



UK COMMISSION FOR  
EMPLOYMENT AND SKILLS

# National Employer Skills Survey for England 2009: Key findings report

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# **National Employer Skills Survey for England 2009: Key findings report**

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## Foreword

Launched on 1st April 2008, the UK Commission for Employment and Skills was a key recommendation in Lord Leitch's 2006 review of skills *Prosperity for All in the Global Economy: World Class Skills*. The UK Commission aims to raise UK prosperity and opportunity by improving employment and skills. Its ambition is to benefit individuals, employers, government and society by providing independent advice to the highest levels of the UK Government and Devolved Administrations on how improved employment and skills systems 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:

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- 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;
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This Evidence Report presents the Key Findings from the National Employer Skills Survey for England 2009 (NESS09), the newest edition of a series of surveys that was established by the Learning and Skills Council (LSC) in 2003. It covers 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. It examines employer training activity and training spend, as well as employer 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. Analysis is carried out by size of organisation; sector, defined by both Standard Industrial Classification and Sector Skills Council footprint; and English region.

We hope you find this report useful and informative in building the evidence we need to achieve a more prosperous and inclusive society.



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**DIRECTOR OF RESEARCH AND POLICY**



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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 and Genna Kik, UK Commission for Employment and Skills; Rob Cirin and Sam Richardson, LSC; Kathy Murphy, Mark Langdon, Dominic Rice and David Campbell, Department for Business Innovation and Skills; Dr Sally Walters and Bob Windmill, Alliance of Sector Skills Councils. Thanks are also due to the 79,152 employers who gave up their time to take part in this study, and on whom the findings in this report are based.

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## Glossary of key terms

<b>Hard-to-fill vacancies (HtFVs)</b>	Those vacancies classified by respondents as hard-to-fill.
<b>Skill-shortage vacancies (SSVs)</b>	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.
<b>Skills gaps</b>	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.
<b>Upskilling</b>	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.
<b>Off-the-job training</b>	Training away from the individual's immediate work position, whether on the establishment's premises or elsewhere.
<b>On-the-job training</b>	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.
<b>SIC/SSC Sector</b>	Please refer to Annex A for full details.
<b>Employer-based measures</b>	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).
<b>Employment-based measures</b>	These are survey results which are based on the number of staff (e.g. the proportion of staff for whom training has been provided).
<b>Weighting</b>	Weighting ensures that the survey results are representative of the entire population of employers. Weighting involves grossing-up the survey results to population estimates. Different weights are applied for employer and employment measures.
<b>Unweighted base</b>	This refers to the number of respondents on which a survey result is based.

# 1 Introduction

The aim of the National Employer Skills Survey is to provide robust and reliable information from employers in England on skills deficiencies and workforce development activities to serve as a common basis to develop policy and assess the impact of skills initiatives.

NESS09 is the latest in a series of employer surveys which includes NESS surveys conducted in 2003, 2005 and 2007. Hence, this Key findings report and the Main report, which will follow this report shortly, are able to present trend data on skills issues in England.

NESS09 incorporates responses from just over 79,000 employers. It represents by far the largest and most comprehensive source of information on current skills issues affecting employers in England. Its importance to policy-makers charged with raising the country's skill and productivity levels lies not just with its scale, but also in the fact that:

- it is a single, unified source of information on recruitment difficulties, skills gaps and workforce development activity, and is a crucial part of the evidence to inform skills policy;
- the partnership approach developed by UK Commission for Employment and Skills, LSC, the Alliance of Sector Skills Councils, BIS and the Home Office 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.

## 2 The scope of the survey sample

The survey includes employers across all sectors of business activity in England. ‘Employers’ are defined as establishments (individual sites) rather than enterprises; hence some enterprises may 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. Fieldwork was conducted from March-July 2009.

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 (the most up to date at the time of the study). These indicated a total population of 1.49 million establishments, with 22.98 million people working within them.

Within each region, grossing-up took place on a 27-sector by five-size band interlocking grid (i.e. 135 cells). This was to align the profile of establishments surveyed – and staff within these – with the true business profiles, as defined by the IDBR.

In addition to the main NESS09 survey a separate follow-up survey was conducted with employers who were identified during the main interview as providing training to their staff. The purpose of this follow-up research was to estimate employers’ expenditure on training. A total of 7,317 employers provided data for the cost of training survey. The data was weighted 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), as derived from the main NESS09 survey.

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.

### 3 Structure of this report

This report presents key findings from NESS09 and is separated into the following sections:

- Key historical trends over time;
- Summary;
- Employer population and business context;
- From education to employment;
- Recruitment problems;
- Skills gaps;
- Upskilling;
- Training and workforce development;
- Government training initiatives.

A more detailed investigation of the data can be found in the full report – *National Employer Skills Survey for England 2009: Main Report*, (forthcoming, summer 2010).

## 4 Key historical trends over time

The key headline findings from NESS09 are listed in the table below in the final column of data, with comparisons shown from the previous waves of the survey (where comparable data exists).

**Table 1: Key facts and figures since 2003**

	NESS03	NESS05	NESS07	NESS09
% of establishments with any vacancies	17	17	18	<b>12</b>
% of establishments with any hard-to-fill vacancies	8	7	7	<b>3</b>
% of establishments with skill-shortage vacancies (SSVs)	n/a	5	5	<b>3</b>
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
Vacancies as proportion of all employment	3.1	2.7	2.8	<b>1.7</b>
Hard-to-fill vacancies as proportion of employment	1.2	0.9	0.8	<b>0.4</b>
% of all vacancies which are hard-to-fill vacancies	40	35	30	<b>22</b>
Number of skill-shortage vacancies per 1,000 employees	n/a	7	6	<b>3</b>
% of all vacancies which are skill-shortage vacancies	n/a	25	21	<b>16</b>
% of all hard-to-fill vacancies which are skill-shortage vacancies	n/a	70	71	<b>74</b>
% of establishments with any staff not fully proficient	22	16	15	<b>19</b>
Number of staff described as having a skills gap	2.4m	1.3m	1.4m	1.7m
% of staff not fully proficient	11	6	6	<b>7</b>
% of establishments training staff over the last 12 months	59	65	67	68
% of establishments providing off-the-job training in the last 12 months	n/a	46	46	<b>51</b>
% of staff trained	57	61	63	<b>56</b>
% of establishments with a training plan	39	45	48	<b>43</b>
% of establishments with a budget for training	31	33	35	36

Base: All employers/All employment.

Notes: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened. Statistical significance testing cannot be applied to volume-based measures.

## 5 Summary

This survey is representative of all employers, at unit level, across England with a headcount of at least two. This equates to 1.49 million establishments with 22.98 million people working within them. The picture is dominated by small employers. Although almost nine in 10 employers have fewer than 25 staff (89 per cent) only a third (32 per cent) of the workforce is employed by these establishments. As the fieldwork for this survey was carried out during a recession, the economic context appears to be a recurring influence across the key themes covered in the study.

### From education to employment

Only a minority of employers had recruited young people direct from education in the 12 months before the fieldwork for NESS09 was carried out: six per cent had recruited 16-year-olds directly from school; 11 per cent had recruited 17- or 18-year-olds directly from school or college; and 10 per cent had recruited HE leavers under the age of 24 to their first job. 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 in 2007 (26 per cent).

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.

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 and aged 24 or under, has remained relatively unchanged since 2007.

### 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 (SSVs) is far lower than that 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 in 2009) since the NESS series began in 2003. Hence, not only are employers less likely to be recruiting, but that they are having fewer problems caused by skill shortages in filling these vacancies.

### Skills gaps

The proportion of employers 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

Just over two-thirds of employers (68 per cent) had provided any training or development in the previous 12 months – which was level with the proportion recorded in 2007. The pattern of training practice is changing, however, with fewer employers electing to deliver 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 accounting for inflation<sup>1</sup>, 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, 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.

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 all 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, at 28 per cent, 16 per cent and 31 per cent respectively. 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).

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 of employers respectively having heard of them. Similarly, involvement with these Government initiatives was also lower, with just four per cent of employers having made the Skills Pledge and two per cent having engaged with a National Skills Academy.

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<sup>1</sup> Inflation is calculated here and elsewhere in the report using the Consumer Prices Index (CPI) for August 2007 to August 2009. The total compound inflation over this period is 6.4 per cent.

## 6 Employer population and business context

This section looks at how the employer population is distributed by size, sector, region and product market strategy, as well as the impact of the recession on the size of the employer and employee populations.

### Size

The employer landscape is dominated by small employers. Over half of employers (53 per cent) have two to four people on the payroll including any working proprietors and 37 per cent have between five and 24 staff.

Although almost nine in 10 employers have fewer than 25 staff (89 per cent) only a third (32 per cent) of the workforce is employed by these smaller employers. By contrast, although only two per cent of establishments employ 100 or more staff, these workplaces collectively provide employment for more than two-fifths of the workforce.

### Sector

There are many different ways of understanding and describing the range of activities in which employers engage. In this report a business sector is principally described in two ways: by classification into 14 Standard Industrial Classification (SIC) sectors (these are listed in the Annex in Table A.1), and on the basis of the Sector Skills Council (SSC) sector by which an employer is covered (SSC sectors are listed in the Annex in Table A.2).

Table 2 shows the broad SIC groupings that have been used and presents 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 employers in the Business Services and Retail and Wholesale sectors (24 per cent and 22 per cent respectively) although both of these sectors clearly tend towards smaller employers as they account for a considerably lower share of all employment (19 per cent and 17 per cent respectively).

Hotels and Catering (which accounts for nine per cent of employers), Manufacturing (seven per cent), Other Services (eight per cent) and Health and Social Work (seven per cent) are all relatively large sectors in terms of their employer base. Employers in the Manufacturing and Health and Social Work sectors are larger than average, and account for 10 per cent and 12 per cent of total employment respectively.

The other sectors are all relatively small in employer terms, although the Education sector has a lot of large employers and accounts for nine per cent of total employment across England.

**Table 2: Employers and employment by sector**

	<b>Share of establishments %</b>	<b>Share of employment %</b>
Agriculture	5	1
Mining and quarrying	*	*
Manufacturing	7	10
Electricity, gas and water	*	*
Construction	9	5
Retail and wholesale	22	17
Hotels and catering	9	6
Transport, storage and communications	4	6
Financial intermediation	2	4
Business services	24	19
Public administration and defence	1	5
Education	3	9
Health and 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 per cent but greater than zero.

Table 3 provides a sector breakdown defined in terms of the SSC by which employers are covered. Skillsmart Retail (retail industry) is the largest sector (accounting for 12 per cent of employers and 10 per cent of employment), followed by People 1st (hospitality, leisure, travel and tourism; 10 per cent of employers and seven per cent of employment) and ConstructionSkills (nine per cent of employers and five per cent of total employment).

**Table 3: Employers and employment by Sector Skills Council (SSC)**

	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
Creative and Cultural (arts/heritage)	1	1
SkillsActive (sport/recreation)	1	1
Non-SSC employers (various)	18	19

Source: IDBR March 2009.

Base: First column all employers, second column all employment.

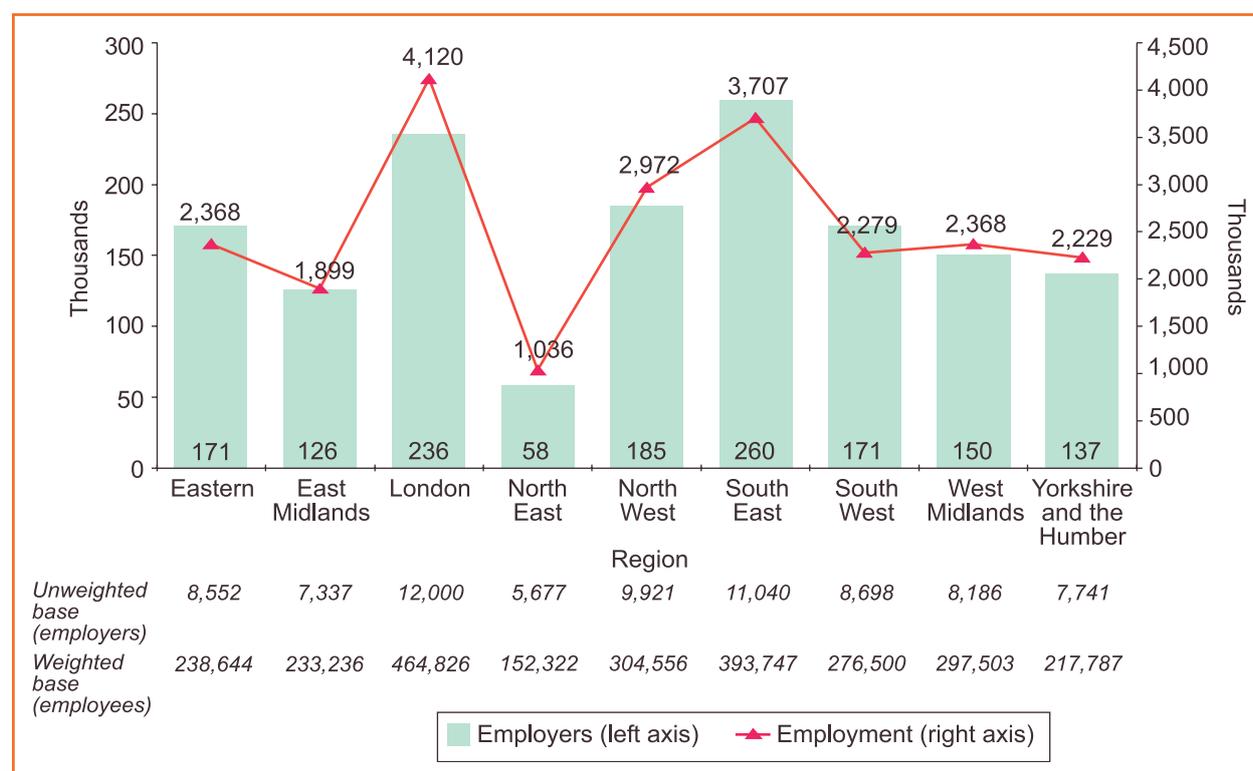
Note: \* indicates figures below 0.5 per cent but greater than zero.

