concentrated'. Employers covered by e-skills UK and GoSkills SSCs fall into this group.

- Those with higher than average incidence of staff lacking proficiency but where the actual density of skills gaps is no higher than average: where there are skills issues they affect relatively few staff. This covers employers falling within the following SSC sectors: Government Skills, Cogent, Skills for Care and Development, Lifelong Learning UK and Skills for Justice.

- Those where the incidence and density of skills gaps closely matches the all-sector average. Employers covered by IMI (automotive) and Proskills fall into this group.

- Those less affected by skills issues than average. This covers Skillset, Skillfast-UK, Skills for Logistics, Lantra, ConstructionSkills, Asset Skills and Creative and Cultural SSC employers.

Table 5.9: Incidence, number, density and distribution of skills gaps by SSC sector

	% of establishments with any skills gaps	Number of employees not fully proficient (i.e. number of skills gaps)	% of staff reported as having skills gaps	Share of employment	Share of all skills gaps
		Row percentages		Column percentage	
	%		%	%	%
Overall	19	1,702,461	7	100	100
Lantra	15	26,500	6	2	2
Cogent	23	22,100	7	1	1
Proskills	19	29,900	7	2	2
Improve	23	31,800	10	1	2
Skillfast-UK	16	11,600	6	1	1
SEMTA	23	119,300	10	5	7
Energy and Utility Skills	22	16,900	8	1	1
ConstructionSkills	14	72,900	6	5	4
SummitSkills	21	21,100	8	1	1
IMI	20	31,400	7	2	2
Skillsmart Retail	22	189,400	8	10	11
People 1st	26	179,600	11	7	11
GoSkills	15	20,000	8	1	1
Skills for Logistics	16	95,400	6	7	6
Financial Services	22	82,100	8	4	5
Asset Skills	13	73,100	7	4	4
e-skills UK	16	50,800	8	3	3
Government Skills	29	21,800	6	2	1
Skills for Justice	21	10,900	3	1	1
Lifelong Learning UK	22	74,800	6	5	4
Skills for Health	22	131,400	8	7	8
Skills for Care and Development	23	70,100	7	4	4
Skillset	16	16,500	7	1	1
Creative and Cultural	11	11,300	6	1	1
SkillsActive	22	20,400	8	1	1
Non-SSC employers	18	271,200	6	19	16

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

Table 5.10: Distribution of skills gaps by occupation within SSC sector

	Number of skills gaps (000s)	Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal service	Sales and customer service	Machine operatives	Elementary
		%	%	%	%	%	%	%	%	%
All	**1,702**	**14**	**9**	**7**	**13**	**8**	**9**	**18**	**7**	**17**
Lantra	26	13	4	4	9	23	8	9	9	21
Cogent	22	14	6	4	12	11	!	22	21	11
Proskills	30	13	2	4	9	17	*	9	26	20
Improve	32	10	1	2	6	4	-	3	35	39
Skillfast-UK	12	13	2	6	12	4	-	22	21	21
SEMTA	119	13	9	11	8	23	*	5	23	9
Energy & Utility Skills	17	15	5	3	28	23	-	9	9	9
ConstructionSkills	73	20	9	13	12	25	*	3	8	9
SummitSkills	21	12	2	3	10	61	!	3	2	6
IMI	31	12	1	2	12	37	*	24	6	6
Skillsmart Retail	189	10	1	2	4	2	*	63	1	16
People 1st	180	10	1	1	3	5	1	18	1	60
GoSkills	20	13	4	5	11	4	*	18	42	3
Skills for Logistics	95	15	3	3	14	4	*	17	22	22
Financial Services	82	14	10	12	25	*	*	38	!	1
Asset Skills	73	17	7	12	23	6	2	9	1	23
e-skills UK	51	16	29	11	12	5	1	22	1	3
Government Skills	22	27	9	20	34	2	*	3	2	2
Skills for Justice	11	13	6	38	22	1	14	2	-	3
Lifelong Learning UK	75	12	44	9	15	2	7	4	*	7
Skills for Health	131	15	10	7	23	1	36	1	2	5
Skills for Care and Development	70	11	5	5	9	4	57	3	*	6
Skillset	16	13	18	16	11	5	3	28	1	4
Creative and Cultural	11	21	6	11	13	5	1	31	2	10
SkillsActive	20	11	3	6	11	10	17	14	1	28
Non-SSC employers	271	16	12	8	16	4	16	15	3	10

Base: All skills gaps. Note: Percentages sum to 100 per cent in each row (subject to rounding).
'*' denotes a figure greater than 0 per cent but less than 0.5 per cent. Figures in italics denote base sizes of 25 to 49 and should be treated with caution. '!' denotes a finding based on fewer than 25 interviews.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

Table 5.10 shows how skills gaps are distributed by occupation within SSC sector, and presents row percentages that sum to 100 per cent (subject to rounding).

As with the analysis of skills gaps by broad industry sector, the distribution of skills gaps by SSC sector tends to reflect employment patterns. For example, employers within the Lifelong Learning UK SSC sector were more likely to report skills gaps within professional occupations, Summitskills employers have a high proportion of skills gaps falling within skilled trades occupations and Skillsmart Retail employers are more likely than average to report skills gaps among sales & customer services staff.

Table 5.11 shows SSC sectors in which the proportion of skills gaps is disproportionately high or low compared with employment within that SSC sector. Figures in brackets show the proportion of skills gaps falling within that occupation and the comparative proportion of employment within that same occupation.

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

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

- Employers covered by GoSkills SSC sector have particular concentrations of skills gaps within their sales and customer services staff.

- Employers covered by Proskills UK SSC sector have particular concentrations of skills gaps among their elementary occupations.

Table 5.11: SSC sectors with a disproportionately high or low proportion of occupational skills gaps compared with employment

	Disproportionately HIGH share of employees with gaps relative to employment	Disproportionately LOW share of employees with gaps relative to employment
Managers		Lantra (13% v 29%) SummitSkills (12% v 24%) People 1st (10% v 18%)
Professionals		Government Skills (9% v 16%) Skills for Justice (6% v 11%) Creative and Cultural Skills (6% v 11%)
Associate Professionals	Skillfast-UK (6% v 3%)	Skills for Health (7% v 14%)
Administrative	Energy and Utility Skills (28% v 17%)	
Skilled Trades		Skillfast-UK (4% v 8%) GoSkills (4% v 9%)
Personal Services	Skills for Justice (14% v 4%)	
Sales and Customer Services	GoSkills (18% v 7%) Non-SSC employers (15% v 7%)	
Machine Operatives		Energy and Utility Skills (9% v 21%)
Elementary	Proskills UK (20% v 13%)	GoSkills (3% v 8%)

5.7 The incidence, number, density and distribution of skills gaps by region

Employers in the South West are the most likely to be experiencing skills gaps (22 per cent), followed by those in the South East (21 per cent), North East and West Midlands (20 per cent). The lowest incidences of of employers with skills gaps were reported in London, the Eastern region and Yorkshire and the Humber (each 17 per cent).

The South West also has the highest proportion of staff described as having skills gaps (nine per cent), followed by the South East and the West Midlands (both eight per cent). In contrast, just six per cent of staff in Yorkshire and the Humber and the North East are felt to lack proficiency.

The proportion of establishments with any skills gaps in London has remained at the same level found in 2007 (17 per cent), but the increase nationally in the incidence of skills gaps means that, whereas previously the incidence of skills gaps was higher than average in London, it is now lower than average. The picture is quite different in the West Midlands: in NESS07 the incidence of skills gaps in this region was below average (14 per cent), but is now above average (20 per cent).

Table 5.12 shows how the incidence and density of skills gaps varies by region. It also shows (in the final two columns of data) the profile of skills gaps by region and compares this with the profile of employment.

Table 5.12: Incidence, number, density and distribution of skills gaps by region

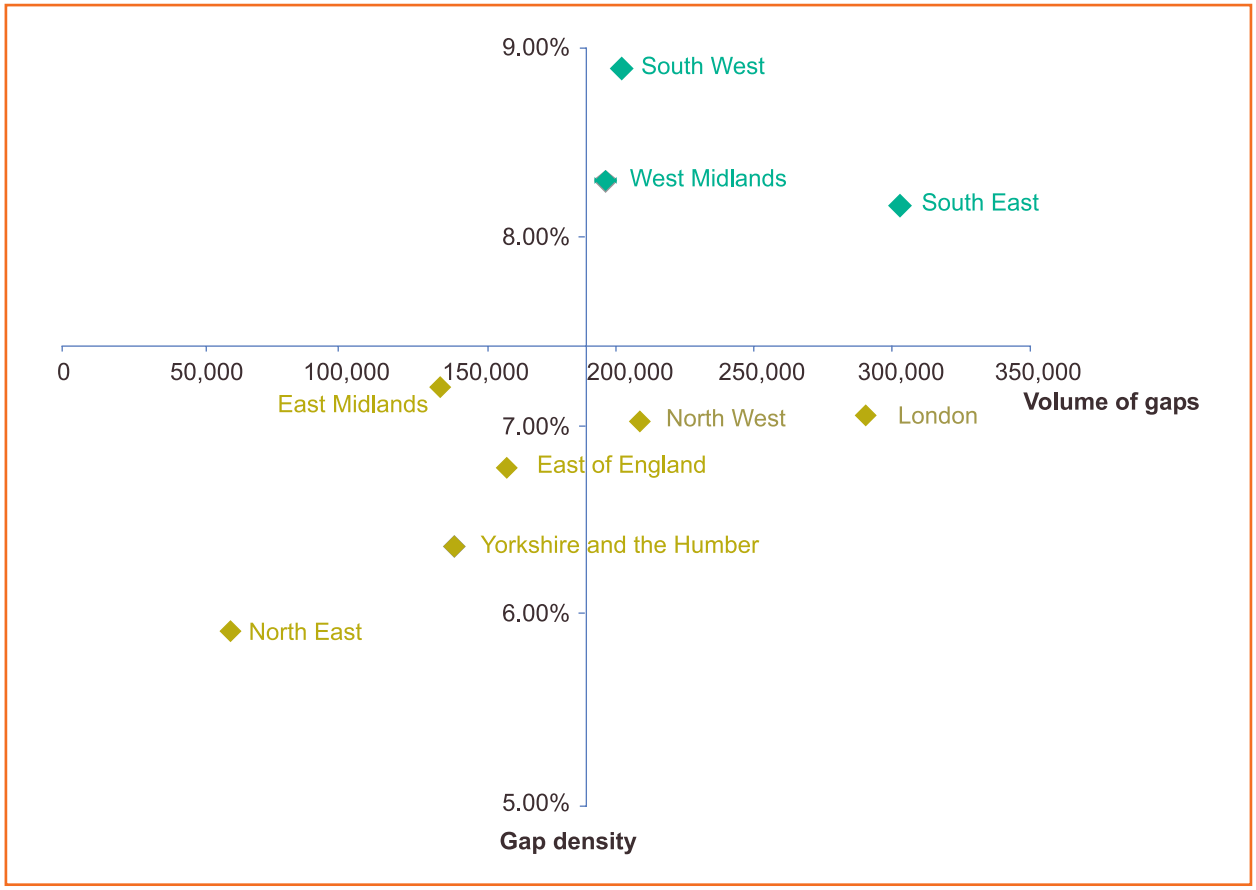
	% of establishments with any skills gaps		Number of employees not fully proficient (i.e. number of skills gaps)	% of staff reported as having skills gaps		Share of employment	Share of all skills gaps
			Row percentages			Column percentages	
	2007	2009		2007	2009		
	%	%		%	%	%	%
Overall	15	**19**	**1,702,500**	6	7	100	100
Eastern	15	**17**	160,900	6	7	10	9
East Midlands	15	**18**	136,900	6	7	8	8
London	17	17	290,800	7	7	18	17
North East	19	20	61,300	6	6	5	4
North West	14	**19**	209,000	6	7	13	12
South East	15	**21**	302,800	6	**8**	16	18
South West	16	**22**	202,500	6	**9**	10	12
West Midlands	14	**20**	196,400	5	**8**	10	12
Yorkshire and the Humber	14	**17**	141,900	5	6	10	8

Base: First two columns all establishments, remainder all employment.
Note: The number of employees not fully proficient has been rounded to the nearest 100.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

Regional comparisons for 2009 are summarised in Figure 5.1, which plots skills gap density on the vertical scale (i.e. the number of skills gaps as a percentage of employment within the region) and the volume of skills gaps on the horizontal scale.

Figure 5.1 shows that the South East has the highest number of skills gaps in combination with an above average skills gap density. The North East has the lowest number of skills gaps in absolute numeric terms as well as a below average skills gap density. While the South West and the West Midlands have a broadly similar number of skills gaps overall, the South West has a smaller workforce, and hence the density of skills gaps is much greater. London has a relatively high number of staff lacking proficiency but a lower than average proportion of staff with skills gaps: the volume of skills gaps shown for this region relates to the large size of its workforce.

Figure 5.1: Skills gap density and volume of skills gaps by region 2009



Occupationally, all regions display the national pattern, with a higher proportion of skills gaps in sales & customer services and in elementary positions than the proportion of employment in these two groups. The concentration of gaps within sales & customer services employees is particularly strong in the North West where this occupation accounts for almost a fifth of all skills gaps in the region (19 per cent compared with 12 per cent of employment) and in London (20 per cent of skills gaps compared with 14 per cent of employment). Employers in the North East, South West and Eastern regions were particularly likely to report internal skills deficiencies among their elementary staff: in each region this occupational group accounts for a fifth (20 per cent) of all skills gaps (compared with 14 to 16 per cent of employment).

All regions follow the national pattern of fewer skills gaps falling within managerial occupations than would be anticipated by this occupation's share of employment. The same is true for professional occupations.

Table 5.13 shows how skills gaps are distributed by occupation within region, with the profile of employment in brackets for comparison. Table 5.13 presents row percentages that sum to 100 per cent (subject to rounding).

Table 5.13: Distribution of skills gaps by occupation within region (and employment profile comparisons)

	Number of skills gaps (000s)	Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal services	Sales and customer service	Machine operatives	Elementary
		%	%	%	%	%	%	%	%	%
Skills gaps (profile of employment)	1,702	14 (18)	9 (11)	7 (7)	13 (14)	8 (7)	9 (8)	18 (13)	7 (7)	17 (14)
Eastern	161	14 (18)	6 (10)	8 (8)	14 (14)	8 (7)	9 (8)	18 (13)	5 (7)	20 (16)
East Midlands	137	12 (17)	9 (10)	5 (6)	14 (14)	7 (8)	8 (8)	16 (11)	12 (9)	18 (16)
London	291	15 (21)	13 (16)	10 (10)	14 (15)	3 (4)	5 (5)	20 (14)	4 (3)	16 (12)
North East	61	14 (16)	5 (10)	9 (9)	11 (14)	9 (7)	8 (8)	14 (11)	8 (9)	20 (14)
North West	209	13 (17)	6 (10)	8 (8)	13 (14)	11 (7)	8 (9)	19 (12)	6 (7)	17 (16)
South East	303	14 (19)	8 (10)	6 (7)	13 (13)	8 (8)	11 (9)	21 (15)	5 (6)	14 (13)
South West	203	12 (18)	9 (11)	5 (6)	9 (13)	10 (9)	9 (8)	18 (14)	7 (7)	20 (14)
West Midlands	196	14 (18)	9 (11)	6 (6)	12 (13)	9 (8)	9 (8)	16 (13)	10 (9)	15 (13)
Yorkshire and the Humber	142	14 (17)	8 (9)	5 (7)	15 (14)	9 (8)	10 (9)	16 (13)	8 (9)	16 (15)

Base: All skills gaps (in brackets all employment).
Note: Percentages sum to 100 per cent in each row (subject to rounding).
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

5.8 The causes of skills gaps

As in previous years, a lack of experience and staff having been recently recruited is by far the most common cause of skills gaps, with 71 per cent of all skills gaps being attributed, at least in part, to this cause.

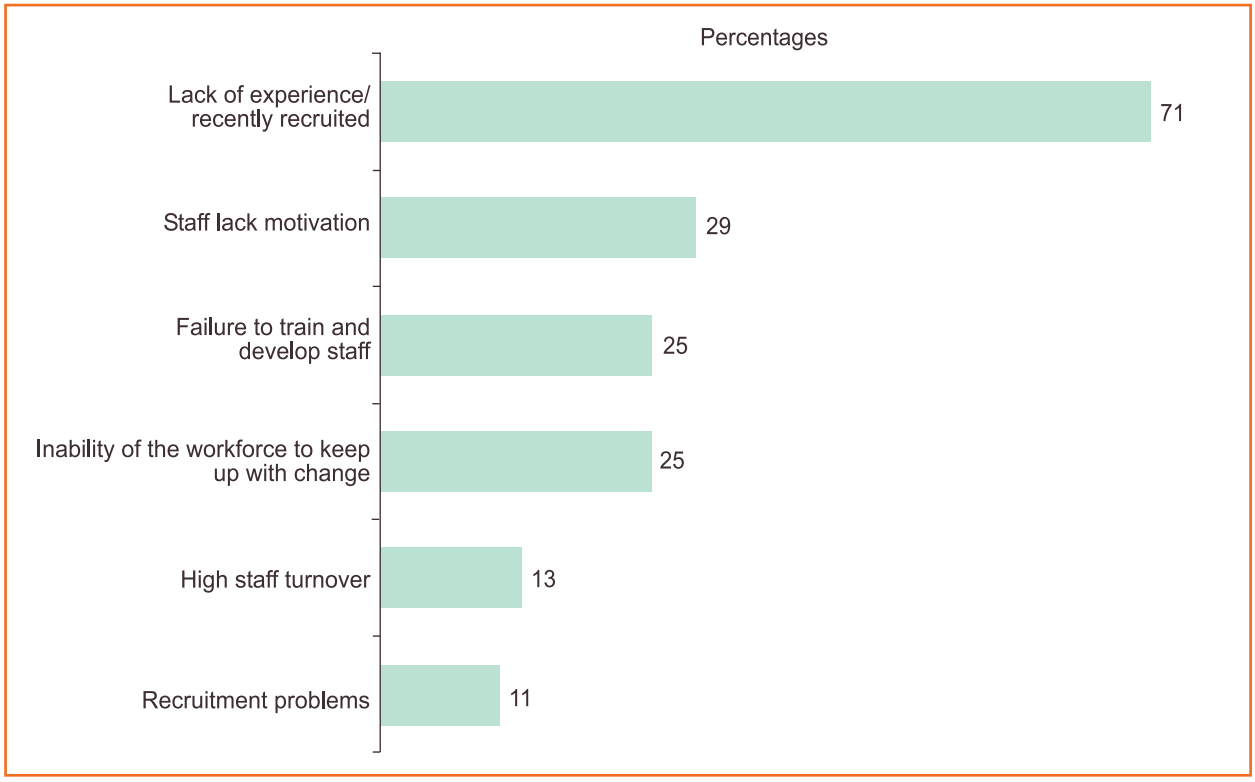
Two other factors relating to recruitment – high staff turnover and recruitment problems – are also quite common causes (explaining at least in part 13 per cent and 11 per cent of skills gaps respectively). In both cases the underlying implication is that experienced staff have left and employers have had to fill these positions with people who do not have the requisite skills.

Employers' failure to provide (adequate) training for their staff is reported to be a contributing factor to a quarter (25 per cent) of all skills gaps, though as in previous years, employers were slightly more likely to attribute skills gaps to staff lacking motivation or interest in training and developing their skills (a contributory factor in 29 per cent of skills gaps).

The hierarchy of causes remains the same as that observed throughout the NESS series.

The main causes of staff not being fully proficient are presented in Figure 5.2. Results are based on skills gaps rather than establishments with gaps: the figure shows what proportions of skills gaps are caused by the various factors reported by employers. Respondents could give more than one cause for skills gaps within each occupation.

Figure 5.2: Main causes of skills gaps



Base: All skills gaps followed up (unweighted 158,759, weighted 1,369,233).

Relatively few skills gaps in the smallest establishments were described as being caused by recruitment-related issues: only five per cent are explained by high staff turnover, and only seven per cent by recruitment problems.

As in 2007, the causes of skills gaps vary by occupation. While a lack of experience/staff being recently recruited is the most common cause of skills gaps for all occupational groups, the secondary reasons vary. For managerial staff the second most common cause of skills gaps is the companies' own failure to train (explaining, at least in part, 34 per cent of managerial skills gaps), while just over a third (34 per cent) of professional skills gaps were attributed, at least in part, to the inability of the workforce to keep up with change. For sales & customer services staff, personal services staff and those employed in elementary occupations, a lack of motivation was the second most common cause of skills gaps.

5.9 Skills lacking

A critical issue for policy-makers – and employers – is the nature of the skills employers see as lacking among their staff. To this end, employers who had any staff lacking proficiency were read a list of types of skills and asked, for each occupation, which skills were lacking.

For all the skills read to respondents (see Table 5.15), the incidence of gaps is higher than in previous years, indicating that where skills gaps exist, employers report a greater range and number of skills as lacking. This phenomenon may be linked to the recession, with for example organisations needing different skills from their staff during a downturn perhaps as a result of the business needing to change direction or emphasis, or employers having to re-examine all aspects of how they operate and hence skills gaps become more evident as increasing focus is given to the issue.

When describing the skills lacking among their staff, employers generally focused on technical, practical or job-specific skills: almost two-thirds (64 per cent) of employees described by their employers as lacking full proficiency were felt to lack these skills. Skills gaps are considerably more concentrated in technical, practical or job-specific skills areas than in previous years (51 per cent in 2007, 44 per cent in 2005 and 43 per cent in 2003).

Employers were also likely to report skills gaps for customer-handling and team working, both of which were reported as lacking in half of employees who are not fully proficient. Other soft, generic skills such as oral communication and problem-solving skills were the next most commonly identified.

Less common, though still found in between a quarter and two-fifths of cases where staff lacked proficiency, are insufficient written communication skills (37 per cent), management skills (34 per cent) and general IT user skills (28 per cent). Clearly gaps in regard to managerial skills (36 per cent) have particular potential to impact on business performance and growth. As in NESS07, while management skills gaps affect managerial level staff in particular, they were also commonly reported among professional staff (as well as associate professionals in 2009) who were not fully proficient.

General IT user skills were identified in connection with fewer skills gaps year on year between 2003 and 2007 (2003 – 29 per cent; 2005 – 23 per cent; 2007 – 22 per cent) but the incidence of such skills gaps has increased almost to 2003 levels (28 per cent).

As in all previous NESS studies, literacy skills gaps were slightly more commonly reported than numeracy skills gaps, with the former lacking in around one in four staff that have skills gaps (24 per cent) and the latter in around one in five of those with gaps (21 per cent). The incidence of both literacy and numeracy skills gaps has returned to its 2003 level after sharp falls between 2005 and 2007.

Table 5.15 shows the specific skills lacking amongst employees who are not fully proficient. Results are shown as column percentages, and are based on skills gaps discussed with respondents, rather than as an employer-based measure.

Table 5.14: Skills lacking overall and by occupation (prompted)

	All 2003	All 2005	All 2007	All 2009	Managers	Professionals	Associate profs.	Administrative	Skilled trades	Personal services	Sales and customer services	Machine operatives	Elementary
Unweighted base	*112,789*	*109,310*	*120,592*	*158,759*									
Weighted base (000s)	*1,176*	*1,059*	*1,121*	*1,369*									
	%	%	%	%	%	%	%	%	%	%	%	%	%
Skills lacking													
Technical and practical skills	43	44	**51**	**64**	48	78	77	62	75	63	59	71	64
Customer-handling	55	46	**41**	**51**	43	41	48	51	33	52	70	29	57
Team working	52	48	**40**	**50**	57	44	49	45	37	55	45	58	57
Oral communication	n/a	42	**41**	**46**	45	42	42	45	33	48	48	45	52
Problem-solving	47	40	**35**	**46**	48	49	49	49	42	46	42	54	42
Written communication	n/a	29	**27**	**37**	39	41	44	45	30	47	29	41	30
Management	32	26	**26**	**36**	77	53	44	29	23	28	20	28	21
General IT user	29	23	**22**	**28**	33	33	32	48	20	27	25	28	16
Literacy	24	22	**19**	**24**	14	17	23	25	20	39	18	36	29
Office admin	n/a	20	**18**	**22**	28	23	25	52	12	17	16	17	12
Numeracy	21	21	**15**	**21**	11	16	19	21	19	27	17	35	28
IT professional	13	12	**12**	**17**	23	22	28	28	10	16	13	12	9
Foreign languages	7	9	**9**	**13**	10	15	11	11	6	13	12	21	16

Source: NESS03, NESS05, NESS07 and NESS09.
Base: All skills gaps followed up.
Note: Column percentages exceed 100 per cent because of multiple responses.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

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

- In over three-quarters of cases (77 per cent) where **managers** lack proficiency, they specifically lack management skills. Managers who are not fully proficient are also particularly likely to have gaps in their team working and problem solving skills.

- **Professionals** who lack proficiency are more likely than average to lack management skills (53 per cent); though overall their most common shortfall is in regard to technical, practical and job-specific skills (78 per cent).

- The most common skills gaps among **associate professionals** are technical, practical and job-specific skills (77 per cent). They are also particularly likely to lack IT professional skills.

- Unsurprisingly, office administration skills are the most common skills gap for **administrative staff**, identified in connection with half (52 per cent) of those lacking skills. A lack of IT skills was also more common than average within this occupational group.

- Skills gaps among **skilled** trades are concentrated in technical, practical or job-specific skills, with these reported in three in four cases.

- Just under two-thirds (63 per cent) of **personal services staff** with skills gaps lack job-specific/practical skills. Literacy and written communication skills were also more commonly identified than average – indeed this is the occupation where literacy and written communication skills were most likely to be reported as lacking.

- For **sales staff** customer handling skills were the main gaps cited (identified in respect of seven in ten of the occupation's skills gaps).

- The skills most often seen as lacking among **plant and machine operatives** are technical, practical or job-specific skills (71 per cent). They are also the most likely to have gaps in their team working, problem-solving, numeracy and foreign language skills.

- A lack of team-working, customer handling and oral communication skills are more common than average among **elementary staff** not considered to be fully proficient (each reported in connection with over half of skills gaps in this occupation). Elementary staff skills gaps are also more likely than average to be characterised by a lack of literacy and numeracy skills.

5.10 Skills lacking by sector

Most SIC sectors fall into at least one of three broad categories in terms of the types of skills lacking in their workforces.

- Those where technical, practical and job-specific skills are more likely to be identified than average (including the Financial Intermediation, Agriculture, Manufacturing and Education sectors).

- There are then those where customer handling skills are particularly likely to be lacking (principally the Hotels & Catering, Financial Intermediation, Public Administration & Defence and Retail & Wholesale sectors).

- For most of the remainder, a variety of skills are lacking, but most commonly communication and management skills.

There are also some 'niche' skill areas. For example, over a quarter of skills gaps among employers in the Education sectors involved a lack of IT professional skills.

Skills gaps in regard to management skills are more likely than average to be identified in the Public Administration & Defence and Business Services sectors (48 per cent and 41 per cent respectively).

Table 5.15 shows the main skills gaps by SIC sector, this again based on skills gaps rather than on employers or employers with skills gaps. Figures are presented as row percentages.

Table 5.15: Nature of skills gaps by sector

Row percentages	Technical and practical %	Customer-handling %	Team working %	Oral communication %	Problem-solving %	Written communication %	Management %	General IT user skills %	Literacy %	Office admin %	Numeracy %	IT professional skills %	Foreign languages %
Overall	64	51	50	46	46	37	34	28	24	22	21	17	13
Agriculture	73	34	40	38	40	24	27	22	19	15	19	13	9
Mining and quarrying	77	53	16	17	13	16	17	13	5	53	3	1	*
Manufacturing	73	29	52	45	53	39	37	35	29	23	30	17	14
Electricity, gas and water	53	25	53	32	32	43	32	36	9	21	1	1	3
Construction	68	35	41	34	40	32	31	28	18	19	21	14	6
Retail and wholesale	57	57	51	45	43	27	26	23	19	18	18	11	10
Hotels and catering	60	69	58	52	47	25	33	17	22	13	24	12	17
Transport, storage and communications	55	58	67	55	62	53	36	37	37	32	30	18	19
Financial intermediation	81	65	43	43	39	38	34	35	15	22	14	29	22
Business services	61	47	41	45	42	42	41	29	19	24	14	22	13
Public administration and defence	57	58	54	52	46	49	48	36	24	40	15	19	4
Education	72	38	48	37	40	34	36	40	30	25	23	27	10
Health and social work	66	52	51	43	49	44	37	33	32	26	22	21	13
Other services	67	56	55	51	48	40	39	32	28	18	25	24	9

Base: All skills gaps followed up.
Notes: Column percentages do not sum to 100 per cent because of multiple responses.
Note: * denotes a figure greater than 0 per cent but less than 0.5 per cent.

SIC sectors are categorised in terms of the types of skills lacking in their workforces in Table 5.16, which shows the two most likely skills to be described as lacking within each sector, and then those skill areas particularly likely to be in short supply when compared to the all-sector average.

Table 5.16: Main skills gaps by SIC sector

	Main two skills gap areas	Areas where much higher than average skills gaps
Agriculture	Technical and practical (73%) Team working and Problem-solving (40%)	Technical and practical
Mining and quarrying	Technical and practical (77%) Customer handling skills (53%)	Technical and practical Office administration
Manufacturing	Technical and practical (73%) Problem-solving	Technical and practical Problem-solving General IT Literacy Numeracy
Electricity, gas and water	Technical and practical (53%) Team working (53%)	Written Communication General IT
Construction	Technical and practical (68%) Team working (41%)	Customer handling skills
Retail and wholesale	Technical and practical (57%) Customer handling skills (57%)	Customer handling skills
Hotels and catering	Customer handling (69%) Technical and practical (60%)	Customer handling skills Team working Oral communication
Transport, storage and communications	Team working (67%) Problem-solving (62%)	Customer handling skills Team working Problem-solving Oral communication Written Communication General IT Literacy Office administration Numeracy Foreign language

Table 5.16 (continued): Main skills gaps by sector

	Main two skills gap areas	Areas where much higher than average skills gaps
Financial intermediation	Technical and practical (81%) Customer handling (65%)	Technical and practical Customer handling skills General IT IT professional Foreign language
Business services	Technical and practical (61%) Customer handling (47%)	Written Communication Management IT professional
Public administration and defence	Customer handling (58%) Technical and practical (57%)	Customer handling skills Oral communication Written Communication Management General IT Office administration
Education	Technical and practical (72%) Team working (48%)	Technical and practical General IT Literacy IT professional
Health and social work	Technical and practical (66%) Customer handling (52%)	Written Communication General IT Literacy
Other services	Technical and practical (67%) Customer handling (56%)	Customer handling skills Team working Oral communication Management IT professional

Base: All skills gaps followed up.

5.11 Skills lacking by SSC sector

Table 5.17 shows the main skills gaps by SSC sector, this again based on skills gaps followed up during the interview rather than on employers or employers with skills gaps. Figures are presented as row percentages.

Table 5.17: Nature of skills gaps by SSC sector

Row percentages	Technical and practical	Customer-handling	Team working	Oral communication	Problem-solving	Written communication	Management	General IT user skills	Literacy	Office admin	Numeracy	IT professional skills	Foreign languages
	%	%	%	%	%	%	%	%	%	%	%	%	%
Overall	64	51	50	46	46	37	34	28	24	22	21	17	13
Lantra	75	40	40	37	40	27	26	24	21	19	21	15	8
Cogent	69	40	57	48	54	40	28	34	25	22	31	14	10
Proskills UK	75	32	49	36	54	27	28	30	22	18	29	17	14
Improve Ltd	75	19	54	51	52	44	26	32	34	14	38	14	27
Skillfast-UK	52	42	43	46	36	37	27	27	29	18	32	14	20
SEMTA	76	32	52	42	55	40	41	37	27	25	26	19	12
Energy and Utility Skills	70	55	64	63	62	66	33	42	43	15	25	20	2
ConstructionSkills	62	40	43	37	41	37	40	33	15	19	17	18	7
SummitSkills	74	32	33	27	36	28	24	23	18	19	19	17	4
IMI	68	43	32	39	40	28	24	30	24	24	19	17	10
Skillsmart Retail	53	63	53	47	44	24	25	19	17	14	16	8	9
People 1st	59	69	57	51	48	26	33	16	21	14	24	11	17
GoSkills	43	71	77	76	69	69	45	62	55	52	52	25	35
Skills for Logistics	62	42	57	47	49	39	34	30	30	26	25	16	14
Financial Services Skills Council	81	65	43	43	39	38	34	35	15	22	14	29	22
Asset Skills	61	48	45	50	37	50	38	27	27	26	19	18	16
e-skills UK	71	59	32	55	57	45	51	14	10	20	9	25	29
Government Skills	62	64	66	55	49	58	59	42	38	48	25	27	2
Skills for Justice	60	45	41	59	59	66	54	38	22	48	17	18	7
Lifelong Learning UK	76	38	45	33	39	30	39	43	25	30	22	28	8
Skills for Health	64	51	55	43	43	41	37	31	32	27	25	21	11
Skills for Care and Development	64	50	48	44	51	51	35	35	31	23	20	19	15
Skillset	66	44	50	51	55	33	57	36	15	29	15	29	9
Creative and Cultural Skills	59	48	43	45	42	34	43	33	21	26	19	20	13
SkillsActive	65	62	57	48	44	34	30	22	17	19	17	13	8
Non-SSC employers	60	48	47	45	43	39	33	29	25	25	18	17	10

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

The pattern by which SSC sectors can be categorised in terms of the types of skills lacking in their workforces broadly reflects findings reported in 2007. Table 5.18 shows the two most likely skills to be described as lacking within each SSC sector, and then those skill areas particularly likely to be in short supply when compared to the all-sector average.

Table 5.18: Main skills gaps by SSC sector

	Main two skills gap areas	Areas where much higher than average skills gaps
Lantra	Technical and practical (75%) Team working (46%)	Technical and practical skills
Cogent	Technical and practical (69%) Team working (57%)	Numeracy
Proskills UK	Technical and practical (75%) Problem-solving (54%)	Technical and practical skills
Improve Ltd	Technical and practical (75%) Team working (54%)	Technical and practical skills Literacy Numeracy Foreign language
Skillfast-UK	Technical and practical (52%) Oral communication (46%)	Numeracy
SEMTA	Technical and practical (76%) Problem-solving (55%)	Technical and practical skills
Energy and Utility Skills	Technical and practical (70%) Written communication (66%)	Written communication Team working Oral communication Problem solving General IT skills Literacy
ConstructionSkills	Technical and practical (62%) Team working (43%)	
SummitSkills	Technical and practical (72%) Problem-solving (41%)	Technical and practical skills

Table 5.18 (continued): Main skills gaps by SSC sector

	Main two skills gap areas	Areas where much higher than average skills gaps
IMI	Technical and practical (68%) Customer handling (43%)	
Skillsmart Retail	Customer handling (63%) Technical and practical and team working (each 53%)	Customer handling skills
People 1st	Customer handling (69%) Technical and practical (59%)	Customer handling skills
GoSkills	Team working (77%) Oral communication (76%)	Team working Oral communication Problem solving Written communication General IT skills Literacy Office admin Numeracy Foreign language Customer handling skills
Skills for Logistics	Technical and practical (62%) Team working (57%)	
Financial Services Skills Council	Technical and practical (81%) Customer handling (65%)	Technical and practical IT professional skills Customer handling skills
Asset Skills	Technical and practical (61%) Oral communication and written communication (each 50%)	Written communication
e-skills UK	Technical and practical (71%) Problem-solving (57%)	Foreign language

Table 5.18 (continued): Main skills gaps by SSC sector

	Main two skills gap areas	Areas where much higher than average skills gaps
Government Skills	Team working (66%) Customer handling (64%)	Management skills Customer handling skills Team working Written communication Literacy Office admin skills IT professional skills
Skills for Justice	Written communication (66%) Technical and practical (60%)	Written communication Problem solving Management skills Oral communication Office admin skills General IT skills
Lifelong Learning	Technical and practical (76%) Team working (45%)	Technical and practical General IT skills IT professional skills
Skills for Health	Technical and practical (64%) Team working (55%)	
Skills for Care and Development	Technical and practical (64%) Written communication (51%)	Written communication
Skillset	Technical and practical (66%) Management skills (57%)	IT professional skills Management skills
Creative and Cultural Skills	Technical and practical (59%) Customer handling (48%)	
SkillsActive	Technical and practical (65%) Customer handling (62%)	Customer handling skills
Non-SSC employers	Technical and practical (60%) Customer handling (48%)	

Base: All skills gaps followed up.

5.12 Skills lacking by region

The regional pattern of skills lacking is presented in Table 5.19. A number of issues stand out when comparing the regional pattern to the national results:

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

- Communication, literacy and numeracy skills, as well as customer-handling and problem-solving skills were identified more frequently by employers in the North East than employers nationally. IT skills are also lacking at a level above the national average.

- Employers in London are considerably more likely than employers nationally to be encountering each type of skills problem, with the exception of technical and practical skills. Foreign language skills were more likely to be described as lacking in London compared with other regions.

- Employers in the West Midlands were more likely to report IT skills gaps, while those in the East Midlands were more likely than average to cite team-working skills and problem-solving skills.

- In the Eastern region, gaps in oral and written communication skills, as well as problem-solving skills and team-working were more likely to be identified than nationally.

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

Table 5.19: Skills lacking by region

Column percentages	Overall	Eastern	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire and the Humber
Unweighted base	*158,759*	*13,376*	*10,722*	*26,200*	*7,685*	*16,664*	*29,095*	*22,975*	*21,585*	*10,457*
Weighted base (000s)	*1,369*	*134*	*93*	*225*	*51*	*156*	*259*	*175*	*168*	*109*
	%	%	%	%	%	%	%	%	%	%
Skills lacking										
Technical and practical skills	64	63	61	60	56	64	68	66	65	60
Customer handling	51	50	46	62	55	51	45	49	47	54
Team working	50	53	55	59	49	56	42	43	44	51
Oral communication	46	51	48	57	51	53	37	37	36	49
Problem solving	46	51	50	53	52	52	38	38	43	46
Written communication	37	42	36	47	40	41	29	31	29	40
Management	34	33	33	49	37	31	32	29	32	30
General IT user	28	26	28	32	34	30	25	23	36	25
Literacy	24	26	23	31	30	29	17	18	21	26
Office admin	22	23	22	27	24	26	20	17	20	20
Numeracy	21	23	22	22	28	26	15	20	20	22
IT professional	17	13	13	21	26	16	15	17	25	10
Foreign languages	13	14	13	28	8	11	7	8	8	9

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

5.13 Skills lacking and product market strategy

Table 5.20 shows the main skills gaps by product market strategy classification[12], this again is based on skills gaps followed up during the interview rather than on employers with skills gaps. Figures are presented as row percentages.

Establishments in the 'very high quality' product market strategy category were more likely than those in other quality categories to cite a lack of technical and practical skills, customer handling, oral communication and general and professional-level IT skills. Employers in the 'very low quality' product market strategy category were the most likely to cite problem-solving skills (50 per cent).

Table 5.20: Nature of Skills gaps by Product Market Strategy classification

Row Percentages	Technical and practical	Customer handling	Team working	Oral communication	Problem-solving	Written communication	Management	General IT user skills	Literacy	Office admin	Numeracy	IT professional skills	Foreign languages
Overall	64	51	50	46	46	37	34	28	24	22	21	17	13
Very low quality	55	45	52	43	50	31	32	21	26	24	26	14	19
Low quality	61	47	47	44	42	30	32	27	21	20	19	12	9
Medium quality	64	52	49	46	48	36	34	24	23	19	20	13	13
High quality	65	53	50	45	47	37	31	24	21	20	19	16	12
Very high quality	64	55	51	49	46	36	35	30	27	21	25	19	18

Base: All skills gaps followed up.
Note: Row percentages do not sum to 100 per cent because of multiple responses.
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than purely the quality of their products and services

[12] See page 22 for an explanation of how the composite quality measure was derived.

5.14 Impact of skills gaps

This section examines the impact of skills gaps on employers and what actions employers take to combat them. Employers that reported any skills gaps were asked which of a series of potential impacts they had experienced.

Over half of employers with skills gaps (56 per cent) reported an increase in the workload for other staff as a consequence of having staff who are not fully proficient. While in some cases increased workload can be absorbed by other staff, some employers will need to pay for overtime or bring in agency staff to cover the work: overall three in ten employers with skills gaps reported that they had led to increased operating costs (30 per cent).

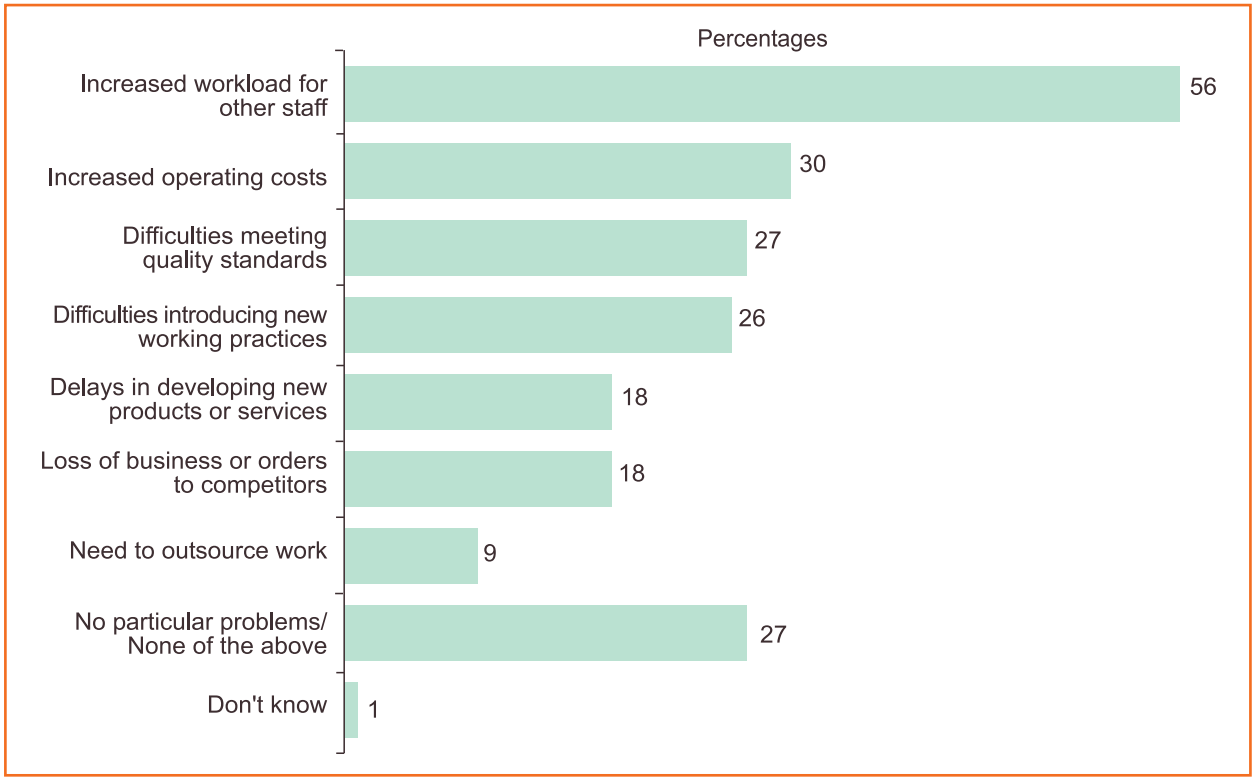
Difficulties in meeting quality standards or introducing new working practices were adverse impacts for around a quarter of employers reporting internal skills deficiencies (27 per cent and 26 per cent respectively). Just under a fifth of those with skills gaps (18 per cent) reported that they had lost business or orders to competitors as a result of these skills gaps.

As well as hindering innovation in working practices, skills gaps also hinder the development of new products and services: almost a fifth (18 per cent) of employers with skills gaps (equivalent to three per cent of all employers) have had to delay the development of new products and services as a result of these skills gaps.

Just over a quarter (27 per cent) of employers felt that skills gaps had had no impact on their establishment, almost identical to that reported in 2007 (26 per cent).

Figure 5.3 illustrates the nature of the impacts experienced by employers reporting skills gaps. The hierarchy of impacts reported in 2009 is broadly in line with that observed in 2007.

Figure 5.3: Impact of skills gaps (prompted)



Base: All establishments with skills gaps (weighted=284,224; unweighted=20,158).

Propensity to report the four most frequently cited impacts of skills gaps increased broadly in line with size of establishment. Perhaps unsurprisingly then, the proportion of employers saying that skills gaps have no impact decreases broadly in line with establishment size (29 per cent of employers with fewer than five staff report that skills gaps have no impact, compared with 17 per cent of employers with 500+ staff) perhaps indicating that smaller establishments have more capacity to absorb skills deficiencies.

5.15 Actions taken to overcome skills gaps

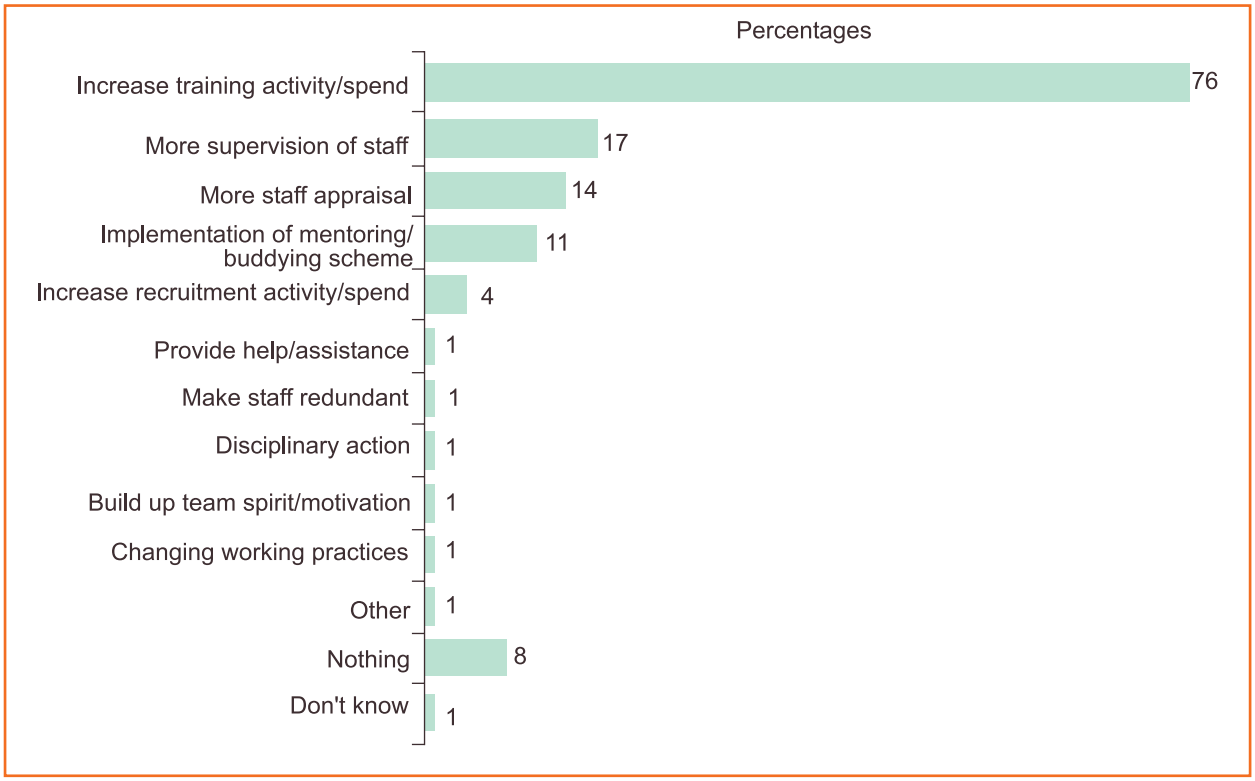
As in 2007, approximately three-quarters (76 per cent) of employers with skills gaps have responded to the skills deficiencies in their workforce by either increasing the amount of training they provide or increasing the amount they spend on training. Among employers responding to skills gaps by increasing their training activity and or spend, three-fifths of their employees received training in the last 12 months (59 per cent), higher than found among employers experiencing skills gaps who responded in other ways (49 per cent) or among employers in general (among whom 56 per cent of all staff were trained in the last 12 months).

The next most common responses to skills gaps involve increasing supervision, reviews and/or mentoring, thereby broadly using the experience of existing staff to oversee and assist those lacking skills: 17 per cent have responded to skills gaps by supervising staff to a greater extent, 14 per cent have introduced more frequent appraisals or performance reviews for staff, and 11 per cent have implemented mentoring or buddying schemes.

Only around one in twelve employers with skills gaps have taken no action at all to tackle the issue (eight per cent).

Figure 5.4 illustrates the actions taken to overcome skills gaps.