The great majority of establishments (88 per cent) 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 local government funded (four per cent overall) as opposed to central government funded (one per cent overall).

## Regional distribution

The number of establishments in each region varies considerably. The South East has the highest number with nearly 260,000 establishments, followed by London with 236,000 (17 and 16 per cent respectively of the total across England as a whole). In Figure 1 establishment numbers are plotted against employment for each region. The relationship between the two is not entirely linear: for example the South East has more establishments but fewer staff than London, indicating that employers in the South East tend to be smaller than those in the capital.

**Figure 1: Employers and employment across the regions**



Source: IDBR (March 2009).

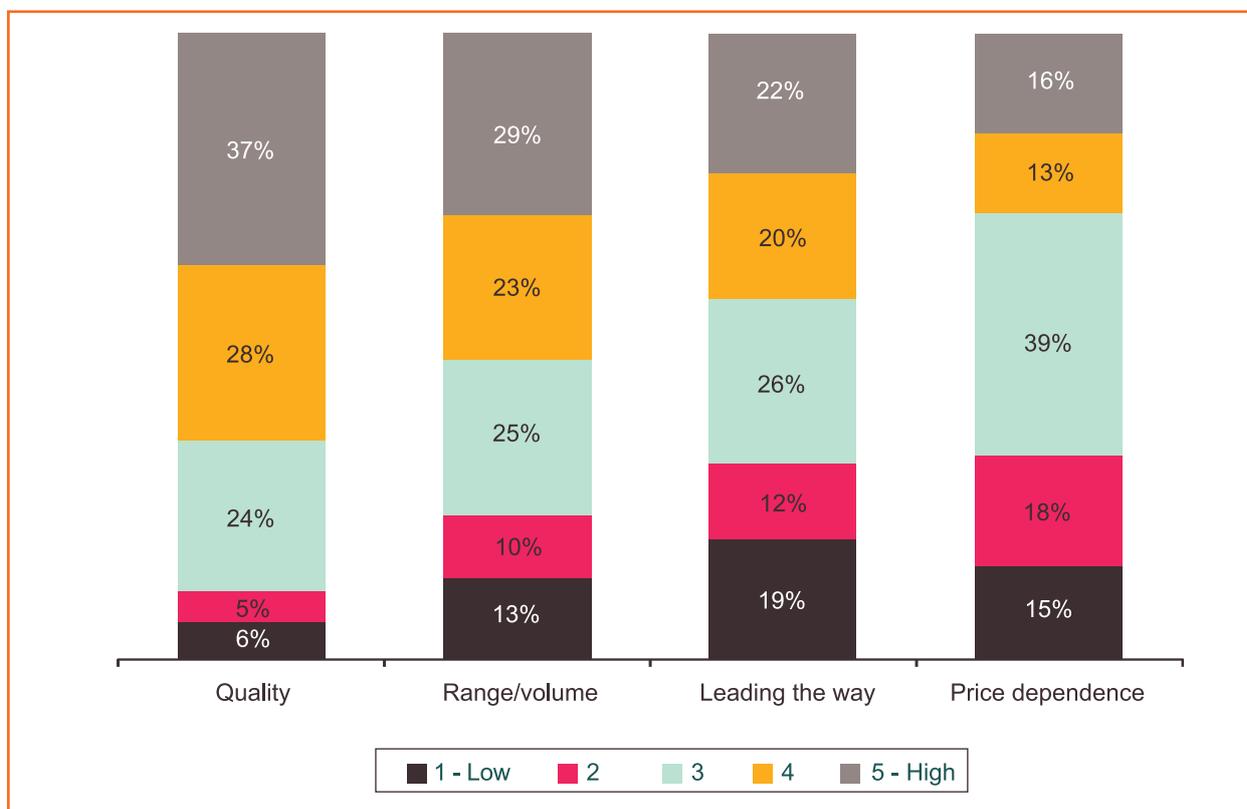
## Product market strategies

NESS09 incorporated questions on establishments' product market strategies. The analysis 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. Results are shown in Figure 2.

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 proportions describing their products or service as not price dependent (33 per cent) and as price dependent (28 per cent).

This even distribution is not found for the product/service quality, range or volume, or for being a market leader. For these factors more employers consider that their position is above than below the industry-average. For example nearly two-thirds (65 per cent) consider that compared to others in their industry they compete in a market for high quality goods or services while only 11 per cent consider their offer to be standard or more basic than the average.

**Figure 2: Overall product market strategy positioning**



Base: All non-governmental employers giving definite answer (lowest base is 65,058 unweighted, for price dependency).

Quality: 1 = standard or basic quality, 5 = premium quality.

Range/volume: 1 = one-off/limited range, 5 = high volume/wide range.

Leading the way: 1 = very rarely lead the way, 5 = often lead the way.

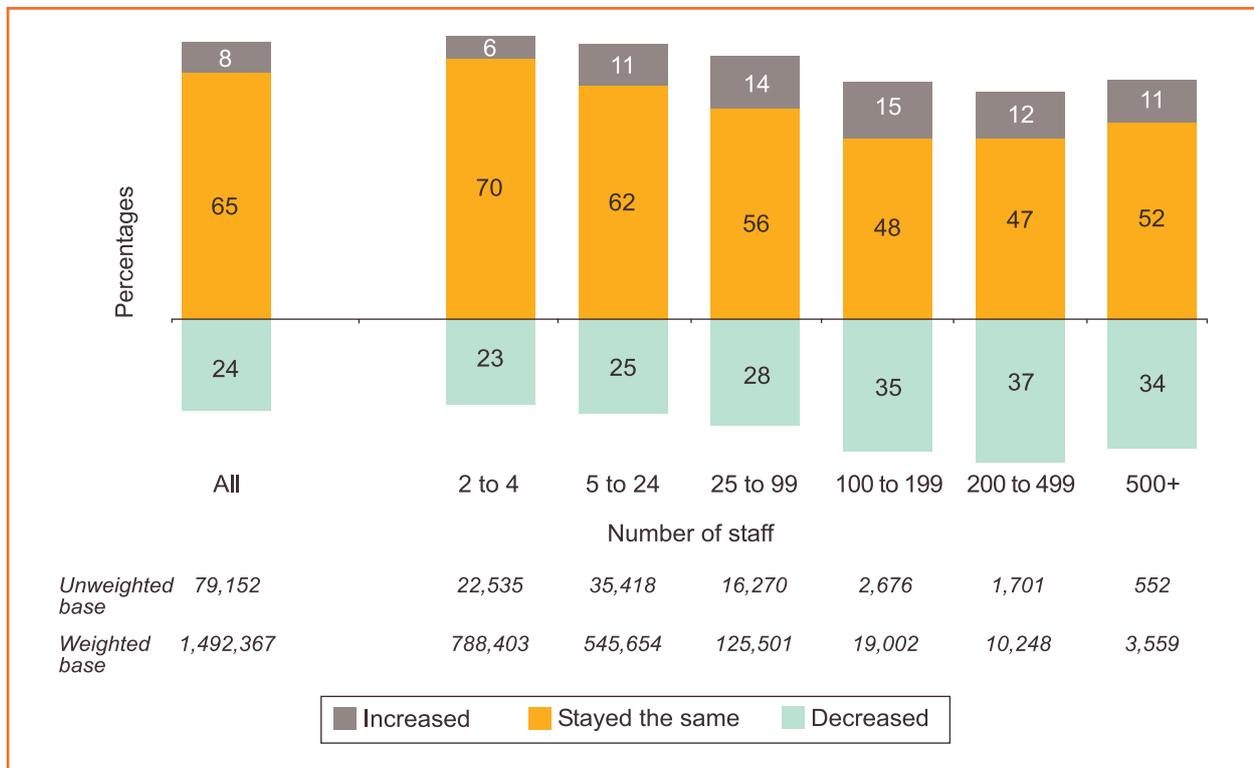
Price dependence: 1 = not at all price dependent, 5 = wholly price dependent.

## The recession

Fieldwork for NESS09 was conducted between March and July 2009 and took place during a recession which official figures indicate started in the UK in the second half of 2008<sup>2</sup>. As a note, despite this, ONS Inter-Departmental Business Register (IDBR) estimates of the size of the employer and employment populations show an increase between March 2007 and March 2009, and the survey findings have been weighted and grossed up to represent these official populations for March 2009.

NESS09 asked employers specifically whether the recession had impacted on staffing levels. Overall, most establishments had stayed at the same size (65 per cent), though one in twelve employers had increased their headcount as a result of the recession (eight per cent) and a quarter had reduced in size (24 per cent). As Figure 3 shows, large employers with 100 or more staff were the most likely to have reduced staff numbers because of the recession. Those with fewer than five staff were the most likely to have been unaffected in terms of their headcount.

**Figure 3: Effect of the recession on the number of staff employed at establishment**



Base: All employers.

<sup>2</sup> ONS reported that Gross Domestic Product fell by 1.5 per cent in the last three months of 2008 after a 0.6 per cent drop in the previous quarter.

## 7 From education to employment

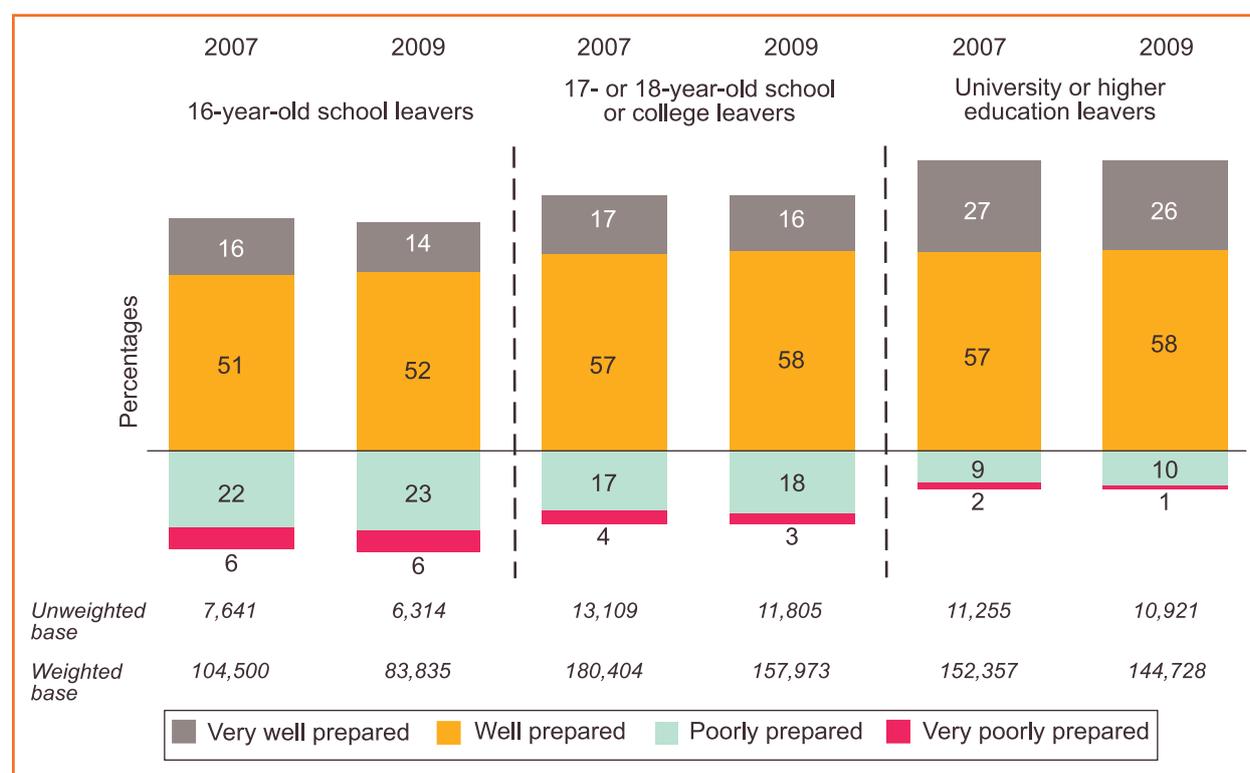
Only a minority of employers has recruited a person aged under 24 directly from education in the 12 months before the NESS09 fieldwork. Employers were more likely to have recruited school and FE leavers aged 17 or 18 straight from education (11 per cent of all employers) and HE leavers under the age of 24 (10 per cent) than 16-year-olds straight from school (six per cent).

In line with the broader slow-down in recruitment activity as a result of the recession, the proportion of employers recruiting any staff aged 16 to 24 to their first job on leaving education in the previous 12 months had fallen from 26 per cent in 2007 to 23 per cent in 2009.

All employers who had taken on individuals aged under 24 direct from education were asked whether they considered these recruits to be very well prepared, well prepared, poorly prepared or very poorly prepared for work. Results are presented in Figure 4 for 2007 and 2009.

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. Clearly overall the longer recruits have been in education the better prepared they are seen as being. The perceived work readiness of those recruited direct from education has remained relatively unchanged compared with 2007.

**Figure 4: Work-readiness of 16- to 24-year-old leavers from education**



Base: All employers recruiting each type of 16- to 24-year-old leaver from education in the previous 12 months. Results do not add to 100 per cent since “don’t know” responses have not been shown.

Poor understanding of the working world was the most common reason young recruits (16- to 24-year-olds) were felt to be poorly prepared for work, mentioned by just over half of employers critical of their work readiness. There are some differences, though, in the ways that the different sub-groups within the 16-24 age group were regarded as being poorly prepared.

Specific skills or competencies were more often lacking in recruits from higher education (mentioned by 44 per cent of employers experiencing poorly prepared graduate recruits) than among poorly prepared 16-year-old or 17- to 18-year-old recruits from education.

Responses relating to personality such as poor attitude or lack of motivation are the second most common deficiencies for 16-year-old or 17- to 18-year-old recruits (an issue for almost half of employers experiencing poorly prepared 16-, 17- or 18-year-olds, compared with 38 per cent of those with poorly prepared recruits from higher education).

## 8 Recruitment problems

In line with the fact that the country was in recession at the time the 2009 data was collected, there were substantial decreases in recruitment activity compared with 2003, 2005 and 2007. At the time of interview, just 12 per cent of employers reported having vacancies, three per cent had hard-to-fill vacancies and almost all of these (three per cent of all employers) also reported having skill-shortage vacancies (i.e. vacancies proving hard-to-fill because of a lack of the required skills, qualifications and/or experience among applicants).

The absolute numbers of vacancies, hard-to-fill vacancies (HtFVs) and skill-shortage vacancies (SSVs) is also lower than at any time from the start of the NESS series in 2003 (Table 4).

The number of vacancies at the time of interview has fallen from around 620,000 in 2007 to around 386,000 in 2009. Similarly, the number of skill-shortage vacancies has also been falling year-on-year since 2005 and the number reported for NESS 2009 (approximately 63,000) was around half the number reported in 2007.

The proportion of vacancies that are hard-to-fill (22 per cent in 2009) has continued to fall, as has the proportion of vacancies which are hard-to-fill because of skill shortages (25 per cent in 2005, 21 per cent in 2007, 16 per cent in 2009).

While there are fewer vacancies in 2009 than in previous NESS studies, and a smaller proportion of these vacancies are hard-to-fill, where they are hard-to-fill skill shortages continue to be a key contributing factor. For almost three-quarters of hard-to-fill vacancies (74 per cent) skill shortages contributed to the difficulty filling the position, higher than the level found in 2005 and 2007 (70 and 71 per cent respectively).

**Table 4: Trends in the number of vacancies and recruitment difficulties 2003–2009**

	2003	2005	2007	2009
<i>Unweighted base (employers)</i>	72,100	74,835	79,018	79,152
<i>Weighted base (employers)</i>	1,915,053	1,390,155	1,451,507	1,492,367
Proportion of employers reporting at least one vacancy	17%	17%	18%	<b>12%</b>
Proportion of employers reporting at least one HtFV	8%	7%	7%	<b>3%</b>
Proportion of employers reporting at least one SSV	N/A	5%	5%	<b>3%</b>
Vacancies as proportion of all employment	3.1%	2.7%	2.8%	<b>1.7%</b>
HtFVs as a proportion of employment	1.2%	0.9%	0.8%	<b>0.4%</b>
HtFVs as a proportion of vacancies	40%	35%	30%	<b>22%</b>
SSVs as a proportion of employment	N/A	0.7%	0.6%	<b>0.3%</b>
SSVs as a proportion of vacancies	N/A	25%	21%	<b>16%</b>
SSVs as a proportion of HtFVs	N/A	70%	71%	<b>74%</b>
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/All employment.

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.

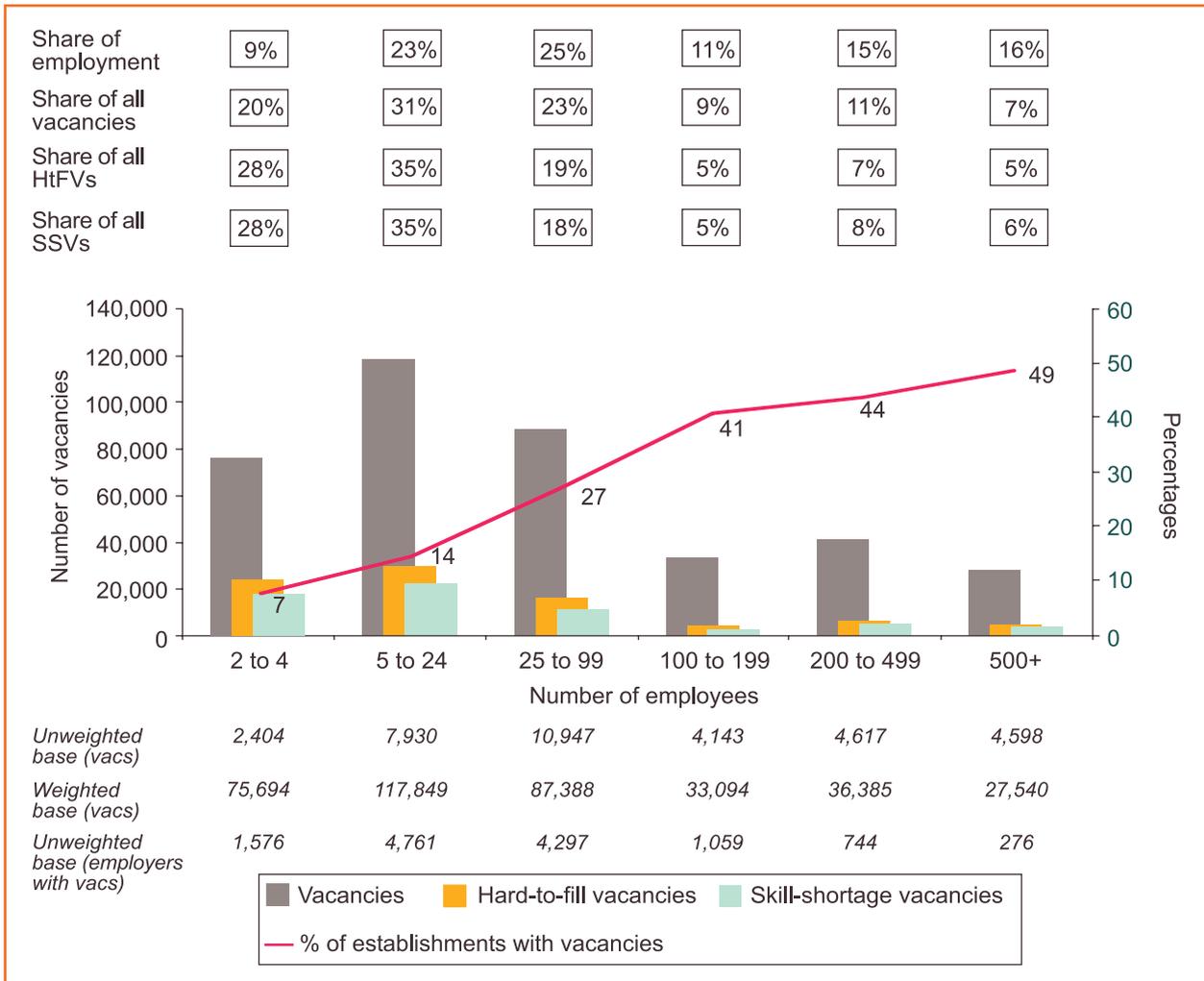
### Recruitment difficulties by size of establishment

The fall from 2007 in the proportions of employers reporting vacancies, hard-to-fill vacancies and skill-shortage vacancies is observed across all sizes of employer. However, the pattern of recruitment difficulties by size remains similar to previous years: whilst larger employers continue to be more likely to experience vacancies and recruitment difficulties, employers with fewer than 25 staff account for a disproportionately large share of all vacancies (50 per cent), hard-to-fill vacancies (64 per cent) and skill-shortage vacancies (63 per cent) when compared with their share of employment (32 per cent). These results are shown in Figure 5.

The very smallest employers (with two to four staff) continue to experience a disproportionate degree of difficulty when recruiting. Despite their share of employment remaining the same as in 2007 (nine per cent), they account for a slightly larger share of hard-to-fill vacancies (28 per cent, up three percentage points from 2007) and skill-shortage vacancies (28 per cent, up four percentage points from 2007).

Although employers in size bands with 100 or more staff are the most likely to report vacancies and recruitment difficulties, the actual volume of vacancies, hard-to-fill vacancies and skill-shortage vacancies experienced by these employers is low relative to their share of employment.

**Figure 5: Number and share of vacancies, hard-to-fill vacancies and skill-shortage vacancies by size of establishment**



Base: All vacancies followed up.

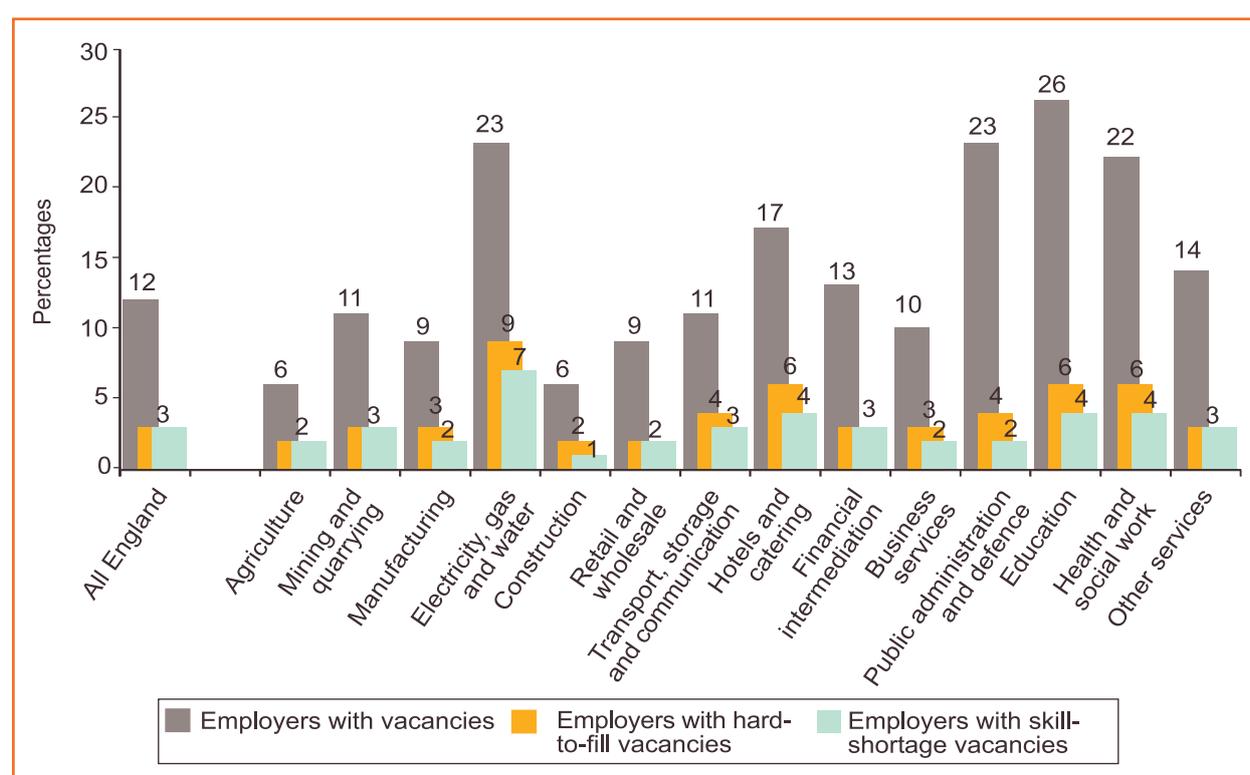
### Recruitment difficulties by sector

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 industry sectors.

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

Employers in the Electricity, Gas and Water Supply SIC sector also have high levels of vacancies (23 per cent), hard-to-fill vacancies (nine per cent) and skill-shortage vacancies (seven per cent). However the unweighted base size for this SIC sector is relatively small (120 interviews), hence results should be treated as indicative only.