Figure 5.4: Actions taken to overcome skills gaps



Base: All establishments with skills gaps (weighted=284,224; unweighted=20,158).

Employers with fewer than five staff are the most likely to have done nothing to tackle the skills deficiencies identified among their workforce (15 per cent), although, as seen above, this group is also the most likely to report that skills gaps have no impact. The likelihood of taking no action to combat skills gaps decreases by size of establishment: just one per cent of those with 500+ staff reported that they had not taken any action, compared with 15 per cent of those with 2-4 staff, 9 per cent of those with 5-9, and 6 per cent of those with 10-24. This suggests that employers in smaller establishments are limited in how they are able to react and do not have the resources to overcome their skills deficiencies.

5.16 Overlap between skills gaps and skill shortage vacancies

The reality of the labour market is that there will be a good deal of substitution between the two measures of labour market deficiency covered by this survey, recruitment difficulties and skills gaps. Some employers when faced with inadequate applicants will leave the vacancy unfilled, in which case the issue reveals itself as a skill shortage vacancy, other employers may feel it is better to recruit someone who is not appropriately skilled, and in which case the deficiency will reveal itself as a skills gap.

To overcome this issue, we can combine the two separate indicators into a single measure: the proportion of establishments who report that they face a 'skills issue', i.e. a skills gap, skill shortage vacancy or both. When expressed in this form we can see that in 2009, 21 per cent of establishments were suffering from a skills issue (see Table 5.21).

Looking over time, we can see that on this combined skill shortage vacancy and skills gaps measure the proportion with a skills issue decreased between 2005 and 2007, from 20 per cent to 18 per cent in 2007, but then has risen again in 2009. Whilst this may seem counter-intuitive in a period of recession, NESS09 has shown that as the proportion of establishments experiencing SSVs has fallen, the proportion of establishments suffering skill gaps has increased. As the latter is always numerically larger than the former, this has caused the combined index to increase.

In Table 5.21, we also show the combined measure for skill gaps and **all** hard-to-fill vacancies (whether skills-related or not). The movements here are much smaller and not significant.

Table 5.21: Time series of existence of skills issue, 2005-2009

	2005 %	2007 %	2009 %
Skill gaps and skill shortage vacancies			
With skills issue	20	18	21
No skills issue	80	82	79
Total	100	100	100
Skill gaps and hard-to-fill vacancies			
With skills issue	21	20	21
No skills issue	79	80	79
Total	100	100	100

Source: NESS05, NESS07, NESS09.
Base: All employers.
Note: A comparable skill-shortage vacancy figure is not available for 2003.

6 Upskilling

Chapter summary

Around seven in ten employers (69 per cent) anticipate that at least some of their staff will need to acquire new skills or knowledge over the next 12 months. The larger the establishment, the more likely they are to anticipate this need to "upskill", rising from 63 per cent among those with fewer than five staff and 73 per cent where five to 24 staff are employed, to almost nine in ten (88 per cent) among those with 100 or more staff.

A variety of reasons were mentioned as underlying this need to upskill, covering both external and internal factors. Between two in five and half of all employers mentioned a need to upskill because of new legislative or regulatory requirements (47 per cent), the development of new products and services (44 per cent), or the introduction of either new technologies/equipment (42 per cent) or new working practices (42 per cent). Just over a third also felt that the need to upskill was a result of competitive pressure (35 per cent).

By far the most common occupation needing to upskill over the next 12 months is managerial staff, mentioned by 40 per cent of those with upskilling needs. Sales and customer services staff was the next most likely occupation needing to upskill (10 per cent) followed by administrative and secretarial positions and skilled trades occupations (each mentioned by eight per cent). All other occupational groupings (as categorised by one digit Standard Occupation Classifications) were mentioned by six per cent or fewer of employers identifying the need for staff to upskill.

Across all occupation types, the skills that are most likely to need improving or updating are technical, practical and job-specific skills – this was mentioned by 63 per cent of employers identifying the need for upskilling over the next 12 months. In some occupational groups such as managers, administration and secretarial roles, and sales and customer service staff, mentions of 'technical, practical and job-specific skills' were less common than average, but skills were mentioned which could be regarded as job-specific for that occupational group (managerial skills for managers, customer-handling skills for sales and customer services staff and general IT user skills for administrative staff).

Following technical, practical and job-specific skills, a number of skill areas were each mentioned by approaching two in five employers wanting to upskill staff over the next 12 months: management skills, general IT user skills, customer-handling, problem solving and team working skills (each 35 to 38 per cent). Communication skills are also quite frequently mentioned (by 32 per cent of those identifying the need to upskill), though this is more often in relation to oral than written communication (27 and 21 per cent respectively).

6.1 Introduction

For the 2009 survey new questions were added examining the issue of upskilling. These explored:

- whether employers expected any of their employees to need to acquire new skills or knowledge ('upskill') over the next 12 months and if so why;
- the single occupational group most affected by the need for upskilling;
- the specific skills that need improving or updating within this occupational group.

6.2 Whether employers expect any employees to need to acquire new skills or knowledge over the next 12 months, and reasons

Almost seven in ten employers (69 per cent) expected that at least some of their staff will need to acquire new skills or knowledge over the next 12 months. This is much higher than the proportion of employers identifying current skills gaps among their staff (19 per cent). Although in some cases this is likely to reflect a dynamic environment of fast changing skill needs (i.e. while current skill levels may be sufficient, over the next 12 months these skills will become outdated), it is often likely to reflect that for many employers, staff that they classify as proficient still have plenty of scope to develop and improve their skills and knowledge.

The larger the establishment the more likely they are to anticipate the need to upskill over the next 12 months, rising from 63 per cent among those with fewer than five staff and 73 per cent where five to 24 staff are employed, to almost nine in ten (88 per cent) among those with 100 or more staff.

The number of staff that employers felt needed new knowledge or skills was not asked, hence it cannot be determined from this research if this size effect is simply the result of larger employers having more staff, thereby making it more likely that at least some of them will need upskilling; or whether larger employers are just more attune to upcoming changes in skill needs, for example because they are much more likely to employ individuals exclusively with human resource and training responsibilities.

Employers reporting current skills gaps are more likely than average to expect that some of their staff will need to acquire new skills or knowledge over the next 12 months (83 per cent) though still two thirds (65 per cent) of those who believe all their staff are fully proficient anticipate the need for upskilling over the next 12 months.

A variety of reasons for the need to upskill were put to employers covering both external and internal factors. Between two in five and half of all employers reported a need to upskill because of new legislative or regulatory requirements (47 per cent), the development of new products and services (44 per cent), or the introduction of either new technologies/equipment (42 per cent) or new working practices (42 per cent). Just over a third also felt that the need to upskill was a result of competitive pressure (35 per cent).

Legislative pressure was the most commonly reported stimulus to upskilling for all sizes of employer other than the very largest establishments (with 500+ staff), where the introduction of new working practices was slightly more likely to be reported.

Table 6.1: Whether expect employees will need to acquire new skills or knowledge in the next 12 months, and the reasons for this (prompted)

	All employers	2 to 4	5 to 24	25 to 99	100 to 199	200 to 499	500+
Unweighted base	*79,152*	*22,535*	*35,418*	*16,270*	*2,676*	*1,701*	*552*
Weighted base	*1,492,367*	*788,403*	*545,654*	*125,501*	*19,002*	*10,248*	*3,559*
	%	%	%	%	%	%	%
Any need for 'upskilling'	69	63	73	82	86	89	94
New legislative or regulatory requirements	47	40	51	61	67	70	77
The development of new products or services	44	38	48	56	62	64	74
The introduction of new technologies or equipment	42	38	43	54	62	68	75
The introduction of new working practices	42	34	47	58	64	68	79
Increased competitive pressure	35	32	38	40	47	52	58

Base: All employers.
Note: During the interview, a list of possible reasons was read out to respondents.

By SIC sector, employers in Education (84 per cent), Public Administration & Defence (83 per cent), Health & Social Work (81per cent), and Electricity, Gas & Water supply (80 per cent) were the most likely to perceive a need for staff to gain new skills and knowledge over the next 12 months. This compares with just three in five in Manufacturing and in Mining & Quarrying (60 and 61 per cent respectively).

In most of the SIC sectors new legislation or regulation was the most common reason explaining this perceived need to upskill, and mentions of this issue were particularly high in Public Administration & Defence (70 per cent), Education (66 per cent) and Health & Social Work (64 per cent), Electricity, Gas & Water supply (61 per cent) and Financial Intermediation (60 per cent). In Manufacturing and Mining & Quarrying, however, the introduction of new technologies or equipment was the most common reason why staff were felt to need to improve their skills and knowledge.

By SSC sector, there were wide differences in the extent to which employers believe that staff will need to acquire new skills or knowledge over the next 12 months. The general pattern was as follows:

- Sectors with a large number of public sector employers were far more likely than average to anticipate the need to upskill. This applies to employers covered by the following SSCs: Skills for Justice (88 per cent), Government Skills (84 per cent), Lifelong Learning UK (83 per cent), Skills for Care & Development (83 per cent) and Skills for Health (78 per cent).

- Employers operating in the primary, manufacturing, construction, retail and transport sectors are less likely than average to expect the need to upskill staff over the coming 12 months. This particularly applies to employers covered by Skillfast-UK (53 per cent), Improve (59 per cent), GoSkills (59 per cent) and Proskills (61 per cent). While the national figure of 69 per cent is clearly influenced by public sector organisations, in all the sectors identified above the proportion expecting to need to upskill staff over the next 12 months is lower than the average in the commercial, for profit sector (67 per cent).

- In the commercial “for profit” sector, employers covered by e-skills UK (81 per cent) and Financial Services SSCs (78 per cent) were the most likely to have identified the need for staff to acquire new skills and knowledge.

There was some variation by SSC sector in terms of the perceived pressures driving the need to upskill. Whilst in most sectors, new legislative or regulatory requirements were the key reason, for employers covered by the following SSCs the introduction of new technologies or equipment was the most common factor behind the need to upskill: e-skills UK (67 per cent), Skillset (60 per cent), IMI (55 per cent), Creative and Cultural (44 per cent), SEMTA (42 per cent) and Proskills (40 per cent).

For employers covered by Government Skills SSC, although legislative changes were often a factor explaining the need to upskill (68 per cent), the introduction of new working practices were slightly more likely to be identified (70 per cent). Similarly legislative changes were often identified as a factor for employers covered by Lifelong Learning UK (57 per cent), but the key factor was felt to be the development of new products and services (65 per cent).

Table 6.2: Reasons why expect employees will need to acquire new skills or knowledge in the next 12 months by SSC sector (prompted)

Row percentages	New legislative/ regulatory requirements	New products or services	New technologies or equipment	New working practices	Increased competitive pressure	Any need identified
	%	%	%	5	%	%
Overall	47	44	42	42	35	69
Lantra	46	33	40	34	28	64
Cogent	42	38	41	41	36	64
Proskills	30	34	40	30	33	61
Improve	37	33	33	37	30	59
Skillfast-UK	27	31	30	28	29	53
SEMTA	37	38	42	34	33	64
Energy and Utility Skills	53	40	45	45	35	72
ConstructionSkills	47	38	40	36	33	65
SummitSkills	59	52	52	48	34	75
IMI	47	48	55	41	34	68
Skillsmart Retail	40	44	39	41	38	65
People 1st	44	41	34	41	38	65
GoSkills	41	31	32	35	28	59
Skills for Logistics	41	37	37	36	35	64
Financial Services Skills Council	60	57	44	49	43	78
Asset Skills	55	36	34	41	36	68
e-skills UK	40	66	67	40	45	81
Government Skills	68	58	56	70	18	84
Skills for Justice	78	62	68	74	24	88
Lifelong Learning UK	57	65	57	57	37	83
Skills for Health	60	54	52	56	32	78
Skills for Care and Development	68	57	44	63	33	83
Skillset	28	51	60	38	43	74
Creative and Cultural	30	42	44	35	34	64
SkillsActive	42	43	39	42	35	66
Non-SSC employers	49	47	44	44	34	72

Base: All employers.
Note: Rows do not sum to 100 per cent because employers could cite more than one upskilling pressure.

By region, employers in London and the North West were the most likely to expect that at least some of their staff will need to acquire new skills or knowledge over the next 12 months (each 72 per cent), and those in the West Midlands (65 per cent), the South East and the South West (both 66 per cent) the least likely. The reasons behind the need to upskill varied little by region, indeed the hierarchy of reasons at the national level shown on Table 6.1 was matched in all regions other than London where the development of new products or services was the most commonly reported factor (48 per cent).

A firm's product market strategy influences the perceived need for staff to acquire new knowledge and skills. As might be expected, the greater the emphasis placed on adopting a high quality product market strategy as defined by the 'composite quality' measure, the greater the likelihood that an employer anticipates the need for new skills or knowledge in the coming 12 months. This ranges from 55 per cent among establishments described as operating a 'very low quality' product market strategy[13], to 68 per cent among those in the 'medium' category, and 73 per cent of those operating a 'very high quality' strategy.

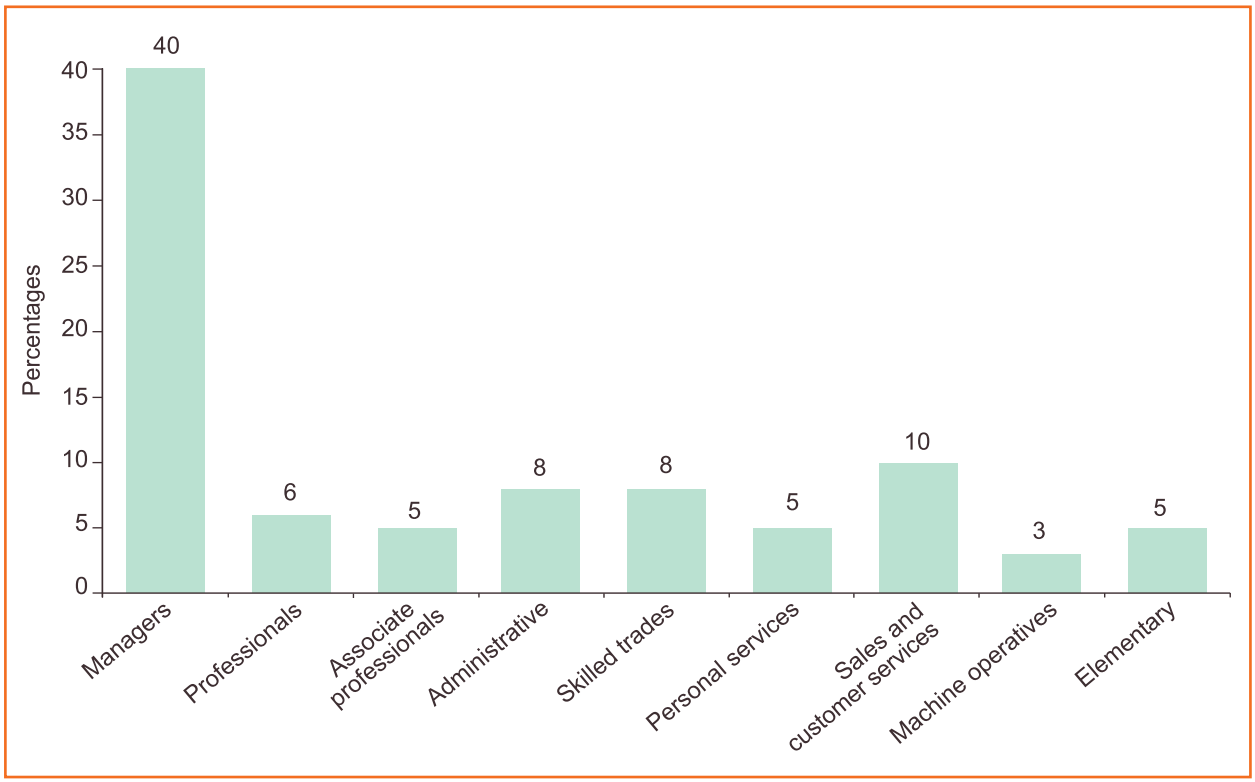
In terms of the overall quality of the product market strategy as defined by the 'composite quality' variable, the order of reasons why employers believe upskilling will be necessary closely matches the national picture discussed in Table 6.1. The main differences were that establishments with 'very low quality' product market strategy were less influenced by the development of new products or services or the introduction of new technologies or equipment (each 27 per cent) than by new working practices or competitive pressures (each 29 per cent), and those in the 'very high quality' product market strategy category were more influenced by the development of new products and services (52 per cent) than new legislative or regulatory requirements (49 per cent).

[13] See page 22 for an explanation of how the composite quality measure was derived.

6.3 Occupation most affected by the need for upskilling

Employers anticipating the need for staff to acquire new skills or knowledge were asked which single occupation would be most affected. By far the most common occupation reported was managerial staff, with 40 per cent of those employers seeing a need for upskilling reporting that at least one of their managerial staff had upskilling needs. Sales and customer services staff was the next most likely occupation needing to upskill, being cited by 10 per cent of employers, followed by administrative positions and skilled trades occupations (each reported by eight per cent). All other occupational groupings were reported by six per cent or fewer of employers identifying the need for staff to upskill (though nine per cent were unsure which single occupation would be most affected).

Figure 6.1: Single occupation most affected by need to upskill over the next 12 months



Base: All employers needing to upskill over the next 12 months (unweighted: 57,606; weighted: 1,026,326). Overall nine per cent answering this question indicated that they were unsure which single occupation would be most affected, or felt two would be affected equally – these are not shown on the chart.

The high level of mentions of managerial staff as needing to acquire new knowledge or skills results in part from the fact that nearly all establishments employ at least some managers, and in the smallest establishments managers account for a large proportion of the total workforce. In the smallest establishments (with fewer than five staff) that anticipated the need to upskill as many as half the employers (51 per cent) identified managers as the occupation most affected. This fell to a third (32 per cent) in establishments where five to 24 staff were employed and then around a quarter where 25-99, 100-199, 200-499 or 500+ staff were employed.

By SIC sector, managers were the most likely occupation to be seen as needing their skills improving in all sectors other than the following, where managers were the second most likely occupation needing upskilling:

- Public Administration & Defence, where administration roles were the single occupation most affected by the need for upskilling (23 per cent, compared with 16 per cent selecting managers).

- Education, where professional occupations were most often chosen as the occupation most affected by the need for upskilling (31 per cent, compared with 28 per cent selecting managers).

There were some predictable variations in the occupations particularly likely to be affected by the need for upskilling by SIC sector.

- In Construction, Electricity, Gas & Water supply, Agriculture and Manufacturing, skilled trades were the second most likely occupation after managers to need to upskill.

- In Retail & Wholesale and in Financial Intermediation, sales & customer services staff were the second most likely occupation to be felt to need to acquire new skills and knowledge (24 per cent and 23 per cent respectively).

- In Health & Social Work, Personal Service occupations were particularly likely to be identified (26 per cent).

By SSC a broadly similar pattern emerges. In just four sectors managers were not selected as the occupation most affected by the need to upskill: Summitskills and IMI (where skilled trades occupations were the most likely to be affected), Government Skills (where administrative occupations were more likely to be identified) and Skills for Justice (where associate professional and administrative occupations were more likely to be seen as needing upskilling than managers).

Higher than average mentions of specific occupations follow largely predictable patterns, as shown in the following table, which lists the three most likely occupations to be identified for each SSC.

Table 6.3: Main occupations affected by the need to acquire new skills or knowledge in the next 12 months by SSC sector

	Most mentioned	2nd most mentioned	3rd most mentioned
Lantra	Managers (44%)	Skilled trades (16%)	Elementary (8%)
Cogent	Managers (35%)	Sales and customer service (22%)	Machine operatives (13%)
Proskills	Managers (35%)	Skilled trades (15%)	Machine operatives (14%)
Improve	Managers (33%)	Machine operatives (18%)	Elementary (12%)
Skillfast-UK	Managers (41%)	Sales and customer service (14%)	Machine operatives (9%)
SEMTA	Managers (33%)	Skilled trades (22%)	Machine operatives (10%)
Energy and Utility Skills	Managers (30%)	Machine operatives (18%)	Skilled trades (16%)
ConstructionSkills	Managers (44%)	Skilled trades (16%)	Professionals (10%)
SummitSkills	Skilled trades (44%)	Managers (36%)	Associate professionals (4%)
IMI	Skilled trades (44%)	Managers (26%)	Sales and customer service (8%)
Skillsmart Retail	Managers (46%)	Sales and customer service (31%)	Admin/secretarial (4%)

Table 6.3 (continued): Main occupations affected by the need to acquire new skills or knowledge in the next 12 months by SSC sector

	Most mentioned	2nd most mentioned	3rd most mentioned
People 1st	Managers (46%)	Elementary (27%)	Sales and customer service (10%)
GoSkills	Managers (33%)	Machine operatives (25%)	Admin/secretarial (12%)
Skills for Logistics	Managers (40%)	Sales and customer service (18%)	Machine operatives and Admin/secretarial (10%)
Financial Services Skills Council	Managers (35%)	Sales and customer service (23%)	Admin/secretarial (16%)
Asset Skills	Managers (49%)	Admin/secretarial (16%)	Sales and customer service (12%)
e-skills UK	Managers (40%)	Associate professionals (15%)	Professionals (13%)
Government Skills	Admin/secretarial (26%)	Managers (13%)	Professionals (12%)
Skills for Justice	Associate professionals (22%)	Admin/secretarial (21%)	Professionals (12%)
Lifelong Learning UK	Managers (35%)	Professionals (26%)	Admin/secretarial (13%)
Skills for Health	Managers (29%)	Personal services (19%)	Professionals (13%)
Skills for Care and Development	Managers (38%)	Personal services (31%)	Admin/secretarial (7%)
Skillset	Managers (47%)	Associate professionals (15%)	Admin/secretarial (6%)
Creative and Cultural	Managers (49%)	Associate professionals (11%)	Admin/secretarial (11%)
SkillsActive	Managers (45%)	Personal services (9%)	Admin/secretarial (9%)
Non-SSC employers	Managers (38%)	Personal services (12%)	Professionals (11%)

Base: All employers.
Note: Process, plant and machine operatives' has been shortened to 'machine operatives', and 'associate professional and technical occupations' has been shortened to 'associate professionals'.

Most regions had a pattern very similar to the national picture (presented in Figure 6.1). London was the most different to the norm, and had the highest proportion of employers feeling that administrative staff and professional staff are the occupational group most affected by the need for upskilling (10 per cent and nine per cent respectively) and the lowest proportion reporting skill trades and process, plant and machine operatives (five per cent and one per cent respectively).

6.4 Skills that need improving or updating by occupation

Employers that identified the need to upskill in the next 12 months were then given a range of categories listing types of skills. They were asked which types of skills would need to be improved amongst the single occupation that they felt would be most affected by the need for upskilling. Across all occupation types, the skills that are most likely to need improving or updating were technical, practical and job-specific skills – this was identified by 63 per cent of employers who said that they needed to upskill over the next 12 months. In some occupational groups such as managers, administrative roles, and sales & customer services staff, mentions of technical, practical and job-specific skills were less common than average, but skills were reported which could be regarded as job-specific for that occupational group (managerial skills for managers, customer-handling skills for sales & customer services staff and general IT user skills for administrative staff).

Following technical, practical and job-specific skills, a number of skill areas were each reported by almost two in five employers needing to upskill staff over the next 12 months: management skills, general IT user skills, customer-handling, problem solving and team working skills (each identified by between 35 and 38 per cent per cent of establishments, see Table 6.4).

Communication skills were also quite frequently cited (by 32 per cent of those establishments identifying the need to upskill). The type of communication cited was more often oral than written communication (27 and 21 per cent respectively).

Table 6.4 shows the skills that employers feel need improving or updating over the next 12 months. Employers were asked this prompted question of the single occupation that they felt would be most affected by the need for upskilling.

The areas where the expected upskilling needs within an occupation are significantly **higher than the all-occupation average** are as follows:

- **Managers** are more likely than average to need to improve their management skills (45 per cent), their general IT skills (41 per cent), their professional-level IT skills (27 per cent) and their foreign language skills (12 per cent).

- **Professionals** are more likely than average to need to improve their management skills (41 per cent), their general and professional level IT skills (39 and 35 per cent respectively), and foreign language skills (13 per cent), although it is a need for technical, practical and job-specific skills that is cited most frequently (74 per cent).

- The most common area for upskilling among **associate professionals** are technical, practical and job-specific skills (80 per cent). They are also more likely than average to require new or improved IT professional skills (33 per cent) and written communication skills (23 per cent).

- For **administrative** staff: general-level IT skills (57 per cent), professional-level IT skills (35 per cent), office administration skills (39 per cent) and written communication skills (23 per cent).

- For **skilled trades** occupations: technical, practical or job-specific skills (80 per cent).

- For staff who work in **personal services, sales & customer services and elementary occupations**, a variety of soft skills are more likely than average to need improving or updating over the next 12 months (specifically customer-handling, problem-solving, team working and communication skills), as are both literacy and numeracy skills for all three groups (literacy skills are a particular emphasis for personal services and elementary positions, numeracy for elementary positions). For personal services occupations technical, practical and job-specific skills are more likely than average to be cited.

- Employers are more likely than average to believe **machine operatives** need to upskill in regard to technical, practical or job-specific skills (74 per cent).

Table 6.4: Skills which need improving or updating in the next 12 months by the single occupation most affected by expected upskilling need (prompted)

	Overall	Managers	Professionals	Associate professionals	Administrative	Skilled trades	Personal service	Sales and customer service	Machine operatives	Elementary
Column percentages										
Unweighted base	*52,119*	*19,480*	*4,362*	*3,348*	*4,503*	*5,561*	*3,051*	*6,246*	*2,444*	*3,124*
Weighted base	*937,597*	*414,256*	*62,479*	*50,718*	*81,603*	*87,090*	*51,189*	*106,057*	*28,365*	*55,841*
	%	%	%	%	%	%	%	%	%	%
Technical and practical skills	63	56	74	80	57	80	71	60	74	64
Management skills	38	45	41	36	32	26	34	39	20	30
General IT user skills	37	41	39	37	57	26	29	35	21	23
Customer-handling skills	37	30	28	35	37	31	48	63	29	57
Problem-solving skills	35	33	33	37	34	36	42	42	33	41
Team working skills	35	30	31	31	30	31	54	45	37	54
Communication skills	32	27	27	33	34	26	48	45	30	47
Oral communication skills	27	22	22	25	27	22	42	40	25	43
IT professional skills	24	27	35	33	35	16	13	17	9	11
Office/admin skills	23	24	17	17	39	14	18	26	12	15
Written communication skills	21	18	19	23	23	17	32	24	18	24
Numeracy skills	14	12	12	11	14	11	17	17	14	24
Literacy skills	13	10	12	12	14	12	22	15	13	21
Foreign language skills	11	12	13	8	10	6	11	10	5	12

Base: All employers needing to upskill over the next 12 months and able to identify the single occupation most likely to be affected.
Note: 'Communication skills' combines mention of either oral or written communication skills.
Note: The names of some occupational classifications have been shortened here, but all still refer to the nine (one-digit) Standard Occupational Classifications.

7 Training and Workforce Development

Chapter summary

Most employers (58 per cent) have a business plan specifying their establishment's objectives for the coming year, and the proportion planning their activity in this way is increasing. Formal planning specifically for training has decreased since the 2007 survey, however, and budgeting for training is at the same level as recorded in the last NESS: two-fifths of employers have a formal training plan (down five percentage points since 2007) and 36 per cent have a training budget (unchanged since 2007). In other respects, employers are more likely to undertake human resource and training planning: the majority of employers (80 per cent) provide formal written job descriptions for at least some of their staff, two-thirds (64 per cent) undertake annual performance reviews, and almost three in five (57 per cent) formally assess whether their staff have skills gaps. The proportion of employers implementing each of these three human resource practices increased from 2005 to 2007, and again from 2007 to the 2009 survey.

The majority of employers provide training (68 per cent), and the training that they provide covers the majority of their workforce. The proportion of employers providing training is the same as in 2007, but the proportion of their workers who were trained has fallen considerably. Employers provided training for 12.8 million workers (56 per cent of the total workforce) in 2009, compared to 14 million employees (63 per cent of the workforce) in 2007.

High numbers of sales, professional, administrative and elementary staff receive training (1.5 to 1.7 million within each occupational group). While a larger number still of managers receive training (almost 2.1 million), relative to the numbers employed in each occupation, managers are among the least likely to receive training (49 per cent), similar to the level found among machine operatives and elementary and administrative staff.

Employers funded or arranged a total of 109m days of training, equivalent to every worker in England receiving 4.7 days' training, or to 8.5 days' training per person trained. The survey estimates overall employer expenditure on training (including labour costs) in the 12 months prior to NESS09 to be £39.2bn, up by just over £500m (one per cent) on expenditure reported in NESS07. Factoring in inflation, however, this is equivalent to a decrease in real terms of five per cent.

Employers that train were much more likely to have used external providers to deliver any of their training than was the case in 2007 (72 v. 62 per cent respectively), and slightly more likely to have used a further education (FE) college (28 v. 26 per cent in 2007). The vast majority were satisfied with the service they received from FE colleges (85 per cent, similar to the 84 per cent found in 2007), though satisfaction with FE colleges remains lower than found for training delivered by universities or other providers.

The main reason for not training is a belief that staff are fully proficient: relatively few non-trainers point to issues with training supply such as courses being too expensive or the courses they are interested in not being available locally.

The majority of employers reported that the recession had had no impact on their training and development activity. However, those who stated that it had had an effect were more likely to have trained less as a result than to have trained more.

7.1 Introduction

Central to the enhancement of skills within employers' workforces is the provision of training and development for staff. This chapter investigates all aspects of employers' training and development activity, focusing particularly on the extent and nature of the training provided, and the proportion of staff receiving these development opportunities, as well as the level of expenditure on training. More specifically we explore:

- The extent to which employers engage in formal business and training planning, and in formal human resource practices that are designed to lead to the assessment of training needs
- How many employers provide training
- The proportion of their workforce that employers train and how this differs by occupation
- Training expenditure
- The nature of training activity, including the extent to which employers are training staff towards qualifications, and the level of qualification targeted
- The extent to which employers use FE colleges, HE institutions and other training providers to deliver teaching or training, and how satisfied they are with the services provided
- Barriers to engaging with FE colleges
- Assessment of the impact of training
- Barriers to providing more training and reasons for not training
- The impact of the recession on training and development activity.

7.2 Business planning, training plans and training budgets

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

Almost three-fifths of all employers have a business plan specifying the establishment's objectives for the coming year (58 per cent). Just over two-fifths have a formal training plan specifying in advance the level and types of training employees will need in the coming year (43 per cent) and just over a third have a budget for this training expenditure (36 per cent). While there is little change with regard to the proportion of businesses with a training budget, there has been a significant increase in the proportion of establishments with a formal business plan. There has been a significant and considerable decrease (five percentage points) in the level of training planning since 2007.

Table 7.1: Proportion of establishments with a formal written business plan, training plan and budget for training expenditure

	NESS03	NESS05	NESS07	NESS09
Unweighted base	*72,100*	*74,835*	*79,018*	*79,152*
Weighted base	*1,915,053*	*1,390,155*	*1,451,507*	*1,492,367*
	%	%	%	%
Have a formal business plan that specifies objectives for the coming year	56	55	57	**58**
Have a training plan that specifies in advance the level and type of training your employees will need in the coming year	39	45	48	**43**
Have a budget for training expenditure	31	33	35	36

Source: NESS03, NESS05, NESS07, NESS09.
Base: All employers.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

As reported in relation to previous NESS surveys and as with so many areas of skills and training, there is a strong link between size of employer and the likelihood of engaging in each type of business or training planning.

Among establishments with more than 100 employees, all three forms of formal planning are 'standard' in the sense that the vast majority (over 80 per cent) have them in place. Those with smaller numbers of employees (fewer than 25, though particularly those with fewer than five) are much less likely to undertake any of these formal planning activities (Table 7.2).

Table 7.2: Business and training planning by size of establishment

		Number of employees					
	All	2 to 4	5 to 24	25 to 99	100 to 199	200 to 499	500+
Unweighted base	*79,152*	*22,535*	*35,418*	*16,270*	*2,676*	*1,701*	*552*
Weighted base	*1,492,367*	*788,403*	*545,654*	*125,501*	*19,002*	*10,248*	*3,559*
	%	%	%	%	%	%	%
Business plan	58	47	65	83	90	91	95
Training plan	43	28	56	76	81	84	91
Training budget	36	22	44	69	82	85	93
None	32	44	22	7	4	3	*

Base: All employers.

A third of establishments (32 per cent) do not have any of these formal plans, rising to over two-fifths (44 per cent) of those with fewer than five staff.

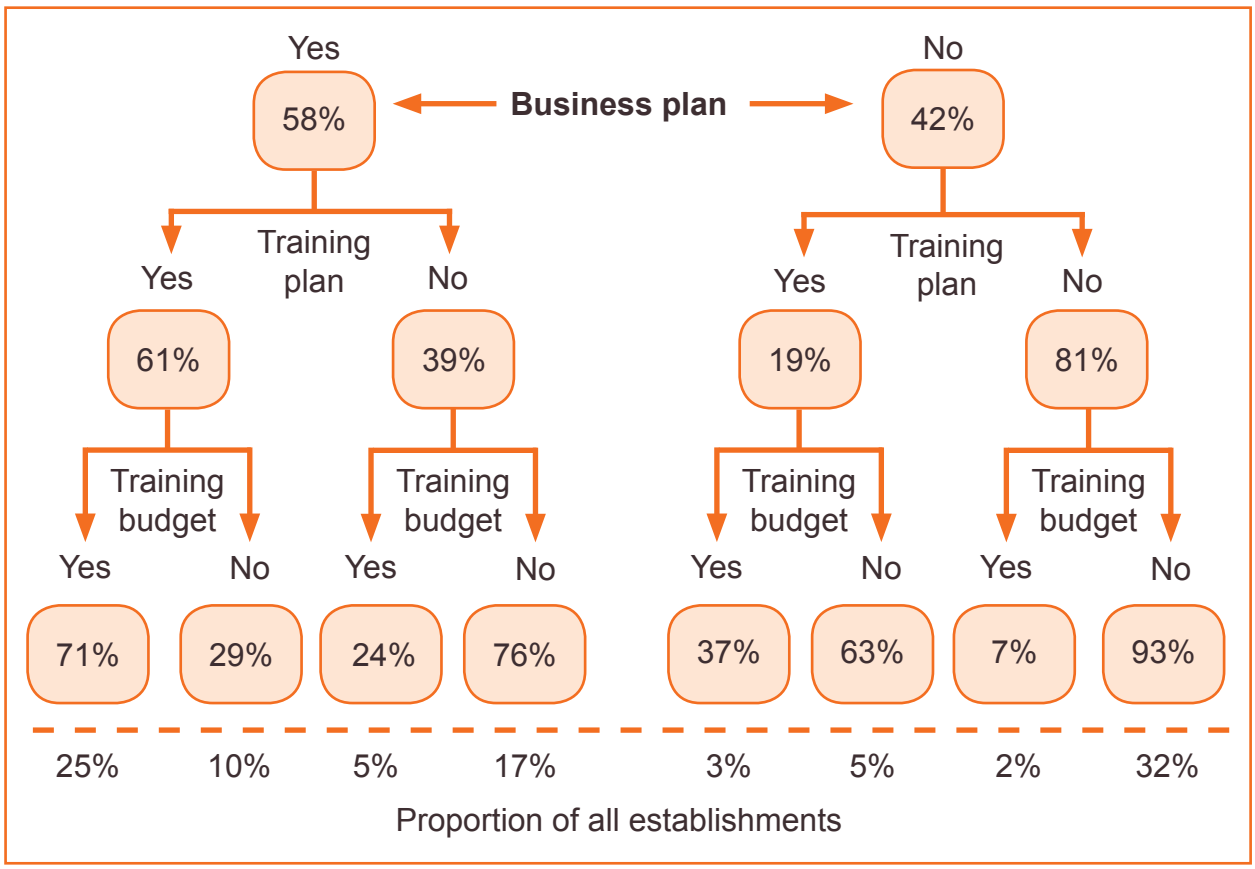
Among the rest, there is a close relationship between business plans, training plans and budgets for training expenditure. An employer who has developed a formal business plan is far more likely to also have a training plan. In addition, an employer with a formal training plan as part of its human resource strategy is more likely than an employer without to have set aside a specific budget for staff training.

Figure 7.1 shows the proportion of employers who had a business plan and the proportion that did not. It then shows the proportions of each that had a training plan (and did not), and in turn what proportion did and did not have a have a training budget.

Overall, three-fifths (61 per cent) of employers with a business plan also have a training plan, and over seven in ten of these (71 per cent) also have a training budget. These formal planners who have all three types of formal plan in place account for a quarter (25 per cent) of all establishments (and 33 per cent of those that had provided training in the last 12 months).

Two-fifths (40 per cent) of all employers reported that they employ some but not all of the methods of formal planning. The most frequent scenario is where the employer has a business plan but no separate training plan to specify how training could complement an overall business strategy, nor budget for employee training (17 per cent of all employers). It is also reasonably common for employers to have a business plan incorporating a training plan, but no dedicated training budget (10 per cent).

Figure 7.1: Business planning, training planning and budgeting for training



Base: All employers.

The extent of business and training planning increases in line with establishment size: 13 per cent of establishments with fewer than five employees have all three types of formal plan in place, compared with 83 per cent of establishments with 500+ employees.

SIC sectors dominated by public sector services organisations, such as Public Administration & Defence, Education and Health & Social Work show the highest levels of training planning and budgeting. Organisations in the Financial Intermediation sector also perform well above average on this measure. Employers in the Agriculture and Construction sectors are the least likely to have formal business or training plans: around half of establishments (50 per cent and 48 per cent respectively) do not have a business plan, training plan or training budget.

Consistent with findings by SIC sector, the SSC sectors with the highest levels of planning are: Government Skills; Skills for Justice; Lifelong Learning UK; Skills for Care & Development; and to a lesser extent Skills for Health and the Financial Services Skills Council. Employers covered by Skillfast-UK, ConstructionSkills, SummitSkills, IMI, ProSkills and Lantra SSCs – sectors with high proportions of employees in skilled trades or machine operative occupations – were the most likely to have none of the plans discussed in place, suggesting a more ad-hoc approach to training in these industries.

Employers based in the East Midlands are the least likely to adopt formal planning towards business objectives and staff development and training; over a third (35 per cent) of employers in this region do not have any business plan, training plan or budget. Otherwise there is little difference by region.

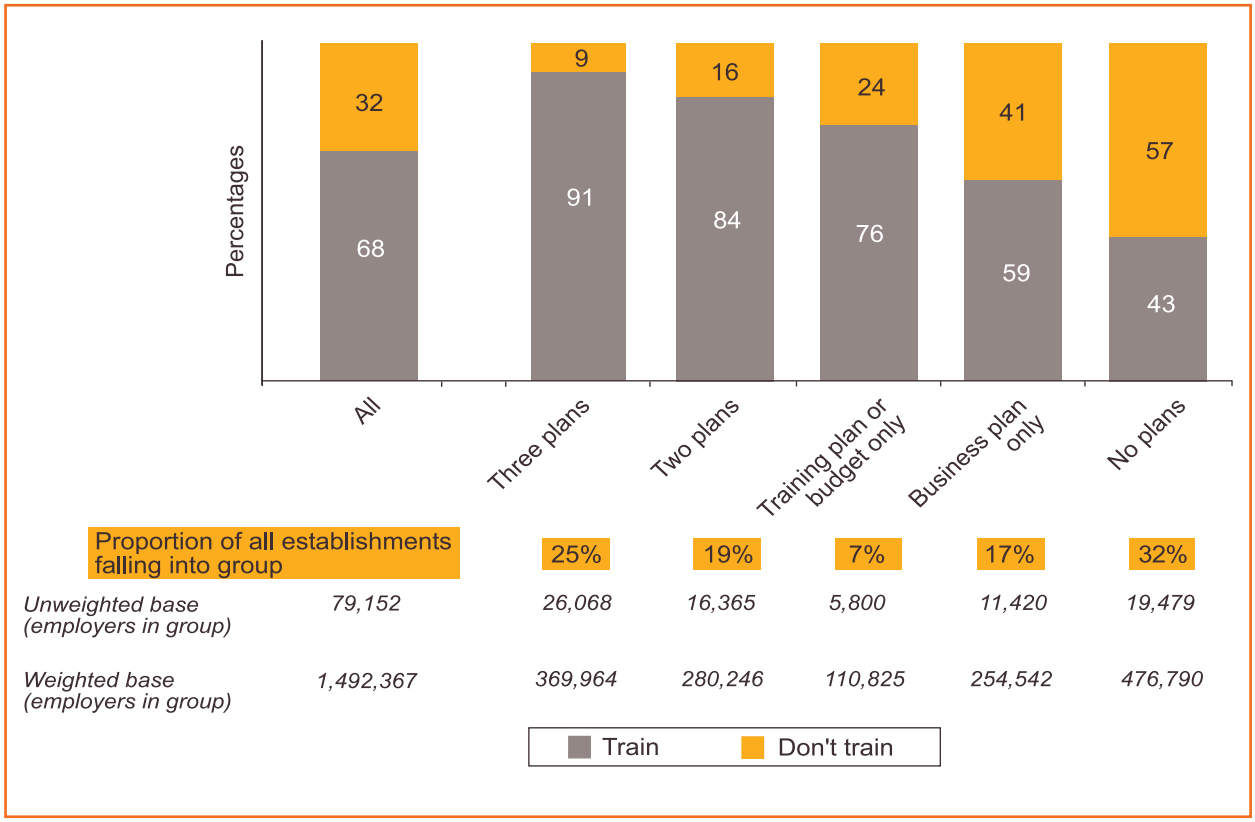
A firm's product market strategy is related to its level of planning. The greater the emphasis placed on quality as defined by the 'composite quality measure', the more likely the establishment is to have all three types of formal plan in place. Eight per cent of establishments in the 'very low quality' product market category[14] undertake all three types of planning, compared with 18 per cent of those in the 'medium quality' product market category and 32 per cent among establishments in the 'very high quality' product market category.

The degree to which employers engage in planning their business links closely with training activity. Figure 7.2 groups employers into formal planners (those who have a business plan, a training plan and a training budget), those who have any two of the three types of plan, those with a training plan and/or a training budget only, those who have only a business plan, and those who have no formal plans at all. Figure 7.2 clearly illustrates that the more formal the planning activity of a given business the more likely they are to have arranged or funded training for their employees over the previous 12 months. Employers with a business plan but no separate training plan or training budget are less likely than average to provide training. These findings closely match those reported in NESS07.

[14] See page 22 for an explanation of how the composite quality measure was derived.

Overall, nine per cent of those with all three plans and 16 per cent of those with two of the three plans had not provided any training for their workforce in the previous year. Conversely, a considerable number of employers are undertaking training without any planning or budgeting: 43 per cent of those with no form of planning or budget undertook training in the previous 12 months.

Figure 7.2: Training activity in the last 12 months and business planning



Base: All employers.

The level of business and planning activity undertaken is also associated with employers' expectation that they will need to upskill, i.e. that some of their employees will need to acquire new skills or knowledge in the next 12 months. Three-quarters (76 per cent) of employers who anticipate a need for upskilling in the next 12 months have in place a business plan, training plan or training budget, compared with half (51 per cent) of those who do not expect to have to upskill. Almost a third (30 per cent) of those who expect that their staff will need to acquire new skills or knowledge are formal planners (have a business plan, training plan and a training budget), while only one in eight (13 per cent) of those who do not anticipate a need to upskill are formal in their planning activity. This indicates that establishments which have formal planning measures in place are more likely to be able to have and/or to anticipate future skills needs than those who do not.

7.3 Formally assessing training needs

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

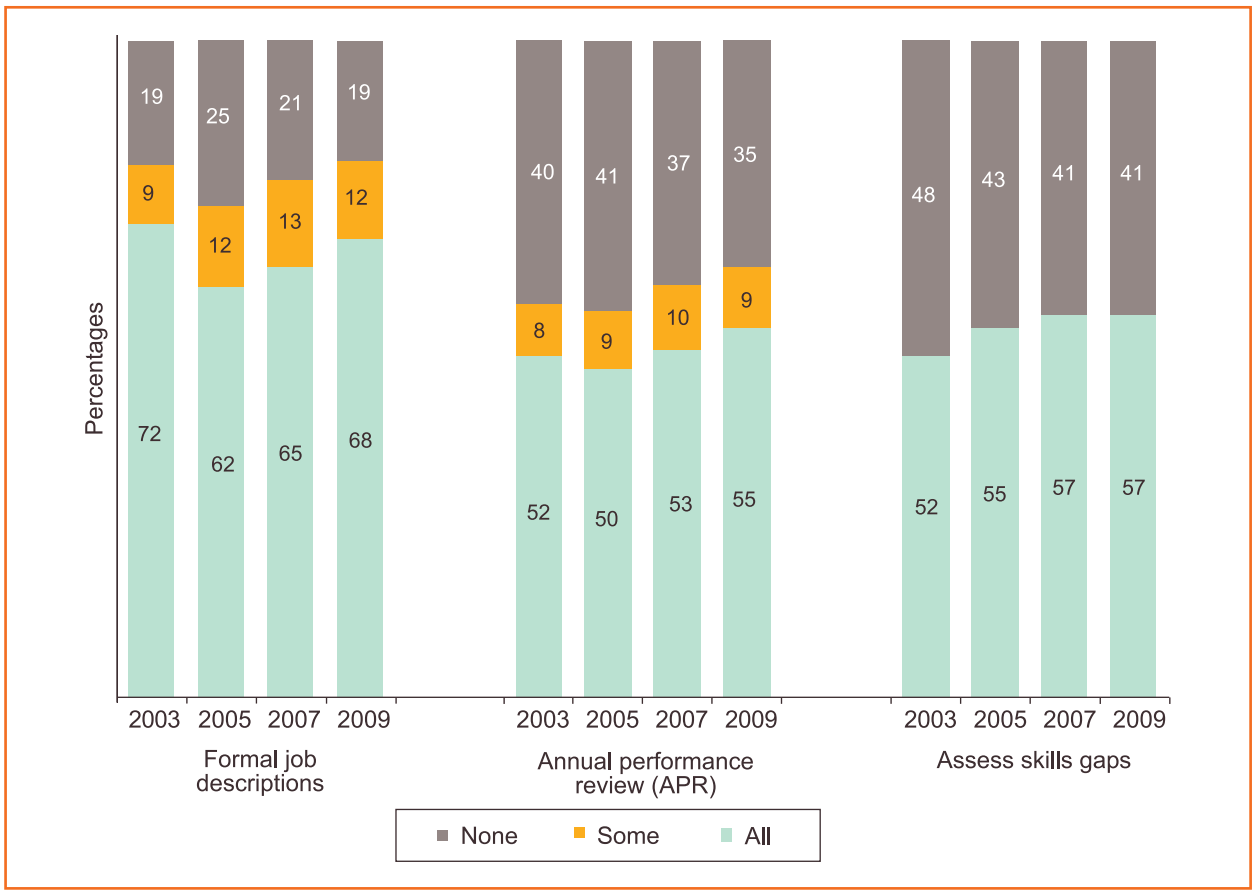
- established formal written job descriptions for their staff; and/or
- reviewed the performance of their employees (on an annual basis); and/or
- assessed the extent to which employees currently have gaps in their skills.

The majority of employers provide formal written job descriptions for at least some of their staff (80 per cent) and/or annual performance reviews (APR) (64 per cent). Employers who have these practices in place typically apply them to all of their employees (see Figure 7.3). Just under three in five employers (57 per cent) formally assess whether their staff have gaps in their skills.

Almost half (46 per cent) of employers employ all three human resource management strategies, while one in eight (13 per cent) have none in place. The most common combination of these practices is to have formal job descriptions and annual performance reviews (60 per cent).

The proportion of establishments implementing each of these human resource practices has increased year on year since 2005: the proportion who assess employee performance in annual reviews has increased from 59 per cent in 2005 to 64 per cent in 2009, the proportion who issue formal job descriptions to all staff has risen from 62 per cent in 2005 to 69 per cent in 2009 and the proportion of employers assessing skills gaps has increased from 55 per cent in 2005 to 57 per cent in 2009.

Figure 7.3: Human resource practices (job descriptions, annual performance reviews and assessment of skills needs)



Base: All employers (2003 unweighted=72,100, weighted=1,915,053; 2005 unweighted=74,835, weighted=1,390,155; 2007 unweighted=79,018, weighted = 1,451,707; 2009 unweighted=79,152, weighted=1,492,367).
Note: Columns do not sum to 100 per cent as 'don't know' responses are not shown.
Note: Employers were asked what percentage of staff had a formal performance review and/or had a job description. In terms of assessing skills gaps, they were simply asked whether they did so or not (though they may not do so for all staff).