**Figure 6: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by SIC sector**



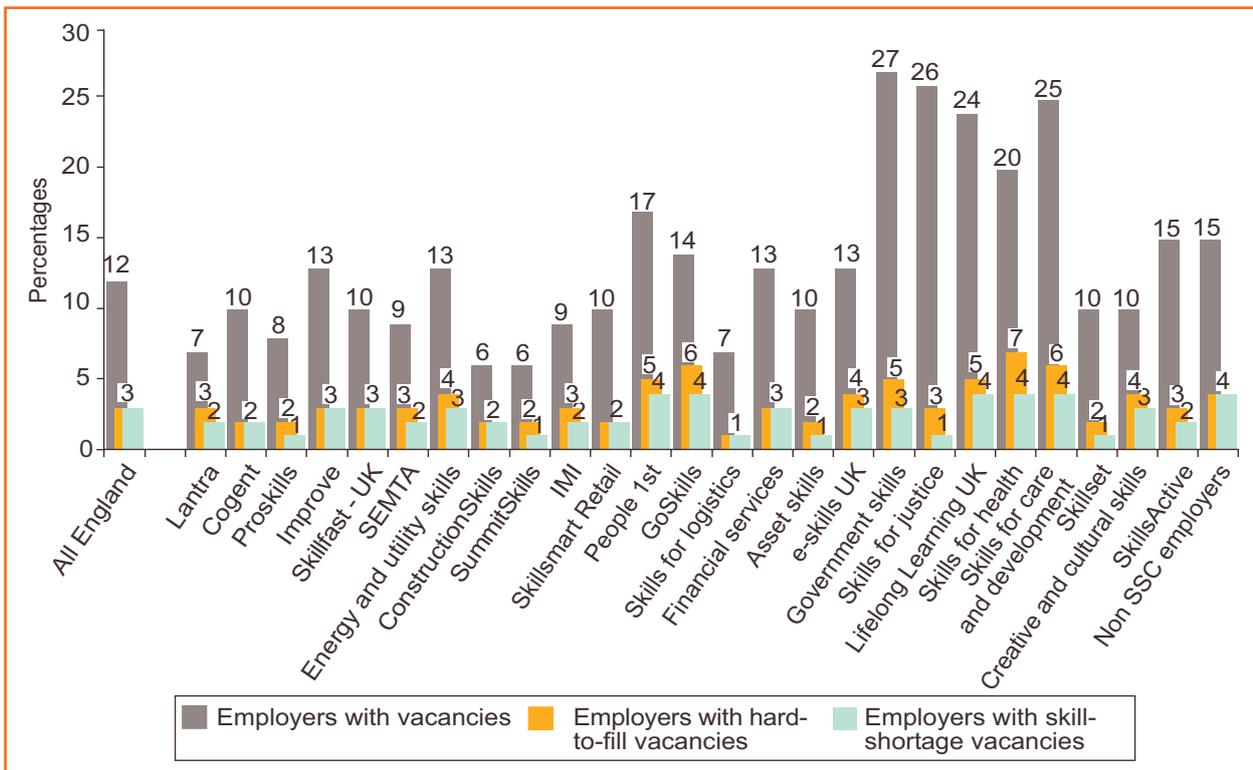
Base: All employers (weighted=1,492,367; unweighted=79,152).

In line with the findings by SIC sector, as Figure 7 demonstrates, employers in SSC sectors largely composed of public sector employers are the most likely to report vacancies, with around a quarter of those covered by Government Skills (27 per cent), Skills for Justice (26 per cent), Skills for Care and 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 SSC sectors.

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

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

**Figure 7: Incidence of vacancies, hard-to-fill vacancies and skill-shortage vacancies by SSC sector**



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

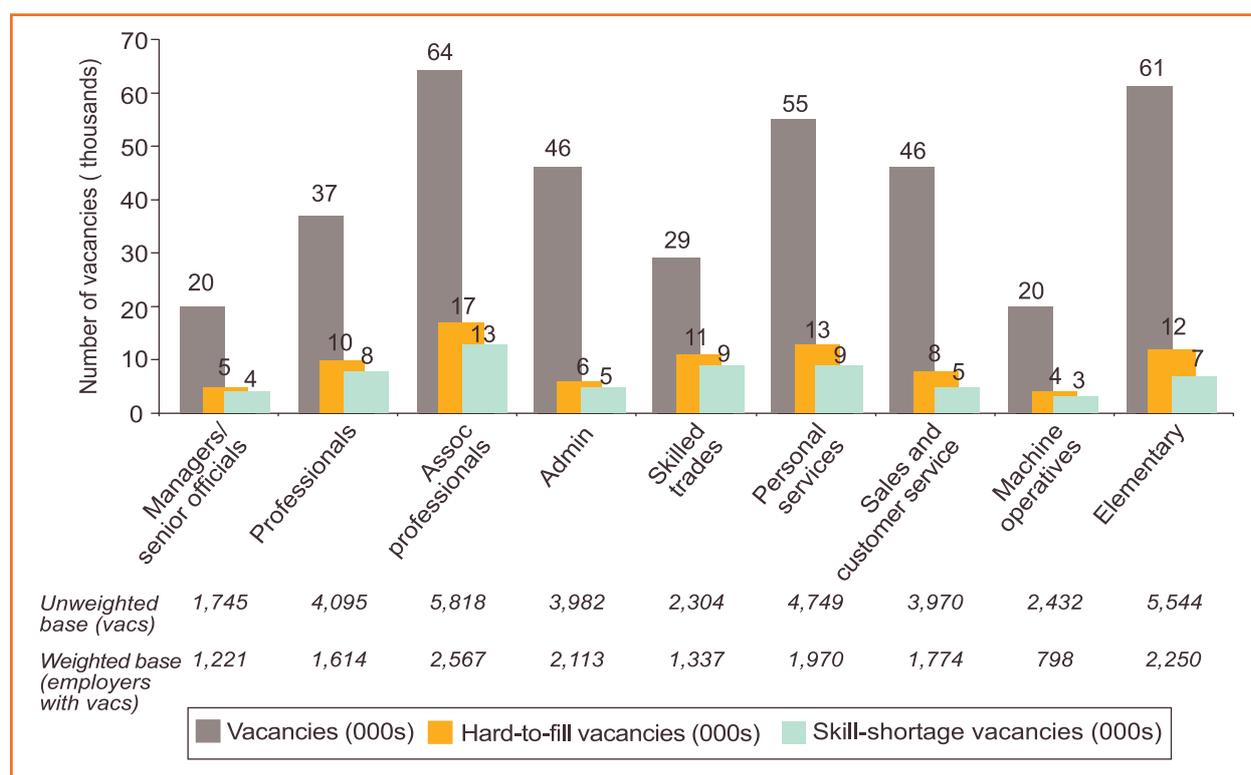
**The pattern of recruitment difficulties by occupation**

The greatest volume of skill-shortage vacancies is for associate professional, personal services and skilled trade occupations (Figure 8). Relative to the number of vacancies, high volumes of skill-shortage vacancies and hard-to-fill vacancies are reported for professional and skilled trade occupations. For managerial, administrative and machine operative positions, almost all hard-to-fill vacancies are skill-shortage vacancies.

The relative 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, at a similar level to those for elementary occupations and second only to vacancies for associate professionals. In 2009, however, the number of vacancies for sales and customer

services occupations had fallen below the number for elementary occupations, and is also lower than that for personal services occupations. Vacancies for sales and customer services occupations in 2009 are at similar levels to those seen for administrative occupations.

**Figure 8: Overall numbers of vacancies, hard-to-fill vacancies and skill-shortage vacancies, 2009**



Base: All vacancies followed up.

The percentage of all vacancies which are skill-shortage vacancies is shown in the final column of Table 5. This figure is particularly high for skilled trade occupations (where skill shortages were experienced for 31 per cent of vacancies) and professionals (23 per cent).

Employers were least likely to encounter skill shortages in the labour market when recruiting for administrative and secretarial occupations (10 per cent of vacancies for this occupational group were skill-shortage vacancies), elementary occupations (11 per cent), or sales and customer service positions (12 per cent).

**Table 5: Vacancies and skill-shortage vacancies by occupation**

	Vacancies	Skill-shortage vacancies	% of vacancies that are skill-shortage vacancies
<i>Unweighted vacancy base</i>	34,639	5,118	
Managers and senior officials	19,750	3,725	19
Professionals	36,825	8,300	23
Associate professionals	64,125	12,700	20
Administrative and secretarial	45,525	4,575	10
Skilled trades	28,975	8,900	31
Personal service	54,975	9,125	17
Sales and customer service	46,325	5,475	12
Machine operatives	20,125	2,900	14
Elementary occupations	61,300	6,925	11

Base: All vacancies followed up.

Note: Weighted figures rounded to the nearest 25.

### Skills lacking in connection with skill-shortage vacancies

There has been relatively little movement in the hierarchy of skills lacking in applicants compared with previous NESS surveys, though in 2009 each skill area was mentioned by a higher proportion of those experiencing skill shortages. This suggests that although the number of skill-shortage vacancies has fallen, their intensity has increased, i.e. where skill shortages are occurring a greater number of skills are felt to be in short supply.

Technical, practical and job-specific skills continue to be lacking in a large number of cases where skill-shortage vacancies occur (62 per cent of skill-shortage vacancies, up from 52 per cent in 2007). Several “softer” skills are the next most likely to be lacking when recruiting, including customer-handling skills (41 per cent cf. 32 per cent in 2007), problem-solving skills (38 per cent cf. 29 per cent in 2007) and team working skills (37 per cent cf. 26 per cent in 2007). Another notable rise is in the proportion of skill-shortage vacancies attributed to poor literacy and numeracy: literacy was mentioned in connection with 30 per cent of skill-shortage vacancies in 2009 compared with 22 per cent in 2007, and numeracy in connection with 26 per cent in 2009 compared with 18 per cent in 2007.

Table 6: Main skills lacking by occupation where skill-shortage vacancies exist

	Overall	Managers	Professionals	Associate prof.	Administrative	Skilled trades	Personal service	Sales	Operatives	Elementary
<i>Unweighted base (SSVs)</i>	5,118	300	1,035	1,098	328	614	585	356	331	440
<i>Weighted base (SSVs)</i>	63,089	3,735	8,303	12,693	4,573	8,908	9,123	5,480	2,908	6,932
<i>Unweighted base (employers with SSVs in occupation)</i>	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 add to more than 100 since multiple responses were allowed.

## 9 Skills gaps

The previous section examined difficulties experienced when recruiting staff, in particular difficulties relating to skill shortages amongst applicants. This section discusses internal skills gaps among the existing workforce – cases where staff are felt not to be fully proficient at their job.

### Incidence and number of skills gaps

Although the vast majority of employers regard all staff as fully proficient (81 per cent), in 2009 around one in five employers (19 per cent) reported that they employed staff whom they considered not fully proficient. Around 1.7 million workers or seven per cent of the total workforce in England were described as having skills gaps.

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 year on year from 2003 to 2007. The level now exceeds that seen in 2005 but is still lower than recorded in 2003 (22 per cent).

The proportion of staff that lack proficiency has also increased, from six per cent in 2007 to seven per cent in 2009, though this is still lower than at the start of the series (11 per cent in 2003).

**Table 7: Skills gaps, 2003–2009**

	NESS03	NESS05	NESS07	NESS09
Percentage of employers with a skills gap	22	16	15	<b>19</b>
Percentage of staff described as having a skills gap	11	6	6	<b>7</b>
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.

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

The incidence of skills gaps and the proportion of staff not fully proficient increases with the size of establishment. Four per cent of the workforce employed by the smallest employers was described as not fully proficient compared with nine per cent among the largest employers with 500+ staff.

### Skills gaps by sector

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

The density of skills gaps in the Hotels and 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).

Table 8 shows the incidence, number, density and distribution of skills gaps by SIC sector and then by SSC sector. The final two columns of data show the profile of skills gaps against employment.

**Table 8: Incidence, number, density and distribution of skills gaps by SIC sector and SSC sector**

	<i>Unweighted base</i>	<b>% of employers with any skills gaps</b>	<b>Number of staff not fully proficient (i.e. number of skills gaps)</b>	<b>% of staff reported as having skills gaps</b>	<b>Share of employment %</b>	<b>Share of all skills gaps %</b>
Overall	79,152	19	1,702,500	7	100	100
<b>SIC Sector</b>						
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
<b>SSC Sector</b>						
Lantra	3,665	15	26,500	6	2	2
Cogent	1,588	23	22,100	7	1	1
Proskills	1,949	19	29,900	7	2	2
Improve	1,282	23	31,800	10	1	2
Skillfast-UK	1,850	16	11,600	6	1	1

**Table 8 (continued): Incidence, number, density and distribution of skills gaps by SIC sector and SSC sector**

	<i>Unweighted base</i>	<b>% of employers with any skills gaps</b>	<b>Number of staff not fully proficient (i.e. number of skills gaps)</b>	<b>% of staff reported as having skills gaps</b>	<b>Share of employment %</b>	<b>Share of all skills gaps %</b>
<b>SSC Sector (continued)</b>						
SEMTA	3,046	23	119,300	10	5	7
Energy and Utility Skills	754	22	16,900	8	1	1
ConstructionSkills	5,059	14	72,900	6	5	4
SummitSkills	2,456	21	21,100	8	1	1
IMI	2,995	20	31,400	7	2	2
Skillsmart Retail	7,740	22	189,400	8	10	11
People 1st	5,991	26	179,600	11	7	11
GoSkills	1,763	15	20,000	8	1	1
Skills for Logistics	4,830	16	95,400	6	7	6
Financial Services	2,456	22	82,100	8	4	5
Asset Skills	3,485	13	73,100	7	4	4
e-skills UK	2,698	16	50,800	8	3	3
Government Skills	371	29	21,800	6	2	1
Skills for Justice	443	21	10,900	3	1	1
Lifelong Learning UK	2,629	22	74,800	6	5	4
Skills for Health	2,667	22	131,400	8	7	8
Skills for Care and Development	3,826	23	70,100	7	4	4
Skillset	1,677	16	16,500	7	1	1
Creative and Cultural	1,800	11	11,300	6	1	1
SkillsActive	1,924	22	20,400	8	1	1
Non-SSC employers	10,208	18	271,200	6	19	16

Base: First column all employers, remainder all employment.

Notes: The number of employees not fully proficient has been rounded to the nearest 100.