Smaller establishments are less likely to use each of the human resource management strategies above. Just over two-thirds (69 per cent) of those with two to four staff provide any employees with formal job descriptions, compared with over 90 per cent amongst employers with more than 25 staff, and 97 per cent of those with 500+ employees. Similarly, just 49 per cent of establishments with two to four employees offer any staff annual performance reviews; 99 per cent of those with 500+ staff do so.

Just as they are more likely to have formal business and training planning measures in place, SIC sectors dominated by public sector services organisations (such as Public Administration & Defence, Education and Health & Social Work, and the Financial Intermediation sector) are the most likely to have formal human resource management strategies, such as providing staff with an annual performance review and formally assessing individuals' skills gaps. At the other end of the spectrum, establishments in the Agriculture, Construction and Manufacturing sectors are the least likely to provide staff with annual performance reviews or to formally assess individuals' skills gaps.

This pattern is reflected by SSC sector: as many as 99 per cent of establishments covered by Government Skills SSC and 98 per cent of establishments covered by Skills for Justice SSC provide staff with annual performance reviews and 91 per cent of employers covered by the Government Skills sector formally assess individuals' training needs. Establishments covered by the Financial Services Skills Council also perform well above average on these measures. Fewer than half of establishments covered by Lantra (36 per cent), SummitSkills (48 per cent) and GoSkills (49 per cent) SSCs provide staff with an annual performance review. Establishments covered by Lantra (40 per cent), Skillfast-UK (44 per cent), Skillset (45 per cent) and GoSkills (46 per cent) SSCs were the least likely to formally assess individuals' skills gaps.

Employers in the South West and West Midlands are the most likely to formally assess the skills gaps and needs of employees (60 per cent do so, compared to 57 per cent overall), while employers in the London are the most likely to monitor staff performance through annual reviews (69 per cent undertake such monitoring, compared to 64 per cent overall).

Product market strategy is closely associated with having formal human resource management strategies. Establishments in the 'very high quality' product market strategy category are more likely to provide (at least some) staff with an annual performance review, formal job descriptions and to assess skills gaps, than those in the 'very low quality' product market category.

Employers reporting skills gaps among their workforce are more likely to conduct annual performance reviews (78 per cent compared to 60 per cent among those without current skills gaps) and to carry out an assessment of the skills needs of employees (72 per cent compared with 54 per cent among those without current skills gaps). Indeed this closer monitoring of performance and internal skills deficiencies may be part of the reason they are more likely than others to report gaps.

7.4 The extent of training and workforce development activity

In this section we examine the proportion of employers that train and the balance between on- and off-the-job training, comparing and contrasting training delivered off- and on-the-job. The distinction was explained to respondents as follows:

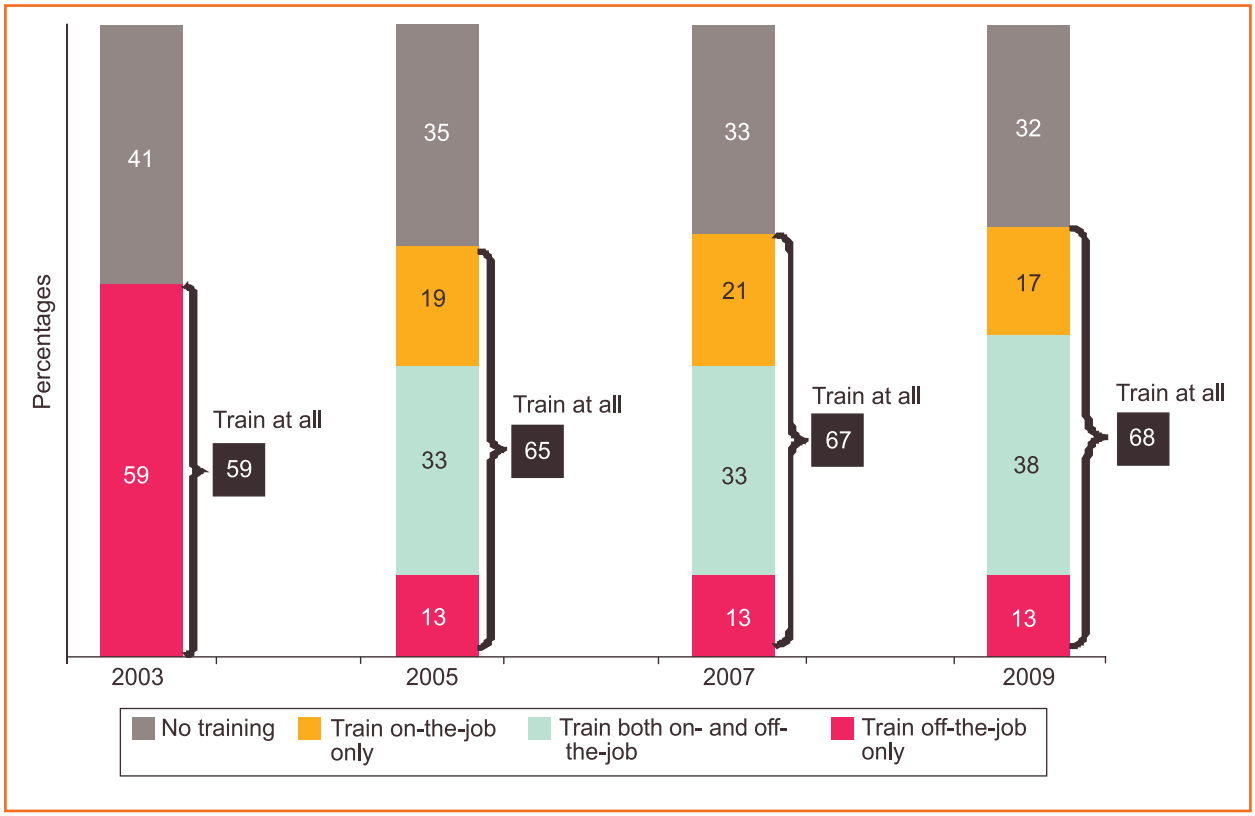
- Off-the-job training and development takes place away from the individual's immediate work position, whether on the employer's premises or elsewhere

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

In total just over two-thirds of employers (68 per cent) had provided any training or development in the previous 12 months. This is not significantly different from the proportion in 2007 (67 per cent). Figure 7.4 shows the proportions of employers engaging in training in 2003 and in on- and off-the-job training in 2005, 2007 and 2009 (the incidence of on- and off-the-job training was not captured in 2003).

Fewer employers are electing to deliver all of their training on-the-job this year and more are combining on-the-job with off-the-job training: the proportion delivering only on-the-job training has fallen from 21 per cent in 2007 to 17 per cent in 2009, while the proportion of employers delivering both off- and on-the-job training has increased from 33 per cent in 2005 and 2007 to 38 per cent in 2009.

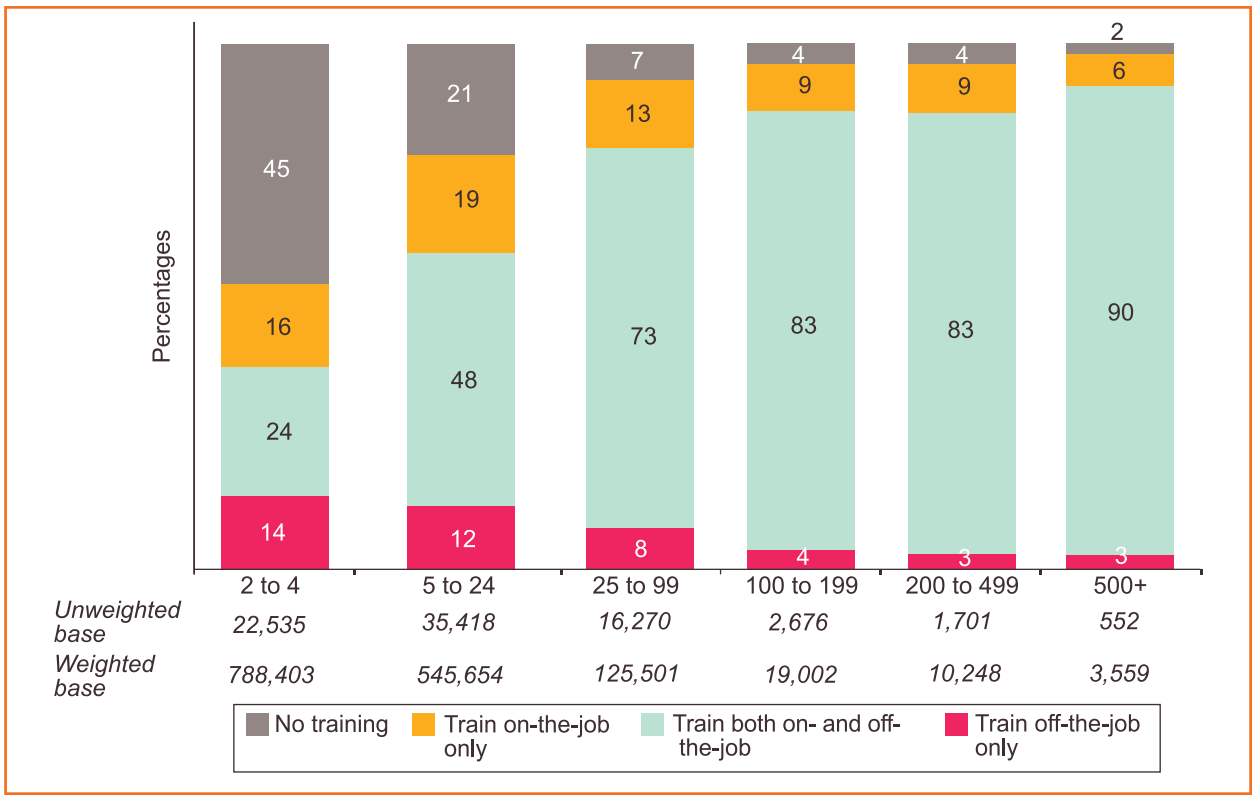
Figure 7.4: Provision of training in the last 12 months



Base: All employers.
(2003: unweighted=72,100, weighted=1,915,053.
2005: unweighted=74,835, weighted=1,390,155.
2007: unweighted=79,018, weighted=1,451,507.
2009: unweighted=79,152, weighted=1,492,367).

As in previous years, size is a key determinant of the likelihood to train and whether both on- and off-the-job methods are adopted, just as it is associated with the incidence of recruitment difficulties (see Chapter 4) and the incidence of skills gaps (see Chapter 5). Establishments with 25 or more staff are considerably more likely to provide training than smaller establishments, and are much more likely to provide both on- and off-the-job training. Smaller establishments are less likely to provide training (only just over half – 55 per cent – of those with fewer than five staff had provided any training in the last 12 months) and where they do provide training they are less likely to train staff both on- and off-the-job than larger establishments (Figure 7.5).

Figure 7.5: Proportion of employers providing training on and/or off the job in the last 12 months by employment size



Base: All employers.

Training activity was most common amongst those SIC sectors dominated by public service establishments: Education (92 per cent of establishments provided training), Health & Social Work (88 per cent) and Public Administration & Defence (87 per cent). Training activity was also considerably higher than average in the Financial Intermediation sector (80 per cent). Employers in the Agriculture (55 per cent), Manufacturing, Retail & Wholesale (both 60 per cent) and Transport, Storage & Communications (61 per cent) sectors were the least likely to have provided training in the past 12 months.

There was some variation by SIC sector in the balance between off- and on-the-job training. Employers in the Education, Public Administration & Defence and Health & Social Work sectors are particularly likely to provide off-the-job training, while those in the Hotels & Catering, Financial Intermediation and Retail & Wholesale sectors are more likely to use only on-the-job methods.

These trends are reflected by SSC sector. At least 85 per cent of establishments covered by Government Skills, Skills for Care & Development, Lifelong Learning UK, Skills for Justice and Skills for Health provided training. Outside of these SSC sectors, employers in the Financial Services Skills Council were also considerably more likely than average to train. Establishments covered by Skillfast-UK (46 per cent) and GoSkills (52 per cent) SSC sectors were the least likely to train.

Employers in the following SSC sectors are particularly likely to train using on-the-job methods only: Financial Services Skills Council, Skillsmart Retail, People 1st and e-skills UK. Conversely, employers covered by Lifelong Learning UK, Skills for Care & Development, Government Skills, Skills for Health and Skills for Justice are the most likely to provide off-the-job training.

Product market strategy is closely associated with propensity to train. The greater the emphasis placed on a high quality strategy, the greater the likelihood to train: 49 per cent of establishments in the 'very low quality' product market category[15] provided training in the past 12 months, compared with 65 per cent of those in the 'medium quality' product category and 72 per cent in the 'very high quality' product market category.

7.5 The proportion of the workforce receiving training

Employers in 2009 reported providing training over the previous 12 months for 12.8 million workers[16]. This is equivalent to 56 per cent of the total current workforce[17] and 63 per cent of the workforce in establishments that provide training.

These figures represent a decrease from the 2007 figures, when 14.0 million workers had been trained over the previous 12 months, equivalent to 63 per cent of all workers, and 72 per cent of workers in establishments providing training[18].

[15] See page 22 for an explanation of how the composite quality measure was derived.

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

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

[18] Note that the number of workers (employment) in England has increased since 2007 from around 22.3 million to 23 million in 2009, meaning that the percentage figures are not based on the same totals.

Hence overall, compared with 2007 there has been a slight increase in the proportion of employers providing training but a decrease in the number and proportion of employees receiving training; and, within establishments that train, a decline in the proportion of staff to whom training has been provided.

The number of staff provided with training over the previous 12 months as a proportion of the current workforce within establishments providing any training is presented in Table 7.3 for 2009 as well as 2003, 2005 and 2007.

As was the case in 2003, 2005 and 2007, establishments that train typically provide training for a large proportion of their workforce. However the proportion arranging training for the majority of their workforce has decreased from 74 per cent in 2007 to 70 per cent in 2009 and the proportion arranging training for over 90 per cent of their workforce has declined from 44 to 38 per cent since 2007.

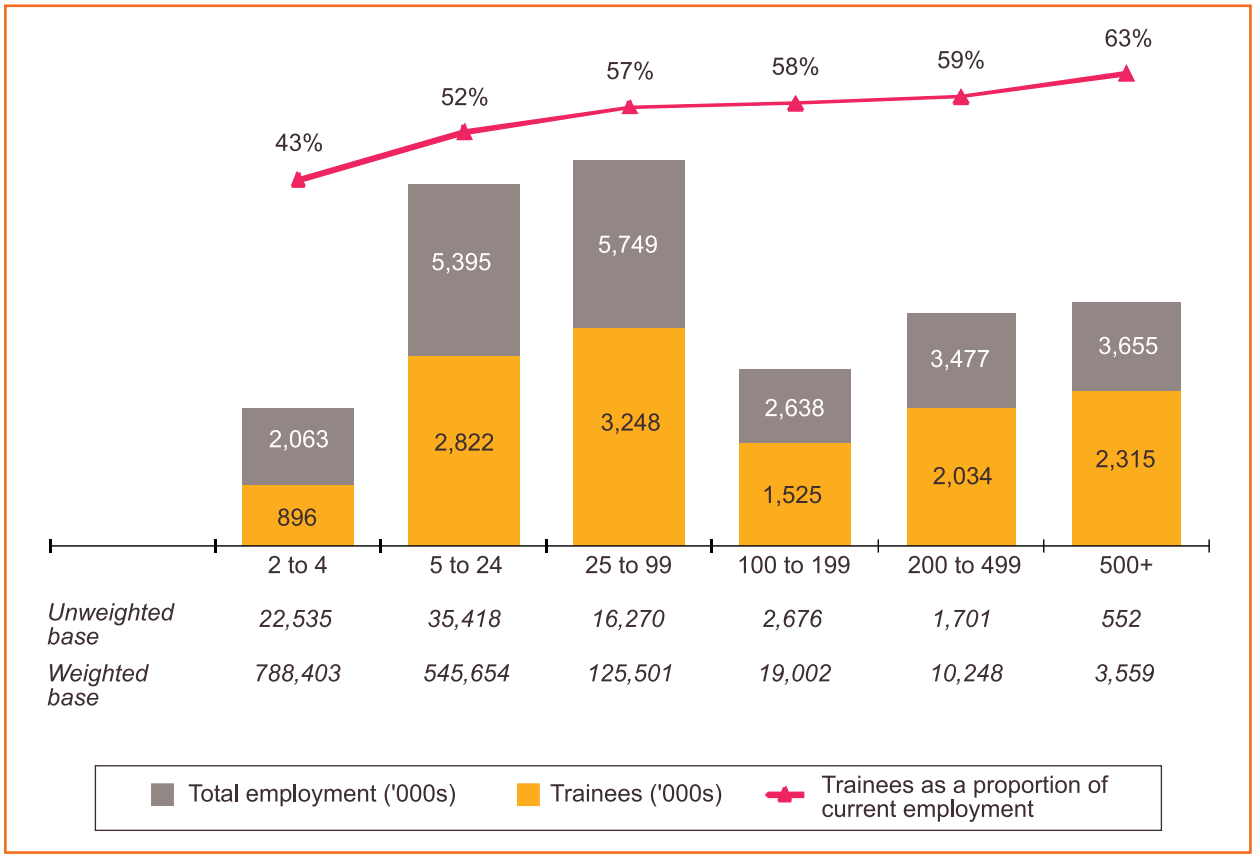
Table 7.3: Staff trained over the previous 12 months as a proportion of current workforce, within employers that train

	NESS03	NESS05	NESS07	NESS09
Unweighted base	*1,133,413*	*54,866*	*58,600*	*59,728*
Weighted base	*52,102*	*900,894*	*977,501*	*1,011,308*
	%	%	%	%
Less than 10%	1	2	2	2
10 to 24%	5	7	7	**8**
25 to 49%	15	17	17	**20**
50 to 59%	12	12	13	**15**
60 to 69%	7	8	8	8
70 to 79%	5	5	5	5
80 to 89%	3	5	4	4
90 to 99%	1	2	2	**1**
100%	40	33	34	**32**
More than 100%	8	9	8	**5**

Base: All employers providing training.
Note: Staff trained over the last 12 months can be more than 100 per cent of current workforce where an establishment has trained staff who have since left.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

Figure 7.6 illustrates the number of people currently employed in each establishment size band, the number receiving training in the last 12 months and the proportion this represents of the total employment within all establishments of that size. The total number of staff trained over the previous 12 months is equivalent to 56 per cent of the total current workforce; this increases with the size of establishment, as shown in Figure 7.6, from just over two-fifths (43 per cent) in micro-establishments with fewer than five employees to almost three-fifths (57 per cent) of those employed in establishments with 25 or more staff. This pattern is broadly similar to that of 2007, although the proportion of staff trained is lower across all establishment sizes.

Figure 7.6: Number and proportion of staff trained, by employment size



Base: All employers.

Employees in SIC sectors where public sector establishments predominate are the most likely to receive training. Almost three-quarters of employees (73 per cent) in the Health & Social Work sector received training, while 69 per cent were trained in the Education sector and 63 per cent in the Public Administration & Defence sector. Employees in Agriculture (42 per cent) and Manufacturing (44 per cent) were the least likely to have received training.

Similar patterns are evident by SSC sector. Staff covered by Skills for Care & Development and Skills for Health SSCs are particularly likely to be trained (76 and 72 per cent respectively). The following SSC sectors have lower than average training levels, equivalent to less than half of current staff: Skillfast-UK (34 per cent), Proskills UK (36 per cent), Skills for Logistics (43 per cent), IMI and Semta (44 per cent), Lantra (45 per cent), Skillset (46 per cent), Creative & Cultural Skills (47 per cent) and SummitSkills (49 per cent).

Employees in the North East and North West were the most likely to be trained (in the previous 12 months 58 per cent had been trained, compared to the average of 56 per cent). This compares with 54 and 53 per cent being trained in the Eastern region and the West Midlands.

Establishments with higher quality product market strategies tend to train a greater proportion of their staff: just over a third (36 per cent) of employees in establishments in the 'very low quality' product market category received training, this was as high as 56 per cent among those working in establishments in the 'very high quality' product market category.

7.6 The pattern of training by occupation

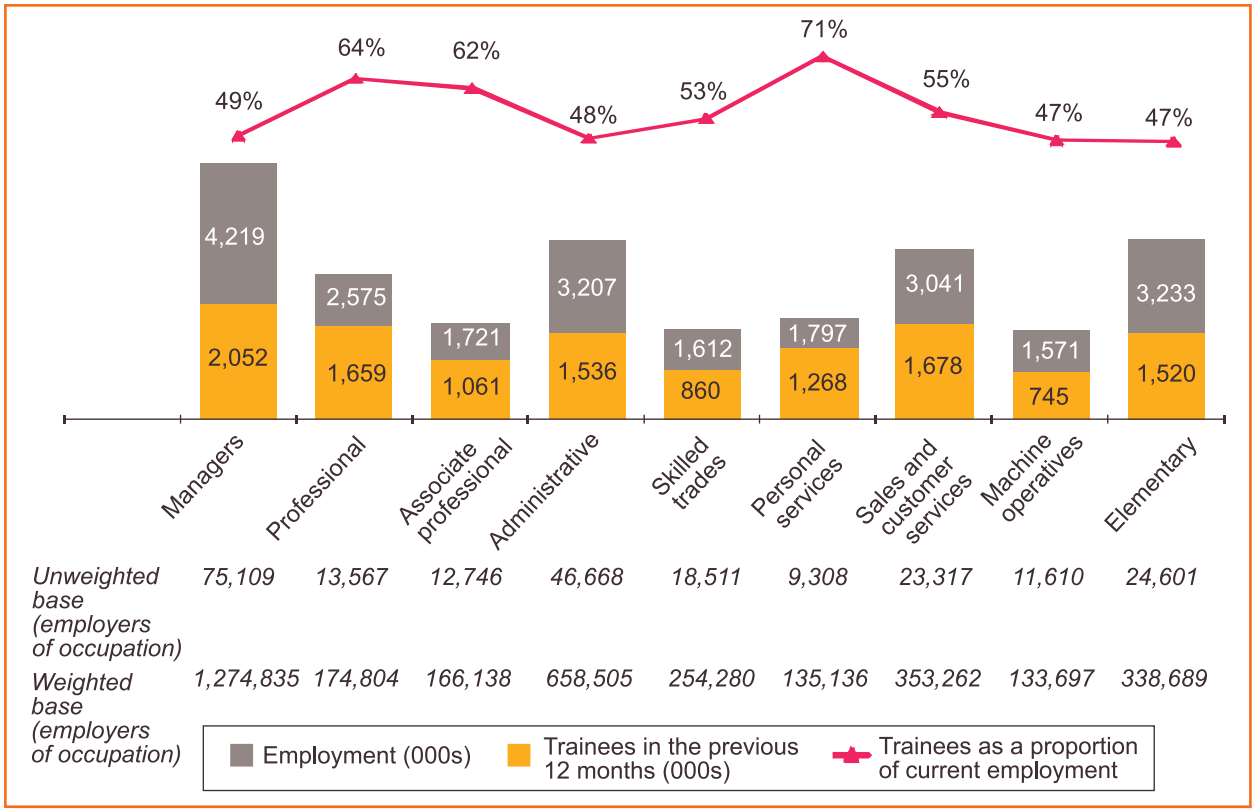
This section examines how the provision of training varies by occupation. Figure 7.7 illustrates the number of people currently employed in each occupational group (the full height of the bar), the number receiving training in the last 12 months (the lighter subdivision) and the proportion this represents of the total employment within the occupation (the line above the bars).

Almost 2.1 million managers receive training – more than any other occupational group. The number of sales & customer services, professional, administrative and elementary staff receiving training is also relatively high (each 1.5 to 1.7 million).

However, relative to the numbers employed in each occupation, managers are among the least likely to receive training (49 per cent), comparable to the level found among machine operatives and staff in elementary and administrative occupations (each 47 to 48 per cent). Personal Services employees are the most likely to receive training: 71 per cent were trained in the last 12 months. The proportion of employees receiving training in professional and associate professional occupations is also high (64 per cent and 62 per cent respectively).

As a note, comparative data is not available for NESS05 or NESS07, when the occupational pattern of training was asked separately for off- and then on-the-job training.

Figure 7.7: Distribution of training by occupation



How much training do employers fund or arrange?

Overall, employers funded or arranged a total of 109m days of training over the course of the 12 months prior to NESS09 fieldwork. This is the equivalent of every worker in England receiving 4.7 days' training over the course of the last 12 months. The following section examines how these figures are composed and how they break down by type of training.

Looking purely at those establishments which provide training, the total number of training days provided equates to 5.3 days per employee in these establishments, or 8.5 days per person trained.

These figures are slightly lower than the findings of NESS03 (the last wave of the survey to use a comparable methodology), when the 111 million training days funded or arranged by employers equated to 9.6 days' training per person trained over the previous 12 months[19].

Table 7.4 below summarises these headline figures and also highlights differences between employers who train employees both on- and off-the-job, and those whose training is confined to one or the other approach. The overall level shows 2003 figures for comparison.

Table 7.4: Training days per annum (overall and per capita)

			2009		
	All 2003	**All 2009**	**Train both on- and off-the- job**	**Train off-the-job only**	**Train on-the-job only**
Base: All employers (unweighted)	*72,100*	*79,152*	*37,989*	*9,251*	*12,488*
Base: All employers (weighted)	*1,915,053*	*1,492,367*	*571,539*	*189,660*	*250,109*
Total training days (millions)	111m	108.8m	85.2m	5.6m	17.9m
Per capita training days (total workforce)	5.0	4.7	5.3	3.5	6.6
Per capita training days (training employers' workforce)	6.0	5.3	5.3	3.5	6.6
Per trainee training days	9.6	8.5	8.2	7.9	10.6

Note: The 'per trainee training days' row uses the derived employer engagement measure of number of trainees which models 'don't know' responses.

Employers whose training is conducted on-the-job only provide a greater number of days' training per person trained (10.6) than those whose training is only provided off-the-job (8.2).

[19] The methodology for collecting data on training days in the 2009 report was consistent with the approach used in 2003, but differed from that used in 2005 and 2007, so the 2009 figures can only be compared directly with the 2003 figures and not with the 2005 and 2007 figures.

7.7 Training expenditure

As with NESS05 and NESS07, a follow-up survey was conducted to measure employer training expenditure among establishments who reported during the main NESS09 survey that they had funded or arranged training in the previous 12 months. Full details of the methodology adopted for this Cost of Training survey are in Annex B.

Results have been grossed-up to the profile of trainers derived from the main NESS09 survey findings. Population figures for establishments providing training were drawn from the weighted NESS09 survey data, using a grid interlocking training type (on-the-job training only, off-the-job training only, both) by size within region, with an additional SSC sector weight added at national level. Findings, therefore, are representative of all employers.

Throughout the section we compare the NESS09 findings with the NESS05 and NESS07 Cost of Training surveys. These also involved interviews with just over 7,000 employers.

Overall training expenditure

Total employer expenditure on training is estimated to have been £39.2bn over the course of the 12 months prior to NESS09[20]. Total expenditure splits relatively evenly between expenditure on on-the-job training (£20.0bn) and off-the-job training (£19.1bn). The bulk of the outlay on off-the-job training is course-related (£16.4bn – see Table 7.5 for the elements included within this), with other off-the-job training (seminars, workshops, and open and distance learning, for example) forming a far smaller component (£2.7bn).

Table 7.5 shows overall training expenditure and the breakdown between on- and off-the-job training, for 2005, 2007 and 2009. It also presents a detailed breakdown of the individual elements contributing to the total training spend, and shows the expenditure on each element, and the proportion of total expenditure it represents. The numbers in brackets refer to the datasheet questions from which each element is derived (the datasheet is provided in Annex B).

[20] See Annex B for details of the methodology and labour market estimates used to derive the total cost of training. Note that these labour market estimates have been updated since 2005 to reflect the most recent data available.

Overall total employer expenditure on training shows an increase from 2007 of just over £500m, an increase of 1.3 per cent. When inflation[21] is factored in (a compound figure of 6.4 per cent from 2007 to 2009), this is equivalent to a decrease in real terms of five per cent.

There has been relatively little change in the composition of total training expenditure since 2007. The labour costs of those receiving training (elements (a), (i) and (k)) still form the bulk of employer training expenditure (£19.2bn: 49 per cent of the total, as compared with 47 per cent in 2007). Labour costs of those delivering on-the-job training (£7.6bn) and of those managing training (£6.2bn) account for a further 35 per cent of total expenditure.

By comparison, the direct costs of fees to external providers for courses (£2.0bn) and for other off-the-job training (£0.7bn) (elements (b) and (j) in Table 7.5) account for a relatively small share of the total training expenditure (seven per cent).

[21] Inflation is calculated using the Consumer Prices Index (CPI) for August 2007 to August 2009. The total compound inflation over this period is 6.4 per cent.

Table 7.5: Training expenditure over the previous 12 months and components of training expenditure

	2005		2007		2009
Unweighted base	*7,059*		*7,190*		*7,317*
Weighted base	*896,639*		*974,091*		*1,011,307*
	Overall cost	**%**	**Overall cost**	**%**	**Overall cost**
Total training spend:	£33.3bn		£38.6bn		£39.2bn
Off-the-job training: Total:	**£16.8bn**	**50**	**£18.4bn**	**47**	**£19.1bn**
Off-the-job training: course-related:	**£14.3bn**	**43**	**£16.0bn**	**41**	**£16.4bn**
(a) Trainee labour costs (Q1-3)	£4,173m	13	£4,633m	12	£4,806m
(b) Fees to external providers (Q4)	£1,654m	5	£1,893m	5	£2,048m
(c) On-site training centre (Q6a/b)	£2,287m	7	£2,551m	7	£2,635m
(d) Off-site training centre (in the same company) (Q7a)	£381m	1	£446m	1	£261m
(e) Training management (Q8-Q10)	£5,100m	15	£5,766m	15	£6,245m
(f) Non-training centre equipment and materials (Q11)	£446m	1	£475m	1	£459m
(g) Travel and subsistence (Q12)	£337m	1	£410m	1	£365m
(h) Levies minus grants (Q13-Q14)	-£67m	-*	£-185m	-*	£-375m
Off-the-job training: other (seminars, workshops etc.):	**£2.5bn**	**7**	**£2.4bn**	**6**	**£2.7bn**
(i) Trainee labour costs (Q15-Q17)	£1,788m	5	£1,633m	4	£1,957m
(j) Fees to external providers (Q18)	£708m	2	£736m	2	£710m
On-the-job training: Total:	**£16.5bn**	**50**	**£20.3bn**	**53**	**£20.0bn**
(k) Trainee labour costs (Q19-Q21)	£9,998m	30	£11,886m	31	£12,405m
(l) Trainers' labour costs (Q22-Q24)	£6,526m	20	£8,404m	22	£7,640m

Base: All trainers completing the Cost of Training survey (unweighted=7,317; weighted= 1,011,308).
Note: '*' denotes a figure greater than 0 per cent but less than 0.5 per cent.

Training expenditure per capita

Between 2005 and 2007, both the size of the total workforce falling within the scope of NESS and the number of staff receiving training increased. Between 2007 and March 2009 – when population statistics were drawn from the Office for National Statistics – the total workforce increased again. However, the total number of employees trained has decreased since 2007: 12.9 million employees were trained in the 12 months prior to NESS09 (equivalent to 56 per cent of the workforce), compared with 14.0 million in 2007 (63 per cent of the workforce).

With relatively static training expenditure between 2007 and 2009 but a fall in the numbers trained, training expenditure per capita has decreased whilst training expenditure per trainee has increased.

At 10 per cent, the increase in expenditure per trainee between 2007 and 2009 is above the compound rate of inflation (6.4 per cent). Hence, although employers are being more selective in whom they decide to provide training to (with fewer members of staff receiving training overall), more is actually being spent in real terms on each person trained. The average annual investment in training per trainee derived from NESS09 is £3,050, as compared with £2,775 in 2007. This means that, per trainee, employers in 2009 spend an average of three per cent more on training in real terms (allowing for inflation) than was the case in 2007.

The average annual expenditure on training per employee in the workforce is down slightly (by one per cent) from the 2007 figure of £1,725 to £1,700; in real terms this represents a larger decrease (7.2 per cent) when the rate of inflation of 6.4 per cent over the period is taken into account.

Looking only at employers that train, training expenditure in 2009 was equivalent to £1,925 per member of staff. This is a decrease of three per cent compared to the 2007 figure of £1,975, and a decrease of 8.4 per cent in real terms.

Table 7.6: Training expenditure per capita and per trainee

	2005	2007	2009	% change between 2007 and 2009
Unweighted base	*7,059*	*7,190*	*7,317*	
Weighted base	*896,639*	*974,091*	*1,011,308*	
Total training expenditure	£33,331m	£38,648m	£39,157m	1
Per capita training expenditure (total workforce)	£1,550	£1,725	£1,700	-1
Per capita training expenditure (training employers' workforce)	£1,800	£1,975	£1,925	-3
Per trainee training expenditure	£2,550	£2,775	£3,050	10

Base: All trainers completing the Cost of Training survey.
Note: Per capita and per trainee figures are calculated using respondents' employment and trainee numbers from main NESS05/NESS07/NESS09 data. Per capita and per trainee expenditure rounded to the nearest £25.

Training expenditure by size of establishment

Smaller employers account for a much higher share of total training expenditure than the proportion of all trainees that they train. Overall 29 per cent of all staff trained across England as a whole work in establishments with fewer than 25 staff, yet these establishments account for 43 per cent of total training expenditure. On the other hand, 34 per cent of all trainees work in establishments employing 200 or more staff, but these establishments account for only 20 per cent of the total training expenditure. This discrepancy is in line with the 2005 and 2007 surveys.

Part of the difference is likely to be accounted for by economies of scale and greater 'purchasing power' of larger employers; and also the fact that larger employers are more likely to have access to internal training facilities and dedicated training staff and hence be less dependent on bought-in services.

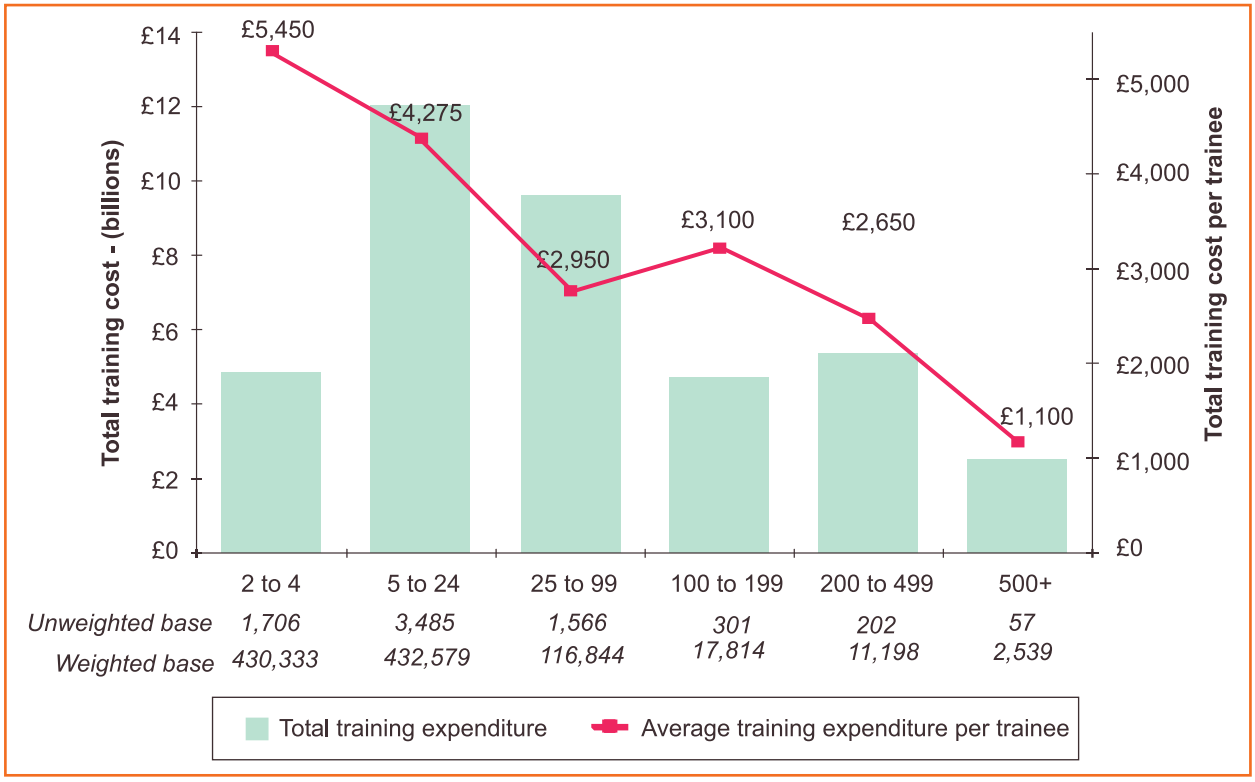
Table 7.7: Total training expenditure by size

			Training expenditure		
	Unweighted base	*Weighted base*	**Total**	**% of total training expenditure**	**% of all trainees (NESS09)**
Overall	*7,317*	*1,011,307*	£39,157m		
Employment					
Fewer than 5	*1,706*	*430,333*	£4,876m	12	8
5 to 24	*3,485*	*432,579*	£12,061m	31	24
25 to 99	*1,566*	*116,844*	£9,609m	25	24
100 to 199	*301*	*17,814*	£4,714m	12	11
200 to 499	*202*	*11,198*	£5,368m	14	13
500+	*57*	*2,539*	£2,530m	6	19

Base: All trainers completing the Cost of Training survey.
Note: Trainee distribution is calculated using respondents' trainee numbers from main NESS09 data.

Figure 7.8 shows how training expenditure per trainee varies by size. It shows that the smallest establishments spend most per trainee (£5,450 in those with fewer than five staff, £4,275 in those with 5-24 staff), and that the largest establishments spend the least (£1,100).

Figure 7.8: Training cost and cost per trainee by size



Base: All trainers completing the Cost of Training survey (unweighted=7,317; weighted=1,011,308).
Note: Per trainee figures are calculated using respondents' trainee numbers from main NESS09 data.
Per trainee training figures rounded to the nearest £25.

Training expenditure and IiP status

Table 7.8 shows how total training expenditure breaks down by SIC sector. As SIC sectors vary enormously in size, we show how total expenditure is distributed by SIC sector and compare this with the distribution of total employment. We also show the average spend per employee, a measure that takes the size of the sector in employment terms into account.

The largest training expenditures were reported by Business Services (£9.1 billion), Health & Social Work (£5.7 billion) and Retail & Wholesale (£4.9 billion).

On the whole, each SIC sector's share of total training expenditure fairly closely matches its share of employment.

However, Hotels & Catering and Construction had higher spends per employee: £2,425 and £2,400 per member of staff respectively. In contrast, Financial Intermediation and Manufacturing employers reported particularly low training expenditure per member of staff (£825 and £1,200 respectively).

Table 7.8: Total and per capital training expenditure by SIC sector

	Unweighted base	*Weighted base*	**Total**	**% of total expenditure**	**% of all employment**	**Training spend per employee**
Overall	*7,317*	*1,011,307*	£39,157m			£1,700
Agriculture	*169*	*28716*	£506m	1	1	£2,000
Manufacturing	*937*	*64284*	£2,859m	7	10	£1,200
Electricity, Gas and Water	*50*	*1741*	£120m	0	*	£1,375
Construction	*430*	*63031*	£2,035m	5	5	£2,400
Retail and Wholesale	*1214*	*194896*	£4,857m	12	17	£1,275
Hotels and Catering	*498*	*89330*	£3,635m	9	6	£2,425
Transport, Storage and Communications	*337*	*40172*	£1,728m	4	6	£1,275
Financial Intermediation	*259*	*29122*	£789m	2	4	£825
Business Services	*1321*	*248399*	£9,052m	23	19	£2,075
Public Administration and Defence	*189*	*14044*	£2,124m	5	5	£1,925
Education	*456*	*58421*	£3,461m	9	9	£1,475
Health and Social Work	*729*	*98009*	£5,677m	14	12	£2,075
Other Services	*712*	*79709*	£2,296m	6	5	£1,850

Base: All trainers completing the Cost of Training survey.
Notes: i) Training spend per employee rounded to the nearest £25. ii) Per employee figures calculated using respondents' employment numbers from main NESS09 data. iii) '*' denotes a figure greater than 0 per cent but less than 0.5 per cent.. iv) Increase in spend due to inflation (CPI) would be 6.4 per cent between August 2007 and August 2009. v) Mining & Quarrying has base size of less than 25 and is therefore not shown.

Table 7.9 shows how total training expenditure varies by SSC sector.

Other than the non-SSC employer sector, which has the single largest training expenditure as a consequence of being by far the largest sector in establishment and employment terms, the largest training expenditures were reported by employers covered by People 1st (£4.2 billion), ConstructionSkills (£3.3 billion), Skills for Health (£2.9 billion) and Skillsmart Retail (£2.8 billion).

SSC sectors that reported particularly high training expenditure relative to their employment are: Lantra (£3,125), ConstructionSkills (£2,900), SummitSkills (£2,800), People 1st (£2,600) and Skills for Care & Development (£2,425). Meanwhile, employers covered by Skillfast-UK (£775), Proskills (£800), Financial Services Skills Council (£825), Skillset (£925), Cogent (£1,000) and Skills for Logistics (£1,000) reported particularly low training expenditure per employee.

Table 7.9: Total and per capital training expenditure by SSC sector

	Unweighted base	*Weighted base*	**Total**	**% of total expenditure**	**% of all employment**	**Training spend per employee**
Overall	*7,317*	*1,011,307*	£39,157m			£1,700
Lantra	*296*	*51,730*	£1,312m	3	2	£3,125
Cogent	*153*	*7,841*	£330m	1	1	£1,000
Proskills UK	*175*	*13,642*	£318m	1	2	£800
Improve Ltd	*135*	*4,706*	£390m	1	1	£1,200
Skillfast-UK	*151*	*7,207*	£139m	*	1	£775
Semta	*267*	*32,073*	£1,672m	4	5	£1,400
Energy and Utility Skills	*134*	*4,726*	£278m	1	1	£1,400
ConstructionSkills	*410*	*83,386*	£3,331m	9	5	£2,900
SummitSkills	*222*	*24,806*	£716m	2	1	£2,800
IMI	*260*	*30,630*	£774m	2	2	£1,650
Skillsmart Retail	*625*	*110,817*	£2,834m	7	10	£1,225
People 1st	*534*	*99,708*	£4,242m	11	7	£2,600
GoSkills	*174*	*5,257*	£331m	1	1	£1,350
Skills for Logistics	*284*	*61,972*	£1,644m	4	7	£1,000
Financial Services Skills Council	*259*	*29,122*	£789m	2	4	£825
Asset Skills	*306*	*62,137*	£1,382m	4	4	£1,375
e-skills UK	*266*	*35,068*	£1,040m	3	3	£1,675
Government Skills	*64*	*3,324*	£552m	1	2	£1,550
Skills for Justice	*85*	*3,045*	£573m	1	1	£1,725
Lifelong Learning UK	*224*	*20,166*	£1,506m	4	5	£1,225
Skills for Health	*247*	*36,547*	£2,881m	7	7	£1,750
Skills for Care and Development	*422*	*50,742*	£2,408m	6	4	£2,425
Skillset	*143*	*9,632*	£229m	1	1	£925
Creative & Cultural Skills	*162*	*12,632*	£319m	1	1	£1,700
SkillsActive	*183*	*10,787*	£306m	1	1	£1,150
Non-SSC employers	*1,136*	*199,605*	£8,862m	23	19	£2,050

Base: All trainers completing the Cost of Training survey.
Notes: i) Training spend per employee rounded to the nearest £25. ii) Per employee figures calculated using respondents' employment numbers from main NESS09 data. iii) '*' denotes a figure greater than 0 per cent but less than 0.5 per cent. '!' denotes a base size less than 25. iv) Non-SSC employers' describe those sectors currently not covered by an SSC.

Training expenditure and Investors in People status

The NESS09 Cost of Training survey estimates that around a third (32 per cent) of establishments providing training have some involvement with IiP: 17 per cent are recognised Investors in People, 11 per cent are working towards the status and four per cent had lapsed. This is a very similar situation to that found in 2007.

Employers with IiP status that train typically spend more on training (£74,800 per establishment) than those that train who have never been involved with the standard (£27,200). Employers that train who are working towards the Standard or who previously were Investors in People but who have lapsed also spend more on training than average.

This does not necessarily demonstrate that IiP status drives investment in training: it is likely that the causation works in both directions – those who spend more heavily on training are more likely to be the sorts of employers with well-developed HR functions and who tend to become involved in schemes/programmes such as IiP. Also, there is a strong size influence, as larger employers are far more likely to be Investors in People: 40 per cent of establishments employing 100 or more staff who provide training are recognised as IiP, compared with nine per cent of those with fewer than five staff that train. Nevertheless, even within the smallest size band, those with recognised IiP status report much higher mean investment in training per establishment than those with no involvement (£15,600 per establishment as compared with £10,200 per establishment with no involvement).

Table 7.10: Training expenditure by IiP status

	Unweighted base	*Weighted base*	% of all trainers	Total cost of training	Mean cost per training establishment
Overall	*7,317*	*1,011,307*	100	£39,157m	£38,700
Recognised as an Investor in People	*1,473*	*167,457*	17	£12,525m	£74,800
Working towards the Investors in People Standard	*818*	*116,063*	11	£5,202m	£44,800
Lapsed	*362*	*41,266*	4	£2,480m	£60,100
No involvement with IiP	*4,370*	*649,167*	64	£17,665m	£27,200
Don't know	*294*	*37,354*	4	£1,285m	£34,400

Base: All trainers completing the Cost of Training survey.
Note: Mean costs rounded to the nearest £100.

Training expenditure by region

Generally, the share of total training expenditure quite closely reflects the share of employment within that region, as shown in Table 7.11. That said, employers in London account for a slightly greater share of expenditure (21 per cent) than their share of employment (18 per cent), whilst employers in the South West account for a slightly lower share of total training expenditure than employment (eight per cent versus 10 per cent).

In terms of per-trainee expenditure, employers in London and the Eastern region spend the most per trainee (almost £3,500 each); and employers in the South West report the lowest per trainee expenditure (approximately £2,550).

Table 7.11: Total training expenditure by region

	Unweighted base	*Weighted base*	**Total**	**% of total expenditure**	**% of all employment**	**Training spend per trainee**
Overall	*7,317*	*1,011,307*	£39,157m	100	100	£3,050
Eastern	*815*	*113,095*	£4,435m	11	10	£3,500
East Midlands	*752*	*83,985*	£3,136m	8	8	£2,925
London	*1,038*	*154,704*	£8,232m	21	18	£3,500
North East	*559*	*40,137*	£1,865m	5	5	£2,925
North West	*883*	*124,560*	£4,740m	12	13	£2,700
South East	*1038*	*182,534*	£6,106m	16	16	£3,000
South West	*736*	*120,632*	£3,293m	8	10	£2,500
West Midlands	*762*	*102,333*	£4,026m	10	10	£3,175
Yorkshire and the Humber	*734*	*89,327*	£3,324m	8	9	£2,875

Base: All trainers completing the Cost of Training survey (unweighted=7,317; weighted=1,011,308).
Note: Spend per trainee rounded to the nearest £25.
Note: Per trainee figures calculated using respondents' trainee numbers from main NESS09 data.

Training expenditure by product market strategy

As Table 7.12 shows, there is a relationship between an establishment's product market strategy and its training expenditure.

Establishments with a higher quality product market strategy, as defined by the 'composite quality' variable[22] spend more per capita on training. Among establishments in the 'very low' and 'low' quality product market strategy categories, £1,825 per capita is spent, rising to £1,950 among establishments with a 'medium' quality product market strategy and £2,075 among establishments with 'high' and 'very high' quality product market strategies.

Table 7.12: Training expenditure by Product Market Strategy

	Unweighted base	*Weighted base*	Total	Off-the-job training	On-the-job-training	Per capita training expenditure (total workforce)	% of total training expenditure	% of all trainees (NESS09)
Overall	*7,317*	*1,011,307*	£39,157m	£19,112m	£20,044m	£1,700		
Very low quality	*264*	*41,955*	£599m	£341m	£258m	£1,275	2	2
Low quality	*751*	*106,447*	£2,516m	£1,444m	£1,072m	£2,050	8	6
Medium quality	*2,399*	*343,116*	£9,941m	£4,764m	£5,177m	£1,950	32	31
High quality	*1,757*	*242,348*	£9,210m	£4,054m	£5,155m	£1,850	29	33
Very high quality	*1,111*	*158,952*	£9,130m	£4,090m	£5,040m	£2,350	29	27

Base: All employers providing training.
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than the quality of their products and services.
Note: Quality is defined using the 'composite quality' variable as defined on page 22.

[22] See page 22 for an explanation of how the composite quality measure was derived.

7.8 The nature of training activity

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

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

Table 7.13 shows what proportion of training was accounted for by health and safety and/or induction training, and how this differs by size of establishment.

Around one in twelve employers that train (eight per cent) had only provided health and safety or induction training and, for 25 per cent of trainers, at least half of the training they provided was for health and safety or induction. Hence the majority of employers are providing training with skills development in mind, rather than simply inducting new staff or meeting health and safety requirements. Indeed for just over a quarter (26 per cent) of employers, none of their training had covered induction or health and safety issues.

The proportion of employers providing only induction or health and safety training shows little variation by size of employer. However, the smallest training establishments are far less likely to provide any health and safety or induction training for their staff (see Table 7.14). It is worth noting that health and safety and induction training are most likely to be provided to new recruits and that the smallest employers are less likely to have recruited new staff in the last 12 months; this may go some way to explaining the low incidence of health and safety and induction training within establishments with two to four employees.

Table 7.13: Proportion of training accounted for by health and safety or induction training by size of employer

		Employment size band					
	Overall	**2 to 4**	**5 to 24**	**25 to 99**	**100 to 199**	**200 to 499**	**500+**
Base: Trainers (unweighted)	*59,728*	*12,143*	*27,734*	*15,113*	*2,566*	*1,638*	*534*
Base: Trainers (weighted)	*1,011,308*	*430,334*	*432,580*	*116,845*	*18,254*	*9,808*	*3,486*
	%	**%**	**%**	**%**	**%**	**%**	**%**
None	26	37	21	11	7	6	2
Less than 20%	26	21	28	32	34	31	37
20 to 49%	20	17	22	24	25	27	30
50 to 99%	16	14	18	20	20	21	17
100%	8	8	9	8	6	6	6
Don't know	3	2	3	5	8	9	8

Base: All employers providing training.

Training towards qualifications

Employers that had trained employees over the previous 12 months were asked how many employees had been trained towards a nationally recognised qualification, and at what level. Results are summarised in Figure 7.9.

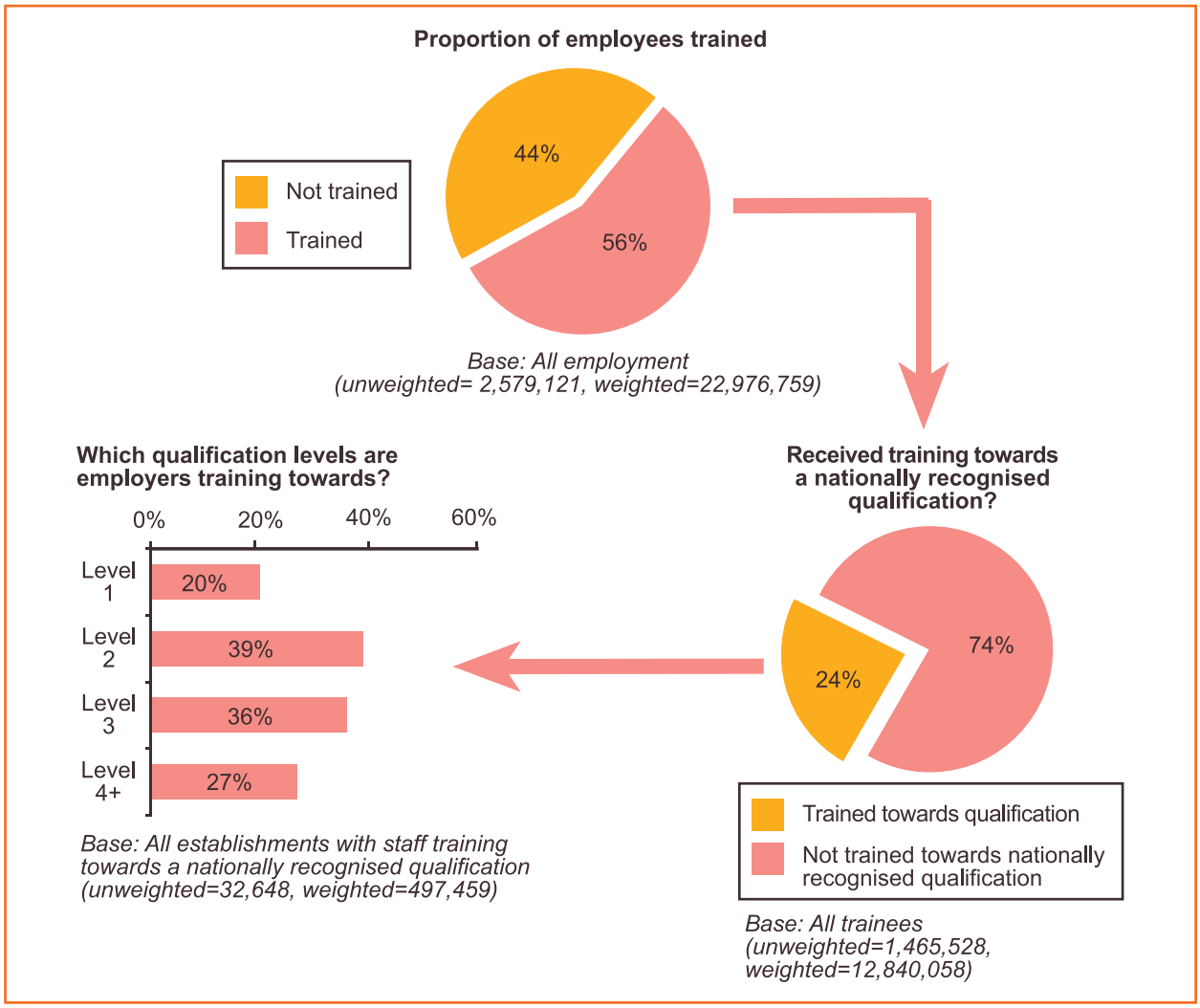
Of the 12.8 million employees that had received training in the previous 12 months, 3.1 million (24 per cent of all trainees) had been trained towards a nationally recognised qualification. This means that 14 per cent of the total workforce had been trained towards a nationally recognised qualification in the previous 12 months. This represents an increase of two percentage points since 2007, when 2.6 million employees received such training.

A third of all employers (33 per cent) were training at least one member of staff towards a nationally recognised qualification or had done so in the previous 12 months. These employers were typically providing training towards Level 2 (39 per cent of those providing training towards a qualification) and/or Level 3 qualifications (36 per cent).

Public sector establishments were particularly likely to have trained staff towards a nationally recognised qualification, with 59 per cent having done so (compared with 45 per cent of voluntary sector establishments and 31 per cent of those operating in the private sector).

The proportion of trainees trained towards a nationally recognised qualification decreases as size of establishment increases. Almost a third (33 per cent) of those trained in establishments with fewer than five employees were trained towards a nationally recognised qualification, compared with less than a fifth (23 per cent) in establishments with more than 500+ employees.

Figure 7.9: Proportion of employees trained, trained towards a nationally recognised qualification and at what level



7.9 Usage of external training providers

Almost three-quarters (72 per cent) of employers that provided training over the last 12 months used an external provider to deliver some of this training:

- 61 per cent had used other external providers such as consultants or private training providers (equivalent to 41 per cent of all employers);
- 28 per cent had used FE colleges (equivalent to 19 per cent of all employers);
- 11 per cent had used universities (equivalent to seven per cent of all employers).

The proportion of employers that train using each type of provider has increased since 2007, particularly the proportion using consultants or private training providers, which has increased from 51 per cent in 2007 to 61 per cent in 2009.

The proportion of employers that train using each type of provider increases with establishment size: a fifth (21 per cent) of establishments with two to four employees that train had used an FE college, compared to nearly two-thirds (65 per cent) of establishments with 500+ employees. Similarly, six per cent of employers with 2 to 4 staff that train had used universities, compared to over half (56 per cent) of those with 500+ staff.

Over half (55 per cent) of establishments using outside external providers use consultants or private training providers only, while approximately a fifth (19 per cent) use consultants or private training providers in combination with FE colleges.

Table 7.14: Incidence of using FE colleges, other external providers, or universities to deliver teaching or training by size of employer

	2005	2007	2009	Employment size band					
	All	All	All	2 to 4	5 to 24	25 to 99	100 to 199	200 to 499	500+
Unweighted base	*54,866*	*58,600*	*59,728*	*12,143*	*27,734*	*15,113*	*2,566*	*1,638*	*534*
Weighted base	*900,894*	*977,501*	*1,011,308*	*430,334*	*432,580*	*116,845*	*18,254*	*9,808*	*3,486*
	%	%	%	%	%	%	%	%	%
FE colleges	28	26	**28**	21	28	42	54	60	65
Universities	*	7	**11**	6	11	21	34	40	56
Other external providers	53	51	**61**	54	63	74	80	78	87
Any external provider	64	62	**72**	66	73	83	89	88	93

Base: All employers that have funded or arranged training in the previous 12 months.
Note: '*' denotes no data for Universities in NESS05.
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

Almost half (48 per cent) of employers in the Education SIC sector had provided training through an FE college. Employers in the Health & Social Work (43 per cent), Construction (31 per cent) and Public Administration & Defence (28 per cent) sectors were also considerably more likely than average to have trained their staff through an FE college. Employers in the Retail & Wholesale, Financial Intermediation (both 11 per cent) and Transport, Storage & Communications (12 per cent) sectors were least likely to have done so.

The pattern is broadly similar for engagement with universities. Almost four in ten (38 per cent of) employers (who had provided training over the past 12 months) in the Education SIC sector had engaged with universities for training. This was followed by the Health and Social Work and Public Administration & Defence SIC sectors, 23 per cent of each engaging with universities. By contrast, employers in the Agriculture, Construction, Retail & Wholesale, Hotels & Catering and Transport, Storage & Communications SIC sectors were the least likely to engage with Higher Education institutions for training staff (five per cent of employers who train in each case).

Similar trends can be seen by SSC sector: establishments covered by the Skills for Care & Development (46 per cent), SummitSkills (42 per cent), Lifelong Learning UK (39 per cent) and Skills for Health (37 per cent) SSCs were the most likely to have trained their staff through FE colleges, while employers in the Skillfast-UK (six per cent), Skillsmart Retail and Skillset (both eight per cent), Creative & Cultural Skills, Skills for Logistics (both 10 per cent) and Financial Services Skills Council (11 per cent) SSC sectors were the least likely to have done so.

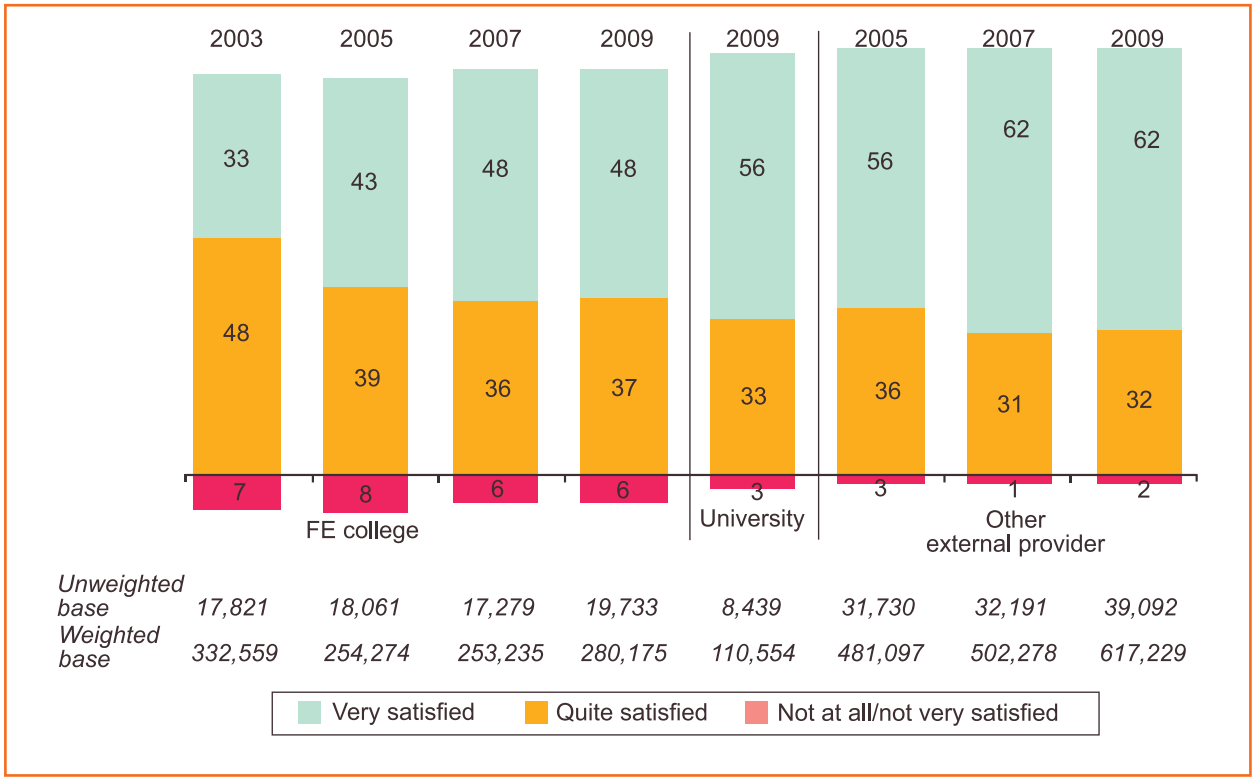
The pattern is similar for engagement with Higher Education. As many as 28 per cent of training establishments in both Lifelong Learning UK and Skills for Health SSCs use universities to provide some of their training. This is closely followed by establishments within Government Skills and Skills for Justice (22 per cent of training establishments in each instance). Employers covered by Skillfast-UK, SummitSkills and IMI SSCs were the least likely to engage with universities for training, with only 4 per cent of training establishments doing so in each.

Employers in the North East were the most likely to have trained their staff through FE colleges (22 per cent), while London employers were least likely to have done so (13 per cent).

7.10 Satisfaction with training providers

Overall, levels of satisfaction with external training providers are high: 85 per cent were satisfied with the service provided by FE colleges, 89 per cent with that provided by HE/universities and 94 per cent with that provided by private training providers.

Figure 7.10: Level of satisfaction with further education colleges and other external providers



Base: All employers providing training through an FE college, university or external provider.
Note: Satisfaction with training provided by universities was not measured in NESS07. Satisfaction with other external providers is not directly comparable between NESS09 and NESS07, as Higher Education institutions were included under 'other external providers' in 2007 but excluded in 2009. Percentages do not sum to 100 per cent as 'neither satisfied nor dissatisfied' and 'don't know' responses are excluded.

7.11 Barriers to engaging with further education colleges

Around a quarter of establishments (28 per cent) that have funded or arranged training for their employees in the previous 12 months have used an FE college to deliver this training provision. In order to understand how employer engagement with FE might be increased, employers that had trained off the job but not via FE colleges were asked why they had not used their services in the past 12 months. Results are summarised in Figure 7.11.

The main reason that employers that have trained off-the-job have not used FE colleges relates to their perception that the courses offered by FE providers are not relevant to their business (42 per cent, up from 38 per cent[23] in 2007). The second most commonly cited reason, as in 2007, was that employers prefer to train staff in-house (24 per cent; 23 per cent in 2007).

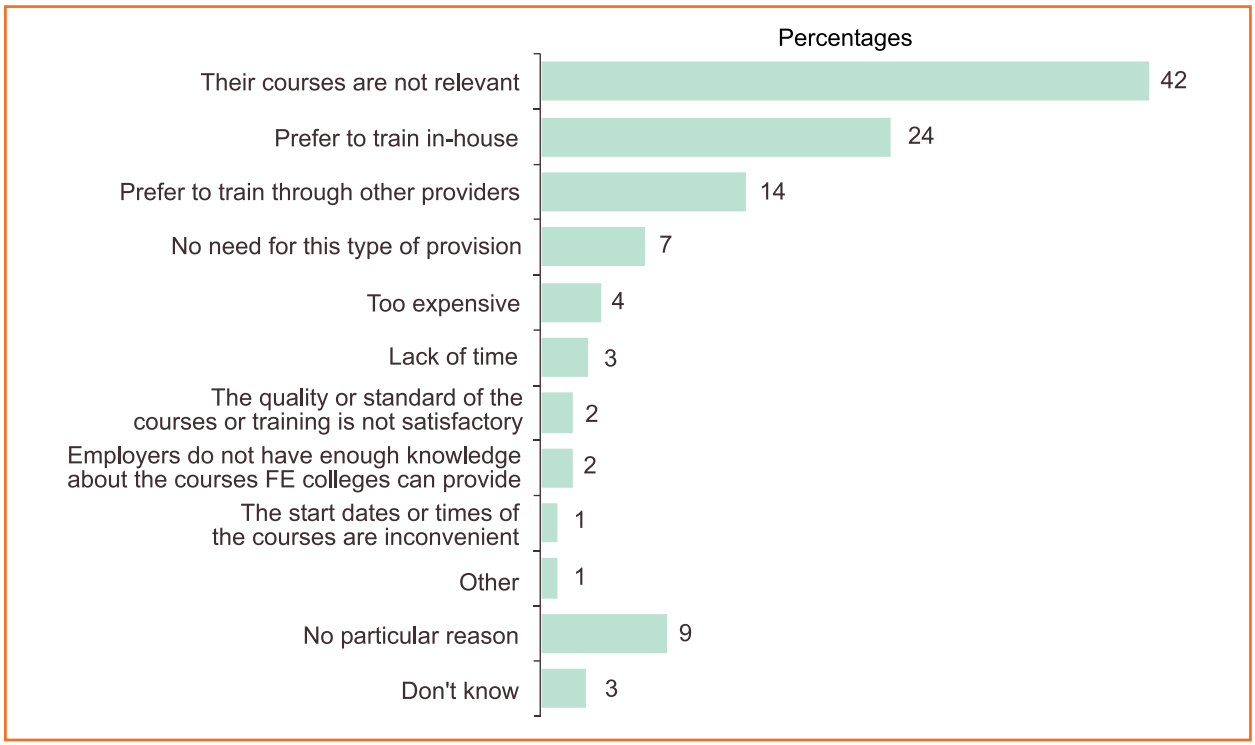
Approximately one in seven off-the-job trainers (14 per cent) had not used FE colleges because they prefer to use other types of providers, and seven per cent indicated that there was no need for them to look to this type of provision over and above what they have already undertaken. A further nine per cent reported that there was no particular reason why they had not used an FE college.

Many other, more specific reasons were given for preferring to source training outside of FE, but they were reported by fewer than one in twenty of these employers. These included a perception that the quality of FE training locally is not satisfactory (two per cent) and a lack of knowledge of what is available via FE (two per cent).

Grouping similar responses, a total of 43 per cent of those establishments training but not through FE gave a reason relating to the supply or quality of training, such as courses not being relevant, or the quality of courses being unsatisfactory, while 35 per cent preferred to make use of other sources of training, such as in-house training, private training providers or professional bodies.

[23] In NESS07, all employers who had provided training but had not used FE colleges were asked their reasons for not having used FE colleges, whereas in NESS09 this was asked of those who had provided **off-the-job** training but had not used FE colleges. NESS07 data reported here has been filtered to include only those employers who had provided off-the-job training but had not used FE colleges; hence the figures shown differ from those presented in the 2007 report.

Figure 7.11: Reasons for not using a further education college to provide training



Base: All employers providing off-the-job training but not through an FE college (weighted=504,610; unweighted=28,754).

The reasons given for not engaging with FE differ significantly by the size of the employer. Large employers with over 200 staff were much more likely to state a preference for training in-house (48 per cent, compared with only 16 per cent among those with two to four employees). Conversely, the smallest employers are the most likely to feel that FE provision is not relevant to their business: 46 per cent of employers with between two and four staff give this as a reason, twice the level among employers with over 200 employees (23 per cent).

7.12 Assessing the impact of training

Employers funding or arranging training were asked if the establishment formally assesses whether the training or development has impacted on the performance and skills of the individuals receiving this training. Just under two-thirds (64 per cent) said that they do carry out this level of impact assessment, significantly lower than in 2007 (68 per cent) which in turn was a decrease on the 2005 figure of 72 per cent. The fall since 2007 has been most noticeable among smallest employers (a decline of six percentage points among establishments with two to four staff that train).

Interestingly, those employers for whom health and safety or induction training (i.e. training delivered simply to meet legislative requirements) accounts for over three-quarters of all training provided are no less likely to assess the impact of training than those for which such training is a relatively minor part (less than a quarter) of the overall training programme.

The larger the employer, the more likely they are to formally assess the impact of training, as are those that provide both off- and on-the-job training (Figure 7.12).

Figure 7.12: Proportion of employers formally assessing the impact of training by size of employer and training provision offered

Base: All employers providing training. Data from NESS09 unless stated.

Employers in SIC sectors dominated by public sector services organisations were the most likely to assess the impact of the training provided: 86 per cent of employers in the Public Administration & Defence sector do so, as do 81 per cent of employers in the Education sector and 77 per cent in the Health & Social Work sector. The incidence was also high in the Financial Intermediation sector (75 per cent). Conversely employers in the Agriculture (43 per cent), Construction (54 per cent) and Manufacturing (57 per cent) sector were the least likely to assess the impact of this training.

This trend was reflected among SSC sectors, where over 70 per cent of establishments covered by Skills for Justice, Government Skills, Skills for Care & Development, Lifelong Learning UK, Financial Services Skills Council and Skills for Health SSCs assessed the impact of training delivered. Establishments in the Lantra and ConstructionSkills SSC sectors were least likely to assess the impact of training, followed by those in the e-Skills UK and Creative & Cultural SSC sectors.

Propensity to assess the impact of training increases in line with the 'composite quality' measure of product market strategy.[24] Under half (46 per cent) of establishments in the 'very low quality' product market strategy category assessed the impact of their training, compared with seven in ten (71 per cent) of those in the 'very high quality' category.

7.13 Barriers to providing more training

Almost half of all employers providing training (47 per cent), equivalent to around 470,000 employers nationally, would have liked to have provided more training over the previous 12 months than they actually undertook. This increased with size from 44 per cent of the smallest employers to 63 per cent of those with 500+ staff. Employers providing both on- and off-the-job training were more likely than those providing just one type of training to say that they would have liked to have provided more (49 per cent versus 44 per cent of those providing off-the-job training only and 42 per cent of those providing on-the-job training only).

Those employers who would have liked to have provided more training were asked – as a spontaneous question – what barriers they had experienced to doing so (Figure 7.13).

The most commonly cited barriers to providing more training were the cost of training and/or a lack of funds (reported by 60 per cent of trainers unable to undertake as much training as they would have liked, equivalent to 28 per cent of all employers) and an inability to spare further staff time (49 per cent). These were also the most commonly reported barriers in 2007, although both were reported less frequently in 2007 (49 per cent and 42 per cent respectively).

These two barriers, along with the difficulty in finding time to organise training (nine per cent – the third most common reason) and staff not being keen on further training (three per cent), are at least partly internal to establishments (though training being unaffordable is also clearly partly a function of the prices providers charge).

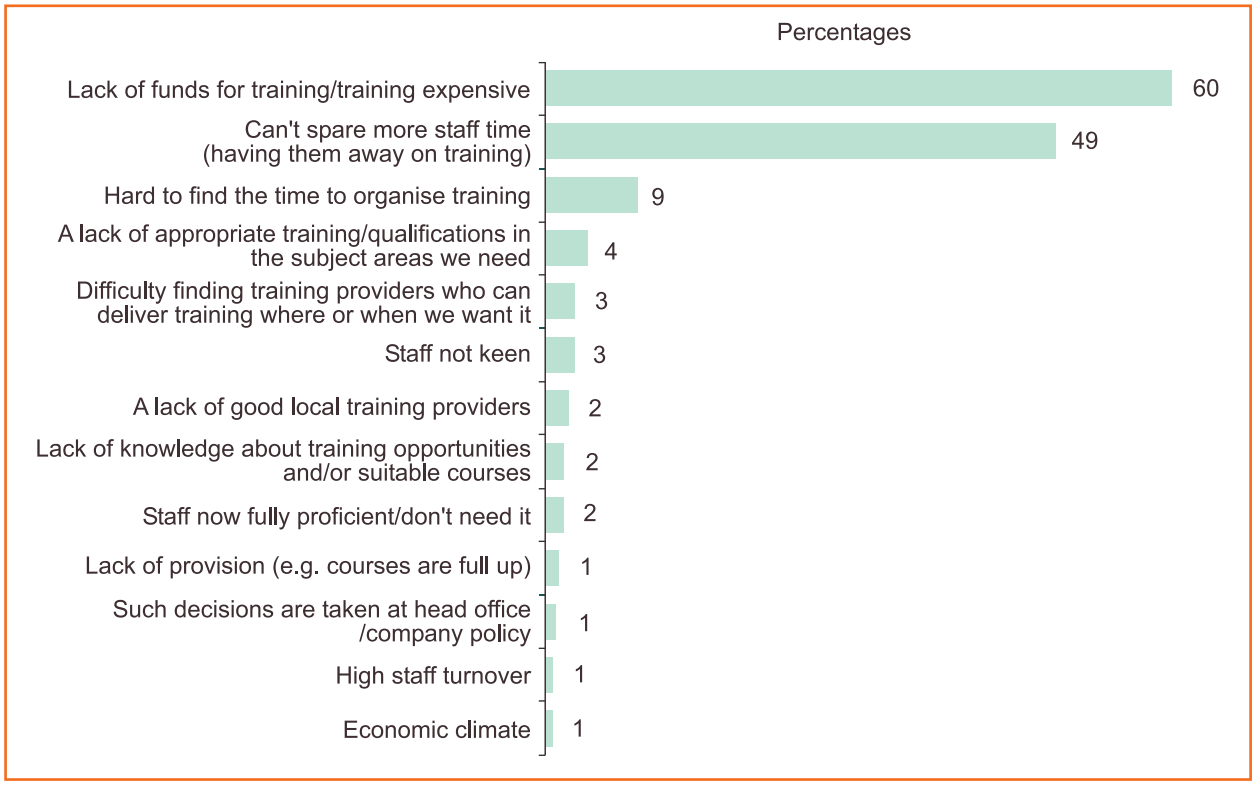
[24] See page 22 for an explanation of how the 'composite quality' measure was derived.

External barriers to providing further training – barriers relating to the supply or availability of training – were less frequently reported. Four per cent of those who wanted to provide more training reported a lack of appropriate training or qualifications in the subject areas they needed, three per cent cited a difficulty finding providers who are able to deliver training in the time or place the employer needs it, two per cent a lack of good local training providers and one per cent a general lack of provision – for example courses being over-subscribed.

Overall, 88 per cent of those employers providing training who would have liked to have provided more training cited internal barriers; nine per cent cited at least one external barrier[25].

In addition to the contrast between internal and external barriers, barriers can also be grouped into three broad themes: expense; time; training supply. Expense is the most common of these themes (60 per cent), followed by time (54 per cent). At least one barrier relating to training supply was reported by nine per cent of those employers who wanted to provide more training than they actually undertook.

Figure 7.13: Barriers to providing more training (spontaneous)



Base: All employers providing training in the last 12 months who would have liked to provided more training during that time (unweighted=28,652; weighted=470,285).

[25] The remaining responses could either not be classified into 'internal' or 'external' factors or were 'don't know' responses.

7.14 Reasons for not providing training

Employers that had not funded or arranged training in the previous 12 months were asked the reasons why they had not done so. Figure 7.14 summarises the responses given to this spontaneous question.

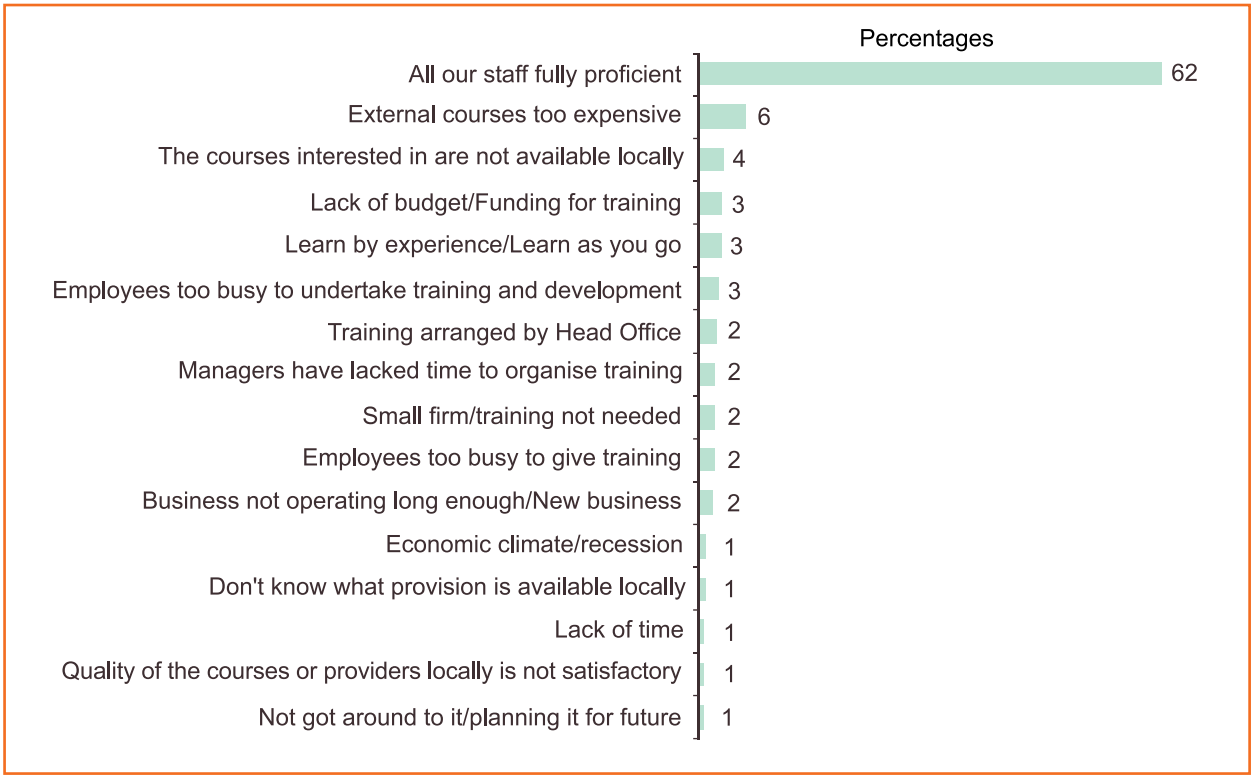
As was the case in 2007, a belief that all staff are already fully proficient was the predominant reason for not providing training, and was reported by just over three-fifths (62 per cent) of non-trainers. Adding in those employers who do not train because staff learn by experience (three per cent) or because training is not seen as being needed due to the establishment's small size (two per cent), overall two-thirds (65 per cent) believe that training had not been necessary in their organisation over the last 12 months. Fewer non-trainers in 2009 argue that training is or has not been necessary in their organisation in the last 12 months than was the case in 2007, when 72 per cent gave this response.

The next most common reason for not training – that external courses are too expensive – was reported by six per cent of employers, considerably higher than the three per cent citing this reason in 2007. A further three per cent reported that they lacked sufficient budget or funding for training. Nine per cent of employers reported that the expense of training provision prevented them from providing training to their staff – over twice as many as in 2007 (four per cent).

Time was also perceived to be a barrier to training: seven per cent of employers reported that they did not provide training because managers lacked the time to organise training, employees were too busy to attend courses or to provide training, or simply that they lacked time.

Relatively few employers cited issues relating to problems of training supply. Of those that had not trained, four per cent said that the courses they required were not available locally and one per cent were not satisfied with the quality of the courses or providers locally. Overall five per cent gave one of these responses relating to training supply.

Figure 7.14: Reasons for not providing training



Base: All employers not providing training in previous 12 months (unweighted=19,087, weighted=475,799).

It is interesting that among employers who said that they had skills gaps but who had not provided training over the last 12 months, a third (32 per cent) said their reason for not training was that their staff are fully proficient. This either suggests skills gaps are relatively recent or minor, or that there is something of a disconnect between employers' thinking when assessing their workforce development needs and their general opinion of their staff's proficiency.

Reasons for not providing training show some variation by size of employer, as illustrated in Table 7.15. In order to show the broad types of reason for not training, the full list of responses shown in Figure 7.14 has been collapsed into themes.

The perception that there is or has been no need for training decreases as the size of establishment increases, with just a third (37 per cent) of establishments with 100 or more employees citing this as the reason for not providing training compared with two-thirds (66 per cent) of employers with fewer than 25 staff. The larger the employer the more likely they are to say there have been no particular reasons for not training.

Training supply criticisms, expense and time-related reasons for not training appear to affect different sizes of establishments to broadly equal degrees.

Table 7.15: Most common reasons for not providing training by size of employer

		Employment size band			
	All	**2 to 4**	**5 to 24**	**25 to 99**	**100+**
Unweighted base	*19,087*	*10,338*	*7,546*	*1,054*	*149*
Weighted base	*475,799*	*356,330*	*110,650*	*7,841*	*978*
	%	**%**	**%**	**%**	**%**
No need (workforce fully proficient; staff learn by experience; not needed due to size of establishment)	66	69	58	48	35
Expense of training (external courses too expensive; lack of budget/funding for training)	9	9	9	9	9
Time issues (managers lack time to organise training; employees too busy to give training; employees too busy to go on training courses; lack of time)	7	7	7	5	6
Training supply issues (courses not available locally; quality of courses available locally not satisfactory; start dates or times inconvenient)	5	5	5	5	5
Other issues (e.g. lack of awareness of what support is available, training is arranged by head office)	13	11	18	23	30
No particular reason	9	8	11	17	24

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

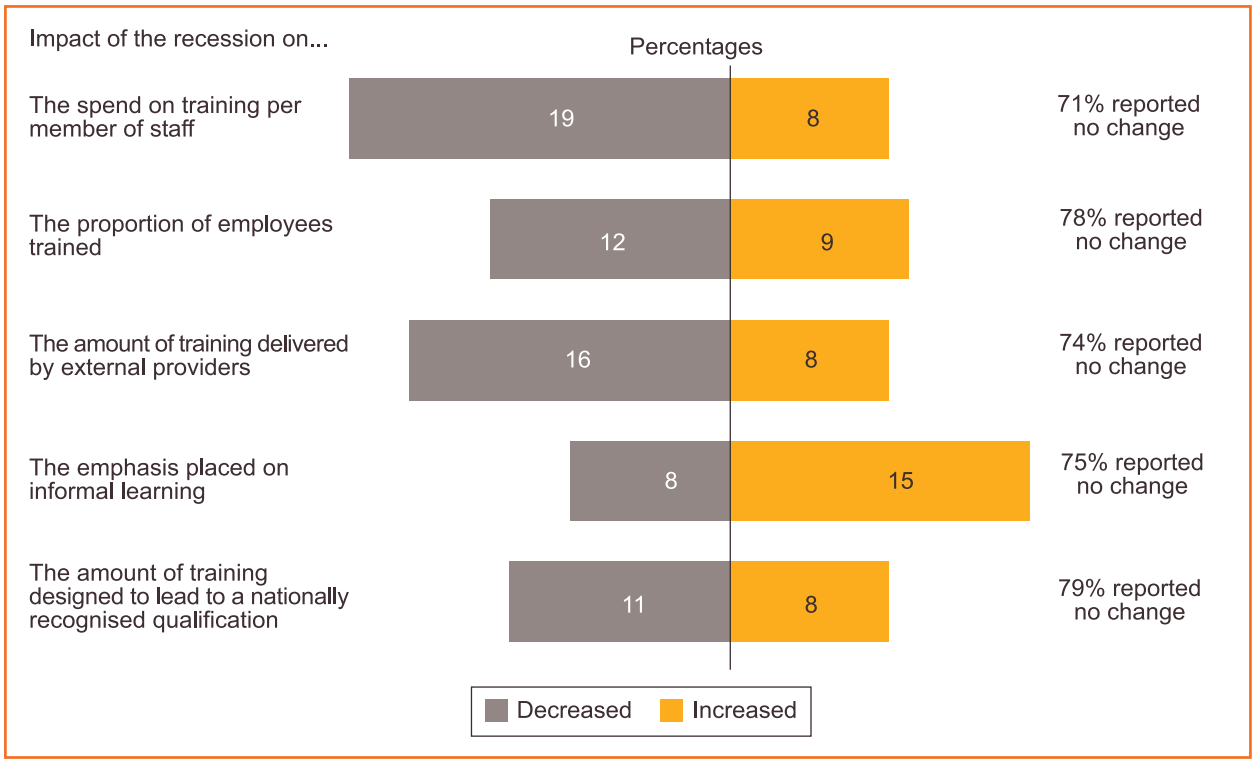
7.15 The impact of the recession on training and development

In this section, we explore whether employers believe that the recession has had an impact on the amount or type of training and development they provide, in terms of: the spend on training per employee; the proportion of employees provided with training; the proportion of training delivered by external providers; the emphasis placed on informal learning; and the amount of training provided that leads to nationally recognised qualifications.

Between seven and eight in ten employers reported that the recession had had no impact on their training and development activity with respect to the five measures discussed. But, of those that have reported an impact, the balance has been for a net decrease in all of these measures with the exception that there has been a net increase in the proportion emphasising informal learning. Some of these findings are in line with the findings elsewhere in this chapter: that the training spend per capita has decreased (although spend per trainee has increased); and that the proportion of the workforce has decreased since NESS07. In some instances the findings do not appear to be in line, although this does not necessarily imply inconsistency: while **the proportion of employers using training providers** has increased, it does not necessarily follow that **the amount of training delivered by external providers** has increased; and likewise, although fewer employers are training off-the-job only, it may well be that employers are delivering a greater proportion of their training on the job. Equally, while more employees are being trained towards a nationally recognised qualification than in 2007, it is not necessarily the case that a greater proportion of the training delivered is designed to lead to such a qualification[26].

[26] It should also be noted that the questions about the impact of the recession asked for changes over the 12 months before the interview; comparisons with past NESS surveys span a period of 2 years.

Figure 7.15: Impact of the recession on training and development activity



Base: All employers providing training in the last 12 months (unweighted=59,728; weighted=1,011,308).

Table 7.16 shows a breakdown of the findings by establishment size.

In all cases, the majority of employers in each size band have not changed their training activity or behaviour because of the recession.

The very smallest employers have been most (negatively) affected by the recession in terms of the proportion of employees trained: 20 per cent of training establishments with fewer than five staff report a fall in training as a result of the recession, compared with seven per cent reporting an increase. The same proportion of the largest establishments (with 500 or more staff) are training a larger share of their workforce (14 per cent) as are training a smaller share of their workforce (also 14 per cent).

Large establishments (with 200 or more staff) that train were the most likely to say their use of external providers had decreased because of the recession, though clearly larger employers are more common users of external providers in the first place. Perhaps unsurprisingly, then, these larger employers were the most likely to report increased emphasis on informal learning (32 per cent among those with 500+ staff).

There is no consistent pattern by establishment size with regard to the impact of the recession on the expenditure on training per employee or the amount of training designed to lead to a nationally recognised qualification.

Table 7.16: Impact of the recession on training and development activity by establishment size

		Employment size band					
	All	**2 to 4**	**5 to 24**	**25 to 99**	**100 to 199**	**200 to 499**	**500+**
Unweighted base	*59,728*	*12,143*	*27,734*	*15,113*	*2,566*	*1,638*	*534*
Weighted base	*1,011,308*	*430,334*	*432,580*	*116,845*	*18,254*	*9,808*	*3,486*
	%	*%*	*%*	*%*	*%*	*%*	*%*
Impact of the recession on the expenditure on training per employee							
Net change	**-11**	**-13**	**-9**	**-8**	**-15**	**-16**	**-16**
Increase	8	7	8	10	10	9	10
Decrease	19	20	17	18	24	25	26
Stayed the same	71	71	72	69	63	63	59
Impact of the recession on the proportion of employees trained							
Net change	**-3**	**-7**	**-1**	**+1**	**-2**	**-2**	**0**
Increase	9	7	9	11	12	13	14
Decrease	12	13	11	10	15	15	14
Stayed the same	78	78	79	77	71	71	70
Impact of the recession on training delivered by external providers							
Net change	**-9**	**-10**	**-7**	**-8**	**-16**	**-21**	**-24**
Increase	8	7	8	8	8	6	9
Decrease	16	16	15	17	24	28	32
Stayed the same	74	74	74	72	65	62	56
Impact of the recession on the emphasis placed on informal learning							
Net change	+8	+5	+8	+10	+16	+17	+27
Increase	15	15	15	16	22	23	32
Decrease	8	9	7	6	6	5	5
Stayed the same	75	74	76	77	70	70	61
Impact of the recession on the amount of training designed to lead to a nationally recognised qualification							
Net change	**-3**	**-6**	**-2**	**+2**	**-1**	**-1**	**-2**
Increase	8	6	8	10	12	12	10
Decrease	11	12	10	9	12	13	12
Stayed the same	79	79	80	78	73	72	73

Base: All employers that have funded or arranged training in the previous 12 months.
Note: The figures in the net change row may not equal the 'increased' figure less the 'decreased' figure due to rounding.

The recession is having the greatest impact on training activity in the Construction SIC sector, with sizeable net decreases in: the amount spent on training (18 per cent); the proportion of employees trained (15 per cent); the amount of training delivered by external providers (16 per cent); and the amount of training designed to lead to a nationally recognised qualification (13 per cent).

Large decreases in the amount of training delivered by external providers are also evident in the Business Services (14 per cent), Public Administration & Defence (11 per cent) and Manufacturing (10 per cent) SIC sectors.

From the perspective of responses to the above questions, the impact of the recession on training and development activity varies considerably across SSCs, with the greatest negative effect evident among employers covered by ConstructionSkills and SummitSkills in particular, and also Asset Skills and ProSkills SSCs. Some SSCs have not been adversely affected, most notably Skills for Health and Skills for Care & Development.

- The recession has had the greatest adverse impact on the **amount of expenditure on training** in establishments covered by ConstructionSkills SSC (a net decrease of 21 per cent), followed by SummitSkills and Asset Skills (both 19 per cent). The Skills for Care & Development sector is the only SSC sector in which employers have not seen an overall net decrease.

- The greatest net decrease in the **proportion of employees trained** occurs in employers covered by ConstructionSkills SSC (a net decrease of 16 per cent), followed by SummitSkills (12 per cent) and Asset Skills (10 per cent). Some SSC sectors have witnessed a net increase in the proportion of employees trained, most notably Government Skills (nine per cent) and Skills for Care & Development (six per cent).

- There are no SSCs in which there has been a net increase in the **amount of training delivered by external providers**. Net decreases are most marked in employers covered by ConstructionSkills and Asset Skills SSCs (net decreases of 18 per cent in both cases), as well as Skills for Justice (17 per cent), Proskills (15 per cent), SummitSkills and Creative & Cultural Skills (both 14 per cent). Only among employers covered by Skills for Health SSC is there no net change, while the smallest net decreases are evident among employers covered by Skills for Care & Development, Skillsmart Retail and Improve SSCs (net decreases of three per cent in each case).

- There has been a considerable net increase in the **proportion of employers placing greater emphasis on informal learning** among employers covered by Creative & Cultural Skills and e-skills UK SSCs (both 15 per cent), as well as Government Skills, Lifelong Learning UK and Skillset (all 14 per cent). Only two SSCs have witnessed a net decrease: SummitSkills (five per cent) and ConstructionSkills (one per cent).

- The **amount of training designed to lead to a nationally recognised qualification** has decreased (net) considerably among employers covered by ConstructionSkills (14 per cent) and SummitSkills (11 per cent) SSCs. Large net decreases are also evident in Proskills and Asset Skills (both nine per cent). Some SSCs have seen a net increase however, most notably Skills for Care & Development (eight per cent), followed by Lifelong Learning UK and Skills for Health (four per cent), GoSkills (three per cent) and Skillsmart Retail (one per cent).

Employers in London appear to have been most affected by the recession in terms of their training and development activity, with above average net decreases in the proportion of employees trained, the amount of training delivered by external providers, the emphasis placed on informal learning and the amount of training designed to lead to a nationally recognised qualification. Nevertheless London employers' level of expenditure on training is still high and they account for a slightly greater share of expenditure (21 per cent) than their share of employment (18 per cent).

8 Government Training Initiatives

Chapter summary

Awareness of Government-funded Apprenticeships was high (91 per cent had heard of them), although awareness of the different types of Apprenticeship (Advanced, Higher and Adult) was much lower, with Higher Apprenticeships the least well recognised (16 per cent). Awareness of all types of Apprenticeship is strongly linked with size of establishment.

Overall, eight per cent of establishments offer Apprenticeships, though only four per cent actually had any staff currently undertaking an Apprenticeship at the time of the survey.

Whilst larger employers are more likely to offer Apprenticeships, Apprentices make up a higher proportion of the workforce of smaller companies. Apprenticeships are more likely to be offered to those aged under 25 than those aged 25 or over, and to specific recruits rather than to existing staff.

Looking forward, seven per cent of establishments think it very likely they will employ Apprentices in the next 12 months, with one in five thinking it at least quite likely.

Around three in five employers (61 per cent) were aware of Train to Gain, marking a large increase from the 2007 figure of 28 per cent. One in nine (11 per cent) reported having been actively involved with Train to Gain, for example through dealings with a Skills Broker (up from four per cent in 2007).

Awareness of the Skills Pledge and National Skills Academies was considerably lower than of Train to Gain, with 27 per cent and 36 per cent respectively having heard of them. Just four per cent of all establishments had made the Skills Pledge and two per cent have engaged with a National Skills Academy.

8.1 Introduction

This chapter looks at awareness of and engagement with government training initiatives, covering Apprenticeships, Train to Gain, the Skills Pledge, and National Skills Academies.

8.2 Apprenticeships

NESS09 asked a series of questions about awareness, use and attitudes towards Apprenticeships. Employers were asked to focus specifically on *Apprenticeships for which they or a training provider working on their behalf had received government funding*. Some questions differentiated between Apprenticeships (equivalent to a Level 2 qualification), Advanced Apprenticeships (equivalent to a Level 3 qualification), Higher Apprenticeships (equivalent to a Level 4 qualification) and adult Apprenticeships (Apprenticeships for those aged 25 or older). Unless stated otherwise, 'Apprenticeships' in this chapter refers to any of these types.

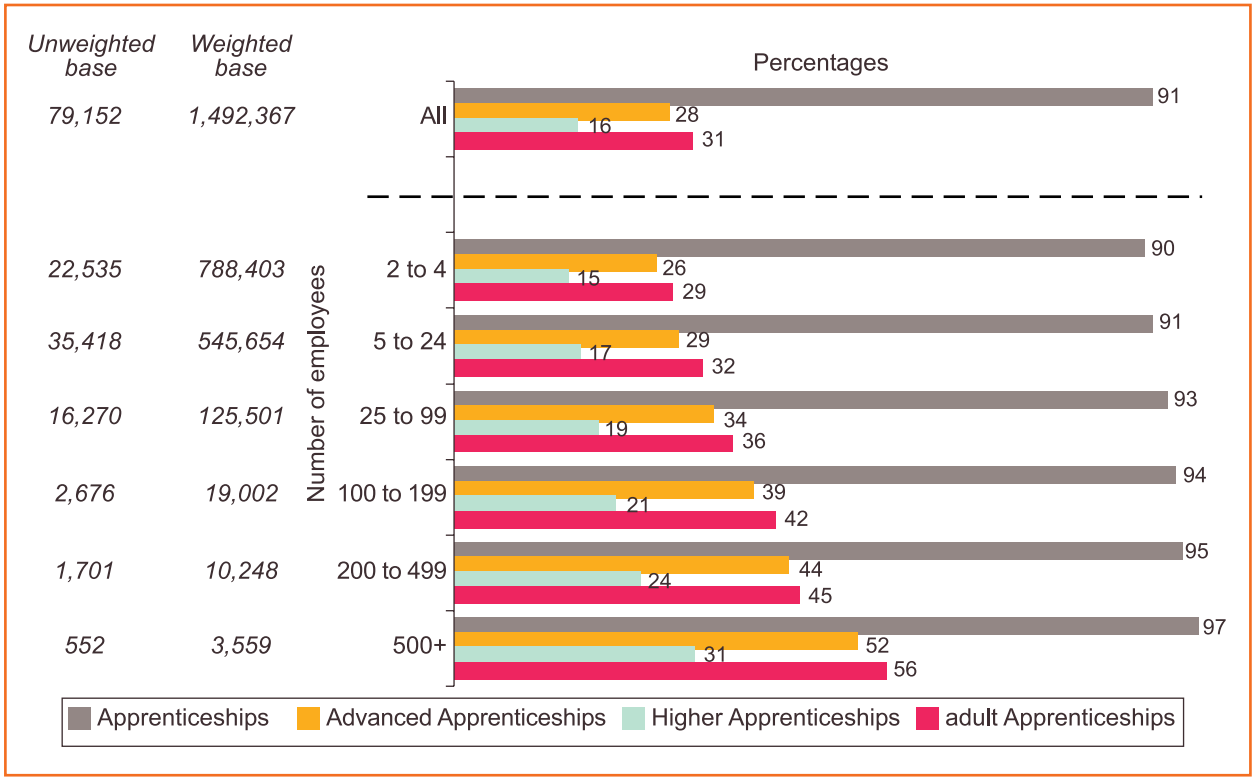
8.3 Awareness of Apprenticeships

Employers were first asked whether they were aware of Government-funded Apprenticeships, and if so whether they had heard of Advanced Apprenticeships, Higher Apprenticeships, and adult Apprenticeships.