### Reasons why staff lack skills

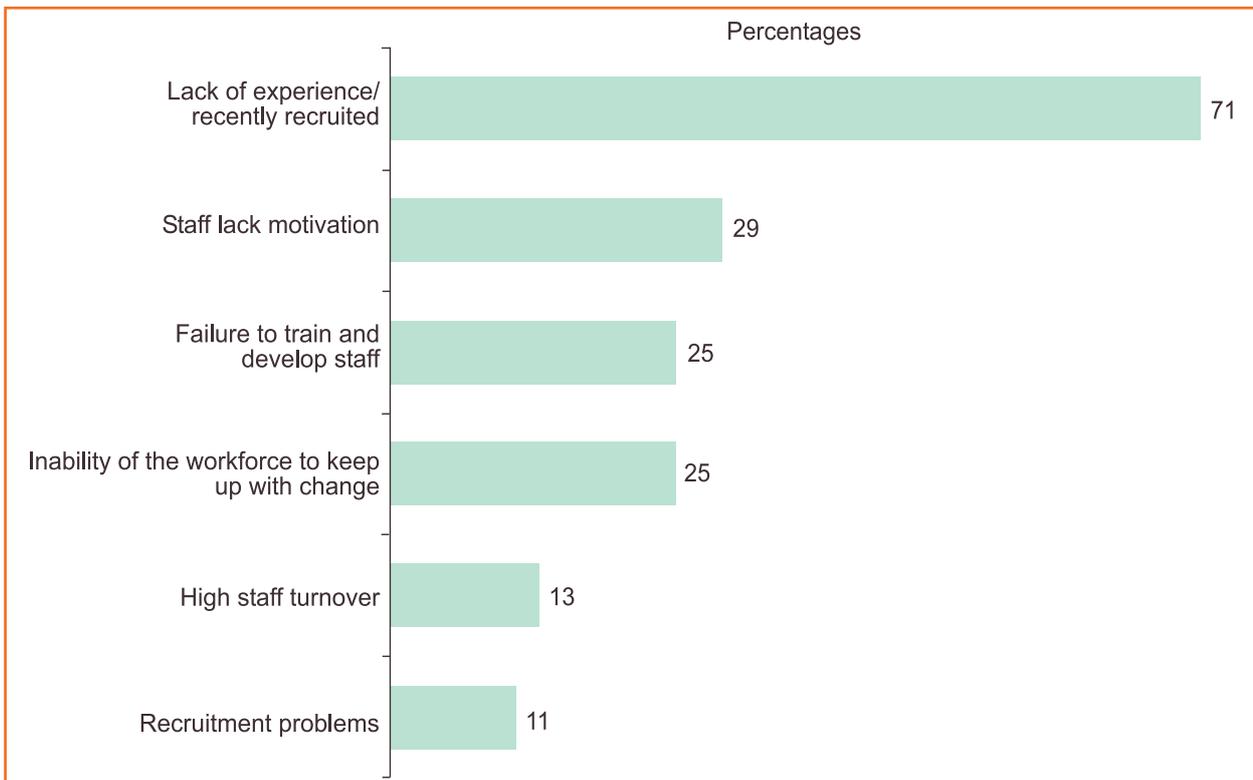
As in previous years, a lack of experience and staff having been recently recruited was by far the most common cause of skills gaps, with seven in 10 skills gaps (71 per cent) being attributed, at least in part, to this cause.

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 employers have had to fill vacancies with people with less experience and/or less skills than they would ideally have liked.

A lack of staff motivation (29 per cent), failure to train and develop staff (25 per cent) and the failure of staff to keep up with change (25 per cent) were also common causes of skills gaps.

The hierarchy of causes remains the same as that observed in 2003, 2005 and 2007.

**Figure 9: Main causes of skills gaps**



Base: All skills gaps followed up.

## The nature of skills gaps

When describing the skills lacking among their staff, employers generally focus on technical, practical or job-specific skills: almost two-thirds (64 per cent) of staff described by their employers as lacking full proficiency are felt to lack these skills.

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

Less common, though still found in between a quarter and two-fifths of cases where staff lacked proficiency, were written communication skills (37 per cent), insufficient management skills (34 per cent) and general IT user skills (28 per cent). Clearly gaps in regard to managerial skills have particular potential to impact on business performance and growth.

## The impact of skills gaps

An increased workload for other staff was by far the most common negative impact experienced as a result of staff having skills gaps (reported by 56 per cent of employers with skills gaps, equivalent to 11 per cent of all employers). Increased operating costs, difficulties meeting quality standards, and difficulties introducing new working practices were each reported by over a quarter of employers with skills gaps. Around a quarter of employers with skills gaps said they were not having any particular negative impact on the business (27 per cent).

Three-quarters of employers with skills gaps (76 per cent) are trying to overcome them by increasing training activity or spend, and this is by far the most common response to skills gaps. Far fewer are reacting by increasing staff supervision (17 per cent) or by providing more staff appraisal (14 per cent), the two next most common responses. Just eight per cent of employers with skills gaps are taking no action to try to overcome their staff's skills deficiencies.

## 10 Upskilling

New questions were added to the 2009 survey on the subject of upskilling. Upskilling refers to the process of increasing an individual's skills or knowledge. In NESS09 employers were specifically asked if any of their staff would require new skills or training over the next 12 months for a variety of reasons including keeping up-to-date with legislative requirements, or as a result of the development of new products/services.

Almost seven in 10 employers (69 per cent) expected that at least some of their staff would 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 10 (88 per cent) among those with 100 or more staff.

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 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).

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

Table 9 shows the proportion of employers that anticipated that their staff would need to acquire new skills or knowledge in the next 12 months and the reasons given for this. During the interview a list of possible reasons were read out to respondents.

**Table 9: Whether employers expect that staff will need to acquire new skills or knowledge in the next 12 months, and the reasons for this (prompted)**

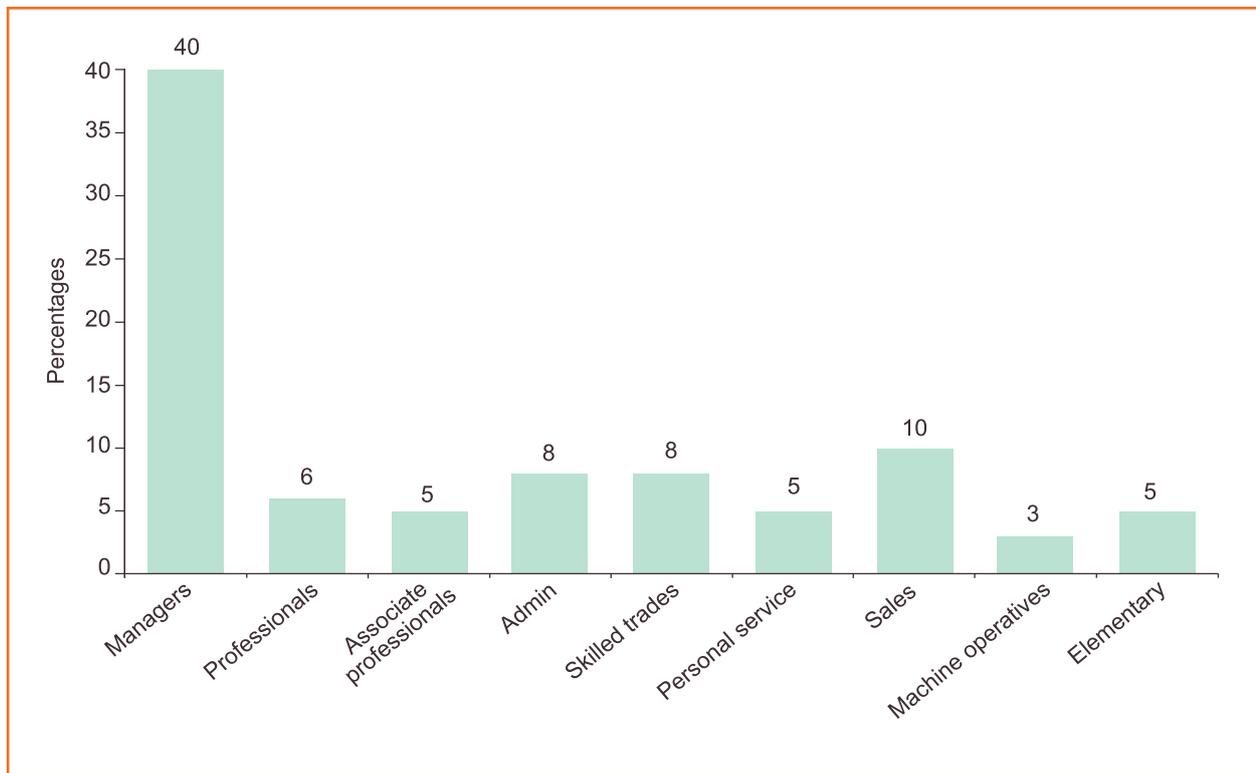
	<b>All employers</b>	<b>2 to 4</b>	<b>5 to 24</b>	<b>25 to 99</b>	<b>100 to 199</b>	<b>200 to 499</b>	<b>500+</b>
<i>Unweighted base</i>	79,152	22,535	35,418	16,270	2,676	1,701	552
<i>Weighted base</i>	1,492,367	788,403	545,654	125,501	19,002	10,248	3,559
	%	%	%	%	%	%	%
Any need for upskilling	69	63	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.

### Occupation most affected by the need for upskilling

Employers anticipating the need for staff to acquire new skills or knowledge in the next 12 months 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 admin and secretarial positions and skilled trades occupations (each mentioned by eight per cent). All other occupational groupings (as categorised by 1 digit Standard Occupation Classifications) were mentioned 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). The results are shown in Figure 10.

**Figure 10: 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 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.

## Skills that need improving or updating

Employers who identified the need to upskill at least one employee 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 in relation to upskilling were technical, practical and job-specific skills, mentioned by 63 per cent of employers who said that they needed to upskill at least one employee 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 almost two in five employers needing to upskill staff in the next 12 months: management skills, general IT user skills, customer-handling, problem solving and team working skills (each mentioned by between 35 and 38 per cent of employers).

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

# 11 Training and workforce development

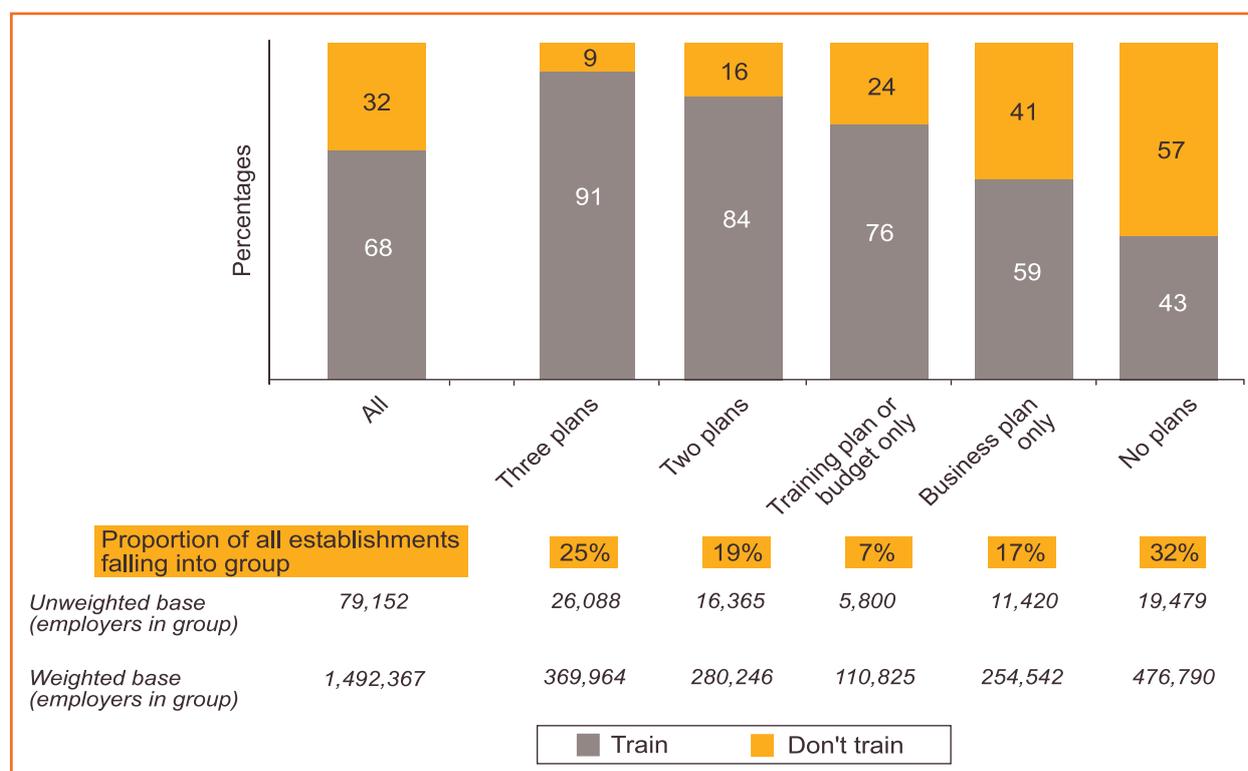
## Business planning, training plans and training budgets

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 training plan specifying in advance the level and types of training staff will need in the coming year (43 per cent) and just over a third have a budget for this training expenditure (36 per cent). A third of employers (32 per cent) do not have any of these formal plans.

Since 2007, there has been a significant increase in the proportion of establishments with a formal business plan but a significant and considerable decrease in the level of training planning. There has been little change with regard to the proportion of businesses with a training budget.

Formal planners are defined here as employers who have all three types of formal plan/budget in place (business plan, training plan and training budget). Formal planners account for a quarter (25 per cent) of all employers (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, and no budget for staff training (16 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).

A considerable number of employers are undertaking training without any planning or budgeting: 42 per cent of those with no form of training plan or budget undertook training in the previous 12 months. Conversely, nine per cent of the most formal planners and 16 per cent of those with two out of three plans had not provided any training for their workforce in the previous year.