While awareness of Government-funded Apprenticeships is high (91 per cent of employers had heard of them), awareness of the specific categories was much lower. Around three in ten had heard of adult Apprenticeships (31 per cent) and Advanced Apprenticeships (28 per cent), while just one in six had heard of Higher Apprenticeships (16 per cent).

Awareness of Apprenticeships increases with the size of the employer: for the three specific categories of Apprenticeship employers with 500+ staff are approximately twice as likely as those with two to four staff to have heard of each.

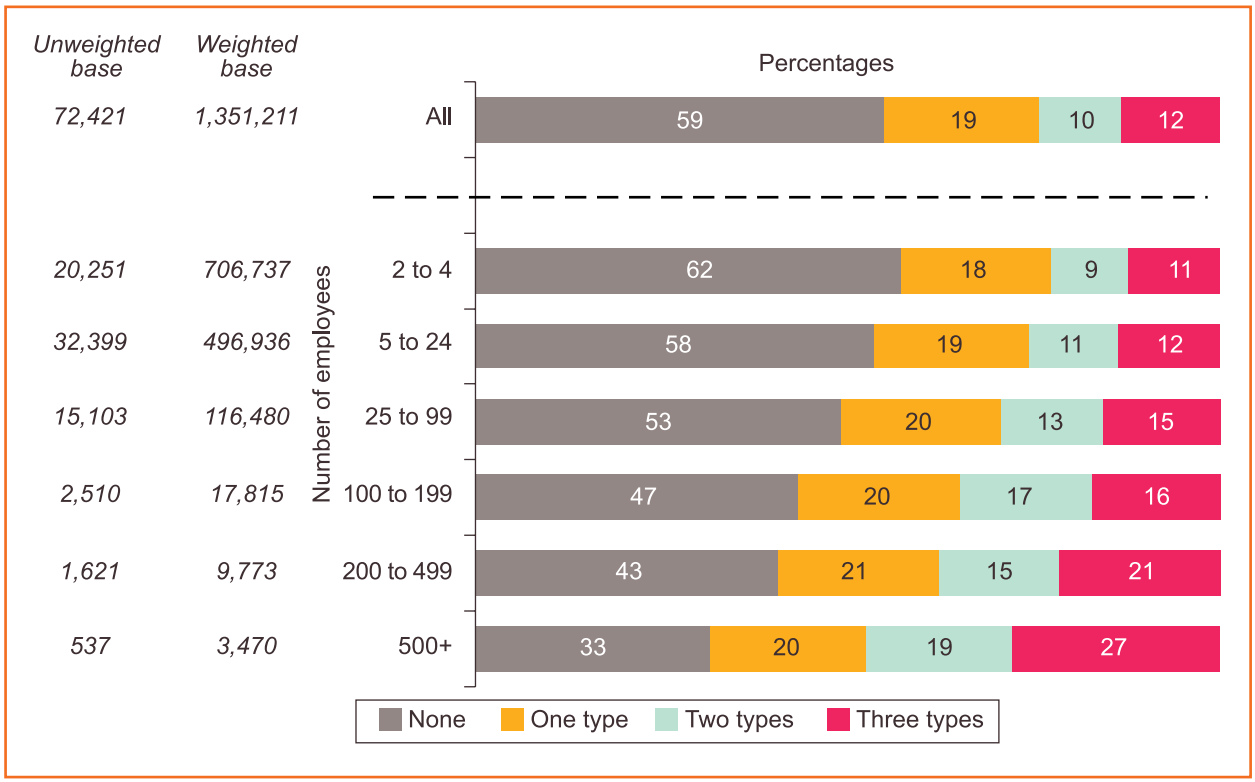
Figure 8.1: Awareness of different types of Government-funded Apprenticeships by establishment size (prompted)



Base: All employers

Around one in eight of all employers (12 per cent) had heard of all three specific categories of Apprenticeship (see Figure 8.2). Although this rises with establishment size, even among the largest establishments only just over a quarter (27 per cent) were aware of all three specific types of Apprenticeship discussed in the interview.

Figure 8.2: The number of specific types of Apprenticeships that establishments had heard of, by establishment size



Base: All employers

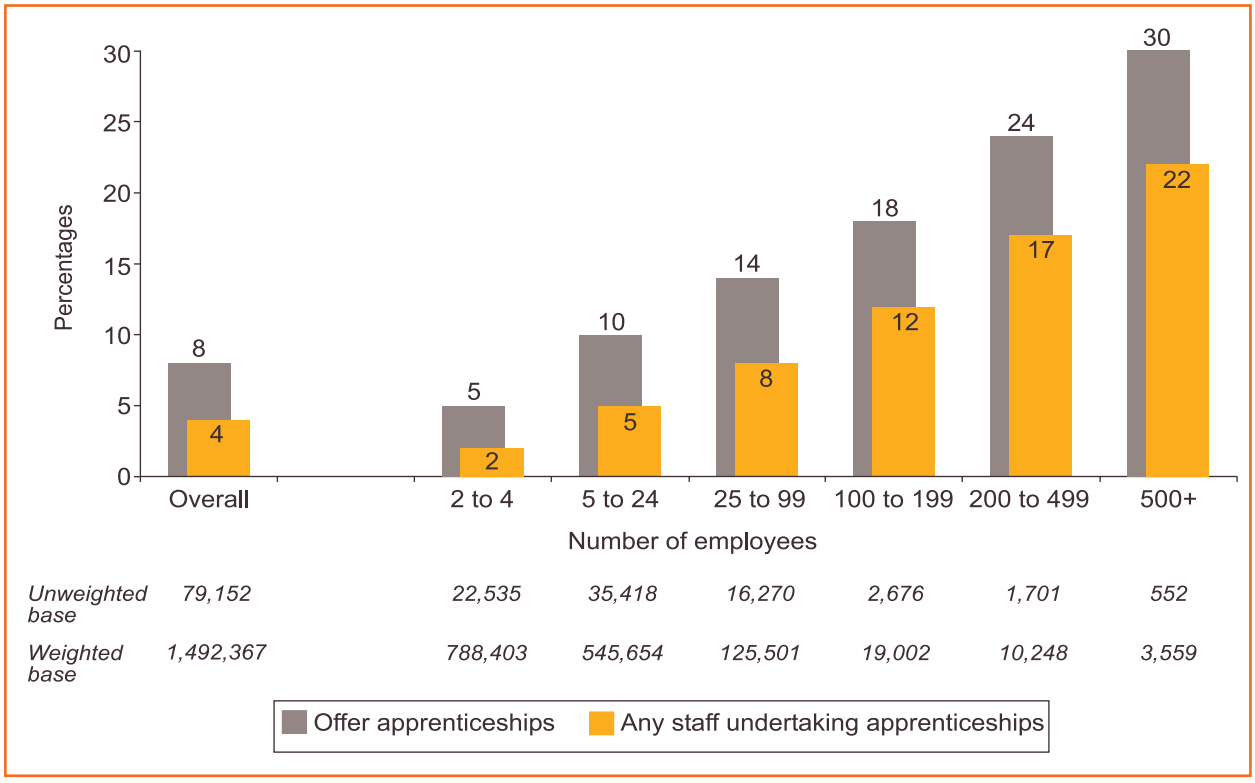
8.4 Current involvement with Apprenticeships

Overall, eight per cent of establishments offer Apprentices, though only four per cent actually had any staff undertaking an Apprenticeship at the time of the survey. These figures cannot be compared directly with the NESS07 results as these asked about the situation over the previous 12 months. As a note, however, in 2007 14 per cent of establishments reported offering Apprenticeships in the last 12 months, and eight per cent reported staff undertaking them at some point in the last 12 months.

It does appear, nevertheless, that there has been a fall in involvement with Apprenticeships from 2007 to 2009; 19 per cent of those who currently offer Apprenticeships reported that the number of Apprentices and new trainees recruited had fallen as a result of the recession.

Involvement with Apprenticeships (offering Apprenticeships and having any staff undertaking them) is strongly linked with size. Among the largest establishments with 500+ staff, 30 per cent offer Apprenticeships and 22 per cent employed at least one. This compares with five per cent of the smallest establishments with fewer than five staff offering them, and two per cent employing Apprentices.

Figure 8.3: Whether establishments currently have or offer Apprenticeships by establishment size



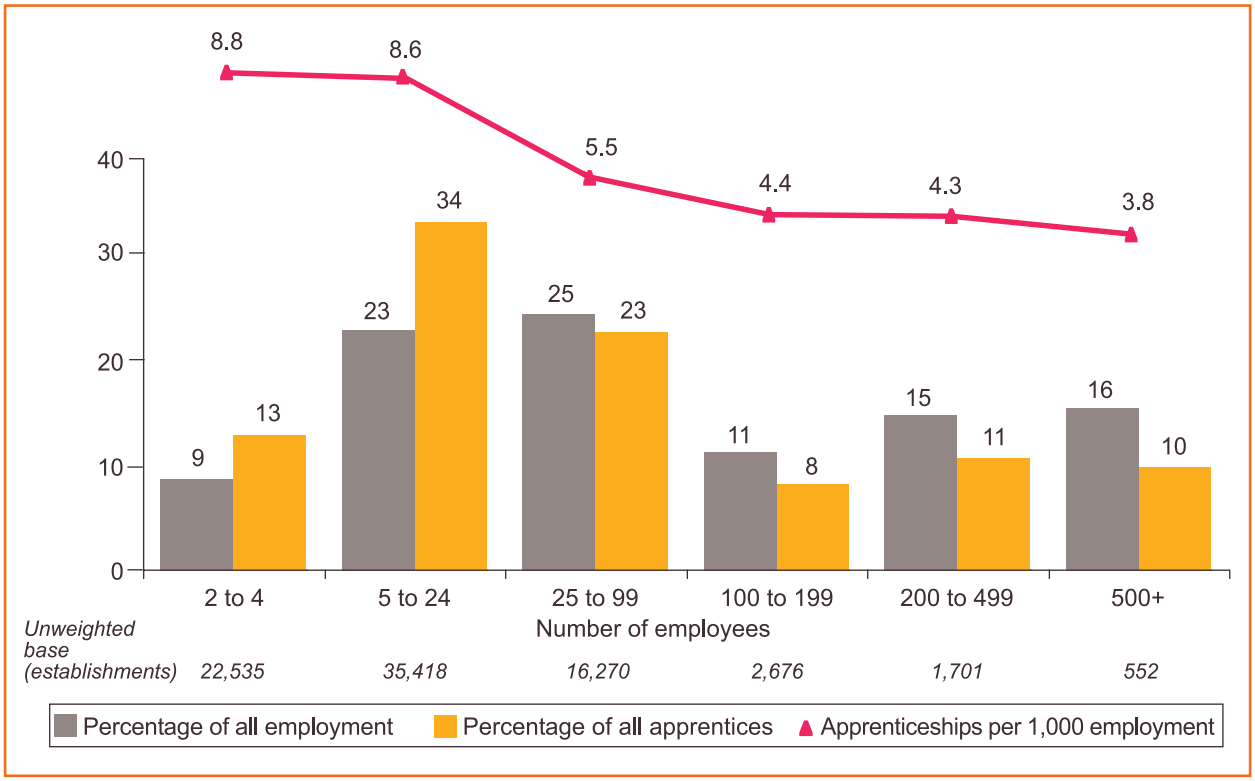
Base: All employers.

Even though larger employers are more likely to offer Apprenticeships, Apprentices make up a smaller proportion of their workforce than is the case among smaller establishments. This pattern was also found in 2007. Figure 8.4 illustrates how these figures vary by size, showing the number of Apprentices employed per thousand staff (the line), and, in each pair of bars, the proportion of total employment and all Apprentices accounted for by each size band.

Despite establishments employing fewer than 25 people accounting for around a third (32 per cent) of total employment, just under half (47 per cent) of all Apprentices are employed in these establishments.

In the smallest establishments with fewer than five staff the number of Apprentices employed is equivalent to 8.8 per 1,000 staff, and 8.6 per 1,000 in establishments with 5–24 staff. This is around twice the level found among those with 200 or more staff (4.0 per 1,000 staff).

Figure 8.4: Employment of Apprenticeships by establishment size



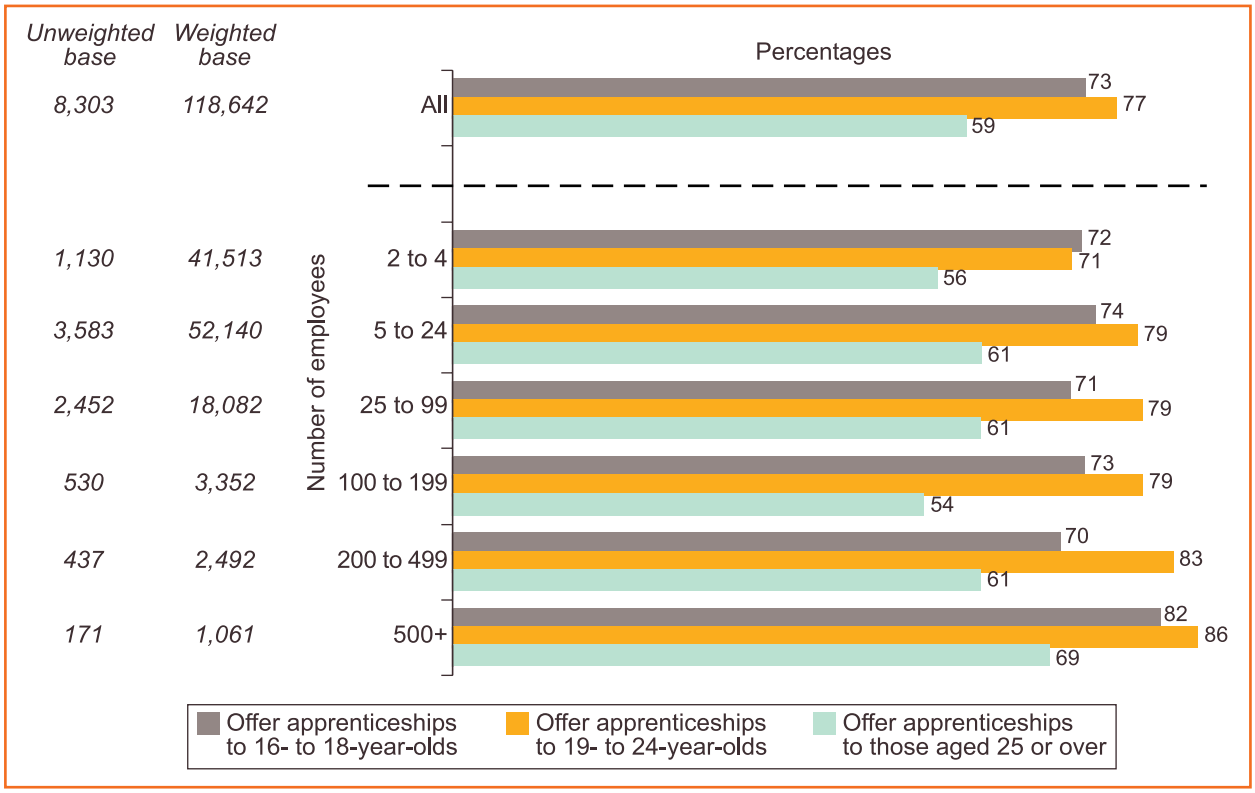
Base: All employers.

Employers who offer Apprenticeships are more likely to offer them to those aged 19 to 24 (77 per cent) or 16 to 18 (73 per cent) than to those aged 25 or over (59 per cent – see Figure 8.5). Around two-fifths (42 per cent) of employers who offer Apprenticeships offer them to all three groups.

Nevertheless, given that in 2006/07 only 300 individuals in the whole of England aged 25 or above began Apprenticeships,[27] the finding in NESS09 that around three in five employers who offered Apprenticeships said that they offered them to older employees suggests a shift in attitudes/behaviour.

[27] Post-16 Education and Skills: Learner Participation, outcomes and Level of Highest Qualification Held, The Data Service, p.6.

Figure 8.5: Whether offer Apprenticeships to applicants in age groups by establishment size



Base: All employers who currently have Apprentices or who offer Apprenticeships.

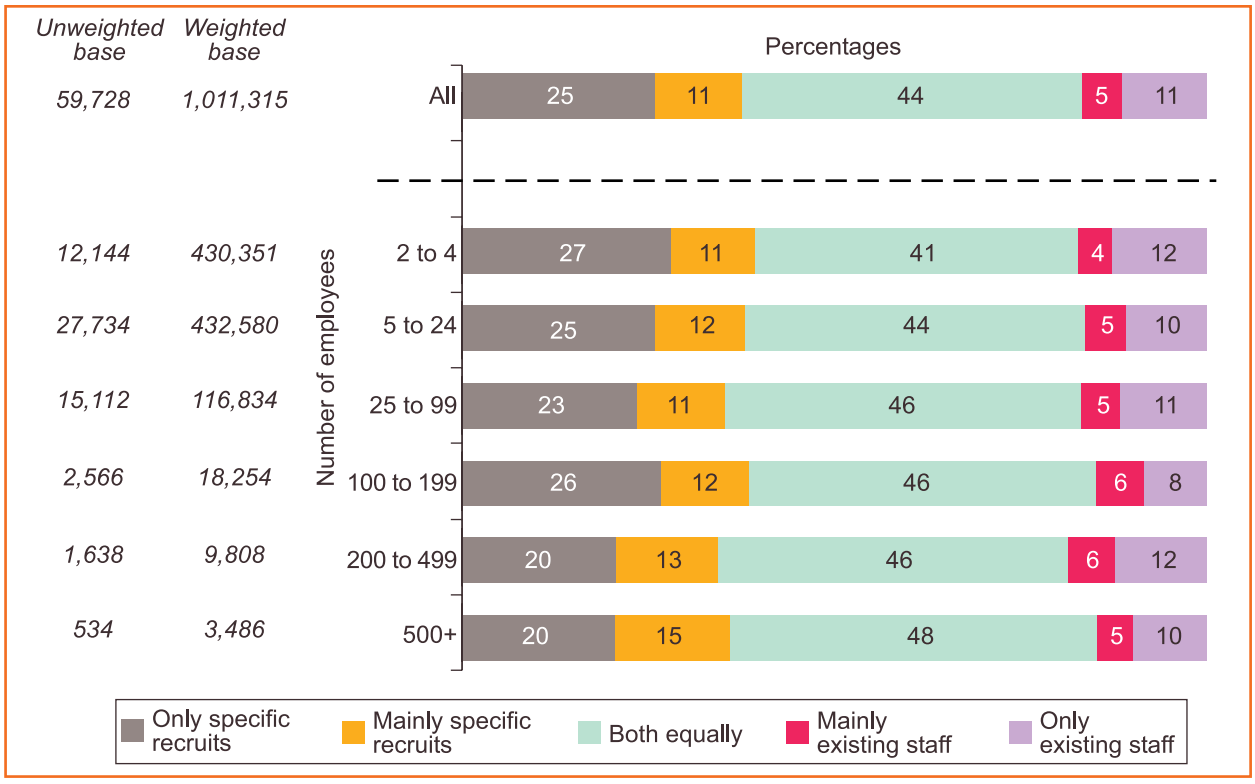
In order to explore the extent to which employers see Apprenticeships as a tool with which to up-skill existing workers, rather than just a way of recruiting and training new staff, employers who offered Apprenticeships were asked whether they offer them to existing staff, recruits taken on to start an Apprenticeship, or both. Results are shown in Figure 8.6.

On balance, employers are more likely to offer Apprenticeships to recruits rather than existing staff. A quarter of employers that offer Apprenticeships said they only offer them to people they recruit specifically as Apprentices, with a further 11 per cent mainly offering them to recruits. This compares with one in six employers that mainly (five per cent) or only (11 per cent) offer Apprenticeships to existing staff.

Overall, 44 per cent of employers said they offer Apprenticeships to new and existing staff equally, and three-quarters of employers would at least consider offering Apprenticeships to existing staff.

These results varied little by the size of establishment, though establishments with 200+ staff offering Apprenticeships are less likely to only offer apprenticeships to new recruits than the smallest establishments (20 per cent versus 27 per cent).

Figure 8.6: Whether offer Apprenticeships to specific recruits or existing staff by establishment size



Base: All employers who currently have Apprentices or who offer Apprenticeships.

Employers in the Construction and in the Electricity, Gas & Water SIC sectors were the most likely to offer Apprenticeships or currently have staff undertaking Apprenticeships, and had the highest proportion of employees in the sector undertaking Apprenticeships (29.1 and 13.5 per thousand staff respectively). Employers in Financial Intermediation and Business Services were the least likely to have or offer Apprenticeships, although those in Transport, Storage & Communications had the smallest proportion of the sectoral workforce being employed as Apprentices (2.8 per thousand staff).

Table 8.1: Current use of Apprentices, by sector

	Unweighted base	*Weighted base*	Offer Apprenticeships	Current Apprentices	Proportion of National Employment	Proportion of all Apprentices	Apprentices per 1,000 employees
			%	%	%	%	
Overall	*79,152*	*22,976,367*	8	4	100	100	6.0
Agriculture	*2,350*	*73,725*	5	2	1	2	7.3
Mining and quarrying	*120*	*1,245*	11	6	*	*	8.6
Manufacturing	*9,374*	*103,135*	9	5	10	13	7.6
Electricity, gas and water	*231*	*1,410*	17	14	*	1	13.5
Construction	*5,283*	*131,115*	19	13	5	23	29.1
Retail and wholesale	*15,502*	*322,700*	8	4	17	15	5.5
Hotels and catering	*5,609*	*132,815*	7	2	6	5	4.7
Transport, storage and communications	*4,501*	*56,925*	6	3	6	3	2.8
Financial intermediation	*2,456*	*36,435*	4	2	4	3	4.9
Business services	*13,375*	*352,890*	4	2	19	11	3.5
Public administration and defence	1,031	17,200	9	4	5	3	3.0
Education	5,096	44,200	12	6	9	6	4.3
Health and social work	7,178	102,700	9	4	12	8	4.2
Other services	7,046	115,270	9	5	5	7	8.4

Base: All employers/All employment.

Analysing the proportion of employers offering Apprenticeships and using Apprentices by SSC sector, employers operating in the Manufacturing and Construction sectors were the most likely to currently have or offer Apprenticeships. Among employers represented by Summitskills, 26 per cent offered Apprenticeships and 18 per cent had Apprentices; for IMI (automotive) the figures were 20 per cent and 12 per cent respectively; for SEMTA, 14 per cent and eight per cent and for ConstructionSkills 10 per cent and five per cent respectively. Employers in some public sector dominated SSCs were also more likely to offer Apprenticeships: Skills for Care & Development (10 per cent), Lifelong Learning UK (10 per cent) and Skills for Justice (nine per cent).

The SSC sectors least likely to currently offer or to have Apprentices are more likely to cover service professions. These include Skillset and Skillfast-UK, with three per cent of employers in each offering Apprenticeships and one per cent currently having Apprentices. In both the Asset Skills and Creative and Cultural Skills sectors four per cent of employers offered Apprenticeships and one per cent currently had Apprentices, whilst for Skillsmart Retail, Skills for Logistics and Financial Service SSCs the figures were respectively four per cent and two per cent.

Apprentices are most densely concentrated in establishments covered by SummitSkills, with 52.5 Apprentices per 1,000 employees, followed by IMI (19.9 per 1,000), SEMTA (12.1) and ConstructionSkills (11.5). Those with the fewest Apprentices per 1,000 employees are Skillset (0.7 per 1,000), Skillfast-UK (1.4) and Improve (1.8).

In absolute terms, and excluding employers not covered by an SSC, the sectors with the most Apprentices are:

- SEMTA, which employs 11 per cent of all Apprentices, up from seven per cent in 2007. By comparison, SEMTA employers employ only five per cent of the total workforce.
- SummitSkills, which employs 10 per cent of all Apprentices in England. This is markedly higher than the SSC's share of total employment (one per cent).
- ConstructionSkills, which also employs 10 per cent of all Apprentices (compared to 11 per cent in 2007). ConstructionSkills employers employ five per cent of the total workforce nationally.
- IMI (automotive) which employs seven per cent of all Apprentices, but employs only two per cent of the national workforce.

Those sectors which one might describe as more traditional users of Apprenticeships, and which employ the most Apprentices, are also the most likely to strongly favour younger people and to recruit specifically for Apprenticeship starts. Whilst nationally, employers are only slightly more likely to offer Apprenticeships to people below the age of 25 than those aged 25 or above (six per cent as opposed to five per cent), in some of the sectors which traditionally use Apprenticeships more extensively there is a strong bias towards offering Apprenticeships to younger employees only. For example, 19 per cent of employers in Summitskills currently have or offer Apprenticeships to those aged 16 to 18 and 19 to 24, compared to only 11 per cent who offer them to those aged 25 or more. Similarly, 16 per cent of IMI employers currently have or offer Apprenticeships to those aged 16 to 18, with 13 per cent having or offering them to those aged 19 to 24, but only seven per cent did for those aged 25 or more.

Furthermore, employers in these traditional Apprenticeship sectors are much more likely to only or mainly offer Apprenticeships to new recruits: 52 per cent and 51 per cent of employers covered by SummitSkills and IMI respectively only or mainly offer Apprenticeships to new recruits, compared to 36 per cent nationally.

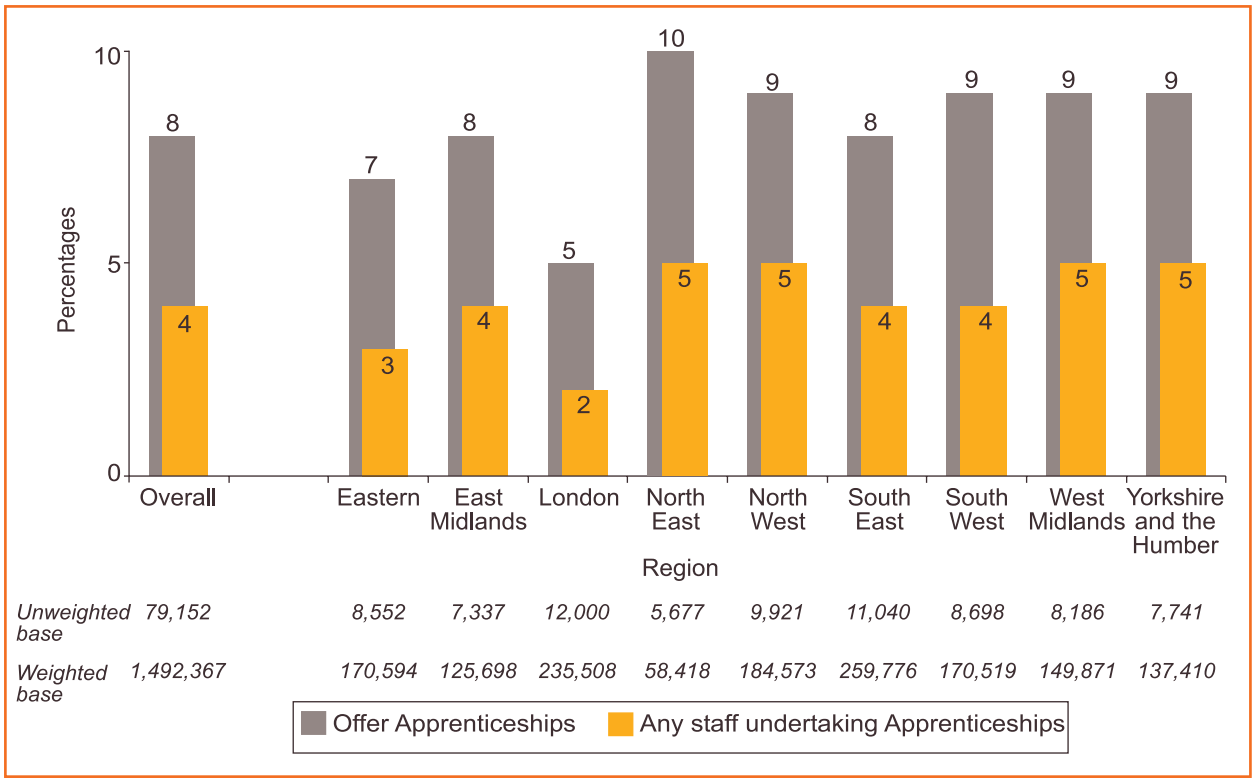
Table 8.2: Current use of Apprenticeships, by SSC

	Unweighted base	*Weighted base*	Offer Apprenticeships	Currently have staff undertaking an Apprenticeship	Proportion of National Employment	Proportional of all Apprentices	Apprentices per 1,000 employees
			%	%	%	%	
Overall	*79,152*	*1,492,367*	**8**	**4**	**100**	**100**	**6.0**
Lantra	*3,665*	*88,802*	6	3	2	3	8.9
Cogent	*1,588*	*11,683*	7	3	1	1	3.3
Proskills UK	*1,949*	*23,385*	6	3	2	1	4.1
Improve Ltd	*1,282*	*7,565*	5	3	1	*	1.8
Skillfast-UK	*1,850*	*15,786*	3	1	1	*	1.4
SEMTA	*3,046*	*47,834*	14	8	5	11	12.1
Energy and Utility Skills	*754*	*6,443*	9	5	1	1	7.4
ConstructionSkills	*5,059*	*129,830*	10	5	5	10	11.5
SummitSkills	*2,456*	*34,367*	26	18	1	10	52.5
IMI	*2,995*	*49,758*	20	12	2	7	19.9
Skillsmart Retail	*7,740*	*182,849*	4	2	10	4	2.4
People 1st	*5,991*	*148,650*	7	3	7	6	4.7
GoSkills	*1,763*	*10,122*	7	4	1	1	3.7
Skills for Logistics	*4,830*	*99,743*	4	2	7	4	3.1
Financial Services Skills Council	*2,456*	*36,435*	4	2	4	3	4.9
Asset Skills	*3,485*	*93,595*	4	1	4	2	3.2
e-skills UK	*2,698*	*49,902*	6	2	3	2	4.2
Government Skills	*371*	*3,657*	6	5	2	1	2.4
Skills for Justice	*443*	*3,478*	9	4	1	1	3.1
Lifelong Learning UK	*2,629*	*22,600*	10	5	5	3	3.3
Skills for Health	*2,667*	*42,947*	7	3	7	3	2.6
Skills for Care and Development	*3,826*	*56,592*	10	4	4	5	6.3
Skillset	*1,677*	*15,556*	3	1	1	*	0.7
Creative and Cultural Skills	*1,800*	*21,401*	4	1	1	*	2.0
SkillsActive	*1,924*	*15,001*	9	4	1	1	5.1

Base: All employers/All employment.

Employers in London are significantly less likely to offer either Apprenticeships or have staff undertaking them: just five per cent of employers in London offer Apprenticeships to staff (compared to eight per cent nationally) and only two per cent have any staff currently undertaking them (compared to four per cent nationally). This at least in part reflects the fact that London has a lower share of industries that traditionally employ Apprentices (see Figure 8.7).

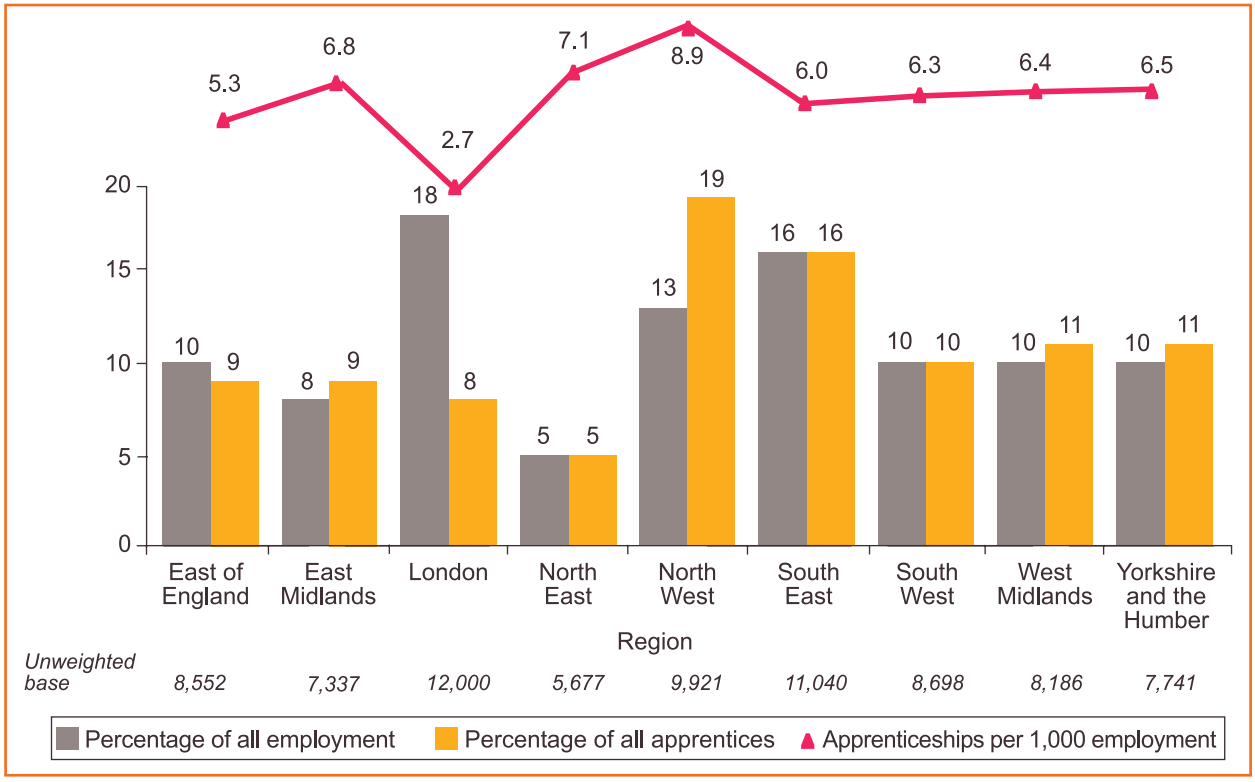
Figure 8.7: Whether establishments currently have or offer Apprenticeships by establishment region



Base: All employers.

In absolute terms, the North West and South East employ the largest numbers of Apprentices, with the North West employing 19 per cent per cent of England's Apprentices and the South East 16 per cent (see Figure 8.8). The North West also has the most Apprentices compared to the size of the workforce (8.9 per 1,000 employees), followed by the North East (7.1). London has the largest workforce of all English regions, but has the lowest density of Apprentices (2.7 per 1,000 employees).

Figure 8.8: Recruits to Apprenticeships by establishment region

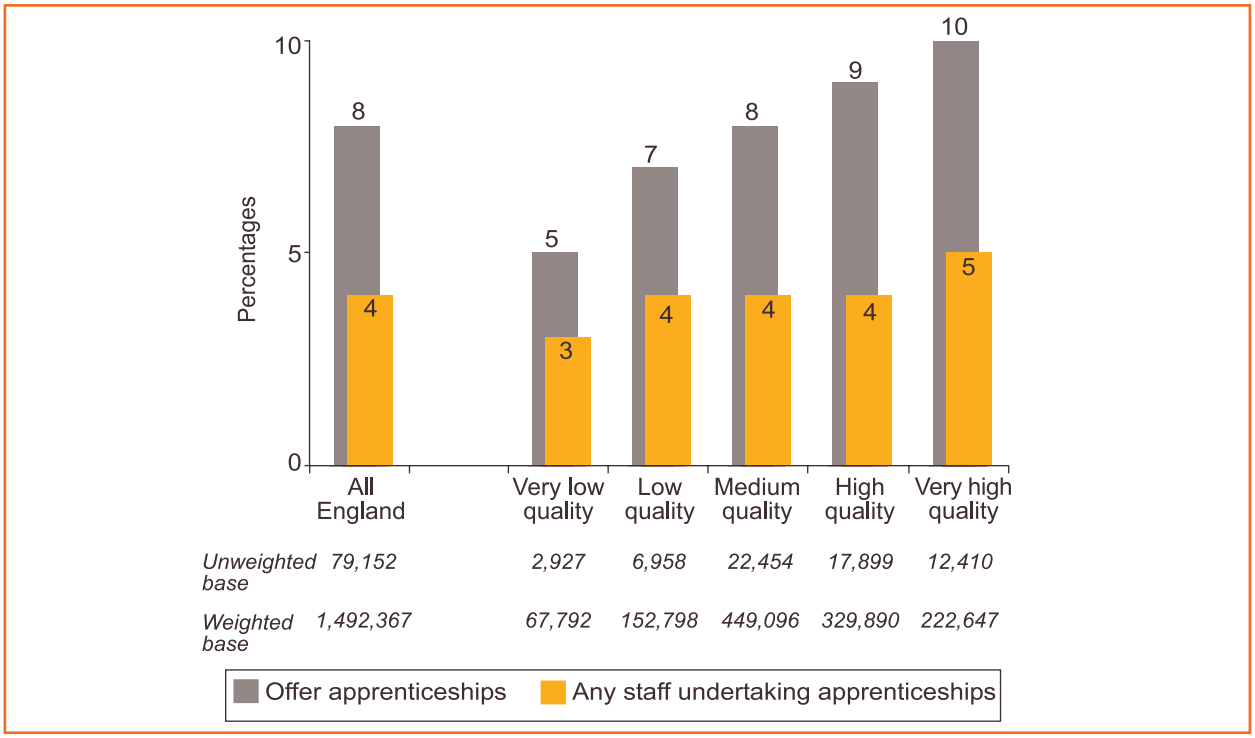


Base: All employers.

Employers who have a higher quality[28] product market strategy as defined by the 'composite quality' measure (compared to others in their sector) are more likely to offer Apprenticeships and also to have staff undertaking Apprenticeships (see Figure 8.9). Indeed, those with the 'lowest quality' product market strategy were half as likely to currently offer Apprenticeships compared with those in the "very high quality" product market category (5 per cent versus 10 per cent).

[28] See page 22 for an explanation of how the composite quality measure was derived.

Figure 8.9: Whether establishments currently have or offer Apprenticeships by product market strategy classification



Base: All employers.

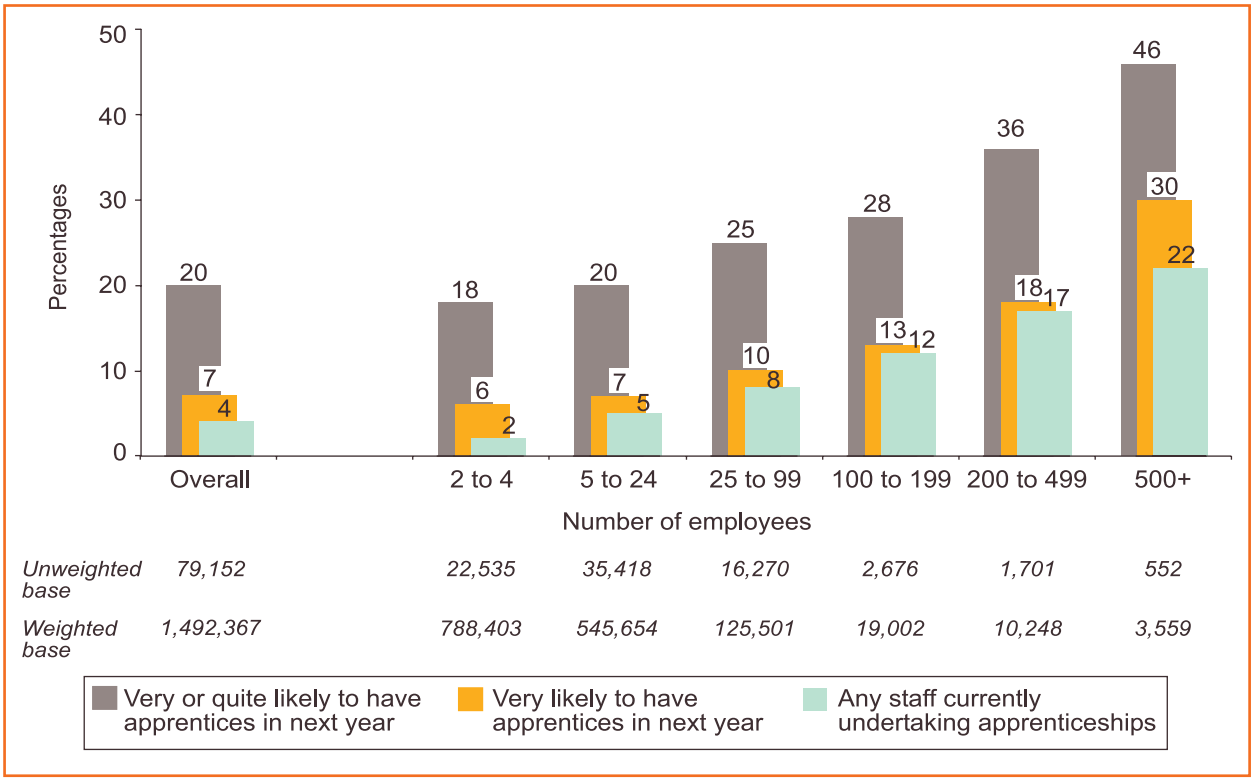
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than purely the quality of products and services. Quality is defined using the 'composite quality' measure defined on page 22.

8.5 Future use of Apprenticeships

Expected future use of Apprentices

When employers were asked about their expected future use of Apprenticeships, seven per cent thought it very likely they will have an Apprentice at some point in the next 12 months, and one in five (20 per cent) thought it very or quite likely. As with the proportion of employers currently with Apprentices, the proportion who consider themselves likely to have Apprenticeships in the next 12 months is strongly linked to the size of organisation (see Figure 8.10), and among the very largest establishments, almost half (46 per cent) thought this likely.

Figure 8.10: Expected recruitment of Apprentices by establishment size



Base: All employers.

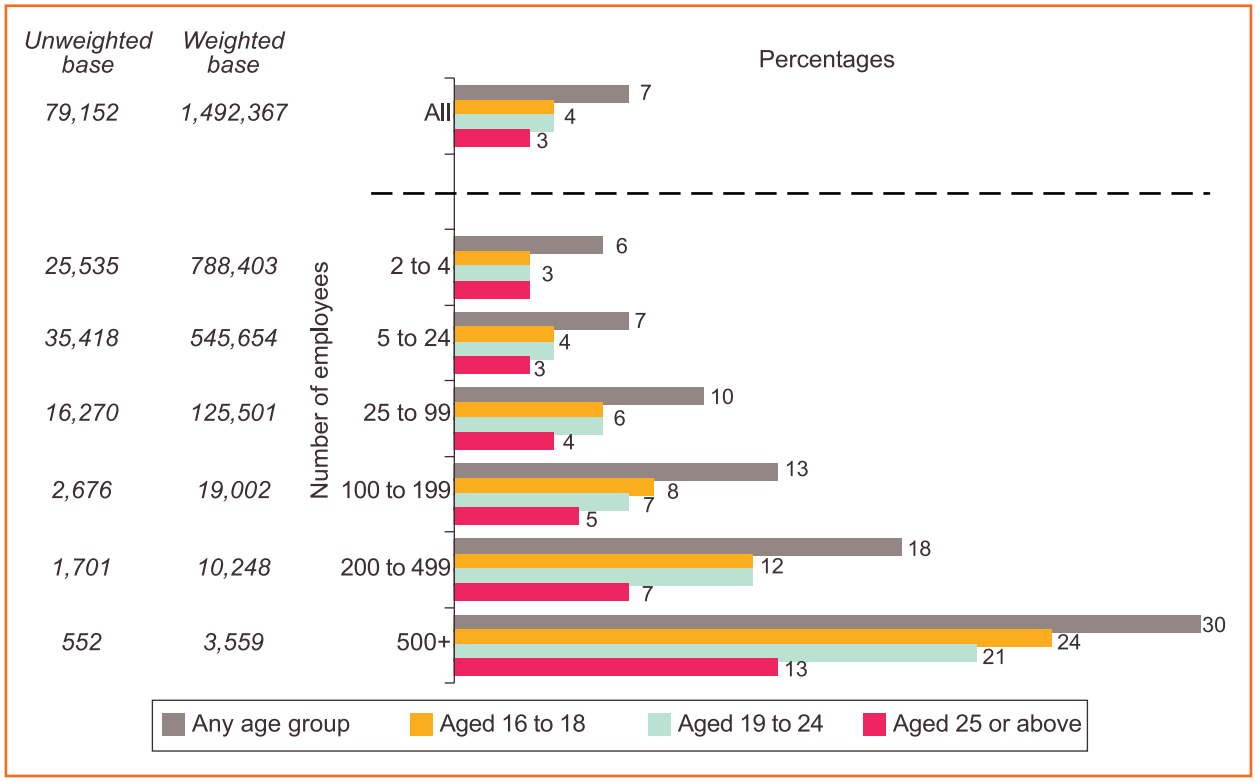
Expected age group of future Apprentices

Employers were also asked which age groups they expected to have as Apprentices in the next year.

At the national level there was little variation in the age of the Apprentices that establishments expected to employ: four per cent expect to have Apprentices aged 16 to 18, four per cent expect to employ Apprentices aged 19 to 24, and three per cent expect to employ Apprentices aged 25 or over. There was a clear pattern by size of establishment, however, with larger establishments less likely in relative terms to expect to employ older Apprentices aged 25 or over (see Figure 8.11).

Looking more broadly at those employers who considered themselves either very or quite likely to offer Apprenticeships in the next year, almost half (46 per cent) said they would offer them both to those aged 24 or younger and those aged 25 or above, two in five (39 per cent) planned only to offer them to younger people, and 15 per cent expected to offer them only to those aged 25 or above.

Figure 8.11: Proportion of employers very likely to have Apprentices in the next 12 months in different age groups, by size of establishment



Base: All employers.

Reason for preferring different age groups

Employers who said they were expecting to offer apprenticeships in the next year, but did not expect to offer them to a specific age group (either young or old) were asked why this was the case.

The most common reason for offering Apprenticeships to younger people but not those aged 25 or older was that it is easier to train younger people in their organisation's ways of working (19 per cent). Other frequently cited reasons included that younger employees are better motivated (11 per cent), expect lower wages whilst training (10 per cent), are more likely to apply (10 per cent), and are more likely to stay after completing their Apprenticeship (eight per cent). Around one in eight (13 per cent) of these employers said that there was no particular reason for not offering them to those aged 25+.

There were some notable differences by the size of establishment. In particular, smaller establishments tend to focus on wanting to train younger Apprentices because they can train them to the organisation's way of doing things, whereas larger employers focus more on it being simply a result of younger people being more likely to apply.