**Figure 11: Training activity in the last 12 months and business planning**

Base: All employers.

### Formally assessing training needs

Employers also demonstrate their level of planning and engagement with human resource development in the extent to which they have:

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

The majority of employers (80 per cent) provide formal written job descriptions for at least some of their staff and just under two-thirds (64 per cent) have annual performance reviews for at least some of their staff. Employers who have these practices in place typically apply them to all of their staff. 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 proportion of employers implementing each of these human resource practices has increased year on year since 2005.

### **Training plans and budgets and formally assessing training needs by size and sector**

The extent of business and training planning and use of formal job descriptions, annual performance reviews and skills gap assessments all relate strongly to size of establishment, with larger establishments significantly more likely to adopt these approaches than smaller ones.

SIC sectors dominated by public sector services organisations, such as Public Administration and Defence, Education and Health and Social Work show the highest levels of training planning and budgeting and are the most likely to have formal human resource management strategies in place. Organisations in the Financial Intermediation sector also perform well above average in these respects.

The highest incidence of establishments which undertake no formal planning is evident in the Agriculture and Construction SIC sectors, where around half of all establishments (50 per cent and 48 per cent respectively) report that they do not have a business plan, training plan or training budget. These SIC sectors – along with the Manufacturing sector – are also the least likely to provide staff with an annual performance review or to formally assess individuals' skills gaps.

In SSC sector terms, this translates to high levels of planning in HR strategy among employers covered by Government Skills; Skills for Justice and the Financial Services Skills Council, with high levels of planning also evident among those under the Lifelong Learning UK; Skills for Care and Development; and to a lesser extent Skills for Health footprints.

Employers covered by Skillfast-UK, ConstructionSkills, SummitSkills, IMI, ProSkills and Lantra SSCs – sectors with high proportions of their workforce 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. These sectors were also least likely to formally assess individuals' skills gaps.

## The extent of training and workforce development activity

In total just over two-thirds of employers (68 per cent) had provided training or development in the previous 12 months. There was no significant difference between the 68 per cent reported in 2009 and the 67 per cent in 2007, meaning that when comparing these two years, the proportion of employers providing any training or development was essentially level.

**Table 10: Proportion of employers training and proportion of workforce trained**

	NESS03	NESS05	NESS07	NESS09
Percentage of employers providing training	59	65	67	68
Percentage of workforce trained	57	61	63	<b>56</b>
Number of workforce trained	n/a	13.1m	14.0m	12.8m

Base: All employers/All employment.

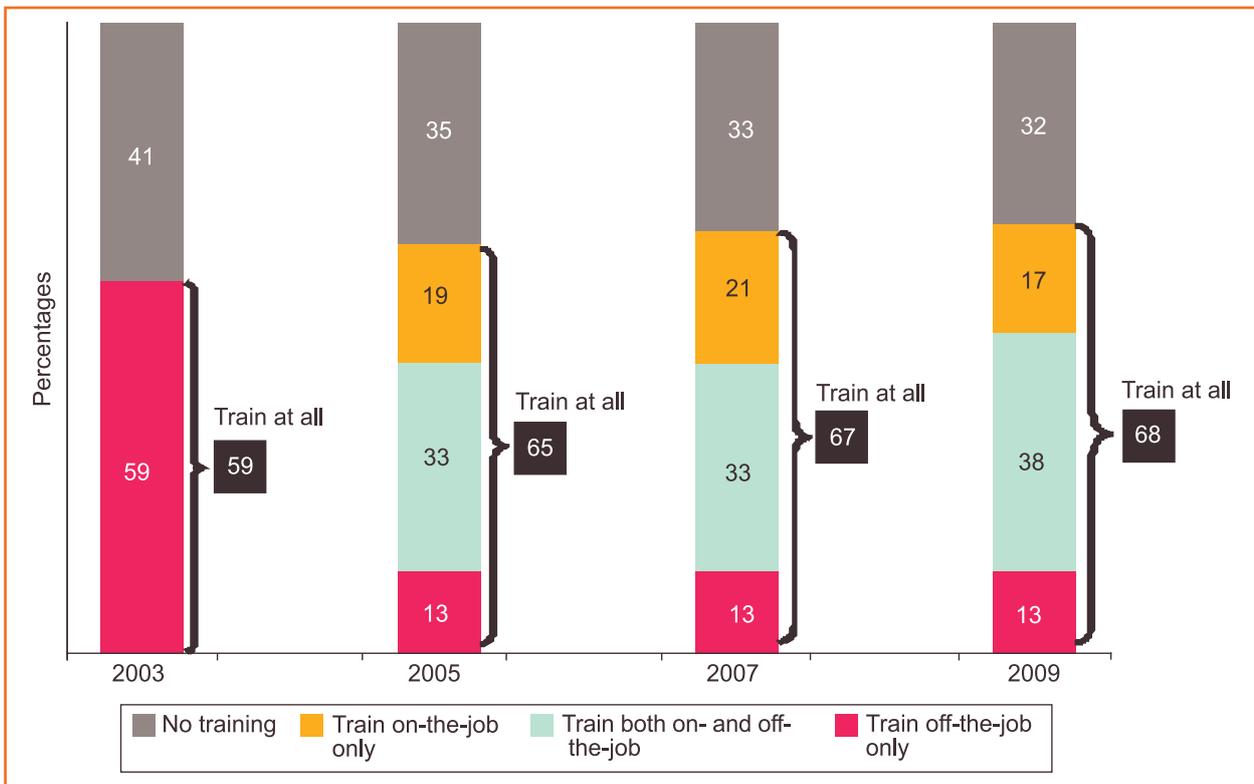
Note: Where the change from 2007 to 2009 is statistically significant, the 2009 figure is emboldened.

Figure 12 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)<sup>3</sup>.

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.

<sup>3</sup> 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.

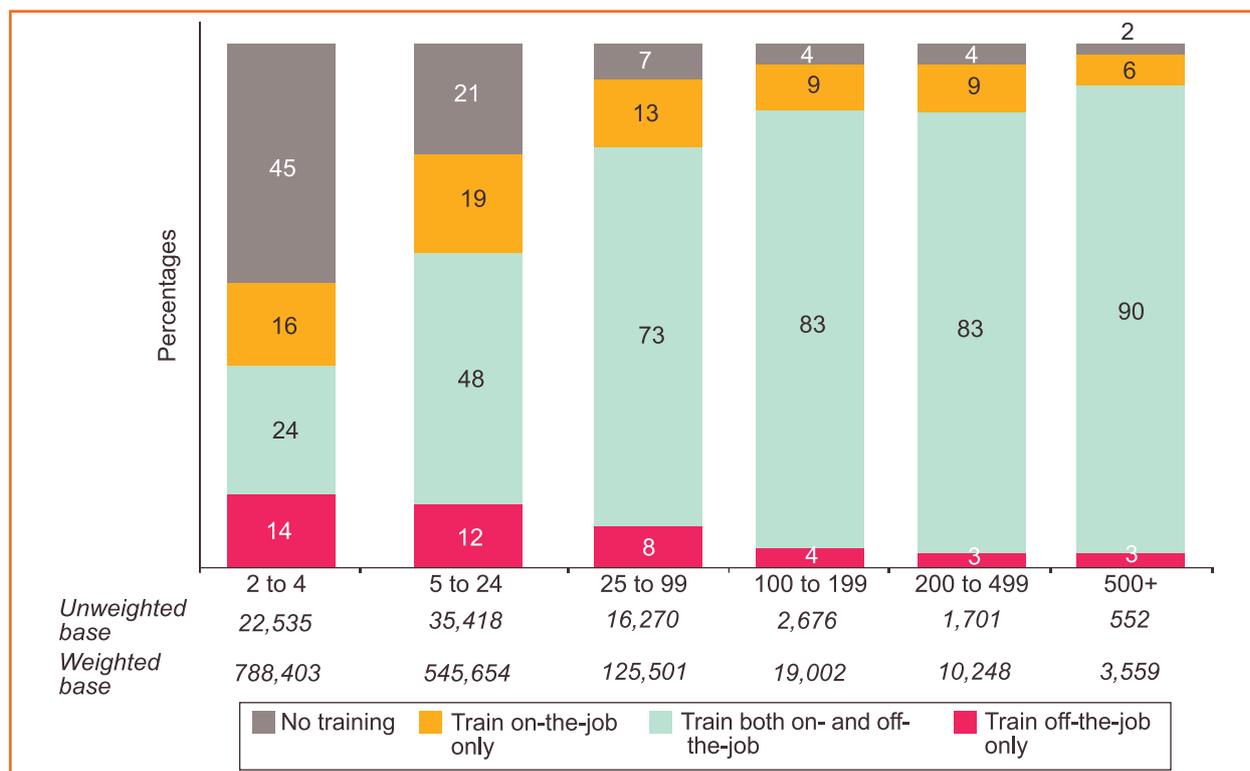
Figure 12: Provision of training in the last 12 months



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).

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 (hard-to-fill vacancies and skill-shortage vacancies) and the incidence of skills gaps. 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.

**Figure 13: Proportion of employers providing training on- and/or off-the-job in the last 12 months by employment size**



Base: All employers.

Training activity is closely correlated with the degree to which employers engage in business planning activity, although, as discussed above, not all those employers that plan provide training. However, in general, the more formal the planning activity of a given business the more likely they are to have arranged or funded training for their staff 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. This is illustrated in Figure 11 (page 37) which 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. The findings closely match those reported in NESS07.

## The proportion of the workforce receiving training

While the proportion of employers providing training has remained stable since 2007, there has been a decrease in the number and proportion of staff receiving training.

Employers reported providing training over the previous 12 months for 12.8 million workers<sup>4</sup>. This is equivalent to 56 per cent of the total current workforce and 63 per cent of the workforce in establishments that provide training. By comparison, in 2007, 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.

The proportion of employers that arrange training for the majority of their workforce is high at 70 per cent (of those that provide training) but has decreased from 74 per cent in 2007; and the proportion arranging training for over 90 per cent of their workforce has declined from 44 to 38 per cent (of those that provide training) since 2007.

The proportion of the workforce trained increases with the size of establishment, from just over two-fifths (43 per cent) in micro-establishments with fewer than five staff to almost three-fifths (57 per cent) of those employed in establishments with 25 or more staff.

## Training activity by sector

Training activity measured both by proportion of establishments and by proportion of employment was most common amongst those SIC sectors dominated by public service establishments: Education (92 per cent of establishments provided training to 69 per cent of their staff), Health and Social Work (88 per cent of establishments and 73 per cent of their staff) and Public Administration and Defence (87 per cent of establishments and 63 per cent of staff). Employer training activity was also considerably higher than average in the Financial Intermediation SIC sector (80 per cent). In the Agriculture and Manufacturing SIC sectors, low proportions of employers provide training to low proportions of their workforce (55 per cent of employers and 42 per cent of the workforce for Agriculture; 60 per cent of employers and 44 per cent of the workforce for Manufacturing). Retail and Wholesale and Transport, Storage and Communications were the SIC sectors where employers were least likely to have provided training in the past 12 months (60 per cent and 61 per cent respectively).

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<sup>4</sup> Through the rest of this section, for the purposes of brevity, we often refer to workers who received training as 'trainees'. Note that 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).

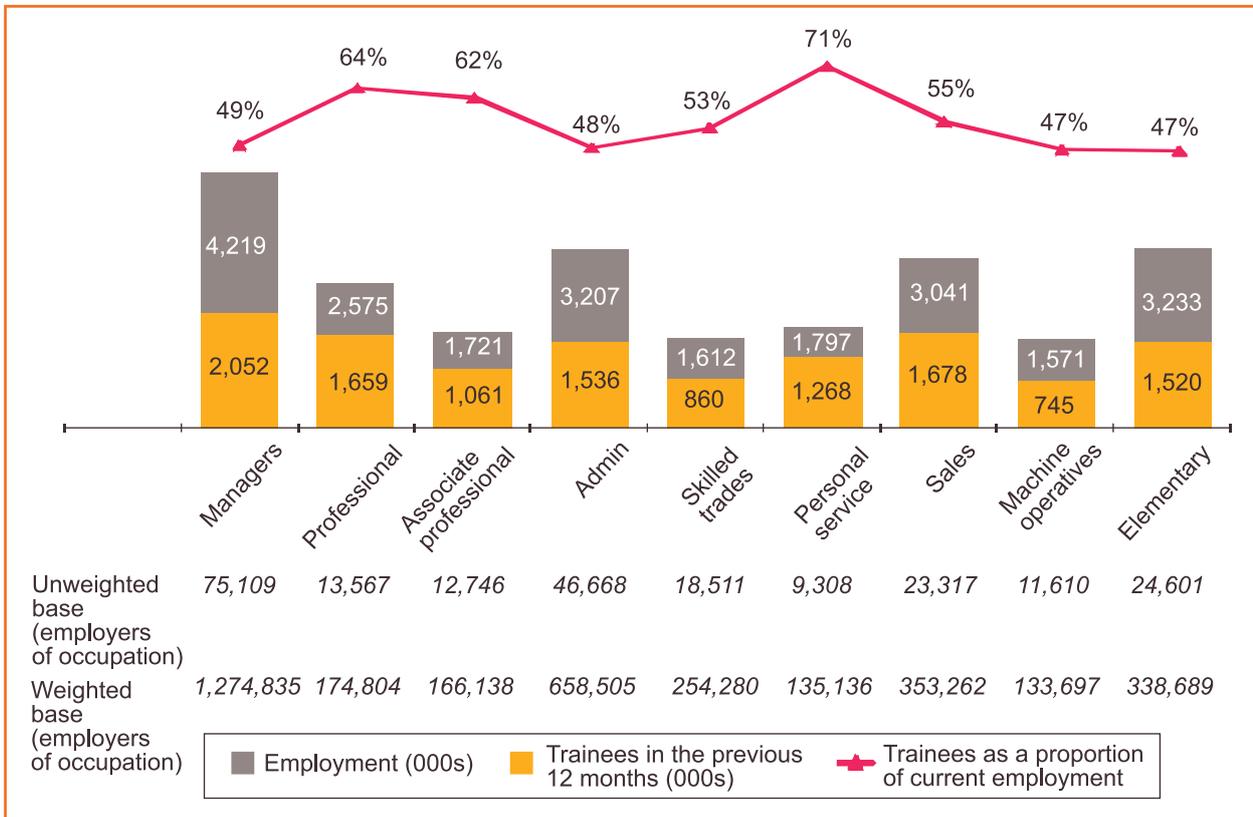
These trends are reflected by SSC. At least 85 per cent of employers covered by Government Skills, Skills for Care and Development, Lifelong Learning UK, Skills for Justice and Skills for Health offered training. Outside of these SSC sectors, employers in the Financial Services Skills Council were also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

### **The pattern of training by occupation**

Figure 14 illustrates the number of people currently employed in each occupational group, the number receiving training in the last 12 months and the proportion this represents of the total employment within the occupation.