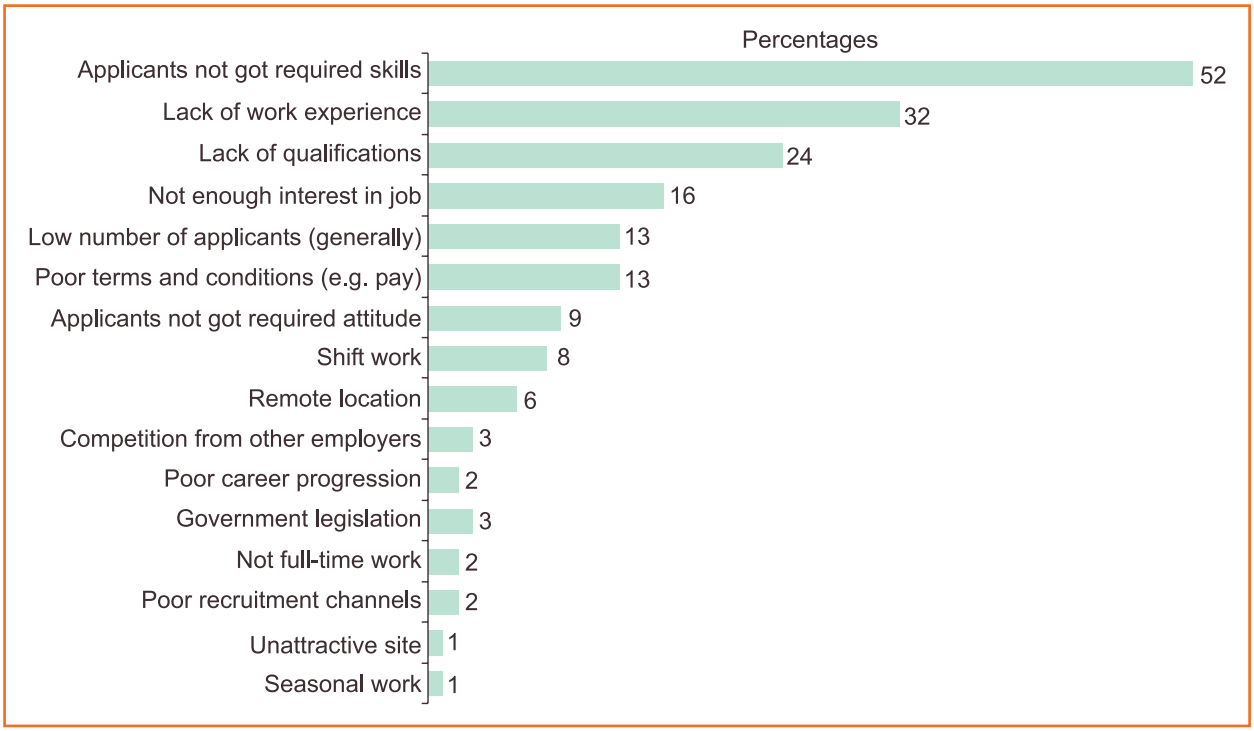
Table 8.3: Reasons for employing younger people aged 24 or younger as Apprentices, but not those aged 25 or over, by establishment size

Column percentages	Overall	2-4	5-24	25-99	100-199	200-499	500+
Unweighted base	*7,083*	*1,492*	*3,116*	*1,765*	*360*	*263*	*87*
Weighted base	*115,268*	*52,764*	*45,246*	*12,849*	*2,398*	*1,483*	*529*
	%	%	%	%	%	%	%
Easier to train younger people to our way of doing things	19	23	17	13	9	10	6
Younger Apprentices more motivated/better attitude	11	13	10	7	6	7	5
Younger employees will accept lower pay whilst training	10	11	10	8	6	5	1
Younger people more likely to apply	10	8	11	14	11	17	15
Younger Apprentices more likely to stay with us after they complete	8	9	7	6	6	7	11
Older employees usually more/already qualified	7	5	10	9	8	3	4
Standard company policy	6	5	5	9	11	9	11
Younger people are more reliable	5	6	5	3	2	3	4
Young people better suited to physical work	4	5	4	3	2	3	1
Have a young workforce with few/no older employees (over 25)	4	3	5	5	4	3	4
Easier to obtain funding for younger apprentices (under 25 years old)	3	2	3	3	6	5	10
Unaware apprenticeships/ funding available for over 25s	2	2	2	4	3	5	7
Other	8	8	8	9	9	13	6
No particular reason	13	13	13	15	22	14	13
Don't know	5	5	5	6	4	8	15

Base: All employers likely to recruit Apprentices aged 16 to 24 in the next 12 months but not those aged over 24.
Note: Percentages do not sum to 100 since multiple responses were allowed.

Among employers saying Apprentices in the next 12 months are only likely to be aged over 25, the main reasons were wanting people with prior experience (29 per cent), older people being seen as more reliable (22 per cent) and having an old workforce with no young employees (17 per cent).

Figure 8.12: Reasons for expecting Apprentices in the next 12 months to be people aged 25 plus and not younger people (spontaneous)



Base: All employers quite likely or very likely to recruit Apprentices aged over 24 but not younger people in the next year (weighted: 42,721; unweighted: 2,077).

Sectoral variations in future use of Apprenticeships

The SIC sectors which are more likely to currently have or offer Apprenticeships are also those more likely to expect to offer them in the coming year (see Table 8.4). Employers in the Construction and Electricity, Gas & Water sectors were the most likely to expect new Apprentice starts in the next year: 28 per cent and 27 per cent respectively reported they would be at least quite likely, with 12 per cent and 13 per cent saying it was very likely. Those in the Hotels & Catering sector were also more likely than average to expect to have Apprentices.

Table 8.4: Expectations of employing apprentices in the next 12 months, by sector

	Unweighted base	*Weighted base*	Quite or very likely to have Apprentices	Very likely to have Apprentices	Very likely to have Apprentices aged 16-18	Very likely to have Apprentices aged 19-24	Very likely to have Apprentices aged 25+
			%	%	%	%	%
Overall	*79,152*	*22,976,367*	20	7	4	4	3
Agriculture	*2,350*	*73,725*	14	4	2	2	1
Mining and quarrying	*120*	*1,245*	21	10	7	8	2
Manufacturing	*9,374*	*103,135*	19	6	4	3	2
Electricity, gas and water	*231*	*1,410*	27	13	7	7	4
Construction	*5,283*	*131,115*	28	12	8	5	3
Retail and wholesale	*15,502*	*322,700*	17	6	4	3	3
Hotels and catering	*5,609*	*132,815*	25	9	4	5	6
Transport, storage and communications	*4,501*	*56,925*	16	5	3	2	3
Financial intermediation	*2,456*	*36,435*	12	4	2	2	3
Business services	*13,375*	*352,890*	18	5	2	3	2
Public administration and defence	*1,031*	*17,200*	14	5	3	3	2
Education	*5,096*	*44,200*	24	10	6	5	4
Health and social work	*7,178*	*102,700*	22	8	3	5	5
Other services	*7,046*	*115,270*	23	10	7	5	4

Base: All employers.

Table 8.5 shows the proportions of employers in different SSC sectors that think it likely that they will have an Apprentice in the next 12 months.

Employers covered by SummitSkills and IMI SSCs are the most likely to expect to have Apprentices in the next 12 months (32 per cent and 30 per cent respectively). It is also higher among employers covered by Skills for Care & Development and People 1st SSCs (each 25 per cent).

The sectors least likely to expect to have Apprentices in the next 12 months are Financial Services Skills Council (12 per cent), Skills for Logistics (13 per cent) and Skills for Justice (14 per cent).

Again, traditional Apprenticeship users, particularly employers covered by IMI and SummitSkills SSCs, were more likely to favour younger Apprentices than older ones, whilst sectors such as Skills for Care & Development and People 1st were more likely to expect to have older Apprentices than 16-18 year olds.

Table 8.5: Expectations of employing Apprentices in the next 12 months, by SSC

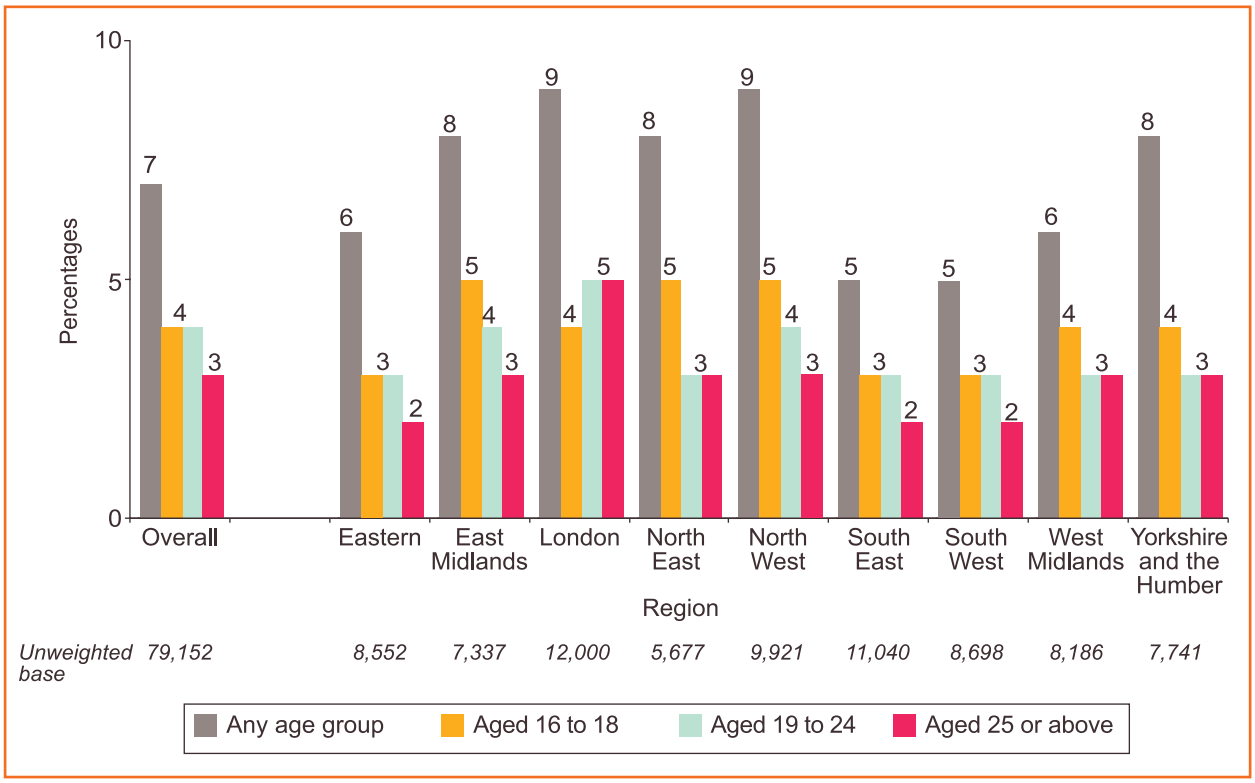
	Unweighted base	*Weighted base*	Quite or very likely to have Apprentices	Very likely to have Apprentices	Very likely to have Apprentices aged 16-18	Very likely to have Apprentices aged 19-24	Very likely to have Apprentices aged 25+
			%	%	%	%	%
Overall	*79,152*	*22,976,367*	20	7	4	4	3
Lantra	*3,665*	*88,802*	15	4	2	2	2
Cogent	*1,588*	*11,683*	17	6	3	3	3
Proskills UK	*1,949*	*23,385*	16	5	3	2	2
Improve Ltd	*1,282*	*7,565*	19	7	4	4	4
Skillfast-UK	*1,850*	*15,786*	16	5	2	2	3
SEMTA	*3,046*	*47,834*	21	8	5	4	2
Energy and Utility Skills	*754*	*6,443*	21	7	3	4	3
ConstructionSkills	*5,059*	*129,830*	20	7	4	4	3
SummitSkills	*2,456*	*34,367*	32	14	9	6	3
IMI	*2,995*	*49,758*	30	13	10	5	3
Skillsmart Retail	*7,740*	*182,849*	13	4	2	2	2
People 1st	*5,991*	*148,650*	25	9	4	5	6
GoSkills	*1,763*	*10,122*	18	7	2	3	4
Skills for Logistics	*4,830*	*99,743*	13	4	2	2	2
Financial Services Skills Council	*2,456*	*36,435*	12	4	2	2	3
Asset Skills	*3,485*	*93,595*	17	5	2	2	3
e-skills UK	*2,698*	*49,902*	22	6	3	3	3
Government Skills	*371*	*3,657*	15	4	1	1	2
Skills for Justice	*443*	*3,478*	14	4	2	3	2
Lifelong Learning UK	*2,629*	*22,600*	23	9	6	5	4
Skills for Health	*2,667*	*42,947*	19	7	3	4	5
Skills for Care and Development	*3,826*	*56,592*	25	9	4	5	6
Skillset	*1,677*	*15,556*	18	4	2	3	2
Creative and Cultural Skills	*1,800*	*21,401*	19	6	4	4	3
SkillsActive	*1,924*	*15,001*	23	8	5	5	3
Non-SSC employers	*10,208*	*274,387*	22	9	6	4	3

Base: All employers.

Regional variations in future use of Apprenticeships

While London is the region where employers are currently least likely to have Apprentices, over the next 12 months employers in London are the most likely to expect to offer them, along with the North West (both nine per cent – see Figure 8.13). Employers in London were also atypical in that they considered themselves to be more likely to employ older Apprentices (aged 19+) than younger ones.

Figure 8.13: Proportion of employers thinking they are very likely to have Apprentices in the next 12 months in different age groups, by region

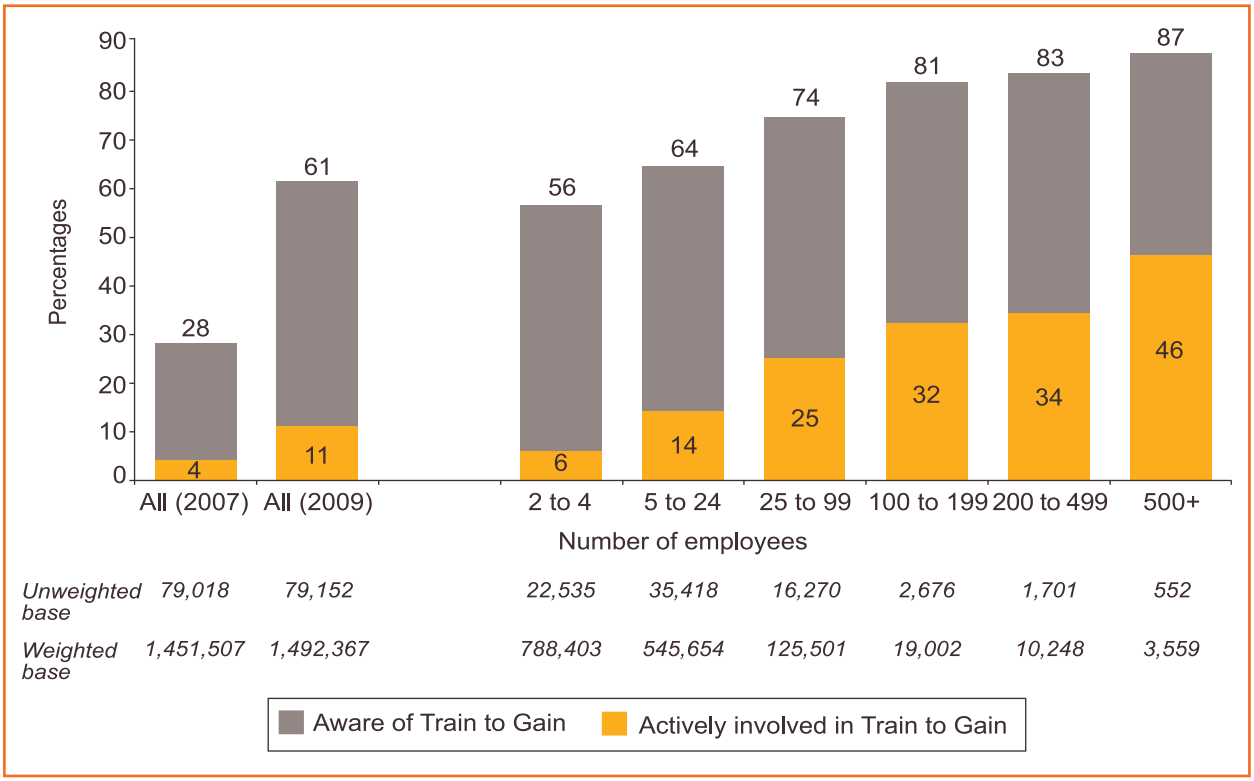


Base: all employers.

8.6 Train to Gain

Over three-fifths (61 per cent) of employers were aware of Train to Gain, a very large increase from the 2007 figure of 28 per cent. Overall 11 per cent of employers said that they had been actively involved with the service (including any dealings with a Skills Broker), an increase of seven percentage points from 2007. Figure 8.14 demonstrates how both awareness and involvement with the service increase by size of establishment.

Figure 8.14: Awareness of and involvement with Train to Gain by size of establishment



Base: All employers.
Note: 2009 data unless stated.

It is also the case – as it was in 2007 – that among employers aware of Train to Gain the proportion who have been involved with the service increases with size, from 11 per cent of the smallest employers to 53 per cent of those with employment of 500+ (equating to six per cent and 46 per cent of employers in these size bands respectively). Hence the higher level of involvement with Train to Gain among large employers is not simply a result of their higher levels of awareness.

Those employers who actively engage with Train to Gain are much more likely to have trained their staff than average: 91 per cent of establishments that were actively involved in Train to Gain had provided some form of training for their staff in the past 12 months, compared to 59 per cent of employers who had not heard of the service. Employers who had heard of Train to Gain, but were not actively involved were also slightly more likely than average to engage in training in the last 12 months (69 per cent).

Table 8.6: Training status by knowledge of Train to Gain

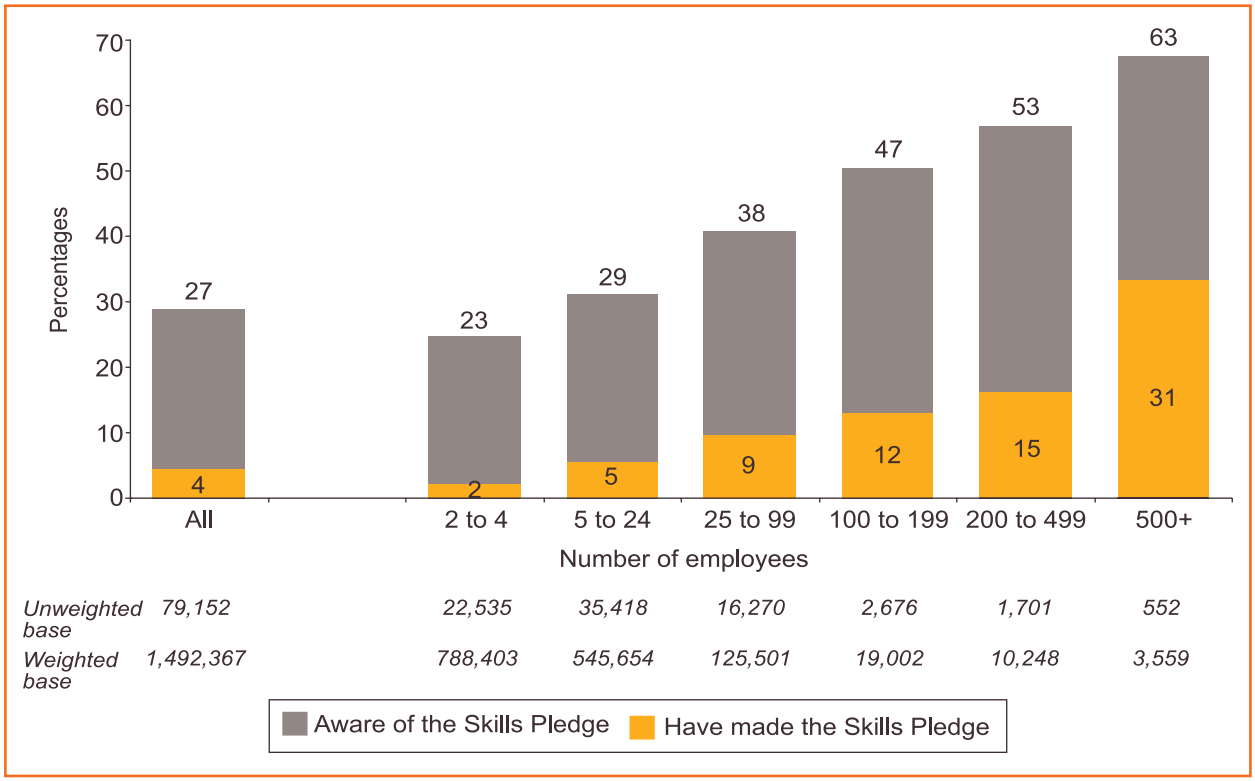
	Actively involved with Train to Gain	Not actively involved with (but have heard of) Train to Gain	Not heard of Train to Gain
Unweighted base	*12,142*	*39,897*	*27,113*
Weighted base	*163,596*	*749,882*	*578,529*
	%	%	%
Any training	91	69	59
Train both on- and off-the job	67	39	30
Train off-the-job only	10	13	13
Train on-the-job only	13	17	17
Do not train	9	31	41

Base: All employers.

8.7 Skills Pledge

Just over a quarter (27 per cent) of establishments were aware of the Skills Pledge but relatively few (four per cent) had actually made the Pledge. As Figure 8.15 shows, both awareness and likelihood to have made the Skills Pledge increases with establishment size: just under a quarter (23 per cent) of establishments with two to four employees were aware of the Pledge, compared with almost two-thirds (63 per cent) of those with 500+ employees. Two per cent of the smallest establishments had made the Skills Pledge, compared with almost a third (31 per cent) of the largest.

Figure 8.15: Awareness of the Skills Pledge and proportion of employers that have made it by size



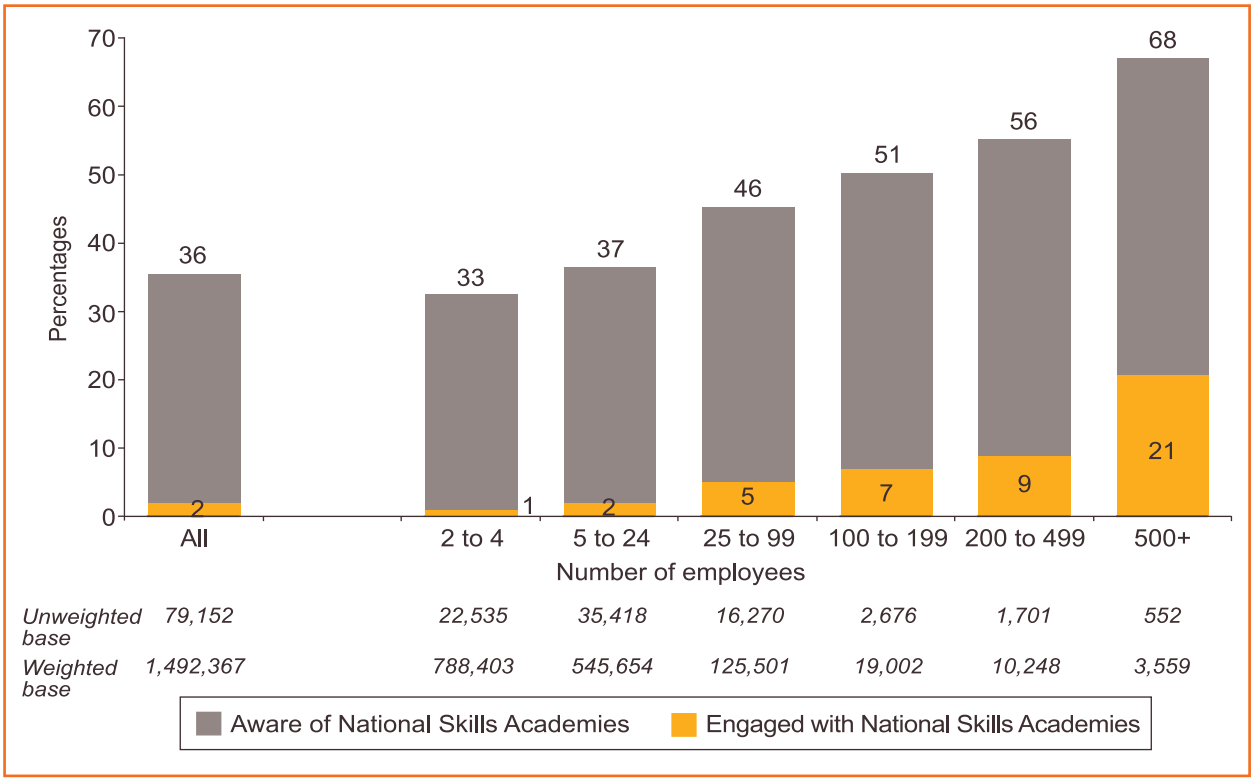
Base: All employers.

8.8 National Skills Academies

While awareness of National Skills Academies among employers was higher than that of the Skills Pledge (36 per cent), engagement[29] was lower (two per cent). As with the Skills Pledge, levels of awareness and engagement increased in line with employment size: a third (33 per cent) of establishments with two to four employees were aware of National Skills Academies and one per cent had engaged with them, while over two-thirds (68 per cent) of establishments with 500+ employees were aware of Skills Academies and a fifth (21 per cent) had engaged with them (Figure 8.16).

[29] The survey question asked only if employers had engaged with a National Skills Academy and did not capture the nature or level of engagement.

Figure 8.16: Awareness of and engagement with National Skills Academies by size



Base: All employers.

8.9 Awareness of and involvement with Government initiatives by sector, region and product market strategy

Perhaps unsurprisingly, employers in SIC sectors dominated by public sector service organisations (Public Administration & Defence, Education and Health & Social Work) were the most likely to be aware of or involved with these government initiatives. More specifically, approximately three in ten establishments in the Education and Health & Social Work sectors have been involved with Train to Gain (32 per cent and 28 per cent respectively), as have 17 per cent of those in Public Administration & Defence (compared with an all-sector average of 11 per cent).

Conversely, employers in the Agriculture sector were the least likely to be aware or involved with any of these government initiatives.

Table 8.7: Awareness and involvement with government initiatives, by SIC sector

	Aware of Train to Gain	Involved with Train to Gain	Aware of the Skills Pledge	Have made the Skills Pledge
	%	%	%	%
Overall	61	11	27	4
Agriculture	46	4	21	1
Mining and quarrying	65	12	31	3
Manufacturing	64	11	28	3
Electricity, Gas and Water	66	17	35	6
Construction	64	11	29	4
Retail and Wholesale	57	7	25	3
Hotels and Catering	57	9	27	4
Transport, Storage and Communications	64	10	29	4
Financial Intermediation	57	6	25	3
Business Services	61	9	25	3
Public Administration and Defence	62	17	40	14
Education	79	32	39	11
Health and Social Work	75	28	37	10
Other Services	59	10	26	3

Base: All employers.

A similar pattern emerges by SSC sector: Government Skills, Lifelong Learning UK, Skills for Health and Skills for Care & Development were much more likely than average to be aware of and to have engaged with Train to Gain and the Skills Pledge.

Conversely, Skillset and Lantra employers were the least likely to be aware of or to have engaged with these initiatives, but involvement was also lower for employers covered by the following SSC sectors:

- SummitSkills
- Skillsmart Retail
- Skills for Logistics
- Financial Services
- Creative and Cultural Skills

Table 8.8: Awareness of and involvement with government initiatives by SSC

	Aware of Train to Gain %	Involved with Train to Gain %	Aware of the Skills Pledge %	Have made the Skills Pledge %
Overall	61	11	27	4
Lantra	51	6	22	1
Cogent	63	13	29	4
Proskills	65	10	28	3
Improve	64	15	29	4
Skillfast-UK	58	7	26	3
SEMTA	66	12	29	4
Energy & Utility Skills	65	13	29	4
ConstructionSkills	61	10	28	4
SummitSkills	63	9	26	3
IMI	62	7	26	3
Skillsmart Retail	56	6	24	2
People 1st	57	9	27	4
GoSkills	67	14	32	5
Skills for Logistics	60	8	25	3
Financial Services	57	6	25	3
Asset Skills	57	8	24	3
e-skills UK	64	12	25	3
Government Skills	65	19	46	19
Skills for Justice	59	14	32	10
Lifelong Learning UK	82	35	44	15
Skills for Health	68	22	35	9
Skills for Care and Development	83	35	40	12
Skillset	55	6	22	1
Creative and Cultural Skills	58	7	21	2
SkillsActive	63	12	29	3
Non-SSC employers	64	13	27	4

Base: All employers.

Establishments with high quality product market strategies[30] were more likely to be aware of and involved with Government initiatives. In particular, the trend was strongest for awareness of National Skills Academies: 38 per cent of establishments with high or very high quality product market strategies were aware of these, compared to 29 per cent of the those with the lowest quality product market strategies.

Involvement with Train to Gain was also significantly higher among establishments with the highest quality product market strategies compared to the lowest (12 per cent compared to seven per cent).

Table 8.9: Awareness of and involvement with government initiatives by Product Market Strategy

Row percentages	Aware of Train to Gain	Involved with Train to Gain	Aware of the Skills Pledge	Have made the Skills Pledge	Aware of the National Skills Academy	Involved with the National Skills Academy
	%	%	%	%	%	%
Overall	61	11	27	4	36	2
Very low quality	57	7	24	2	29	1
Low quality	58	7	25	3	33	1
Medium quality	60	9	25	3	35	2
High quality	62	11	27	4	38	2
Very high quality	62	12	30	5	37	3

Base: All commercial "for profit" employers.
Note: 'Quality' refers to the overall quality of an establishment's product market strategy rather than purely the quality of their products and services. Quality defined using the 'composite quality' measure (see page 22 for details of how it was derived).

[30] See page 22 for an explanation of how the composite quality measure was derived.

9 Cross-cutting themes

The report to this stage has been primarily concerned with presenting the key descriptive findings from the 2009 survey and analysing them by sector, size, region and product market strategy positioning. This section discusses a number of cross-cutting themes, which run through a number of the research topics, to emphasise their collective importance. This section analyses:

- The impact of the recession
- Management and leadership
- Size of establishment as an important determinant of employer characteristics

9.1 The impact of the recession

The deep economic recession of 2009, a unique context for fieldwork in the NESS series, inevitably forms an important backdrop and contributing factor to the research findings.

The recession has featured in two different ways throughout this report:

- Through an assessment of employer responses to the specific questions on the perceived impact of the recession on key indicators of business activity.
- As an explanation for changes in key indicators (e.g. vacancies, skill gaps training levels etc)[31].

[31] It is more difficult to conclude that the recession is the dominant factor causing the trend, as the statistics recorded in this report are descriptive and do not control for other factors.

Employer responses suggest were that the impact of the recession had been limited:

- around two thirds of employers recorded that they had not changed the number of staff they were employing, compared to 24 per cent that had reduced staff levels and 8 per cent that had increased their staffing levels;
- around three quarters of establishments (ranging from 71 per cent to 79 per cent for different measures of training activity) indicated that the recession had not impacted on their training practices.

Looking beyond how employers perceived the recession had impacted on their establishment, to examine where, a priori, an effect might have been felt, while some trends might have been expected, others were perhaps less predictable:

1. Vacancies of all types have fallen, which is what would be expected in a recession as establishments contract and do not back-fill positions vacated by employees leaving.

2. Training activity, however, has held up relatively well. The overall incidence of employers providing training was unchanged from 2007, although there has been a decrease in the proportion of the staff they were training and a decrease in the amount spent on training. That training activity has held up relatively well is not as surprising as it at first may appear.

   Whilst the conventional wisdom would be to assume that training activity would be cut during a downturn, the relatively sustained levels of training during the downturn reflects a similar trend seen during the recession of the early 1990s, when training levels only reduced slightly. One explanation for this could be that the UK has neither an 'educational' nor 'market model' for training, but is instead developing an employer-led model which combines regulation and market forces. The combination of these two factors, regulation and market competition were important influences on the trends identified in the 1990s (Felstead and Green, 1994)[32].

3. Skills gaps have increased. A reasonable hypothesis for why skill gaps are rising for the first time in the NESS series, is that employers have been requiring a broader range of tasks to be carried out by their employees, as they attempt to diversify products or continue to provide the same services with fewer staff. The inclusion of product market strategy questions in NESS 2009 will allow a more detailed analysis of the link between training, skills, and an establishment's product market strategy. Previous research undertaken on data from the 2001 Employer Skills Survey, the predecessor to NESS, indicated that there was a correlation between the level of skills identified in an establishment and the nature of its product market strategy and competitive market (Mason, 2004)[33].

[32] Felstead and Green, "Training during the Recession", *Work Employment Society*.1994; 8: 199-219.
[33] Mason, G., *Enterprise product strategies and employer demand for skills in Britain*: evidence from the Employers Skill Survey, SKOPE, (2004).

Understanding the importance of this relationship and how it has changed since the beginning of the decade is vital, and will inform the debate over whether we have been or are at the moment in a 'low-skills equilibrium' (Finegold and Soskice, 1988)[34]. The UK Commission is currently undertaking this further analysis to see how the picture has changed since 2001.

9.2 Management and leadership

Since the 1980s there has been a concern that, in general, management capability and the deployment of managers in the UK is poor in various respects, relative to competitor countries, and that this has contributed to reduced productivity and performance across the UK. This is discussed at length in the UKCES's report *Ambition 2020* (2009)[35]. It is useful to look across NESS09 research to examine what it can tell us about the management and leadership issue.

Looking first at skill shortages, the number of skill-shortage vacancies for managers is amongst the lowest of any occupational group, both as an absolute level, and when expressed as a proportion of employment. Similarly, looking at skill gaps, whilst managers account for 18 per cent of all employment, they only account for 14 per cent of skill gaps i.e. employers are less likely to report that their managers have skill gaps compared to the rest of their employees. In summary, on measures of current skills gaps and current levels of vacancies by occupation, managers featured relatively low.

However, the new upskilling measure introduced for the first time in NESS09 gauges the future likelihood of an employer investing in staff that they already have within their establishment, in particular as a result of changing product or service offers, new working practices or technologies. Two-thirds of establishments saw the need to up-skill at least some of their staff in the next 12 months. Amongst this group, the occupation most often identified as being in need of upskilling were managers, with 40 per cent of establishments reporting at least one of their managers as being in need of upskilling in the next year. Conversely, despite this, managers are also among the least likely of all the occupational groups to have received training in the previous 12 months, relative to the actual number of people employed in each occupational group. Overall, therefore, NESS09 shows that employers have a very mixed view of managers.

9.3 Size of establishment

Size of establishment has been an important predictor of employer behaviour throughout the NESS series. Larger establishments tend to experience a larger incidence of issues such as skills gaps and vacancies, as a result of the larger proportion of the workforce that they employ. On the other hand, smaller establishments, in particular the smallest size groups employing fewer than five employees, but also those between five and 24 staff, had tended to experience a higher density with skills gaps and vacancies.

[34] Finegold and Soskice, *The Failure of Training in Britain: Analysis and Prescription*, (1988).
[35] UKCES, *Ambition 2020: World Class Skills and Jobs for the UK*, (2009).

Business planning and training planning are also areas where there is a clear relationship between the size of an establishment and its likelihood to have plans in place, with larger establishments being much more likely to have undertaken all forms of planning, and to have a designated training budget. However, as is explored in UKCES's report Ambition 2020 (2010)[36], this lack of formal planning on the part of smaller establishments often reflects a rational business approach for their circumstances, where skills acquisition occurs naturally as a part of day-to-day work.

A similar relationship between larger and smaller establishments also exists when examining the proportion of employers actually providing training. Larger establishments are more likely to train, and to carry out both on- and off-the job training. This also holds for the proportion of staff trained in each size band, relative to current employment, and the proportion of establishments who formally assess the impact of training. However, as is explored in UKCES's report Ambition 2020 (2010)[37], smaller establishments tend to carry out mentoring and supervision activities, some of which will fall outside of the definition of training used in the NESS series, where 'learning by experience that could take place all the time' is not included in the definition.

A dichotomy also emerges when awareness of government training initiatives, such as apprenticeships, is examined by size of establishment. Although awareness of the existence of government-funded apprenticeships is high for all size groups at around 90 per cent, knowledge of specific types of apprenticeship and current involvement in schemes such as government-funded apprenticeships was much lower for smaller than larger establishments. This reinforces the extent to which smaller establishments are hard for government to reach.

The NESS series includes rich data which will continue to be important in understanding the nature of the differences between larger and smaller establishments and in particular their demand for skills and the reasons underpinning their pattern of training provision. On issues of engagement with government initiatives, NESS09 shows that that there is a need to find out why the uptake of government initiatives is lower amongst smaller establishments, and to identify what could be done to meet their needs. Although around only a third of the workforce is employed in smaller establishments, the vast majority of establishments in England employ fewer than 250 employees, and therefore in terms of the incidence of employers, small and medium-size establishments should remain a predominant target group for policy makers.

[36] UKCES, *Ambition 2020: World Class Skills and Jobs for the UK*, (2010).
[37] UKCES, *Ambition 2020: World Class Skills and Jobs for the UK*, (2010).

Annex A: Technical Appendix for National Employer Skills Survey for England 2009: Main report

The following section provides further details on the key aspects of the survey methodology employed for the National Employer Skills Survey 2009 (NESS09). In Annex B we provide further details of the Cost of Training study which involved re-contacting those from the main study to investigate in detail their expenditure on training.

Appendix A1: Sampling

The sample design was complex, being set against a three-dimensional grid defined by SSC sector of business activity and size of establishment within region. In summary, the key elements of the design were as follows:

- An initial target of 75,000 interviews was distributed across each of the nine English regions in proportion to the number of establishments within that region.
- Within each region, half of the target number of interviews was distributed across each of 27 sectors (defined using the 25 sector skill council (SSC) footprints, and with two additional 'sectors' grouping those employers not currently covered by an SSC) in proportion to the number of establishments within the sector. The remaining interviews were distributed evenly across each sector.
- Targets within each sector were then calculated against six size bands, in proportion to the number of people working in establishments of that size.
- In parallel, non-interlocking targets were set for each of the 149 LEA areas in England, with interviews distributed to match the proportion of all establishments in England falling within each LEA.
- Boosts took place in London and the North West. Boosts were also undertaken for Government Skills and Skills for Justice SSCs (at the pan-England level). These brought the total sample size up to 79,152.

Sample was drawn from Experian, the established sample list supplier which also provided the sample for NESS03, NESS05 and NESS07.

The targets set as described above were subject to a final check against the available Experian sample. Where the target number of interviews exceeded the available sample, the target was adjusted accordingly. Otherwise, targets were allowed to stand, and detailed instructions issued for how target interviews were to be 'replaced' should there not be sufficient sample to achieve them.

Appendix A2: Survey fieldwork

A total of 79,152 interviews were conducted by telephone using computer-aided telephone interviewing (CATI) technology.

Fieldwork across the regions was undertaken by three research agencies, as follows:

Agency	Regions
BMG	South East South West West Midlands
IFF Research	East Midlands London North East
Ipsos-MORI	Eastern North West Yorkshire and the Humber

Interviews were conducted with 'the most senior person at the site who [had] responsibility for human resource and personnel issues'. If the establishment had been interviewed on NESS07 we targeted the respondent contacted in the previous survey checking – if the respondent was still employed at the establishment – that they were still the most appropriate person to speak to.

Fieldwork took place from March to July 2009.

Appendix A3: Industry coding

Each establishment was allocated to a sector using the following method. Using the four- and sometimes five-digit Standard Industrial Classification (SIC) supplied for each record from the Experian database, a description of business activity was read out to each respondent. If they agreed that this description matched the main activity undertaken at the establishment, then the SIC on Experian's database was assumed to be correct. If the respondent felt the description did not correspond to their main business activity at the site, a verbatim response was collected. At the analysis stage this was coded to a four-digit SIC which was then used as the basis for allocation into sector.

Appendix A4: Occupational coding

The occupational data collected in the survey were collected both pre-coded and verbatim. The former included the occupational breakdown of employment (question D1 to D1c) where respondents were asked how many of their workforce fell into each of the nine major (one-digit) Standard Occupation Classification (SOC) 2000 categories (managers through to elementary occupations). However, on vacancy measures (for example the occupations in which vacancies exist – question C2) this information was collected verbatim. This was then coded at the analysis stage, where possible to a four-digit level SOC, if not three, two- or one-digit level.

Appendix A5: Design of the questionnaire

The questionnaire for the survey was developed by IFF Research in conjunction with the Project Steering Group, and revised following a pilot exercise. Although the questionnaire drew heavily on previous NESS questionnaires to maximise comparability, a number of new question areas were introduced covering:

- Clarification of establishment type for a small number of establishments (A2a)
- Upskilling (D7)
- Qualifications as a result of training (E7ci/E7cii)
- Train to Gain changes, Skills Pledge and National Skills Academies (E29-E31C)
- Awareness/involvement in Apprenticeships (E32-E44)
- Product Market Strategies (F1A-F1E)
- Impact of the recession (F2-F3)
- Level 3/Level 4 trained staff (F4-F5)

The questionnaire is presented in Appendix A7.

Appendix A6: Grossing-up

Data for the survey were grossed-up to population estimates of establishments (some 1.49 million establishments) and to the population of employees (23 million). These population estimates were derived from the 2009 Inter-Departmental Business Register (IDBR).

The grossing-up procedure on which this report has been based was undertaken at regional level. Within each region the grossing-up took place on a 27-sector and five-size band interlocking grid (i.e. 135 cells). There were instances where within a region no interviews were conducted in cells where the IDBR indicated that establishments existed. There were also instances where a low number of interviews were conducted in relation to the population of that cell, which would have resulted in high relative weights being applied to these establishments. In both instances, cells were merged. This was done both within an industry (i.e. merging size bands) and across industries (i.e. merging different sectors within a size band).

Appendix A7: The questionnaire

PRIVATE AND CONFIDENTIAL **J:4666**

Mainstage Questionnaire **MAINSTAGE**

SCREENING OUTCOMES

(TAKE FROM S3 IF ANSWERED, S2 IF NOT ANSWERED S3, S1 IF NOT ANSWERED S3 OR S2)

Hard Appointment	S1/S2/S3 = code 3
Soft appointment	S1/S2/S3 = code 4
Refusal	S1/S2/S3 = code 5
Refusal (Company Policy)	S1/S2/S3 = code 6
Refusal (Taken part in recent survey)	S1/S2/S3 = code 7
Nobody at site able to answer questions	S1/S2/S3 = code 8
Not available in deadline	S1/S2/S3 = code 9
Company too small/<2 employment	S1/S2/S3 = code 10 OR A1TOT < 2
Don't know exact employment	A1TOT = Don't know
Residential number	S1 = code 14
Dead line	S1 = code 15
Company closed	S1 = code 16
Out of quota	From A1TOT

[NOTE – If Sector quota filled, sample is removed immediately]

ASK ALL

S1. **Good morning/afternoon, my name is XXX and I am calling from IFF Research, an independent research organisation, on behalf of the government and its agencies. Can I just check, is this … COMPANY …?**

SINGLE CODE

Yes	1	**Continue**
No – incorrect name	2	**Record correct company name**
Definite appointment	3	**Make definite appointment/ soft call back**
Soft appointment	4	
Refusal – no reason given	5	**Close**
Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small/<2 employment	10	
Engaged	11	
Fax	12	
No reply/Answering machine	13	
Residential number	14	
Dead line	15	
Company closed	16	
Duplicate – already called about this survey	17	

ASK ALL

S2. [TEXT SUBSTITUTION: IF HAVE NO NAMED SAMPLE FROM NESS07, OR NAMED RESPONDENT NO LONGER AT SITE OR BEST PERSON TO TALK TO (S2/12 or S2a/2)]
We are conducting a survey about recruitment, human resources and workplace skills. Can I speak to the person at this establishment who has greatest involvement in these sorts of issues?]

[TEXT SUBSTITUTION: IF HAVE NAMED SAMPLE FROM NESS07
Can I please speak to [INSERT NAMED CONTACT] …?]

INTERVIEWER NOTE
IF RESPONDENT ATTEMPTS TO TRANSFER TO SOMEONE AT ANOTHER SITE:
We need to speak to someone at this site rather than someone at another branch or office of your organisation. Could I speak to the person at this site who would have the best overview of the skills that your establishment needs its workers to have.

SINGLE CODE

Yes – transferred	1	**Check**
Yes – correct respondent speaking	2	
Definite appointment	3	**Make definite appointment/ soft call back**
Soft appointment	4	
Refusal	5	**Close**
Refusal – company policy	6	
Refusal – taken part in other survey recently	7	
Nobody at site able to answer the questions	8	
Not available in deadline	9	
Company too small/<2 employment	10	
Duplicate – already called about this survey	11	
[IF NAMED CONTACT] No-one of that name works here/Person no longer works here	12	**Re-ask S2**

IF HAVE NAMED SAMPLE FROM NESS07 AND S2/1-2, OTHERS GO TO S3

S2A. **Are you the person who would have the best overview of recruitment issues, human resources and workplace skills at this site?**

Yes	1	Continue
No	2	Reask S2

ASK ALL

S3. **Good morning/afternoon, my name is XXX and I am calling from IFF Research, An independent research organisation. We are conducting a major research project on behalf of the government and its agencies to find out what skills businesses need. The information will be used to plan training provision to ensure it meets the skills needs of businesses.**

IF HAVE NAMED CONTACT FROM NESS07 AND S2 NOT CODE 12 AND S2a NOT CODE 2.
You may remember that you helped us with a similar survey a couple of years ago.

INTERVIEWER NOTE: The core client agency is the Learning and Skills Council (LSC); the partner organisations are: the Department for Innovation, Universities, and Skills, Regional Development Agencies, the UK Commission for Employment and Skills, the Department for Business Enterprise and Regulatory Reform, the SSC Alliance and Sector Skills Councils.

The interview will take on average … [TEXT SUBSTITUTION: IF EMPLOYMENT ON SAMPLE 2-24 PEOPLE: 10 minutes/IF EMPLOYMENT 25 PLUS PEOPLE: **20 minutes**] **… depending on the answers given. Would it be convenient to conduct the interview now?**

SINGLE CODE

Yes	1	**Continue**
Definite appointment	2	**Make definite appointment/ soft call back**
Soft appointment	3	
Refusal – no reason given	4	**Close**
Refusal – company policy	5	
Refusal – taken part in other survey recently	6	
Nobody at site able to answer the questions	7	
Not available in deadline	8	
Company too small/<2 employment	9	
Duplicate – already called about this survey	10	

ADD IF NECESSARY

- Your co-operation will ensure that the views expressed are representative of all employers.
- Further information is available on the LSC's website http://research.lsc.gov.uk/ness09/. The results will also be available later this year and will be posted on this website.
- All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or company.
- We work strictly within the Market Research Society Code of Conduct.
- Contact at IFF Research is Tim Riley or Sarah Fish if they would like to find out more about the survey (020 7250 3035) EACH CONTRACTOR TO ADAPT.
- Contact at Learning and Skills Council is Tracy Mitchell (Tel: 02476 825 719).
- Establishments have been randomly chosen from British Telecom Yellow Pages and Thompson's Directories (now owned by Experian).

Section A: Establishment details

I would like to begin by asking you some general questions about this establishment or site. By establishment or site I mean this single location, even if it encompasses more than one building.

ASK ALL

A1. **Including you and any working proprietors, how many people are on the payroll at this location?** PROBE FOR BEST ESTIMATE

ADD AS NECESSARY: **Do not include outside contractors/agency staff nor the self-employed other than a self-employed owner**

ADD AS NECESSARY: **Include both full-time and part-time staff**

ADD AS NECESSARY: **Partners in a partnership should be included**

WRITE IN NUMBER __(1-99999) _ [DON'T KNOW = THANK AND CLOSE]

A1RAN **CATI INSTRUCTION – AUTOMATICALLY CODE TO GRID BELOW**

1	1	**THANK AND CLOSE**
2-4	2	ASK A2
5-9	3	
10-24	4	
25-49	5	
50-99	6	
100-199	7	
200-250	8	
251-499	9	
500+	10	

IF A1 > 1500 ASK:
A1chk **I've recorded that as** [insert number from A1] **part-time and full-time employees on the payroll at this location, excluding contractors/agency staff, is this correct?**

YES		**CONTINUE**
NO		**RE-ASK A1**

A1TOT – CATI DUMMY VARIABLE CALCULATING TOTAL EMPLOYMENT: take from A1

A1DUM – CATI CLASSIFY ESTABLISHMENT SIZE BY EMPLOYMENT AGAINST QUOTA GRIDS

ASK IF SIC CODES 4534, 52489, 92629, 93059

A2A. **Is this establishment a . . .?**

READ OUT, SINGLE CODE (AS SOON AS ONE CODED 1-4 GO STRAIGHT TO A4)

[IF SIC 4534: **Fencing installation business**]	1	CODE AS FENCING GO TO A4
[IF SIC 52489: **Florists**]	2	CODE AS FLORISTS GO TO A4
[IF SIC 52489, 92629, 93059: Horse riding school, stables or race course]	3	CODE AS EQUINE GO TO A4
[IF SIC 52489, 92629, 93059: **Pet shop or other animal related shop, greyhound kennels or track, kennels, cat-homes, animal grooming or training or a similar animal-related business]**	4	CODE AS ANIMAL CARE GO TO A4
No, something else	5	ASK A2B

ASK ALL EXCEPT IF SIC CODES 36639 OR 74879 (OR A2A CODED 1-6)

A2B. **I have** [*READ OUT SIC DESCRIPTION ON SAMPLE – SEE ANNEX A FOR FULL LISTING*] **as a general classification for your establishment. Does this sound about right?**

Yes	1	GO TO A4
No	2	ASK A3

ASK IF ACTIVITY NOT AS ON SAMPLE (A2B=2), OR IF SIC CODES 36639, 74879, (OTHERS GO TO A4)

A3. **What is the main business activity at this establishment?**

PROBE AS NECESSARY:

- What is the main product or service of this establishment?
- What exactly is made or done at this establishment?
- What material or machinery does that involve using?

WRITE IN. MUST CODE TO 4-DIGIT SIC.