Almost 2.1 million managers receive training – more than any other occupational group. The number of sales, 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 service staff are the most likely to receive training: 71 per cent were trained in the last 12 months. The proportion of staff receiving training in professional and associate professional occupations is also high (64 per cent and 62 per cent respectively).

**Figure 14: Distribution of training by occupation**



Base: All employers.

### Number and per capita days of training provided

Overall, employers funded or arranged a total of 109 million days of training over the course of the 12 months prior to NESS 2009 fieldwork. This is the equivalent of every worker in England receiving 4.7 days' training over the course of the last 12 months. This is slightly lower than the findings of NESS03 (the last wave of the survey to use a comparable methodology).

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

## Training expenditure

Total employer expenditure on training is estimated to have been £39.2bn over the course of the 12 months prior to NESS09<sup>5</sup>. 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), with other off-the-job training (seminars, workshops, and open and distance learning, for example) forming a far smaller component (£2.7bn).

Overall total employer expenditure on training shows an increase from 2007 of just over £500m, an increase of 1.3 per cent. When inflation 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.

Table 11 shows overall training expenditure and the breakdown between on- and off-the-job training, and also presents detailed breakdowns of the individual elements contributing to the total training spend. The numbers in brackets refer to the datasheet questions from which each element is derived (the datasheet is provided in an annex of the Main report).

The labour costs of those receiving training (elements (a), (i) and (k)) form the bulk of employer training expenditure, (£19.2bn: 49 per cent of the total) while 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)) account for a relatively small share of the total training expenditure.

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<sup>5</sup> See annex in Main report (forthcoming, summer 2010) 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.

**Table 11: Training expenditure over the previous 12 months and components of training expenditure**

<i>Unweighted base</i>	7,317	
<i>Weighted base</i>	1,011,307	
	<b>Overall cost</b>	<b>% of total</b>
<b>Total training spend:</b>	£39.2bn	
<b>Off-the-job training: Total:</b>	£19.1bn	49
<b>Off-the-job training: course-related:</b>	£16.4bn	42
(a) Trainee labour costs (Q1-3)	£4,806m	12
(b) Fees to external providers (Q4)	£2,048m	5
(c) On-site training centre (Q6a/b)	£2,635m	7
(d) Off-site training centre (in the same company) (Q7a)	£261m	1
(e) Training management (Q8-Q10)	£6,245m	16
(f) Non-training centre equipment and materials (Q11)	£459m	1
(g) Travel and subsistence (Q12)	£365m	1
(h) Levies minus grants (Q13-Q14)	£-375m	-1
<b>Off-the-job training: other (seminars, workshops etc.):</b>	£2.7bn	7
(i) Trainee labour costs (Q15-Q17)	£1,957m	5
(j) Fees to external providers (Q18)	£710m	2
<b>On-the-job training: Total:</b>	£20.0bn	51
(k) Trainee labour costs (Q19-Q21)	£12,405m	32
(l) Trainers' labour costs (Q22-Q24)	£7,640m	20

Base: All trainers completing the Cost of Training survey (unweighted=7,317; weighted= 1,011,308).

## Training expenditure per capita

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, 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 member of staff 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. Again this is a larger decrease (8.4 per cent) in real terms once inflation is factored in.

**Table 12: Training expenditure per capita and per trainee**

	2005	2007	2009	% change between 2007 and 2009
<i>Unweighted base</i>	7,059	7,190	7,317	
<i>Weighted base</i>	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/NES09 data. Per capita and per trainee expenditure rounded to the nearest £25.

## Training expenditure by sector

By SIC sector, the largest training expenditures were reported by Business Services (£9.1 billion), Health and Social Work (£5.7 billion) and Retail and Wholesale (£4.9 billion).

Hotels and Catering and Construction employers reported particularly high training expenditure relative to their employment (£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).

In SSC sector 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).

SSCs 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 and 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 member of staff.

## The nature of training activity

### Induction and health and safety training

Around one in twelve employers that train (eight per cent) had only provided health and safety or induction training and for a quarter of trainers (25 per cent) at least half of the training they provided was for health and safety or induction. However, the remaining majority of employers were 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.

### Training towards qualifications

Of the 12.8 million workers 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. In overall workforce terms, this means that 14 per cent of the 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 workers 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 trained towards a qualification) and/or Level 3 qualifications (36 per cent).

## Engagement and satisfaction with FE, HE and other providers

### Use of external 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. The proportion of those training using each main type of provider in the last 12 months was as follows:

- 61 per cent used external providers such as consultants or private training providers (equivalent to 41 per cent of all employers).
- 28 per cent used FE colleges (equivalent to 19 per cent of all employers);
- 11 per cent 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.

Over half (55 per cent) of employers 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.

The proportion of employers using each type of provider increases with employer size. A fifth (21 per cent) of employers with two to four staff that train had used an FE college, compared to nearly two-thirds (65 per cent) of employers with 500+ staff. Similarly, six per cent of employers with two to four staff that train had used universities, compared to over half (56 per cent) of those with 500+ staff.

## Satisfaction with external providers

The majority of employers who have sourced training through an FE college in the last 12 months have been satisfied with the service provided (85 per cent). Overall, six per cent were dissatisfied with their experience of FE training (Table 13). These results are broadly in line with the findings from 2007. Universities and other external providers are rated even more positively than FE colleges in 2009 (56 and 62 per cent of users were very satisfied with them respectively, compared with 48 per cent for FE colleges). There is no comparative data available for universities from previous NESS surveys.

**Table 13: Level of satisfaction with further education colleges and other external providers**

	<i>Unweighted base</i>	<i>Weighted base</i>	<b>Very satisfied</b>  %	<b>Quite satisfied</b>  %	<b>Not at all/ not very satisfied</b>  %
<b>Training by FE colleges</b>					
2009	19,733	280,175	48	37	6
2007	17,279	253,285	48	36	6
2005	18,061	254,274	43	39	8
2003	17,821	332,559	33	48	7
<b>Training by university</b>					
2009	8,439	110,554	56	33	3
<b>Training by other external provider</b>					
2009	39,092	617,229	62	32	2
2007	32,191	502,278	62	31	1
2005	31,730	481,087	56	36	3

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.

### **Barriers to engaging with further education colleges**

Around a quarter of employers (28 per cent) that have funded or arranged training for their workforce in the previous 12 months have used an FE college to deliver this training provision, but the majority (72 per cent) of employers have not done so. The main reasons that they have not used an FE college relate to the supply or quality of training, such as a perception that courses are not relevant, or the quality of courses is unsatisfactory (43 per cent of those employers training but not through FE gave these responses). A third (36 per cent) of those training but not through FE preferred to make use of other sources of training, such as in-house training, private training providers or professional bodies. A further nine per cent reported that there was no particular reason why they had not used an FE college.

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 staff (23 per cent).

### **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 figures of 72 per cent. The fall since 2007 has been most noticeable among the smallest employers (a decline of six percentage points among employers with two to four staff that train) – amongst the largest employers with 500+ staff the figure has increased slightly from 86 to 87 per cent.

## **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 than they actually undertook (either more training for existing trainees or training more people).

Barriers to providing more training can be grouped into four broad themes: expense; time; training supply; and other barriers. 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 mentioned by nine per cent of those employers who wanted to provide more training than they actually undertook. Other barriers were mentioned by two per cent of employers.

## **Reasons for not providing training**

A belief that there is no need for training (because all staff are already fully proficient, because staff learn by experience or because the size of the operation means that training is not needed) explains why two-thirds (66 per cent) of employers who did not provide training chose not to do so. Much smaller proportions of employers gave reasons relating to the expense of training, time issues or training supply issues (nine per cent, seven per cent and five per cent respectively).

The perceived lack of need for training decreases as the size of establishment increases, but issues relating to training supply, time and expense affect different sizes of establishments to broadly equal degrees. The larger the employer the more likely they are to say that there have been no particular reasons for not training.

**Table 14: 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+
<i>Unweighted base</i>	19,087	10,338	7,564	1,054	149
<i>Weighted base</i>	475,799	356,330	110,650	7,841	978
	%	%	%	%	%
<b>No need</b>					
(workforce fully proficient; staff learn by experience; not needed due to size of establishment)	66	69	58	49	37
<b>Expense of training</b>					
(external courses too expensive; lack of budget/funding for training)	9	9	9	9	9
<b>Time issues</b>					
(managers lack time to organise training; staff too busy to give training; staff too busy to go on training courses; lack of time)	7	7	7	5	6
<b>Training supply issues</b>					
(courses not available locally; quality of courses available locally not satisfactory; start dates or times inconvenient)	5	5	5	5	5
<b>Other issues</b>					
(e.g. lack of awareness of what support is available, training is arranged by head office)	13	11	18	23	31
<b>No particular reason</b>	9	8	11	17	24

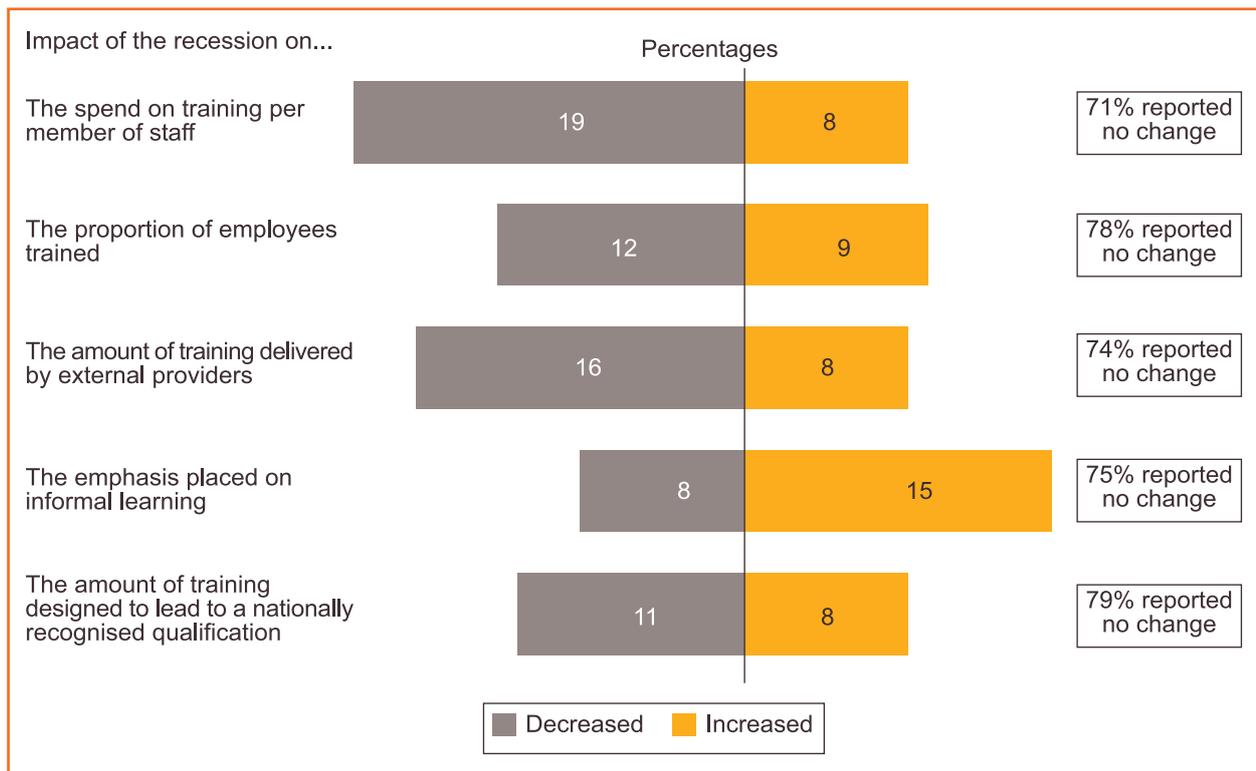
Base: All employers that had not provided any training in the previous 12 months.

### The impact of the recession on training and development

The vast majority of employers report that the recession has had no impact on the amount or type of training and development they provide, in terms of: the spend on training per member of staff; the proportion of staff 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.

However, on balance, among firms that have trained any staff in the last 12 months, a larger proportion report that they train less or have spent less as a result of the recession, than report that they train more or have spent more. The exception is that a greater proportion of employers that train are placing more emphasis on informal learning.