ASK ALL

A4. **Would you classify your organisation as one mainly seeking to make a profit; as a charity or voluntary sector organisation; as a local-government financed body, or as a central government financed body? CODE ONE ONLY**

Seeking a profit	1	Go to A6
Charity/voluntary sector	2	
Local government financed body (such as a school, or a body delivering leisure, transport, social care, waste or environmental health services).	3	Go to A8
Central government financed body (such as the Civil Service, any part of the NHS, a college or university, the Armed Services, an Executive Agency or other non-departmental public bodies)	4	ASK A5a
None of the above/other	5	Go to A5

ASK IF NONE OF THE ABOVE/OTHER AT A4

A5. **How would you classify the activities of the organisation?**

IF CENTRAL GOVERNMENT FINANCED (CODE 4 AT A4)

A5A. **Is this establishment part of any of the following**: READ OUT AND CODE ONE ONLY

The Civil Service, including the Foreign Office but excluding the Diplomatic Service	1
The Ministry of Defence	2
The Armed Services	3
The NHS	4
A college or university	5
An Executive Agency or other non-departmental public body (such as the Arts Council; Qualifications and Curriculum Authority; Design Council; Disability Rights Commission or Low Pay Commission.)	6
(DO NOT READ OUT) **None of the above** [WRITE IN]	7
Don't know/not sure	X

ASK ONLY IF PRIVATE OR VOLUNTARY SECTOR OR NONE OF THE ABOVE (A4/1,2 OR 5)

A6. **Is this establishment...**

READ OUT

The only establishment in the organisation, or	1	Go to A8
One of a number of establishments within a larger organisation	2	Go to A7
DO NOT READ OUT: Don't know	3	Go to A8

ASK IF MULTI-SITE (A6=2) AND THERE ARE 250 OR LESS EMPLOYED IN THE ESTABLISHMENT (A1<251)

A7. **Does the overall organisation employ more than 250 people?**

Yes	1
No	2
DO NOT READ OUT: Don't know	3

ASK ALL

A8. **In the last 12 months has this site taken on anyone aged under 24 to their first job on leaving school, college or university?**

Yes	1	
No	2	
Don't Know	X	

IF RECRUITED ANYONE AGED UNDER 24 TO FIRST JOB ON LEAVING EDUCATION IN LAST 12 MONTHS (A8/1), OTHERS GO C1

A9 **Have any of these been….?**

READ OUT. CODE ALL MENTIONED

	Yes	No	Don't know
a) 16 year olds recruited to their first job from school [IF NECESSARY ADD: who have undertaken compulsory education but no more]	1	2	3
b) 17 or 18 year olds recruited to their first job from school or college	1	2	3
c) Recruited to their first job from University or other Higher Education institution	1	2	3

IF RECRUITED ANYONE DIRECTLY FROM SCHOOL IN LAST 12 MONTHS (A9a=1)

A10A. **How well prepared for work have the 16 year old school leavers been…?** READ OUT

Very well prepared	1	CHECK A10c
Well prepared	2	
Poorly prepared	3	ASK A10b
Or very poorly prepared	4	
DO NOT READ OUT: Don't know/Varies too much to say	X	CHECK A10c

ASK IF POORLY OR VERY POORLY PREPARED (A10a/3-4)

A10B. **In what ways have they been poorly prepared?**

DO NOT READ OUT. PROBE FULLY. CODE ALL THAT APPLY.

Lack required skills or competencies (e.g. technical or job specific skills, IT skills, problem solving skills, team working skills)	1
Literacy/numeracy skills	2
Poor education	3
Lack of common sense	4
Poor attitude/personality or lack of motivation (e.g. poor work ethic, punctuality, appearance, manners)	5
Lack of working world/life experience or maturity (including general knowledge)	6
Other (WRITE IN)	7
Don't know	X

IF RECRUITED ANY 17-18 YR OLDS AT A9b (A9b=1)

A10C. **How well prepared for work have the 17-18 year olds you have recruited to their first job from school or college been…?** READ OUT

Very well prepared	1	CHECK A10e
Well prepared	2	
Poorly prepared	3	ASK A10d
Or very poorly prepared	4	
DO NOT READ OUT: Don't know/Varies too much to say	X	CHECK A10e

ASK IF POORLY OR VERY POORLY PREPARED (A10c/3-4)

A10D. **In what ways have they been poorly prepared?**

DO NOT READ OUT. PROBE FULLY. CODE ALL THAT APPLY.

Lack required skills or competencies (e.g. technical or job specific skills, IT skills, problem solving skills, team working skills)	1
Literacy/numeracy skills	2
Poor education	3
Lack of common sense	4
Poor attitude/personality or lack of motivation (e.g. poor work ethic, punctuality, appearance, manners)	5
Lack of working world/life experience or maturity (including general knowledge)	6
Other (WRITE IN)	7
Don't know	X

IF RECRUITED ANYONE FROM UNIVERSITY IN LAST 12 MONTHS (A9c=1)

A10E. **How well prepared for work have the people aged under 24 that you have recruited to their first job from university or other higher education institutions been…?** READ OUT

Very well prepared	1	ASK C1
Well prepared	2	
Poorly prepared	3	ASK A10f
Or very poorly prepared	4	
DO NOT READ OUT: Don't know/Varies too much to say	X	ASK C1

ASK IF POORLY OR VERY POORLY PREPARED (A10e/3-4)

A10F. **In what ways have they been poorly prepared?**

DO NOT READ OUT. PROBE FULLY. CODE ALL THAT APPLY.

Lack required skills or competencies (e.g. technical or job specific skills, IT skills, problem solving skills, team working skills)	1
Literacy/numeracy skills	2
Poor education	3
Lack of common sense	4
Poor attitude/personality or lack of motivation (e.g. poor work ethic, punctuality, appearance, manners)	5
Lack of working world/life experience or maturity (including general knowledge)	6
Other (WRITE IN)	7
Don't know	X

Please note there is no Section B.

Section C: Recruitment and Hard to fill vacancies

ASK ALL

C1. **Changing the subject slightly, how many vacancies, if any, do you currently have at this establishment?** *PROBE FOR BEST ESTIMATE*

WRITE IN NUMBER _____ [*ALLOW DON'T KNOW. IF 0 OR DON'T KNOW GO TO D1*]

IF C1 > 100 ASK:
C1chk **I've recorded that as** (insert number from C1), **is this correct?**

Yes	1	*CONTINUE*
NO	2	*RE-ASK C1*

ASK ALL WITH ANY VACANCIES AT C1. OTHERS GO TO D1.

C2. TEXT SUBSTITUTION: IF C1>1: **In which specific occupations do you currently have vacancies at this establishment?**/IF C1=1: **In which specific occupation do you currently have a vacancy at this establishment?**

PROMPT FOR FULL DETAILS (E.G. IF 'MANAGER' PROBE: WHAT TYPE OF MANAGER?) RECORD DETAILS FOR UP TO 6 OCCUPATIONS.

DUMVAC CATI DUMMY VARIABLE – LIST OF UP TO 6 OCCUPATIONS WITH VACANCIES

IF >1 OCCUPATION WITH VACANCIES AT C2, ASK C3. OTHERS GO TO C4.

C3. **How many vacancies do you have for** [EACH OCCUPATION AT C2]?

PROBE FOR BEST ESTIMATE

CATI – NUMBER OF VACANCIES FROM C1 TO APPEAR ON SCREEN

CATI – DO NOT ALLOW DON'T KNOW. ANSWER MUST BE AT LEAST 1

C2	**C3 – number**
Occupation 1 -	(1-9999)
Occupation 2 –	(1-9999)
Occupation 3 –	(1-9999)
Occupation 4 –	(1-9999)
Occupation 5 –	(1-9999)
Occupation 6 –	(1-9999)

CATI CHECK 6: TOTAL OF ALL VACANCIES AT C3 MUST SUM TO C1 (UNLESS GIVE 6 OCCUPATIONS IN WHICH CASE TOTAL CANNOT BE GREATER THAN C1).

IF FAIL CATI CHECK 6: PROMPT RESPONDENT WITH … **This sums to [INSERT C3 SUM] but you just told me that you had [INSERT C1] vacancies in total**… THEN RE-ASK C3

ASK ALL WITH VACANCIES AT C1

C4. TEXT SUBSTITUTION: IF C1>1: **Are any of these vacancies proving hard to fill?/IF C1=1: Is this vacancy proving hard to fill?**

Yes	1	ASK C5
No	2	GO TO D1
Don't know	3	GO TO D1

ASK C5 IF YES AT C4 AND C1 > 1 (IF C4 YES AND C1=1 THEN ASK C5A)
ASK C5 FOR EACH OCCUPATION AT C2

C5. **How many of your vacancies for** [TEXT SUBSTITUTION: OCCUPATION AT C2] **are proving hard-to-fill?**

CATI – SHOW ON SCREEN NUMBER OF VACANCIES FOR EACH OCCUPATION AT C2. ANSWER GIVEN MUST BE BETWEEN 0 AND C3 RESPONSE

	C5 Number of hard to fill vacancies
Occupation 1 -	(0 – RESPONSE AT C3_1)
Occupation 2 -	(0 – RESPONSE AT C3_2)
Occupation 3 –	(0 – RESPONSE AT C3_3)
Occupation 4 –	(0 – RESPONSE AT C3_4)
Occupation 5 –	(0 – RESPONSE AT C3_5)
Occupation 6 –	(0 – RESPONSE AT C3_6)

CATI CHECK 7: NUMBER OF HARD TO FILL VACANCIES MUST SUM TO > 0 AT C5.

IF FAIL CATI CHECK 7: PROMPT RESPONDENT WITH: **You told me earlier that you had vacancies that were hard-to-fill but I have not recorded any of them here…**THEN REASK C4

C5DUM – CATI DUMMY VARIABLE – LIST OF UP TO 6 OCCUPATIONS WITH HARD-TO-FILL VACANCIES

ASK C5A – C6C IN SEQUENCE FOR UP TO 6 OCCUPATIONS > 0 AT C5 (I.E. OCCUPATIONS WITH HARD-TO-FILL VACANCIES. NB IF C1=1 AND C4=YES, ASK ABOUT OCCUPATION FROM C2)

C5A. **What are the main causes of having a hard to fill vacancy for** *[TEXT SUBSTITUTION: OCCUPATION WITH HARD TO FILL VACANCY AT C5]? DO NOT READ OUT. CODE ALL MENTIONED*

	Occupations with hard-to-fill vacancies					
	Occ 1	**Occ 2**	**Occ 3**	**Occ 4**	**Occ 5**	**Occ 6**
Too much competition from other employers	1	1	1	1	1	1
Not enough people interested in doing this type of job	2	2	2	2	2	2
Poor terms and conditions (e.g. pay) offered for post	3	3	3	3	3	3
Low number of applicants with the required skills	4	4	4	4	4	4
Low number of applicants with the required attitude, motivation or personality	5	5	5	5	5	5
Low number of applicants generally	6	6	6	6	6	6
Lack of work experience the company demands	7	7	7	7	7	7
Lack of qualifications the company demands	8	8	8	8	8	8
Poor career progression/lack of prospects	9	9	9	9	9	9
Job entails shift work/unsociable hours	10	10	10	10	10	10
Seasonal work	11	11	11	11	11	11
Remote location/poor public transport	12	12	12	12	12	12
Other (WRITE IN)	13	13	13	13	13	13
No particular reason	14	14	14	14	14	14
Don’t know	X	X	X	X	X	X

FOR EACH OCCUPATION WHERE VACANCIES ARE HARD-TO-FILL BUT WHERE ONE OF CODE 4, 7 OR 8 AT C5A NOT MENTIONED (IF ALL HARD-TO-FILL OCCUPATIONS CODED 4, 7 OR 8 AT C5a, GO TO C6c)

C6A. **Can I just check, are you finding** [TEXT SUB IF SUM OF C5 = 1 OR ONLY 1 HARD TO FILL VACANCY IN TOTAL [C1=1]: **this vacancy**] [TEXT SUB IF C5>1: **any of these vacancies] for** [EACH OCCUPATION MENTIONED] **hard to fill because… ?** READ OUT

	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5	Occ 6
Applicants have not been of sufficient quality	1	1	1	1	1	1
Because there have been few or no applicants	2	2	2	2	2	2
Or for both of these reasons	3	3	3	3	3	3
DO NOT READ OUT: Neither of these reasons	4	4	4	4	4	4
Don't know	5	5	5	5	5	5

ASK FOR ALL HARD-TO-FILL VACANCIES CAUSED BY LACK OF QUALITY (C6A/1 OR 3)

C6B. **You said that you have had problems with the quality of the candidates for** [OCCUPATION]. **Would you say that they have been lacking… ?** READ OUT. CODE ALL MENTIONED.

	Occ 1	Occ 2	Occ 3	Occ 4	Occ 5	Occ 6
The skills you look for	1	1	1	1	1	1
The qualifications you look for	2	2	2	2	2	2
The work experience that you require	3	3	3	3	3	3
Or do applicants tend to have poor attitudes, motivation and/or personality	4	4	4	4	4	4
DO NOT READ OUT: Don't know	X	X	X	X	X	X

ASK FOR EACH OCCUPATION WITH HARD-TO-FILL VACANCIES CAUSED BY LACK OF SKILLS [(C6B/1-3) OR (C5A/4 or 7 or 8)]

C6C. **Have you found any of the following skills difficult to obtain from applicants for** [TEXT SUBSTITUTION: OCCUPATION WITH SKILLS SHORTAGE VACANCY] …? READ OUT

CODE ALL MENTIONED

CATI – ROTATE ORDER OF SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH IT USER SKILLS FIRST, FOLLOWED BY IT PROFESSIONAL SKILLS). TECHNICAL AND PRACTICAL SKILLS, ANY OTHER SKILLS, NONE AND DON'T KNOW MUST ALWAYS APPEAR LAST).

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

ASK ALL WITH HARD-TO-FILL VACANCIES (C4=1)

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

CATI – ROTATE ORDER APART FROM "OTHER"/"NONE"/DON'T KNOW.

Lose business or orders to competitors	1
Delay developing new products or services	2
Have difficulties meeting quality standards	3
Increase operating costs	4
Have difficulties introducing new working practices	5
Increase workload for other staff	6
Outsource work	7
(DO NOT READ OUT) None	8
(DO NOT READ OUT) Don't know	X

ASK ALL WITH HARD-TO-FILL VACANCIES AT C4

C9. **What, if anything, is this establishment doing to overcome the difficulties that you are having finding candidates to fill these hard-to-fill vacancies?**

DO NOT READ OUT. PROBE FULLY. CODE ALL MENTIONED
INTERVIEWER NOTE: If the respondent mentions advertising or recruitment please probe to fully understand whether they are using a new method of recruitment (code 6), spending more money on recruitment (code 4), or both.

Increasing salaries	1
Increasing the training given to your existing workforce	2
Redefining existing jobs	3
Increasing advertising/recruitment spend	4
Increasing/expanding trainee programmes	5
Using NEW recruitment methods or channels	6
Recruiting workers who are non-UK nationals	7
Other (WRITE IN)	8
Nothing	9
Don't know	X

Section D: Skills gaps

I'd now like to turn to the skills within your existing workforce. Please do not think about any external recruitment problems that you may face. First of all, I need to understand the different roles that your existing staff currently fill at this establishment. (ADD AS NECESSARY: Staff should be categorised according to their primary role, i.e. the one that takes up the greatest proportion of their time)

ASK ALL

D1. **You said earlier that there were** [INSERT NUMBER FROM A1TOT] **staff at this establishment. How many of these are employed as managers** [TEXT SUBSTITUTION IF PUBLIC SECTOR: or senior officials]?

ADD AS NECESSARY: **This categorisation covers occupations where main tasks consist of direction and co ordination of organisations and businesses. This can include the management of internal departments/sections.**

ADD AS NECESSARY: **Staff should be categorised according to their primary role, i.e. the one that takes up the greatest proportion of their time)**

(Note: this excludes supervisors)
(Note: if police force this covers inspectors and above)

WRITE IN NUMBER __ _ [RESPONSE MUST NOT EXCEED A1TOT]]

CATI CHECK AFTER D1: IF NUMBER OF STAFF EMPLOYED AT A1 IS GREATER THAN 50 AND RESPONDENTS SAYS NO MANAGERS EMPLOYED AT D1

D1chka **Can I just check, I've recorded that there are no managers employed at this site – is this correct?**

Yes	1	*CONTINUE*
No	2	GO BACK TO D1 AND RECODE (INTERVIEWER NOTE: TO CHANGE NUMBER OF STAFF USE '<A1')

ASK IF A1 > D1, OTHERS GO TO D2

D1A. **And how many – if any – of your <insert total of A1-D1> are employed in administrative or secretarial occupations?**
(Note: Staff should be categorised according to their primary role, i.e. the one that takes up the greatest proportion of their time)

[IF 'MANUFACTURING' (SIC ON SAMPLE – 01 to 45) ADD AS NECESSARY: **including secretaries, receptionists and PAs, telephonists, book-keepers, credit controllers/wage clerks, assistants/clerks]**

[IF 'SERVICES' (SIC ON SAMPLE: 50-74 and 93) ADD AS NECESSARY: **including secretaries, receptionists and PAs, telephonists and communication operators, market research interviewers, book-keepers, credit controllers/wage clerks, pension and insurance clerks, office assistants, database assistants]**

[IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) ADD AS NECESSARY: **including secretaries, receptionists and PAs, local government officers and assistants, civil service executive officers, book-keepers, credit controllers/wage clerks, office assistants, library and database assistants]**

ADD IF NECESSARY: **Administrative and secretarial occupations undertake general admin, clerical, secretarial work and perform a variety of specialist client orientated clerical duties. Generally speaking, all those with 'clerk', 'secretary' in the job title will fall into this group, including financial clerks and book-keepers.**

WRITE IN NUMBER __ _ [RESPONSE MUST NOT EXCEED A1TOT – D1;]

ASK IF A1 > D1+D1A, OTHERS GO TO D2

D1B. **You've told me that a total of XX of your XX staff are employed as managers or in administrative roles. I'd now like you to tell me what roles the remaining XX staff fill. I'm going to read you seven different occupational roles, and I'd like you to tell me if any of your remaining XX staff are employed in each. If staff carry out more than one role, please only include them in their main function.**

First, do you employ any staff at this establishment as …OCCUPATION…?

CATI CHECK 1: NUMBER OF CATEGORIES TO BE NO GREATER THAN NUMBER OF STAFF EMPLOYED NOT IN MANAGEMENT/ADMINISTRATIVE ROLES (i.e. A1TOT – (D1 + D1a))

SET UP CHECK SO THAT ONCE OCCUPATIONS HAVE BEEN ATTRIBUTED TO TOTAL NUMBER OF STAFF NO FURTHER OCCUPATIONS ARE ASKED ABOUT

FOR EACH OCCUPATION EMPLOYED (YES AT D1B, >0 AT D1A FOR ADMIN/ SECRETARIAL STAFF AND >0 AT D1 FOR MANAGERS))

D1C. **How many of your staff at this establishment are employed as …?** READ OUT

	D1B		D1C
	Yes	No	
Elementary occupations *ADD IF NECESSARY* **Elementary occupations require knowledge and experience necessary to perform mostly routine tasks usually involving use of simple hand held tools and in some cases physical effort. Most do not require formal educational qualifications.** *[IF 'MANUFACTURING' (SIC ON SAMPLE – 01 to 45) ADD AS NECESSARY:* **including labourers, packers, goods handling and storage staff, security guards, cleaners]** *[IF 'SERVICES' (SIC ON SAMPLE: 50-74 and 93) ADD AS NECESSARY:* **including bar staff, shelf fillers, kitchen/catering assistants, waitresses, postal workers, cleaners, dry cleaners, goods handling and storage staff, security guards]** *[IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) ADD AS NECESSARY:* **including labourers, cleaners, road sweepers, traffic wardens, security guards]**	1	2	(1-99999)

	D1B		D1C
	Yes	No	
Process, plant and machine operatives *ADD IF NECESSARY:* **Process, plant and machine operative occupations require knowledge and experience to operate vehicles and other mobile and stationary machinery, and monitor industrial and plant equipment, or to assemble products. Most will not have a particular standard of education but will usually have formal experience related training.** ADD IF NECESSARY: **All transport and mobile machine drivers (except train drivers) belong in this group.** *ADD AS NECESSARY:* **including plant and machine operators plus routine operatives (sorters, assemblers) and HGV, van, fork lift, bus, taxi drivers.**	1	2	(1-99999)
Sales and customer service occupations *ADD IF NECESSARY:* **Sales and customer services occupations require knowledge and experience necessary to sell goods and services, accept payment and replenish stocks, provide information to potential clients and additional services to customers after the point of sale.** *ADD AS NECESSARY:* **including sales assistants and retail cashiers, telesales, call centre agents, customer care occupations.** *ADD AS NECESSARY:* **Buying and purchasing officers, sales representatives, estate agents or auctioneers SHOULD NOT be included in this group. These should be categorised as ASSOCIATE PROFESSIONAL AND TECHNICAL OCCUPATIONS.**	1	2	(1-99999)

	D1B		D1C
	Yes	No	
Personal service occupations *ADD IF NECESSARY:* **Personal service occupations involve the provision of service to customers whether in a public protective or personal care capacity. Main tasks usually involve the care of the sick, elderly and children and the provision travel care and hygiene services. These job-roles generally require a good standard of general education.** *[IF 'MANUFACTURING' (SIC ON SAMPLE – 01 to 45) ADD AS NECESSARY:* **including such occupations as care assistants, nursery nurses.]** *[IF 'SERVICES' (SIC ON SAMPLE: 50-74 and 93) ADD AS NECESSARY:* **including travel agents, travel assistants, sport and leisure assistants, hairdressers and beauticians, nursery nurses/childminders, housekeepers]** *[IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) ADD AS NECESSARY:* **including care assistants and home carers, nursery nurses/childminders, ambulance staff, pest control officers, dental/ veterinary nurses, caretakers, sport and leisure assistants]** *IF 'HEALTH AND SOCIAL CARE (SIC ON SAMPLE: 85)' ADD AS NECESSARY:* **Occupations with high level vocational qualifications such as nurses, midwives, paramedics, physiotherapists, youth workers and welfare officers SHOULD NOT be included in this group. They are categorised as ASSOCIATE PROFESSIONAL AND TECHNICAL OCCUPATIONS).**	1	2	(1-99999)

	D1B		D1C
	Yes	No	
Skilled trades occupations *ADD IF NECESSARY:* **Skilled trades occupations require a substantial period of training. Main tasks involve the performance of complex physical duties that normally involve initiative, manual dexterity and other practical skills.** *ADD AS NECESSARY:* **Including farmers, electricians, motor mechanics, machine setters/tool makers, TV engineers, plumbers, carpenters, plasterers, printers, chefs, butchers, furniture makers.** *ADD AS NECESSARY:* **Science and engineering technicians SHOULD NOT be included in this group. They are categorised as ASSOCIATE PROFESSIONAL AND TECHNICAL OCCUPATIONS.**	1	2	(1-99999)

	D1B		D1C
	Yes	No	
Associate professional and technical occupations *ADD IF NECESSARY:* **Occupations in this group will usually require an associated high level vocational qualification, often involving substantial period of full time training or further study. Main tasks require experience and knowledge to assist in supporting professionals or managers.** *[IF 'MANUFACTURING' (SIC ON SAMPLE – 01 to 45)* ADD AS NECESSARY: **including science and engineering technicians, lab technicians, IT technicians, accounting technicians.]** *[IF 'SERVICES' (SIC ON SAMPLE: 50-74 and 93) ADD AS NECESSARY*: **including insurance underwriters, finance and investment analysts and advisers, writers/journalists, buyers, sales reps, estate agents, train drivers/pilots, graphic designers, fitness instructors.]** *[IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) ADD AS NECESSARY:* **including nurses, midwifes, junior police/fire/prison officers, therapists, paramedics, community workers, careers advisors, health and safety officers, housing officers, writers/ journalists, fitness instructors]** *ADD IF NECESSARY:* **Most professionals in the arts, design, media or sports fields will be in this group.** ADD IF NECESSARY: **Architects, surveyors, engineers, chartered accountants and management consultants SHOULD NOT be included in this group. They should be categorised as PROFESSIONAL OCCUPATIONS.**	1	2	(1-99999)

	D1B		D1C
	Yes	No	
Professional occupations *ADD IF NECESSARY:* **Professional occupations will almost always require a degree or equivalent formal qualification. Some occupations will require postgraduate qualifications and/or a formal period of experience-related training.** **This categorisation includes high-level occupations in the natural sciences, engineering, life sciences, social sciences, humanities and related fields where job-holders will either be** • **practically applying extensive theoretical knowledge;** • **increasing the stock of knowledge through research;** • **communicating knowledge by teaching** [*IF 'MANUFACTURING' (SIC ON SAMPLE – 01 to 45) ADD AS NECESSARY:* **including professional engineers, software and IT professionals, accountants, chemists and scientific researchers]** *[IF 'SERVICES' (SIC ON SAMPLE: 50-74 and 93) ADD AS NECESSARY:* **including solicitors and lawyers, accountants, IT professionals, economists, architects, actuaries, doctors, engineers]** *[IF 'PUBLIC SECTOR' SIC ON SAMPLE 75-99 excl 93) ADD AS NECESSARY:* **including doctors, psychologists, teachers, social workers, librarians, accountants, economists, IT professionals, engineers]**	1	2	(1-99999)

Thinking about these broad categories of employees, for each, I'd like to know how many you think are fully proficient at their job.

A proficient employee is someone who is able to do the job to the required level.

ASK ALL, ASKING FOR EACH OCCUPATION WITH STAFF AT D1/D1A/D1B

D2. **How many of your** *[INSERT NUMBER FROM D1/D1A/D1C]* **existing** *[TEXT SUBSTITUTION – EACH OCCUPATION > 0 AT D1/D1A/D1C]* **would you regard as fully proficient at their job?**

CATI – SHOW NUMERIC BREAKDOWN AT D1C TO HELP RESPONDENTS ANSWER D2.

CATI – ANSWER AT D2 MUST BE BETWEEN 0 AND D1, D1A OR D1C RESPONSE FOR SAME OCCUPATION.

	D2
Managers [ADD IF A4 NOT 1: and senior officials]	(0 – RESPONSE AT D1)
Professional occupations	(0 – RESPONSE AT D1C_7)
Associate professional and technical occupations	(0 – RESPONSE AT D1C_6)
Administrative and secretarial occupations	(0 – RESPONSE AT D1A)
Skilled trades occupations	(0 – RESPONSE AT D1C_5)
Personal service occupations	(0 – RESPONSE AT D1C_4)
Sales and customer service occupations	(0 – RESPONSE AT D1C_3)
Process, plant and machine operatives	(0 – RESPONSE AT D1C_2)
Elementary occupations	(0 – RESPONSE AT D1C_1)

IF SUM OF D2 = **A1TOT,** GO TO D7

OTHER (= HAVE SKILL GAPS) ASK D3

D3DUM CATI DUMMY VARIABLE – LIST OF ALL OCCUPATIONS NOT FULLY PROFICIENT AT THEIR JOB

D3DUM2 CATI DUMMY VARIABLE – LIST OF 2 RANDOMLY CHOSEN OCCUPATIONS FROM D3DUM

ASK ALL WITH SKILL GAPS (IF NO SKILL GAPS, GO TO SECTION D7)

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

D3. [TEXT SUBSTITUTION IF >2 OCCUPATION AT D2 NOT PROFICIENT: **I want to ask about two of the categories where you say not all staff are proficient]. What are the main causes of some of your (OCCUPATION) not being fully proficient in their job…?** READ OUT

CODE ALL MENTIONED

CATI – ROTATE ORDER APART FROM "OTHER"/"NO PARTICULAR CAUSES"/ DON'T KNOW

	Occ 1	Occ 2
Failure to train and develop staff	1	1
Recruitment problems	2	2
High staff turnover	3	3
Inability of workforce to keep up with change	4	4
Lack of experience or their being recently recruited	5	5
Staff lack motivation	6	6
Any other cause (WRITE IN)	7	7
DO NOT READ OUT: No particular causes	8	8
DO NOT READ OUT: Don't Know	X	X

ASK OF THE SAME OCCUPATIONS AS D3

D4. **Thinking about your (OCCUPATIONS) who are not fully proficient which, if any, of the following skills do you feel need improving… ?** *READ OUT*

CODE ALL MENTIONED

CATI – ROTATE ORDER OF SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH "GENERAL IT USER SKILLS" FIRST, FOLLOWED BY "IT PROFESSIONAL SKILLS". "TECHNICAL AND PRACTICAL SKILLS", "ANY OTHER SKILLS", "NONE" AND "DON'T KNOW" MUST ALWAYS APPEAR LAST).

	Occ 1		Occ 2	
	D4		D4	
General IT user skills	1		1	
IT professional skills	2		2	
Oral communication skills	3		3	
Written communication skills	4		4	
Customer handling skills	5		5	
Team working skills	6		6	
Foreign language skills	7		7	
Problem solving skills	8		8	
Management skills	9		9	
Numeracy skills	10		10	
Literacy skills	11		11	
Office admin skills	12		12	
Technical, practical or job-specific skills	13		13	
Any other skills (WRITE IN)	14		14	
No particular skills difficulties	15		15	
No individual skills having the greatest impact (SHOW FOR D4B ONLY)				
Don't know	X		X	

ASK ALL WITH SKILL GAPS

D5B. **Is the fact that some of your staff are not fully proficient causing this establishment to…?**

READ OUT
CODE ALL MENTIONED

CATI – ROTATE ORDER APART FROM "NONE"/DON'T KNOW

Lose business or orders to competitors	1
Delay developing new products or services	2
Have difficulties meeting quality standards	3
Increase operating costs	4
Have difficulties introducing new working practices	5
Increase workload for other staff	6
Outsource work	7
(DO NOT READ OUT) No particular problems/None of the above	8
(DO NOT READ OUT) Don't know	X

ASK ALL WITH SKILL GAPS

D6. What action, if any, is this establishment taking to overcome the fact that some of its staff are not fully proficient in their job? DO NOT READ OUT. CODE ALL MENTIONED.

Increase training activity/spend or increase/expand trainee programmes	1
Increase recruitment activity/spend	2
More staff appraisals/performance reviews	3
Implementation of mentoring/buddying scheme	4
More supervision of staff	5
Recruiting workers who are non-UK nationals	6
Other action (WRITE IN)	7
Nothing	8
Don't know	X

UPSKILLING

ASK ALL

D7. **Over the next 12 months do you expect that any of your employees will need to acquire new skills or knowledge as a result of…?**

READ OUT.

	Yes	No	Don't know
The development of new products and services	1	2	3
The introduction of new working practices	1	2	3
The introduction of new technologies or equipment	1	2	3
New legislative or regulatory requirements	1	2	3
Increased competitive pressure	1	2	3
Any other reasons (please specify)	1	2	3

IF YES TO ANY OPTION AT D7 AND MORE THAN ONE OCCUPATION TYPE AT D1/ D1A/D1B. OTHERS GO TO D9A.

D8. **Which single occupation will be most affected by this need to acquire new skills or knowledge?**

CATI – SHOW ONLY THOSE OCCUPATIONS PRESENT FROM D1/D1A/D1B

PROMPT IF NECESSARY. CODE ONE ONLY .

Managers [ADD IF A4 NOT 1: and senior officials]	1
Professional occupations	2
Associate professional and technical occupations	3
Administrative and secretarial occupations	4
Skilled trades occupations	5
Personal service occupations	6
Sales and customer service occupations	7
Process, plant and machine operatives	8
Elementary occupations	9
Don't know	X

ASK FOR OCCUPATION SELECTED AT D8.

D9A. **Which, if any, of the following skills do you feel will need improving or updating amongst your** (OCCUPATIONAL GROUP) **over the next 12 months?…**

CATI – ROTATE ORDER OF SKILLS (APART FROM IT SKILLS WHICH MUST ALWAYS APPEAR TOGETHER WITH "GENERAL IT USER SKILLS" FIRST, FOLLOWED BY "IT PROFESSIONAL SKILLS". "TECHNICAL AND PRACTICAL SKILLS", "ANY OTHER SKILLS", "NONE" AND "DON'T KNOW" MUST ALWAYS APPEAR LAST).

READ OUT – CODE ALL MENTIONED.

	D9A
General IT user skills	1
IT professional skills	2
Oral communication skills	3
Written communication skills	4
Customer handling skills	5
Team working skills	6
Foreign language skills	7
Problem solving skills	8
Management skills	9
Numeracy skills	10
Literacy skills	11
Office admin skills	12
Technical, practical or job-specific skills	13
Any other skills (WRITE IN)	14
Don’t know	X

Section E: Workforce Training and Development

ASK ALL

E1. **Does your establishment have any of the following…?**

INTERVIEWER NOTES:

- IF RESPONDENT INDICATES THAT ESTABLISHMENT IS COVERED BY A COMPANY WIDE [SHOW CODE RELEVENT FOR EACH ITERATION: BUSINESS PLAN/TRAINING PLAN, TRAINING BUDGET] CODE AS A 'YES'
- CODE AS 'NO' IF IN PROCESS OF DRAWING UP FIRST [SHOW CODE RELEVENT FOR EACH ITERATION: BUSINESS PLAN/TRAINING PLAN, TRAINING BUDGET]
- CODE AS 'YES' IF CURRENTLY HAVE [SHOW CODE RELEVENT FOR EACH ITERATION: BUSINESS PLAN/TRAINING PLAN, TRAINING BUDGET]. BUT IN PROCESS OF DRAWING UP NEW ONE.

	Yes	No	Don't know
A business plan that specifies the objectives for the coming year?	1	2	3
A training plan that specifies in advance the level and type of training your employees will need in the coming year?	1	2	3
A budget for training expenditure?	1	2	3

ASK ALL

E2. **Approximately what proportion of your staff have a formal written job description?**

None	1
Some but fewer than half	2
Around half	3
More than half but not all	4
All	5
DO NOT READ OUT: Don't know	X

ASK ALL

E3. **Does this establishment formally assess whether individual employees have gaps in their skills?**

Yes	1
No	2
Don't know	3

ASK ALL

E3A. **Approximately what proportion of your staff have an annual performance review?** PROMPT AS NECESSARY

None	1
Some but fewer than half	2
Around half	3
More than half but not all	4
All	5
DO NOT READ OUT: Don't know	X

ASK ALL

E4A. **I am now going to ask you some questions about staff training and development. Over the past 12 months have you funded or arranged any off-the-job training or development for employees at this site? By off-the-job training we mean training away from the individual's immediate work position, whether on your premises or elsewhere?**

Yes	1
No	2
Don't know	3

E4B. **And have you funded or arranged any on-the-job or informal training and development over the last 12 months? By this I mean activities that would be recognised as training by the staff, and not the sort of learning by experience which could take place all the time.**

Yes	1
No	2
Don't know	3

E4DUM CATI VARIABLE:

Provide both off-the-job and on-the-job training	1
Provide off-the-job training only	2
Provide on-the-job training only	3
Provide neither off-the-job nor on-the-job training	4

ASK IF TRAIN (E4A/1 OR E4B/1). OTHERS GO TO E8.

E4C. [TEXT SUBSTITUTION IF BOTH ON AND OFF-THE-JOB (E4DUM=1):, **Thinking about both on- and off-the-job], over the last 12 months how many staff employed at this establishment have you funded or arranged training and development for, including any who have since left?**

WRITE IN ____(1 – 99999)____

PROMPT WITH RANGE IF DON'T KNOW

1-2	1
3-4	2
5-9	3
10-19	4
20-29	5
30-39	6
40-49	7
50-99	8
100-199	9
200 or more	10
(DO NOT READ OUT) Don't know	X

IF E4c > (A1 x 2) ASK:

E4cCHK. You said you currently have (insert value from A1) employees but you have trained (E4c FIGURE) staff in the past 12 months, is this correct?

YES	2	GO TO E5
NO	2	RE-ASK E4c

E5DUM CATI DUMMY VARIABLE – LIST EACH OCCUPATION EMPLOYED AT D1-D1B FOR ALL WHO TRAIN (E4A/1 OR E4B/1)

IF PROVIDE TRAINING AT ALL (E4a/1 or E4b/1)

E5. **Over the last 12 months which occupations have you funded or arranged training for** [TEXT SUBSTITUTION IF BOTH ON AND OFF-THE-JOB (E4DUM=1): **whether on- or off-the-job]?** PROMPT AS NECESSARY

CATI – SHOW ALL OCCUAPTIONS MENTIONED AT D1-D1B, PLUS (AS LONG AS NOT ALL 9 CATEGORIES ANSWERED YES AT D1-D1B) 'ANY OTHER OCCUPATIONS'

ASK IF MORE THAN ONE OCCUPATION MENTIONED AT E5

E5A. **You said you had funded or arranged training for** <E4c FIGURE/RANGE> **staff in the last 12 months, including any who have since left. How many of these were** <READ OUT IN TURN EACH ANSWER FROM E5> …

SCREEN TO SHOW THE FIGURE OR RANGE FROM E4C AND COUNTDOWN AFTER EACH E5a ANSWER.

TOTAL OF E5a MUST EQUAL E4C (OR BE WITHIN BAND IF ANSWERED E4CDK) – IF NOT CHECK IF TOTAL TRAINED FIGURE WRONG (IF SO SNAP BACK TO E4C OR E4CDK) OR AMEND E5a ANSWERS.

	E5	E5a
Managers (IF CODE 2, 3 or 4 AT A4 ADD: and senior officials)	1	WRITE IN NUMBER____
Professional occupations	2	WRITE IN NUMBER____
Associate professional and technical occupations	3	WRITE IN NUMBER____
Administrative and secretarial occupations	4	WRITE IN NUMBER____
Skilled trades occupations	5	WRITE IN NUMBER____
Personal service occupations	6	WRITE IN NUMBER____
Sales and customer service occupations	7	WRITE IN NUMBER____
Process, plant and machine operatives	8	WRITE IN NUMBER____
Elementary occupations	9	WRITE IN NUMBER____
Any other occupations (*WRITE IN*)	10	WRITE IN NUMBER____
Calculate sum		**SUM E5A**

IF E4C SUM E5a DOES NOT EQUAL E4c (OR IS GREATER THAN TOP OF E4CDK BAND OR LESS THAN THE BOTTOM OF E4CDK BAND) ASK:

E5chk. **You said that in the last 12 months that you trained** <E4c> **staff, but the sum of the occupations that you have trained total** <E5a SUM>. **Do you wish to amend the overall figure or the number within each occupation?**

Total figure	1	Re-ask E4c
Occupational figure	2	Re-ask E5a

IF PROVIDE TRAINING AT ALL (E4A/1 or E4bB/1)

E5B. **And, over the last 12 months, on average, how many days training and development** *[TEXT SUBSTITUTION IF BOTH ON AND OFF-THE-JOB (E4DUM=1):,* whether on- or off-the-job,] **have you arranged** *FOR EACH MEMBER OF STAFF RECEIVING* **training?**

NOTE TO INTERVIEWER: If respondent says 'a week' or 'two weeks' etc check: '**So how many WORKING days is that?**'

INTERVIEW NOTE: For "less than a day" please code "Don't know" and record on next screen.

WRITE IN ABSOLUTE NUMBER _____(1-365)_____

E5BRAN: IF DON'T KNOW AT E5B, PROMPT WITH RANGES

Less than a day	13
1 day	1
2 days	2
3 – 4 days	3
5 – 6 days	4
7 – 8 days	5
9 – 10 days	6
11 – 12 days	7
13 – 14 days	8
15 – 16 days	9
17 – 18 days	10
19 – 20 days	11
More than 20 days	12
DO NOT READ OUT: Don't know	X

IF MORE THAN 20 at E5B OR CODE 12 AT E5BRAN.

E5bchk **Can I just check that, on average, EACH MEMBER OF STAFF receiving training and development has received** [INSERT ANSWER FROM E5b IF GAVE ASBOLUTE FIGURE OR "more than 20" IF CODE 12 ON DON'T KNOW RANGE] **days over the last 12 months**

Yes	1	GO TO E5d
No	2	RE-ASK E5b

ASK IF E4A/1 or E4B/1

E5D. **And how much of the training that you have funded or arranged has been for health and safety or induction training?** READ OUT

WRITE IN % _____(0-100%)_____

IF DON'T KNOW, PROMPT WITH RANGES AS NECESSARY.

None	1
Less than 10%	2
10% – 19%	3
20% – 29%	4
30% – 39%	5
40% – 49%	6
50% – 59%	7
60% – 69%	8
70% – 79%	9
80% – 89%	10
90% – 99%	11
100%	12
DO NOT READ OUT: Don't know	X

Training to qualifications

SK ALL PROVIDING TRAINING (E4a/1 or E4b/1)

E7. **Thinking now about qualifications, how many of the <E4C integer/band> people that you have funded or arranged training for** [TEXT SUBSTITUTION IF BOTH ON AND OFF THE JOB: **whether on- or off-the-job,] over the past 12 months are or were being trained towards a nationally recognised qualification?**

WRITE IN ____(0 – E4C INTEGER/TOP OF E4C BAND)____

PROMPT WITH RANGE IF DON'T KNOW

None	1
1-2	2
3-4	3
5-9	4
10-19	5
20-29	6
30-39	7
40-49	8
50-99	9
100-199	10
200 or more	11
(DO NOT READ OUT) Don't know	X

CATI CHECK – ANSWER GIVEN AT E7 SHOULD NOT BE GREATER THAN ANSWER GIVEN AT E4C (INTEGER OR TOP OF RANGE IF ANSWERED BANDED VERSION).

ASK IF TRAINING TOWARDS A NATIONALLY RECOGNISED QUALIFICATION (E7>0 or bands 2-11). OTHERS CHECK E8.

E7ci. [IF E7=1: **Is or was this member of**, IF E7>1: **Are or were any of these] staff being trained towards any of the following types of qualification in the last 12 months** …READ OUT?

IF MORE THAN ONE CATEGORY YES AT E7ci AND E7>1 (INTEGER OR BANDED) ASK E7cii

E7cii. **And of those** [*TEXT SUBSTITUTION*: **insert number from E7] people being trained towards qualifications, approximately how many were being trained towards <INSERT EACH YES FROM E7ci>?**

READ OUT.

	E7ci			E7cii	
	Yes	**No**	**Don't know**	**Number**	**Don't know**
Level 1 qualifications such as an NVQ Level 1 or BTEC Introductory Diploma	1	2	3	(1-E7)	X
Level 2 qualifications such as an NVQ Level 2, GCSEs or BTEC First Diploma	1	2	3	(1-E7)	X
Level 3 qualifications such as an NVQ Level 3, A-Levels or City and Guilds Advanced Award	1	2	3	(1-E7)	X
Level 4 qualifications or above such as degrees, HNC/HNDs, postgraduate degrees or high level specialist professional qualifications	1	2	3	(1-E7)	X

ASK ALL

E8. **Thinking now about your** [insert number of staff from A1] **current staff, roughly how many of them are qualified to degree level or above – this includes those with HNDs, HNCs and Foundation Degrees as well as any postgraduate degrees**.

ENTER NUMBER _____ ALLOW 0 TO A1	
Don't know	X

IF NOT ALL STAFF HAVE DEGREE LEVEL QUAL (E8<A1 OR E8=DK)

E9. **And roughly how many of your** [TEXT SUB IF E8>0: **remaining** {insert total number of staff minus E8}] **staff hold a Level 3 qualification – by this we mean qualifications such as A/AS Levels, NVQ Level 3, GNVQ advanced, City and Guilds advanced craft, OND/ONC/BTEC national or equivalent level qualifications.**

ENTER NUMBER _____ ALLOW 0 TO [IF E8>0: A1-E8. IF E8=DK: A1]	
Don't know	X

ASK ALL WHO HAVE UNDERTAKEN TRAINING IN LAST YEAR (YES AT E4a/1 or E4b/1)

E13. **And does this establishment formally assess whether the training and development received by an employee has an impact on his or her performance?**

Yes	1
No	2
Don't know	3

Training providers

ASK ALL PROVIDING TRAINING IN THE PAST 12 MONTHS (E4a/1 or E4b/1) – IF *NOT TRAINED ASK E23*

E21A. **In the past 12 months has your establishment used further education colleges to provide teaching or training?**

Yes	1	ASK E21b
No	2	CHECK E21d
Don't know	3	ASK E21e

ASK IF 'YES' AT E21a

E21B. How satisfied have you been with the quality of the teaching or training you have received from further education colleges in the last 12 months? READ OUT

Very satisfied	1
Quite satisfied	2
Neither satisfied not dissatisfied	3
Not very satisfied	4
Not at all satisfied	5
DO NOT READ OUT: Don't Know/Varies too much to say	6

ASK IF 'NO' AT E21a AND TRAINED OFF THE JOB (E4a/1)

E21D. **Why hasn't your establishment used the teaching or training services of further education colleges in the past 12 months?** DO NOT READ OUT. PROBE FULLY. CODE ALL MENTIONED.

The courses they provide are not relevant	1
The quality or standard of the courses or training provided by FE colleges is not satisfactory	2
I don't know enough about the courses that they provide	3
There is a lack of information available about the courses they provide	4
The start dates or times of the courses are inconvenient	5
It is too expensive	6
Past use has not delivered the benefits you expected	7
Prefer to train in-house	8
Prefer to train through other providers	9
No FE college locally	10
Other (WRITE IN)	11
No particular reason	12
Don't know	X

ASK ALL PROVIDING TRAINING IN THE PAST 12 MONTHS (E4a/1 or E4b/1)

E21E. **Has your establishment used universities to provide teaching or training in the last 12 months?**

Yes	1	ASK E21G
No	2	CHECK E21F
Don't know	3	ASK E22A

ASK IF 'NO' AT E21e AND TRAINED OFF THE JOB (E4a/1)

E21F. Why hasn't your establishment used the teaching or training services of universities in the past 12 months? DO NOT READ OUT. PROBE FULLY. CODE ALL MENTIONED.

The courses they provide are not relevant	1
The quality or standard of the courses or training provided by universities is not satisfactory	2
I don't know enough about the courses that they provide	3
There is a lack of information available about the courses they provide	4
The start dates or times of the courses are inconvenient	5
It is too expensive	6
Past use has not delivered the benefits you expected	7
Prefer to train in-house	8
Prefer to train through FE colleges/other providers	9
No universities locally	10
Other (WRITE IN)	11
No particular reason	12
Don't know	X

ASK IF 'YES' AT E21e (OTHERS CHECK E22a)

E21G. **How satisfied have you been with the quality of the teaching or training you have received from universities in the last 12 months?** READ OUT

Very satisfied	1
Quite satisfied	2
Neither satisfied nor dissatisfied	3
Not very satisfied	4
Not at all satisfied	5
DO NOT READ OUT: Don't Know/Varies too much to say	X

ASK ALL PROVIDING TRAINING IN THE PAST 12 MONTHS (E4a/1 or E4b/1)

E22A. **In the past 12 months has your establishment used other providers to deliver teaching or training?** [INTERVIEWER NOTE: '**other providers' refers to those other than an FE college or university, e.g. an external consultant or a private training provider**]

Yes	1	ASK E22b
No	2	ASK E24a
Don't know	3	

ASK IF 'YES' AT E22a

E22B. How satisfied have you been with the quality of the teaching or training you have received from these other providers in the last 12 months? READ OUT

Very satisfied	1	ASK E24A
Quite satisfied	2	
Neither satisfied nor dissatisfied	3	
Not very satisfied	4	
Not at all satisfied	5	
Don't Know/Varies too much to say	X	

Barriers to training

ASK ALL THOSE WHO HAVE NOT TRAINED IN THE PAST 12 MONTHS ((E4A/NOT1 AND E4B/NOT1) AND (E4A/2 OR E4B/2))

E23. **You mentioned that you have not funded or arranged training for any employees at this location over the past 12 months. What are the reasons for this?** DO NOT READ OUT. CODE ALL MENTIONED. PROBE: **What other reasons have there been?**

The courses interested in are not available locally	1	ASK E27
The quality of the courses or providers locally is not satisfactory	2	
Difficult to get information about the courses available locally	3	
I don't know what provision is available locally	4	
The start dates or times of the courses are inconvenient	5	
External courses are too expensive	6	
Managers have lacked the time to organise training	7	
Employees are too busy to give training	8	
Employees are too busy to undertake training and development	9	
All our staff are fully proficient	10	
Other (WRITE IN)	11	
No particular reason	12	

ASK ALL THOSE WHO HAVE TRAINED IN THE PAST 12 MONTHS (E4a/1 or E4b/1)

E24A. **If you could have done, would you have provided MORE training for your staff than you were able to over the last 12 months?**

Yes	1	ASK E24b
No	2	ASK E27
Don't know	3	

ASK TO ALL WHO WOULD HAVE PROVIDED MORE TRAINING IF THEY COULD (E24a/1)

E24B. **What barriers, if any, have there been preventing your organisation providing more training over the last 12 months for staff at this location? PROBE: what other barriers have you faced?** DO NOT READ OUT. CODE ALL MENTIONED. PROBE FULLY.

Lack of funds for training/training expensive	1
Can't spare more staff time (having them away on training)	2
Staff now fully proficient/don't need it	3
Staff not keen	4
A lack of GOOD local training providers	5
Lack of provision (e.g. courses are full up)	6
Difficulty finding training providers who can deliver training where or when we want it	7
A lack of appropriate training/qualifications in the subject areas we need	8
Hard to find the time to organise training	9
Lack of knowledge about training opportunities and/or suitable courses	10
Other (WRITE IN)	11
None	X
Don't know	V

Government initiatives

ASK ALL

E27. **Now changing the subject slightly, thinking about Government initiatives on learning and training, have you heard of…?**

	Yes	No	Don't know
A) Train to Gain	1	2	3
B) The Skills Pledge	1	2	3
C) The National Skills Academies	1	2	3

ASK IF HEARD OF TRAIN TO GAIN (E27A=1)

E28. **Has your establishment been actively involved with Train to Gain in the last 12 months?** INTERVIEWER NOTE: CODE "YES" IF THERE HAS BEEN ANY CONTACT WITH A SKILLS BROKER, OR IF A PROVIDER HAS BEEN IN CONTACT SPECIFICALLY ABOUT TRAIN TO GAIN.

Yes	1
No	2
Don't know	3

ASK IF HEARD OF TRAIN TO GAIN AND A PRIVATE SECTOR SME (E27A=1 and A4=1 and ((A6=1 and A1<251) OR A7=2))

E29. **Have you heard about the changes made to Train to Gain which allow employers with fewer than 250 staff to train them to Level 2 qualifications even if they already have one, and which offer funding for bite-sized chunks of learning?**

INTERVIEWER NOTE – IF ANYONE ASKS FOR MORE INFORMATION ABOUT TRAIN TO GAIN PLEASE POINT THEM TOWARDS THE WEBSITE http://www.traintogain.gov.uk/

Yes	1
No	2
Don't know	3

ASK IF HEARD OF SKILLS PLEDGE (E27B=1)

E31. **Has your organisation made the Skills Pledge?**

INTERVIEWER NOTE: **Making the skills pledge would have either involved a skills broker, a sector skills council or would have been done online, and would have resulted in the development of an action plan.**

INTERVIEWER NOTE – If anyone asks for more information about the skills pledge please point them towards the website http://inourhands.lsc.gov.uk/employersSkillsPledge.html

Yes	1
No	2
Don't know	3

ASK IF HAVE HEARD OF NSA (E27C=1)

E31c. **Have you engaged with a National Skills Academy?**

Yes	1
No	2
Don't know	3

Apprenticeships and Advanced Apprenticeships

ASK ALL

E32. **I'd now like to ask you some questions about Government-funded Apprenticeships.**
First of all, have you heard of Apprenticeships?

Yes – heard of Apprenticeships	1	ASK E33
No – not heard of Apprenticeships	2	ASK E41
Don't know	3	

ASK IF HAVE HEARD OF APPRENTICESHIPS (E32/1)

E33. **And have you heard of…?** READ OUT

	Yes	No	Don't know
i) Advanced Apprenticeships	1	2	3
ii) Adult Apprenticeships for those aged 25 plus	1	2	3
iii) Higher Apprenticeships	1	2	3

E33dum

TEXT SUBSTITUTION OF APPRENTICESHIP TYPES AWARE OF FROM E33

Advanced Apprenticeships	1
Adult Apprenticeships	2
Higher Apprenticeships	3
Advanced or Adult Apprenticeships	4
Adult or Higher Apprenticeships	5
Advanced or Higher Apprenticeships	6
Advanced, Adult or Higher Apprenticeships	7
IF NO OR DK TO ALL: **Apprenticeships**	8

ASK IF HAVE HEARD OF APPRENTICESHIPS (E32/1)

E34i. **Do you currently have any staff undertaking** [TEXT SUBSTITUTION FROM E33dum] **at this site?**

Yes	1	GO TO E35
No	2	ASK E34ii
Don't know	X	

ASK IF HAVE HEARD OF APPRENTICESHIPS BUT NO STAFF CURRENTLY UNDERTAKING (E32/1 AND E34i=2 or 3)

E34ii. **Do you currently offer** [TEXT SUBSTITUTION FROM E33dum] **at this site?**

Yes	1	ASK E35
No	2	GO TO E41
Don't know	X	

IF HAVE OR OFFER APPRENTICESHIPS (E34i/1 or E34ii/1)

E35. **Are the** [TEXT SUBSTITUTION FROM E33dum] **that you offer available to...?** READ OUT

	Yes	**No**	**Don't know**
i) Young people aged between 16 and 18	1	2	3
ii) Young people aged between 19 and 24	1	2	3
iii) People aged 25 or over	1	2	3

CATI CHECK – IF ALL E35=2 ('NO') FORCE TO REPEAT AS INDICATED THAT HAVE OR OFFER APPRENTICESHIPS PREVIOUSLY

IF HAVE APPRENTICES AGED 16-18 (E34i=1 AND E35i=1)

E36. **And how many 16 to 18 year old staff do you currently have at this establishment, if any, who are undertaking an Apprenticeship or Advanced Apprenticeship?**

WRITE IN NUMBER _____ [ALLOW 0 TO NUMBER OF EMPLOYEES FROM A1]

Don't know

IF HAVE APPRENTICES AGED 19-24 (E34i=1 AND E35ii=1)

E37. **And how many 19 to 24 year old staff do you currently have at this establishment, if any, who are undertaking an** [TEXT SUBSTITUTION FROM E33dum]**?**

WRITE IN NUMBER _____ [ALLOW 0 TO NUMBER OF EMPLOYEES FROM A1]

Don't know

IF HAVE APPRENTICES AGED 25 OR OVER (E34i=1 AND E35iii=1)

E38. **And how many staff aged 25 or over do you currently have at this establishment, if any, who are undertaking an** [TEXT SUBSTITUTION FROM E33dum]**?**

WRITE IN NUMBER _____ [ALLOW 0 TO NUMBER OF EMPLOYEES FROM A1]

Don't know

CATI CHECK – SUM OF ANSWERS GIVEN AT E36-8 SHOULD NOT BE GREATER THAN OR EQUAL TO ANSWER GIVEN AT A1.

IF OFFER APPRENTICESHIPS (E34i/1 or E34ii/1)

E39. **Thinking about how you offer Apprenticeships do you…?**

READ OUT. CODE ONE ONLY.

Only offer Apprenticeships to existing staff	1
Only offer Apprenticeships to specific recruits	2
Mainly offer Apprenticeships to existing staff	3
Mainly offer Apprenticeships to specific recruits	4
Offer Apprenticeships equally to both existing staff and specific recruits	5
Don't know	X

ASK ALL

E41. **Thinking about the next 12 months, how likely is it that this establishment will have someone undertaking an apprenticeship who is aged…?**

	Very likely	Quite likely	Not very likely	Not at all likely	Don't know
a) 16 to 18	1	2	3	4	5
b) 19 to 24	1	2	3	4	5
c) 25 or over	1	2	3	4	5

FOR EACH AGE GROUP WHERE LIKELY TO BE SOMEONE UNDERTAKING APPRENTICESHIP (E41/1 OR 2 FOR EACH AGE GROUP)

E42. **In regard to apprenticeships for those aged** <AS APPROPRIATE: 16 to 18/19 to 24/25 or older>, **do you expect to provide these over the next 12 months for staff that you already employ, for those recruited to start an apprenticeship scheme, or both?**

	Already employed	Specifically Recruited	Both	Don't know
16 to 18 year olds	1	2	3	4
19 to 24 year olds	1	2	3	4
People aged 25 or over	1	2	3	4

IF LIKELY TO OFFER APPRENTICESHIPS TO YOUNGER AGE GROUPS – 16 TO 18s OR 19s TO 24s – BUT NOT 25+ ((E41a/1-2 OR E41b/1-2) AND E41c/3-5)

E43. **Why are you likely to provide apprenticeships to younger employees, but not employees aged 25 or over?** DO NOT READ OUT. MULTICODE OK.

Younger Apprentices are more likely to stay with us after they complete an Apprenticeship	1
Younger Apprentices are more motivated/better attitude	2
It is easier to train younger people to our way of doing things	3
Young people are better suited to physical work	4
No particular reason	5
Other (PLEASE SPECIFY)	6
Don't know	X

IF LIKELY TO OFFER APPRENTICESHIPS TO OLDER AGE GROUPS – 25+ BUT NEITHER 16 TO 18s NOR 19s TO 24s ((E41C/1-2) AND (E41A/3-5 AND E41B/3-5))

E44. **Why are you likely to provide apprenticeships to older employees, but not employees aged 24 or under?** DO NOT READ OUT. MULTICODE OK.

Older people are more reliable/young people are less reliable	1
We are looking for people with prior experience	2
Older people are more likely to stay with us after they complete an Apprenticeship	3
Quality of school leavers is low	4
No particular reason	5
Other (PLEASE SPECIFY)	6
Don't know	7

Section F: Business approach

ASK ALL EXCEPT PUBLIC SECTOR (A4=1,2 OR 5)

F1. I'd now like to ask you a few questions about how the products or services that are provided by this establishment compare to those provided by others in your industry, including suppliers based in other countries. First of all on a scale of 1 to 5, where would you place this establishment if…

READ FIRST STATEMENT BELOW

*ASK ONLY FOR MANUFACTURING SECTOR (**AS DEFINED ON SAMPLE SIC CODES 1-45**)*

A) **one indicates that, compared to others in your industry, this establishment offers one-off or very low volume products and five that you are a high volume producer**

One-off	1	2	3	4	5	DK	High volume

*ASK ONLY FOR SERVICES (**AS DEFINED FROM SAMPLE 50-99**)*

B) **one indicates that, compared to others in your industry, this establishment provides a limited range of services and five that you provide a very wide range of services**

Limited range	1	2	3	4	5	DK	Wide range

*ASK PRIVATE SECTOR ONLY (**ASK A4=1**)*

C) **one indicates that, compared to others in your industry, the competitive success of your establishment's products or services is wholly dependent on price and five that success does not depend at all on price**

Wholly price dependent	1	2	3	4	5	DK	Not at all price-dependent

*ASK ALL EXCEPT PUBLIC SECTOR (**IF A4=1,2 OR 5**)*

D) **one indicates that, compared to others in your industry, this establishment very rarely leads the way in terms of developing new products, services or techniques, and five that you often lead the way**

Very rarely lead the way	1	2	3	4	5	DK	Often lead the way

ASK ALL EXCEPT PUBLIC SECTOR (IF A4=1,2 OR 5)

E) one indicates that this establishment competes in a market for a standard or basic quality product or service, and five that you compete in a market for premium quality products or services.

Standard or basic	1	2	3	4	5	DK	Premium quality

ASK ALL EXCEPT PUBLIC SECTOR (IF A4=1,2 OR 5)

F1a. Are your products or services primarily sold…READ OUT AND SINGLE CODE

Locally	1
Regionally	2
Nationally	3
Or Internationally	4
Don't know	X

ASK ALL

F2. **Changing the subject slightly, we are interested to know what impact, if any, the recession has had on your establishment.**

RANDOMISE ORDER	Increased	Stayed the same	Decreased	DO NOT READ OUT: Changed but not as a result of the recession	Don't know
IF TRAIN (E4a/1 or E4b/1): **As a result of the recession has expenditure on training per employee increased, stayed about the same or decreased?**	1	2	3	4	
IF TRAIN (E4a/1 or E4b/1): **As a result of the recession has the proportion of employees provided with training increased, stayed about the same or decreased?**	1	2	3	4	
IF TRAIN (E4a/1 or E4b/1): **As a result of the recession has the proportion of your total training delivered by external providers increased, stayed about the same or decreased?**	1	2	3	4	

RANDOMISE ORDER	Increased	Stayed the same	Decreased	DO NOT READ OUT: Changed but not as a result of the recession	Don't know
IF TRAIN (E4a/1 or E4b/1): **As a result of the recession has the emphasis placed on informal learning increased, stayed about the same or decreased?**	1	2	3	4	
IF TRAIN (E4a/1 or E4b/1): **As a result of the recession has the amount of training that leads to recognised qualifications increased, stayed about the same or decreased?**	1	2	3	4	
IF OFFER APPRENTICES (E34i=1 OR E34ii=1): **As a result of the recession has the number of apprentices and new trainees recruited by your establishment increased, stayed about the same or decreased?**	1	2	3	4	
ASK ALL **As a result of the recession has the number of young people aged under 24 recruited to their first job increased, stayed about the same or decreased?**	1	2	3	4	
As a result of the recession has the number of staff employed at your establishment in total increased, stayed about the same or decreased?	1	2	3	4	

ASK ALL PRIVATE SECTOR (A4=1) – OTHERS GO TO G1

F8. **Is this organisation a PLC (public limited company)?**

ADD IF NECESSARY – A PLC is a company allowed to sell shares to the public

Yes	1	GO TO G1
No	2	ASK F9
Don't know	3	

ASK IF PRIVATE SECTOR (A4=1) AND SME ((A6=1 and A1<251) OR A7=2)) AND NOT A PLC (F8=2)– OTHERS GO TO G1

F9. [TEXT SUBSTITUTION IF MULTI-SITE (IF A6=2): **Thinking about the organisation as a whole and not just this site,] Does the organisation have…?**

One owner	1
Two owners or partners	2
More than two owners or partners	3
Don't know	4

F10. [IF F9/1: **Is the owner**] [IF F9/2: **Is at least one of the owners or partners]** [IF F9/3 or 4: **Are at least half the owners or partners] black, Asian or from another minority ethnic group?**

Yes	1
No	2
Don't know	3

IF MAJORITY OF OWNERS BAME (F10/1):

F11. [IF F9/1: **And what ethnic group does the owner of the business belong to?**] [IF F9/2: **And what ethnic group do they belong to?**] [IF F9/3 or 4: **What ethnic group would you say that over half of the owners or partners of this business belong to?]**

PROMPT AS NECESSARY.

INTERVIEWER NOTE: 'MIXED' MEANS THE OWNER OR MAJORITY ARE OF MIXED ETHNICITY – NOT e.g. ONE BLACK ONE ASIAN). IF NO ONE GROUP REPRESENT OVER 50% OF ALL THE OWNERS (eg ONE WHITE AND ONE BLACK OWNER) CODE THIS CODE 14

BLACK OR BLACK BRITISH		
Black or Black British– Caribbean	1	
Black or Black British – African	2	
Black or Black British – Other	3	
ASIAN OR ASIAN BRITISH		
Asian or Asian British – Indian	4	
Asian or Asian British – Pakistani	5	
Asian or Asian British – Bangladeshi	6	
Asian or Asian British – Other	7	
MIXED (THIS MEANS THE OWNER OR MAJORITY ARE OF MIXED ETHNICITY – NOT e.g. ONE BLACK ONE ASIAN)		
Mixed – White and Black Caribbean	8	
Mixed – White and Black African	9	
Mixed – White and Asian	10	
Mixed – Any other mixed background	11	
OTHER		
Chinese	12	
Any other ethnic group (PLEASE SPECIFY)	13	
Can't classify – no one ethnic minority a majority, e.g. one black owner, one Indian owner [HIDE THIS CODE IF F8=1]	14	
Don't know	X	
Refused	V	

Section G: FINAL CHECKS

ASK ALL

G1. **If the government and its agencies wish to undertake further work on related issues in the future would it be ok for them or their appointed contractors to contact you on these issues?**

PROBE and CODE ONE OF FOLLOWING:

INTERVIEWER NOTE: The core client agency is the Learning and Skills Council (LSC); the partner organisations are: the Department for Innovation, Universities, and Skills, Regional Development Agencies, the UK Commission for Employment and Skills, the Department for Business Enterprise and Regulatory Reform, the SSC Alliance and Sector Skills Councils.

Yes – both client and/or their contractors may re-contact	1
Only client may re-contact	2
No – neither client nor contractor may re-contact	3

IF G1/1 AND TRAIN AT ALL (E4a/1 or E4b/1)

G1A. **We may wish to recontact you in the next few weeks with some follow up questions about training expenditure. This may include sending you some questions on paper which we would collect the answers to over the telephone. Would this be possible?**

Yes	1	GO TO G1b
No	2	Go TO G2

ASK IF G1a/1

G1B. **Can you tell me your fax number?**

INTERVIEWER NOTE: READ NUMBER BACK TO RESPONDENT TO CONFIRM IT IS CORRECT

INTERVIEWER NOTE: CODE NULL FOR DON'T KNOW/DO NOT HAVE AN FAX NUMBER

WRITE IN NUMBER _____ GO TO G1c

ASK IF G1a/1

G1C. **Can you tell me your email address?**

INTERVIEWER NOTE: CODE NULL FOR DON'T KNOW/DO NOT HAVE AN EMAIL ADDRESS

WRITE IN ADDRESS _____ GO TO G2

ASK IF NOT NULL AT G1c

G1D. **I have that as** [text sub of email address recorded at g1c] – is that right?

INTERVIEWER NOTE: SPELL OUT EMAIL ADDRESS LETTER-BY-LETTER

Yes	1	CONTINUE TO G2
No	2	GO TO G1C AND REDO

ASK ALL

G2. **I have your postcode as** [INSERT FROM SAMPLE] **is this correct?**

Yes	1	ASK G3
No	2	RECORD CORRECT POSTCODE

IF CODE 1 OR 2 AT G1, ASK G3 (IF 'CODE 3 AT G1 GO TO G4)

G3. **And I have your address as …** ADDRESS (EXCLUDING POSTCODE)**… is this correct?**

Yes	1	NEXT QUESTION
No	2	RECORD CORRECT ADDRESS

ASK ALL

G4. **Finally, it is sometimes possible to link the data we have collected with other government surveys or datasets. Would you be happy for this to be done? Your confidentiality will be maintained, and linked data will be anonymised and only used for statistical purposes by researchers authorised by the Office for National Statistics.**

Yes	1	
No	2	

G5. **Can I just take your name and job title?**

Name	
Job title	

THANK AND CLOSE

I declare that this survey has been carried out under IFF instructions and within the rules of the MRS Code of Conduct.

Interviewer signature:

Date: / /

Finish time: Interview Length mins

Annex B: Technical Appendix for the Cost of Training Survey 2009

IFF Research undertook the separate Cost of Training study to provide detailed estimates on employer expenditure on training. The approach, which replicates that employed for the Cost of Training Survey 2007, is described in the following sections.

Appendix B1: Sampling

Towards the end of the main NESS09 questionnaire those respondents that had undertaken training in the previous 12 months were asked if they were willing to be re-contacted in the near future to take part in a brief survey on training expenditure. Those agreeing formed the sample source for the Cost of Training survey.

Sample of employers that trained who were willing to take part in a further study were drawn from fieldwork contractors in three batches throughout the course of the main survey fieldwork, hence the Cost of Training survey was able to run concurrently with the main survey.

Appendix B2: Fieldwork

Before taking part in the Cost of Training survey, each potential respondent was called by an IFF interviewer. Their details and willingness to take part in the follow-up survey were confirmed and following the call a datasheet emailed, faxed or posted to them containing the questions they were to be asked in the full interview (a copy of this is supplied in Appendix B6). This was to allow respondents time to collect the relevant information and increase the accuracy of responses. A few days later an interviewer called respondents back to collect their responses.

Of the (just over) 30,000 establishments in the starting sample 2,313 did not want to take part when initially contacted or following receipt of the datasheet. In total, information on training expenditure was collected from 7,748 establishments, though 431 were rejected because of incompleteness (a large number of ‘don’t know’), hence analysis is based on data from 7,317 establishments.

Quotas were set at both pre-contact and data collection stages by size, region, SSC sector and the type of training the establishments provide (off-the-job training only, on-the-job training only or both types of training).

The datasheet used for the Cost of Training survey 2009 was identical to that used in 2007.

Fieldwork was undertaken by IFF Research from 27th May to 31st July 2009.

Appendix B3: Weighting

In order to weight the Cost of Training data, population figures for establishments providing training were calculated using the main NESS09 survey data. This data had, in turn, been weighted using the IDBR figures used for the main survey analysis.

Two grids containing population estimates for establishments providing training were generated from the weighted NESS09 survey data: an interlocking grid of size by region by type of training provided (on-the-job only, off-the-job only, both); and a separate non-interlocking SSC sector grid. Weights for individual cases were adjusted iteratively to place the sector population targets as a RIM (randomised iterative method) weight over the main interlocking grid and ensure a representative sector profile at a national level.

As in 2005 and 2007, examination of the unweighted data showed a difference in spending patterns within the five to 24 employment size band between those with employment of fewer than 10 and those with employment of 10 or more. Hence, unlike on the main NESS survey, weighting for the Cost of Training survey split the five to 24 size band into two categories. This re-weighting simply adjusted the regional unit weights within this size band to better match the balance between the five to nine and ten to 24 sized establishments within the population.

The approach taken to weighting the Cost of Training survey data replicates precisely that used in 2005 and 2007.

Appendix B4: Data modelling

In order to calculate overall training expenditure, each record in the dataset needed to have a response to each question (even if it is a zero in relation to types of training the establishments does not supply). As expected, not every respondent was able to supply every piece of information. In order to 'fill in' the missing data, averages were drawn from those respondents who were able to answer each question and applied to those cases with missing data.

As in 2007, when a respondent could not provide an exact (integer) answer the survey was set up to prompt respondents to give a range answer ('between £500 and £999' and so forth). Although this range answer still needs transferring into an exact figure within the range, it guides and greatly improves the accuracy and reliability of the modelling process (for example compared with Learning and Training at Work (LTW) 2000, where this prompting did not occur) since the modelling for these range responses is based on those respondents who gave an exact answer which fell into that range rather than simply being an average of all responses.

The modelling process for those questions not relating to salaries was to calculate mean responses for those giving an exact answer (excluding zero) within each of the ranges, and an overall mean. These means were calculated within seven employment size bands (the standard six size bands used for analysis within this report, with the five to 24 band split into five to nine and 10 to 24). Where a respondent gave a range answer they were assigned the mean for the establishments within their size band giving an exact answer falling within their range response. Where they were unable to give either an exact or a range answer, they were assigned the overall mean for the question within their size band.

For salaries, a slightly different approach was taken to modelling 'don't know' answers, again based on that used in the previous Cost of Training Surveys in 2005 and 2007, and LTW 2000. Initially, as above, range and overall means were calculated. Rather than size of establishment, location of establishment (London or non-London) was seen to be the major determinant of salary levels; so means were split on this basis rather than by the size bands used for other 'don't know' answers. Where a range had been given, the appropriate mean was used as the simulated value.

For those respondents unable to give even a salary range, a method was used which takes account of not only their location but also evidence from other salary questions on the datasheet in order to determine whether they pay salaries above or below the average and to what degree. Where exact answers had been given for other salary questions, a ratio was calculated between their actual answer and the London/non-London mean (as appropriate) for that question. This gave, for each exact salary answer recorded, a ratio that expressed the degree to which that employer over- or under-paid employees in the roles discussed compared with the mean. Where salary answers were missing (and no range information was provided) the assigned value would be calculated as the London or non-London mean multiplied by the first available of these ratios (the order of selection being different for each question and dependent on which questions were adjudged to be the most closely related) in order to up-weight or down-weight the estimate in keeping with their pay for other roles.

The simulation procedure and the precise order of selection used for salary questions is shown in the table below, along with the proportion modelled using range information and the proportion modelled that did not provide range information.

Table B.1: Treatment of missing values

Question	Value given to missing data	Base	% modelled within range	% modelled without range
Q1	Mean within 7 employment size bands (within recorded range where available)	4,836	2	0.3
Q2	Mean within 7 employment size bands (within recorded range where available)	4,594	5	0.8
Q3	Mean calculated within London/non-London establishments within recorded ranges where available. Where range information not provided: 1. if Q17 answered (and an exact answer given), calculate proportion above or below the Q17 average for the establishment and up-lift or reduce the appropriate Q3 mean (London or non-London) by this proportion to generate Q3 figure for this establishment 2. if Q17 not answered with an exact value apply procedure at 1. to Q21 3. if Q21 not answered with an exact value apply procedure at 1. to Q24 4. if Q24 not answered with an exact value apply procedure at 1. to Q10 5. if Q10 not answered with an exact value use appropriate Q3 mean (London or non-London) unadjusted	4,594	33	2
Q4	Mean within 7 employment size bands (within recorded range where available)	4,594	19	9
Q6A	Mean within 7 employment size bands (within recorded range where available)	469	27	31
Q6B	Mean within 7 employment size bands (within recorded range where available)	469	23	20
Q7A	Mean within 7 employment size bands (within recorded range where available)	671	-	1
Q8	Mean within 7 employment size bands (within recorded range where available)	4,594	0.6	0.5

Question	Value given to missing data	Base	% modelled within range	% modelled without range
Q9	Mean within 7 employment size bands (range information not recorded for this question)	4,107	-	6
Q10	Same procedure as Q3 but different order of selection: Q24, Q3, Q17, Q21	4,107	29	11
Q11	Mean within 7 employment size bands (within recorded range where available)	4,594	15	7
Q12	Mean within 7 employment size bands (within recorded range where available)	4,594	19	5
Q13	Mean within 7 employment size bands (within recorded range where available)	4,594	4	8
Q14	Mean within 7 employment size bands (within recorded range where available)	4,594	6	9
Q14i	Mean within 7 employment size bands (within recorded range where available)	1,317	12	31
Q15	Mean within 7 employment size bands (within recorded range where available)	4,836	1	1
Q16	Mean within 7 employment size bands (within recorded range where available)	3,259	4	2
Q17	Same procedure as Q3 but different order of selection: Q3, Q21, Q24, Q10	3,259	26	7
Q18	Mean within 7 employment size bands (within recorded range where available)	3,259	17	11
Q19	Mean within 7 employment size bands (within recorded range where available)	5,844	3	0.4
Q20	Mean within 7 employment size bands (within recorded range where available)	5,365	10	1
Q21	Same procedure as Q3 but different order of selection: Q3, Q17, Q24, Q10	5,365	30	10
Q22	Mean within 7 employment size bands (within recorded range where available)	5,365	2	1
Q23	Mean within 7 employment size bands (within recorded range where available)	4,872	9	1
Q24	Same procedure as Q3 but different order of selection: Q10, Q3, Q17, Q21	4,872	29	8

Appendix B5: Cost calculations

Following data modelling – which ensured all respondents had exact answers for all questions – individual questions were combined to calculate 12 total annual costs components. This was necessary because, in order to make the questionnaire easier for respondents to complete, some costs were collected in monthly rather than yearly terms, per trainee terms rather than total, and so on. Factors were also included in these calculations to account for differences between employee salaries (more easily reported by respondents) and total labour costs (including tax and other costs) and the amount of time employees spend at work. The factors used are detailed in Table B.2 below.

Table B.2: Factors used in cost calculations

Factor	Value	Explanation
Labour cost up-weight	25.7%	It was found during the pilot stage of LTW 2000 that employers were far better placed to report the salaries of their employees than the total cost of employing them. Respondents were, therefore, asked for the average basic salaries of those receiving and providing training. An up-weight of 25.7 per cent was then applied to these answers to take account of National Insurance, employer pension contributions, overtime and other additional elements. The source of the 25.7 per cent figure was the EC Labour Costs survey. In the UK, direct remuneration (wages and salaries including bonuses) made up 79.5 per cent of labour costs. Hence an uplift of 100/79.5 (i.e. 1.257 or 25.7%) is required to convert direct remuneration to total labour costs.
Days worked per year	206.4	Used to calculate the per-working-day salary of an employee in order to calculate the cost, for example, of training an employee for one working day per year on the basis of their annual salary. Working age employees in England (from Labour Force Survey Quarter 4 (Oct to Dec) 2008): • Worked an average of 4.8 days per week • Received an average of 35.2 paid days holiday, plus 8 bank/public holidays This gives: 52 x 4.8 (=249.6) possible working days a year, less 35.2 days annual leave and 8 days bank/public holiday = 206.4 days worked per year.

Factor	Value	Explanation
Hours worked a day	6.7	Used to convert number of working hours of training to working days. Derived from average hours worked a week at 32.3 (SUMHRS variable) divided by average days worked a week = 4.8) Source: Labour Force Survey Quarter 4 (Oct to Dec) 2008.
Working months in a year	11	Used to convert monthly training figures given in the on-the-job section of the datasheet into annual figures.
Full/part-time adjustment to training centre labour costs	0.81	Training centre labour costs are collected in terms of '*total basic annual salaries*' and as such the datasheet does not distinguish those working part-time from those working full-time. In order not to overestimate costs, therefore, this factor is applied to down-weight costs. In England there are approximately the following numbers whose main job is adult or other education (SIC 80.4): 68,000 working full-time and 33,000 part-time. The full-time workers work on average 33 hours, whilst the part-time workers work on average 14 hours. Converting the part-time workers into full-time equivalence (FTE) gives a FTE of 0.81 of the total

Source: Labour Force Survey 2008.

The formulae used to convert raw data to the comparable annual cost components were as follows. All calculations were performed using modelled data.

	Annual cost component	Formula
A	Trainee labour costs (Q1–3)	Q1 * Q2 * 125.7% * Q3/206.4
B	Fees to external providers (Q4)	Q4
C	On-site training centre (Q6a/b)	(125.7% * 0.81 * Q6a) + Q6b
D	Off-site training centre (in the same company) (Q7a)	Q7
E	Training management (Q8–Q10)	Q8 * Q9/100 * 125.7% * Q10
F	Non-training centre equipment and materials (Q11)	Q11
G	Travel and subsistence (Q12)	Q12
H	Levies minus grants (Q13–Q14) **Sub-total (course related)**	Q13-Q14 **A + B + C + D + E + F + G + H**
I	Labour costs (Q15–Q17)	Q15 * Q16 * 125.7% * Q17/206.4
J	Fees to external providers (Q18) **Sub-total (other off-the-job training)** **OFF-THE-JOB TOTAL**	Q18 **I + J** **A + B + C + D + E + F+ G + H + I + J**
K	Trainee's labour costs (Q19–Q21)	Q19 * Q20 * 125.7% * Q21 * 11/(206.4 * 6.7)
L	Trainers' labour costs (Q22–Q24) **ON-THE-JOB TOTAL** **TOTAL TRAINING SPEND**	Q22 * Q23 * 125.7% * Q24 * 11/(206.4 * 6.7) **K + L** **A + B + C + D + E + F+ G + H + I + J +K + L**

Note: Where derived employment-based training spend figures are shown in this report (expenditure per trainee, or per capita, for example) and there is a choice between taking the measure given in the main NESS07 data and that in the data for the training expenditure survey, the data from the main survey are used. This is because base sizes are larger in the main survey and a separate employment weight is available to ensure a closer match to the actual workforce profile.

Appendix B6: Cost of Training questionnaire

National Employer Skills Survey for England 2009: Main Report: Cost of Training Questionnaire

When answering the questions, please only consider employees who are normally based at your location. If you cannot give exact answers at any question, please give your best estimate.

A. Off-the-job training or development

This section of the questionnaire covers the costs of providing off-the-job training or development for employees. By off-the-job, we mean all training given away from the individual's immediate work position. It can be given at your premises or elsewhere.

If you have not provided any off-the-job training in the last 12 months, please go straight to section B, on-the-job training, on the next page.

Training courses

1. Over the past 12 months, **how many employees** participated in an education or training course, provided either externally or internally? _____ employees

If none, please skip to Q15. Otherwise, please answer Q2 onwards.

2. **How many days** on average did each of these people spend on an education or training course over the past 12 months? _____ days

If you have any problems completing any of the questions, please call Sarah Fish or Charlie Taylor at IFF Research on 020 7250 3035

The core client agency for the National Employer Skills Survey is the Learning and Skills Council (LSC). Further information about the LSC is available at www.lsc.gov.uk. The partner agencies are: Regional Development Agencies, and the UK Commission for Employment and Skills (UKCES)

3. What is the **average basic annual salary** of an employee who has been on any of these courses over the past 12 months? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]* £_____

4. What was the cost of **fees to external providers** of training courses for your employees over the past 12 months? Please include the cost of fees to any external providers who ran courses on your premises. £_____

Training centres

5. Do you have a **training centre** at your location?

Yes ☐ ☞ *please answer Q6*

No ☐ ☞ *please skip to Q7*

If you have a training centre

6. How much did your training centre cost to run over the past 12 months? Please split the cost into:

a) **Total basic annual salaries** of any full time or part time training centre staff £_____

b) **Other costs**, including all equipment and materials used and the cost of rent paid for the space the training centre occupies. £_____

All providing off-the-job training please answer

7. How much did you spend on using **off-site** training centres located elsewhere within your organisation over the past 12 months? £_____

☐ Did not use off-site training centre

Training equipment and staff who train

All providing off-the-job training please answer

8. How many people do you have at your establishment who are directly involved in **providing, administering or making policy decisions about training?** (Please exclude any staff directly associated with your training centre, if you have one) _____ employees

If none, please skip to Q11. Otherwise, please answer Q9

9. On average, what percentage of their time do these staff spend on training matters? _____ %

10. And what is the **average basic annual salary** of these staff? £_____

All providing off-the-job training please answer

11. Apart from any training centre costs, what was the cost of any **equipment and materials** used for training employees over the past 12 months? £_____

12. How much was spent on **travel and subsistence** payments and travelling time payments made to participants and trainers who spent time on courses over the past 12 months? £_____

Training organisations

13. What, if anything, have you paid in levy payments over the past 12 months to training organisations such as Sector Skills Councils (SSCs) or Industry Training Boards? £_____

14. What was the value of any grants or subsidies that you received over the past 12 months from training organisations such as Sector Skills Councils/ Industry Training Boards, Learning and Skills Council or other government-related sources (including Train to Gain and ESF) to support the cost of training? £_____

Please answer if Q14 > £0 (others go to q15)

14i How much of this financial support in the last 2 months, if any, was specifically through Train to Gain? £_____

Other off-the-job training

Not all off-the-job training is course-based. The following few questions relate to off-the-job training that you may have provided that did not involve employees going on courses.

15. How many employees participated in **seminars, workshops, or open or distance learning** where the main purpose was training, over the past 12 months? _____ employees

16. **How many days** on average did each of these spend away from their usual work position whilst engaged in any of these activities? _____ days

17. What is the **average basic annual salary** of an employee who has taken part in any of these activities over the last 12 months? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]* £_____

18. And what was the total cost of **fees to external providers** of providing this type of off-the-job training over the past 12 months? £_____

This section covers *on-the-job and informal* training and development. By this we mean activities that would be recognised as training by staff (not the sort of learning by experience that could take place all the time), where this activity takes place at the desk or place where the person receiving the training usually works.

Please focus on *a typical month*, preferably the last calendar month, but if not a recent more typical month of your choice.

19. How many employees do you estimate receive on-the-job/informal training and development during a typical month? _____ employees

If you do not give any such training, you do not need to answer the rest of the questionnaire.

20. Roughly how many working hours on average do you think **each of these** employees spends on on-the-job training and development during a typical month? Please think of the actual time spent in instruction or practical experience, excluding any periods of normal work. _____ working hours

21. What is the average basic annual salary of your employees who **receive** on-the-job training and development in a typical month? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]* £_____

22. How many employees do you estimate will **give** on-the-job training and development during a typical month? _____ employees

23. Roughly how many working hours on average do you think **each of these** people spend giving on-the-job training and development during a typical month? _____ working hours

24. What is the average basic annual salary of your employees who **give** on-the-job training and development in a typical month? *[for any part time staff please convert their salaries to full time equivalence when calculating this average]* £_____

Annex C: Sector Definitions

Throughout the report we analyse by Broad Sector and SSC. When looking at Broad Sector, industries are classified into one of 14 sectors according to their Standard Industrial Classification (SIC). The breakdown of these is shown in table C.1 below.

Table C.1: Broad Sectors and Standard Industrial Classification definitions

Sector name	SIC definition
Agriculture	01-02, 05
Mining and Quarrying	10-14
Manufacturing	15-16 17-19 20-21 22 23-26 27-28 29-33 34-35 36-37
Electricity, Gas and Water	40-41
Construction	45
Retail and Wholesale	50 51 52
Hotels and Catering	55
Transport, Storage and Communications	60-63 64
Financial Intermediation	65-67
Business Services	70-71, 73 72 74
Public Administration and Defence	75
Education	80
Health and Social Work	85
Other Services	90-93

In addition to analyses by SIC Sector, the data is also analysed by Sector Skills Council footprint, or SSC. The SSCs are listed in Table C.2. together with a general description and a definition in terms of 2003 Standard Industrial Classification (SIC 2003) codes.

It is important to note that the extent to which there is an exact fit between SIC 2003 codes and SSC footprints varies between SSCs. For example, in some cases defining SSCs by SIC codes excludes certain elements of an SSC's footprint. Further details on issues affecting specific SSCs are provided in Table C.2.

NESS09 was developed and conducted during a period of change and ambiguity in terms of the SIC codes assigned to individual SSCs. This was primarily due to SSCs going through a process of re-licensing and the move from SIC 2003 to SIC 2007 codes. As the NESS09 project required a consistent 'anchor point' for all SSC definitions we chose to use the SIC 2003 codes agreed as 'best fit' for each SSC's core business sectors, as set out within SSC contracts at the time of the project inception. Information regarding where caution should be exercised with these definitions (for example if an SSC's footprint subsequently changed) is provided within Table C.2.

Re-licensed SSC's new contracts will be define SSC footprints by 'best fit' SIC 2007 codes. Therefore, we intend to undertake a re-coding exercise of NESS09 data and will produce a series of tables based on SSC footprints as defined by SIC 2007 codes.

Table C.2: Sector skills council names, Standard Industrial Classification definitions and description

SSC name	SSC description	SIC definition
Lantra www.lantra.co.uk	Environmental and land-based industries	1, 2, 5.02, 20.1, 51.88, 85.2, 92.53
Lantra also cover industries which are small elements of other SIC codes not necessarily within their core, e.g. floristry, fence-making, farriery.		
Cogent www.cogent-ssc.com	Pharmaceuticals, chemicals, nuclear, oil and gas, petroleum and polymer industries	11, 23-25 (excluding 24.3, 24.64, 24.7, 25.11, 25.12), 50.5
Cogent also cover the nuclear industry and signmaking, but it is not possible to isolate these in terms of SIC.		

SSC name	SSC description	SIC definition
Proskills www.proskills.org.uk	Process and manufacturing of extractives, coatings, refractories, building products, paper and print	10, 12-14, 20.4, 20.51, 21.1, 21.2, 22.2, 24.3, 26 (except 26.82/2*), 36.1
Improve Ltd Email info@improveltd.co.uk	Food and drink manufacturing and processing	15 (except 15.92 and 15.11/3*), 51.38
Skillfast-UK www.skillfast-uk.org	Apparel, footwear and textile industry	15.11/3*, 17-19, 24.7, 51.16, 51.24, 51.41, 51.42, 52.71, 93.01
SEMTA www.SEMTA.org.uk	Science, engineering and manufacturing technologies	25.11, 25.12, 27-35, 51.52, 51.57, 73.10
Energy & Utility Skills www.euskills.co.uk	Power, gas, waste management and water industries	37, 40.1, 40.2, 41, 60.3, 90.01-90.02
Energy & Utility Skills also has an interest in gas fitters, covered by SummitSkills SSC.		
ConstructionSkills www.cskills.net	Planning, design, construction and maintenance of the built environment	45.1, 45.2, 45.32, 45.34, 45.4, 45.5, 74.2
A substantial proportion of construction work utilises labour-only sub-contracting (LOSC) arrangements and self-employed persons (without employees) who will be excluded from this survey		
SummitSkills www.summitskills.org.uk	Building services engineering (electro-technical, heating, ventilating, air conditioning, refrigeration and plumbing)	45.31, 45.33, 52.72
IMI (The Institute of the Motor Industry) http://www.motor.org.uk	Retail motor industry	50.1-50.4, 71.1
Skillsmart Retail www.skillsmartretail.com	Retail industry	52.1-52.6
People 1st www.people1st.co.uk	Hospitality, leisure, travel and tourism	55.1, 55.21, 55.23, 55.3-55.5, 63.3, 92.71, 92.33

SSC name	SSC description	SIC definition
GoSkills www.goskills.org	Passenger transport	60.1, 60.21, 60.22, 60.23, 61.1, 61.2, 63.21, 63.22, 63.23, 80.41
Goskills also covers Community Transport and Transport Planning, for which there are no specific SIC2003 codes. GoSkills also has an interest in scheduled and non-scheduled air transport, this is not reflected in the data as the 2003 SIC (62.10 and 62.20) codes were not within their core contract at the time of project inception. Users should also be aware that although SIC codes 61.10 and 63.22 sat in GoSkills contract at the time of project inception, work on these sectors is undertaken via memorandum of understanding with the Marine Skills Alliance. Users seeking a more detailed understanding of this sector should refer to GoSkills directly.		
Skills for Logistics www.skillsforlogistics.org	Freight logistics industry	51 (except 51.16, 51.24, 51.38, 51.41, 51.42, 51.52, 51.57, 51.88), 60.24, 62.1, 62.2, 63.1, 63.4, 64.1
Skills for Logistics also cover rail and water freight transport, for which there are no specific SIC codes.		
Financial Services Skills Council www.fssc.org.uk	Financial services industry	65-67
The financial function within organisations in industry, commerce, the public sector and the third sector are not well described by SIC codes. Much better coverage is offered by SOC 2000 codes (1131, 2421, 2422, 3535, 3537, and 4122).		
Asset Skills www.assetskills.org	Property, housing, cleaning and facilities management	70, 74.7
Although Facilities Management as an industry is included in SIC code 70, it is also an occupation employed across all industries, so is not fully represented through SIC. Some social Housing Management activity also falls within 85.31 Social Work activities with accommodation.		
e-skills UK www.e-skills.com	IT and telecoms	22.33, 64.2, 72
e-skills UK covers IT and telecoms professionals across all industries. A fast-changing sector, its boundaries are continually changing.		

SSC name	SSC description	SIC definition
Government Skills www.government-skills.gov.uk	Central government	75.1, 75.21, 75.22, 75.3
Most of the above SIC codes also incorporate local government. As it is not possible to identify through SIC, employers in these sectors were asked an additional question to ascertain whether they were central or local government establishments.		
Skills for Justice www.skillsforjustice.com	Custodial care, community justice and police	75.23, 75.24
Lifelong Learning UK www.lifelonglearninguk.org	Career guidance, community learning and development, further education, higher education, libraries, archives and information services, work-based learning	80.21, 80.22, 80.3, 80.42, 92.51
The Secondary Education SSC interface (80.21) is complex because teaching takes place across the whole school and there is a growing 14-16 age group vocational link to colleges. This interface is a difficult area and is addressed in dialogue with other SSCs.		
Skills for Health www.skillsforhealth.org.uk	NHS, independent and voluntary health organisations	85.1
Skills for Care and Development www.skillsforcareanddevelopment.org.uk	Social care including children, families and young children	85.3
Skillset www.skillset.org	Broadcast, film, video, interactive media, publishing and photo-imaging	22.11-22.13, 22.15, 22.32, 24.64, 74.81, 92.1, 92.2, 92.4
Photo-imaging is spread across a range of SIC codes: it is not possible to isolate the retail element. Interactive media, the largest sector in scope to Skillset, is not exclusively coded: since it is included within the core of e-skills UK, it is excluded from analyses. Additionally, self-employed people without employees are not included in employer survey evidence but represent most of the sector in areas which are included, such as film production and independent production. For these reasons combined, the data presented for Skillset should be interpreted with extreme caution.		

SSC name	SSC description	SIC definition
Creative and Cultural Skills www.ccskills.org.uk	Arts, museums and galleries, heritage, crafts and design	22.14, 22.31, 36.22, 36.3, 74.4, 92.31, 92.32, 92.34, 92.52
Much of the craft footprints sits in a huge variety of SIC codes in other industrial areas outside of Creative & Cultural Skills footprint. Businesses in the creative and cultural industries are generally small, with self-employment, freelance, part time and temporary work a feature of the industry. These businesses may not appear adequately on official sources of data. SIC and SOC analysis of the industry is generally considered as problematic due to the complex nature of activity and production of creative and cultural output. Crafts, advertising and design data, in particular, require the implementation of a broader methodology to understand the nature of business activity to accurately assess demographic and economic impact. More information is provided on Creative and Cultural Skills Industry Research Pages.		
SkillsActive www.skillsactive.com	Sport and Recreation, health and fitness, playwork, the outdoors and caravans.	55.22, 92.6
SkillsActive covers sectors which form only a portion of other SIC codes and so do not make sense to include in analysis. Some sub-sectors, such as playwork, are excluded from analyses. A number of previous LMI sources for SkillsActive have included 2003 SIC codes 92.72 and 93.04. However as only contracted SIC codes have been used for the project these codes are not included in the analyses. Care should therefore be exercised if users are interested in studying SkillsActive's sector in-depth, and we advise users requiring detailed information refer to SkillsActive directly.		

*It is not possible to isolate 5-digit SIC codes within NESS09.

Annex D: A Note on Proficiency and Skills Gaps

To ascertain the number of staff with skills gaps, respondents were asked, for each major (one-digit SOC) occupation where they employed staff, how many of those they employed were fully proficient. If respondents asked for clarification, then a proficient employee was described as 'someone who is able to do their job to the required level'. 'Proficient employee', however, is clearly a subjective and relative term to the extent that:

- different managers in an organisation may have different views on whether an individual member of staff is able to do the job to the required level. Indeed they may have different views on what the required level is that the organisation is looking for within an occupational category
- an employee could be regarded as fully proficient but if the requirements of the job change (for example, some new machinery or technology is introduced) then they could be regarded as not being able to do their job to the required level, despite the fact that their skills were unchanged
- the same is true if a person were to be promoted to a more demanding position – the company might go from having no skills gaps to saying that this newly promoted member of staff was not fully proficient in the new job, despite having the same proficiency as before
- different companies may be more demanding and 'critical' of their staff than others: an individual considered fully proficient by one company might be seen as having a skills gap if performing the same role to the same standard in another company.

A final point to note is that the survey categorises all staff as either fully proficient or not: it takes no account of the range that can clearly exist between those who are very nearly proficient and those who significantly lack the skills that employers require. While from a policy perspective, therefore, there is clearly interest in raising the skill levels of the workforce, survey data can only identify changes year on year in the proportion of staff reported as fully proficient, not cases where skills levels have been raised but where staff still remain below full proficiency.

Annex E: Sampling Error and Statistical Confidence

Sampling error for the survey results overall and for different sub-groups by which analysis is presented in the report is shown in Table E.1. Figures have been based on a survey result of 50 per cent (the 'worst' case in terms of statistical reliability), and have used a 95 per cent confidence level. Where the table indicates that a survey result based on all respondents has a sampling error of +/- 0.35 per cent, this should be interpreted as follows: 'for a question asked of all respondents where the survey result is 50 per cent, we are 95 per cent confident that the true figure lies within the range 49.65 per cent to 50.35 per cent'. As a note, the calculation of sampling error has taken into account the finite population correction factor to account for cases where we are measuring a significant portion of the population universe (i.e. even if two sample sizes are the same, the sampling error will be lower if in one case a far higher proportion of the population was covered).

Table E.1: Sampling error (at the confidence 95 per cent level) associated with findings of 50 per cent

	Number of interviews	(Maximum) Standard Error (±%)
Overall	**79,152**	**0.35**
By region		
Eastern	8,552	1.06
East Midlands	7,337	1.14
London	12,000	0.89
North East	5,677	1.30
North West	9,921	0.98
South East	11,040	0.93
South West	8,698	1.05
West Midlands	8,186	1.08
Yorkshire and the Humber	7,741	1.11

	Number of interviews	(Maximum) Standard Error (±%)
By size of establishment		
2 to 4	22,535	0.65
5 to 24	35,418	0.52
25 to 99	16,270	0.77
100 to 199	2,676	1.89
200 to 499	1,701	2.38
500+	552	4.17
By SIC sector		
Agriculture	19,822	0.70
Mining & Quarrying	4,716	1.43
Manufacturing	365,750	0.16
Electricity, Gas & Water	14,288	0.82
Construction	91,652	0.32
Retail & Wholesale	444,172	0.15
Hotels & Catering	149,282	0.25
Transport, Storage & Communications	159,819	0.25
Financial Intermediation	71,012	0.37
Business Services	364,700	0.16
Public Administration & Defence	141,092	0.26
Education	270,325	0.19
Health & Social Work	338,388	0.17
Other Services	144,103	0.26

	Number of interviews	(Maximum) Standard Error (±%)
By Sector Skills Council (SSC)		
Lantra	3,665	1.62
Cogent	1,588	2.46
Proskills	1,949	2.22
Improve	1,282	2.74
Skillfast-UK	1,850	2.28
SEMTA	3,046	1.78
Energy and Utility Skills	754	3.57
ConstructionSkills	5,059	1.38
SummitSkills	2,456	1.98
IMI	2,995	1.79
Skillsmart Retail	7,740	1.11
People 1st	5,991	1.27
GoSkills	1,430	2.37
Skills for Logistics	4,830	1.41
Financial Services Skills Council	2,456	1.98
Asset Skills	3,485	1.66
e-skills UK	2,698	1.89
Government Skills	371	5.09
Skills for Justice	443	4.66
Lifelong Learning UK	2,629	1.91
Skills for Health	2,667	1.90
Skills for Care and Development	3,826	1.58
Skillset	1,677	2.39
Creative and Cultural Skills	1,800	2.31
SkillsActive	1,924	2.23
Non-SSC employers	10,208	0.97

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