**Figure 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).

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 staff 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). Construction is also the only SIC sector in which the emphasis placed on informal learning has decreased.

## 12 Government training initiatives

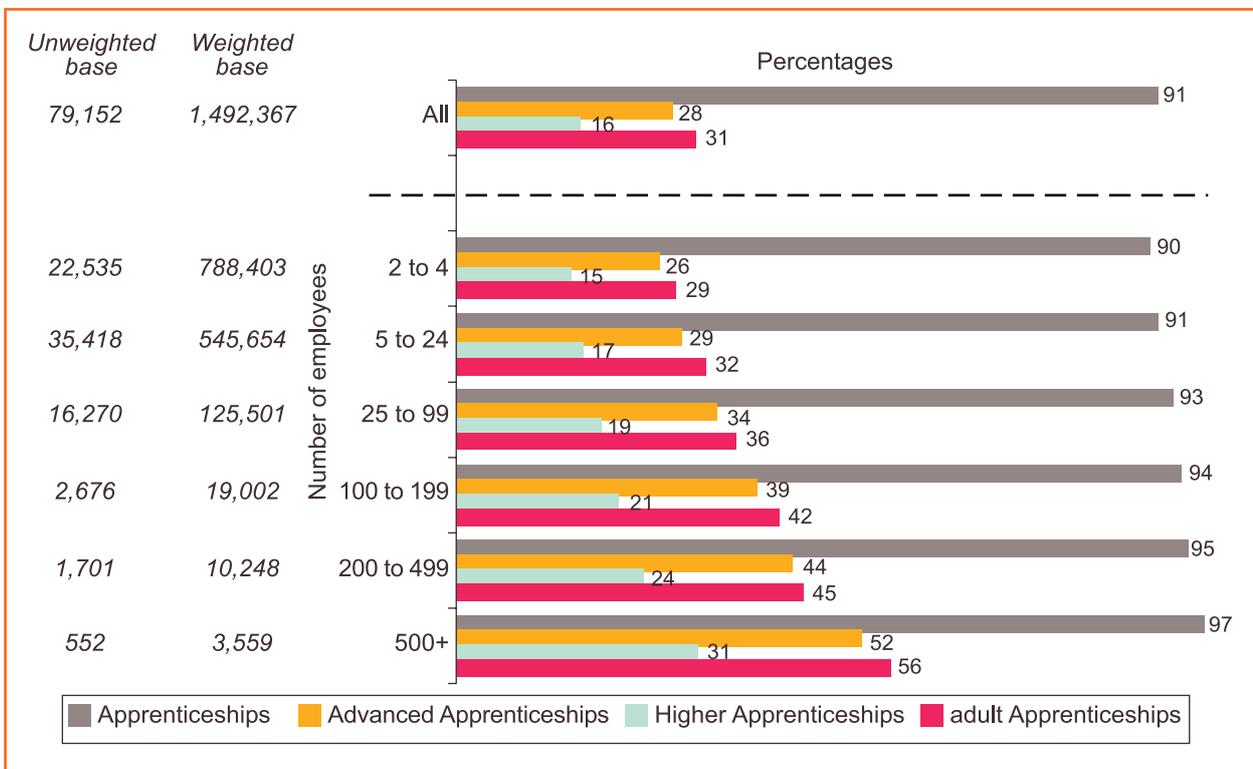
This section starts by looking at employers’ awareness, offering and use of government-funded Apprenticeships. It then goes on to examine employers’ awareness and engagement with the Government initiatives Train to Gain, the Skills Pledge and National Skills Academies.

### Awareness of Apprenticeships

While awareness of Government-funded Apprenticeships is high (91 per cent of employers had heard of them), awareness of the specific categories of Apprenticeship was much lower. Around three in 10 employers had heard of adult Apprenticeships (31 per cent) and Advanced Apprenticeships (28 per cent), while one in six had heard of Higher Apprenticeships (16 per cent).

As can be seen in Figure 16, 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 16: Awareness of different types of Government-funded Apprenticeships by establishment size (prompted)**



Base: All employers.

## Current involvement with Apprenticeships

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. Involvement with Apprenticeships (offering Apprenticeships and having any staff undertaking them) is strongly correlated with size. Among the largest employers with 500+ staff, 30 per cent offer Apprenticeships and 22 per cent employed at least one Apprentice at the time of the interview. This compares with five per cent of the smallest employers with fewer than five staff offering them, and two per cent currently employ Apprentices.

Establishments with between five and 24 staff employed a third (34 per cent) of all Apprentices despite accounting for less than a quarter of total employment (23 per cent). Similarly, establishments with fewer than five staff accounted for a higher proportion of Apprentices (13 per cent) than of total employment (nine per cent). Employers with 200 staff or more account for 31 per cent of employment and employed 21 per cent of all Apprentices.

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).

A quarter of those offering Apprenticeships said they only offer them to people they recruit specifically as Apprentices, with a further 11 per cent mainly offering them to recruits more generally. This compares with one in six employers that offer Apprenticeships to existing staff only (11 per cent) or mainly (five per cent). Forty four per cent of those offering Apprenticeships said they are as likely to offer them to new as to existing staff.

Employers in the Construction and Electricity, Gas and Water SIC sectors were the most likely to offer Apprenticeships or currently have staff undertaking Apprenticeships, and had the highest proportion of staff 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 offer Apprenticeships, although those in the Transport, Storage and Communications SIC sector had the smallest proportion of their workforce employed as Apprentices (2.8 per thousand staff).

Table 15: Current use of Apprentices by SIC 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	1,492,367	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.

Note: First two columns of percentages show row percentages, the next two show column percentages.

Analysing the proportion of employers offering Apprenticeships and using Apprentices by SSC sector, employers operating in the Manufacturing and Construction sectors were 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 more likely than average to offer Apprenticeships: Skills for Care and Development (10 per cent), Lifelong Learning UK (10 per cent) and Skills for Justice (nine per cent). On the other hand, SSC sectors least likely to currently offer or to have Apprentices are more likely to cover service industries. These include employers covered by Skillset and Skillfast-UK, with three per cent of employers in each of these SSC sectors offering Apprenticeships and one per cent currently having Apprentices in each. 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.

**Table 16: Current use of Apprenticeships by SSC sector**

	Unweighted base	Weighted base	Offer Apprenticeships	Currently have staff undertaking an Apprenticeship	Proportion of National Employment	Proportional of National 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

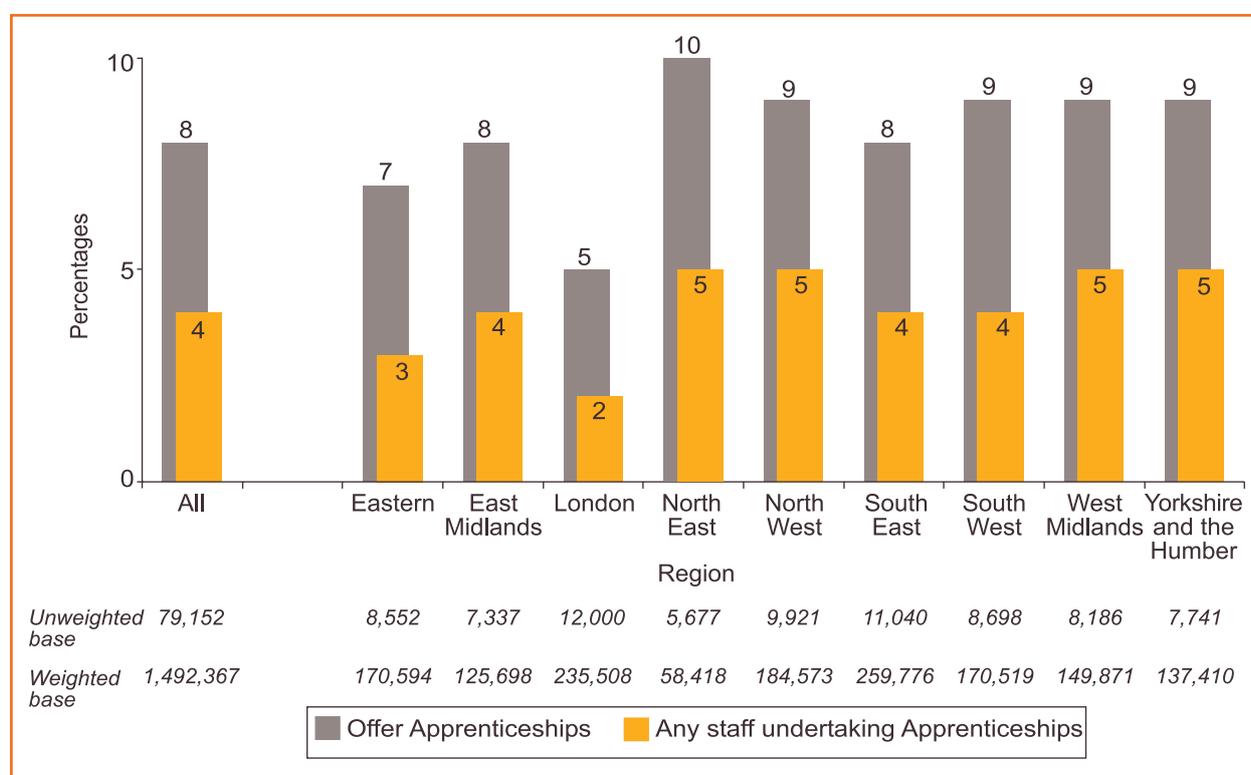
Base: All employers.

Note: First two columns of percentages show row percentages, the next two show column percentages.

## Proportion of employers offering apprenticeships and using apprentices by region

Employers in London are significantly less likely than average to either offer Apprenticeships (five per cent) or have staff undertaking them (two per cent). This in part reflects the sector profile of employers based in the capital.

Figure 17: Whether employers currently have or offer Apprenticeships by region



Base: All employers.

## Future involvement with Apprenticeships

Overall seven per cent of employers thought it very likely that they will have someone undertaking an Apprenticeship in the next 12 months (20 per cent thought it very or quite likely).

Among those employers who considered themselves 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.

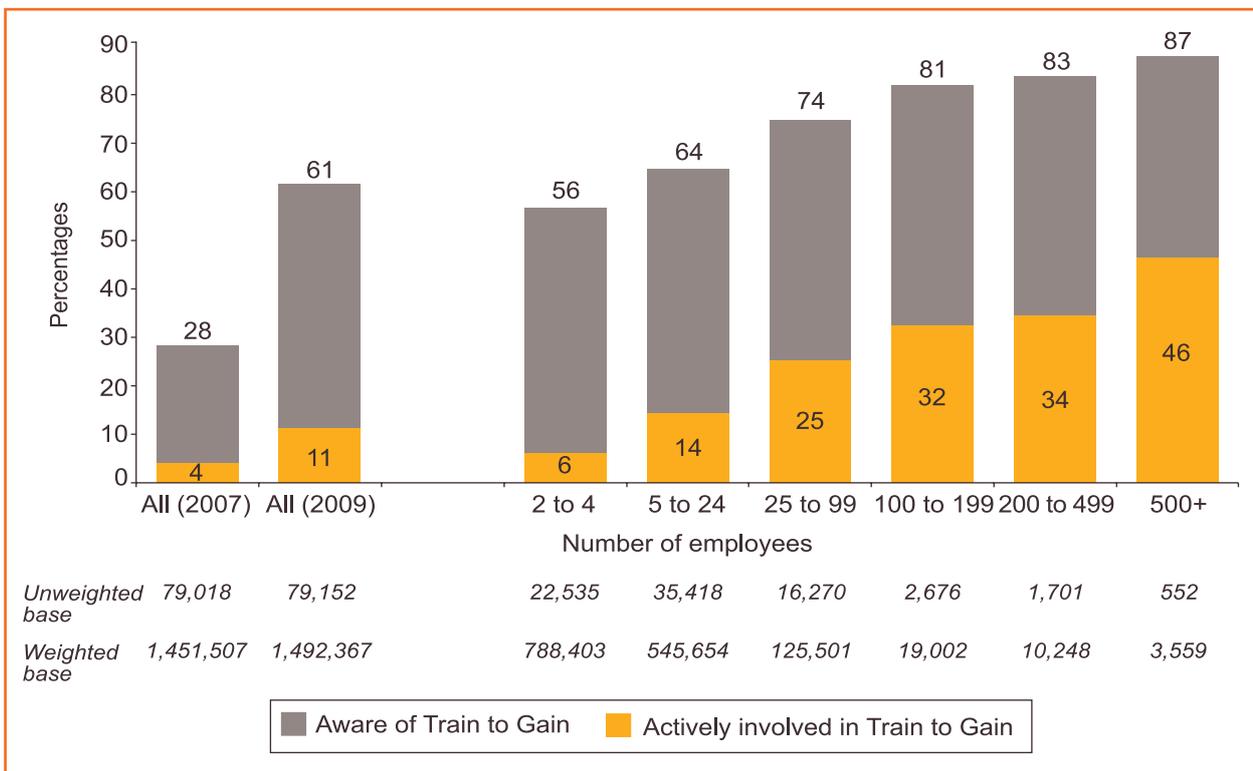
### Other Government initiatives

NESS09 also measured employers' awareness and engagement with three Government initiatives: Train to Gain, the Skills Pledge and National Skills Academies.

### 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 in the last 12 months (including any dealings with a Skills Broker), an increase of seven percentage points from 2007. Figure 18 below demonstrates how both awareness and involvement with the service increase by size of employer.

**Figure 18: Awareness of and involvement with Train to Gain by size**



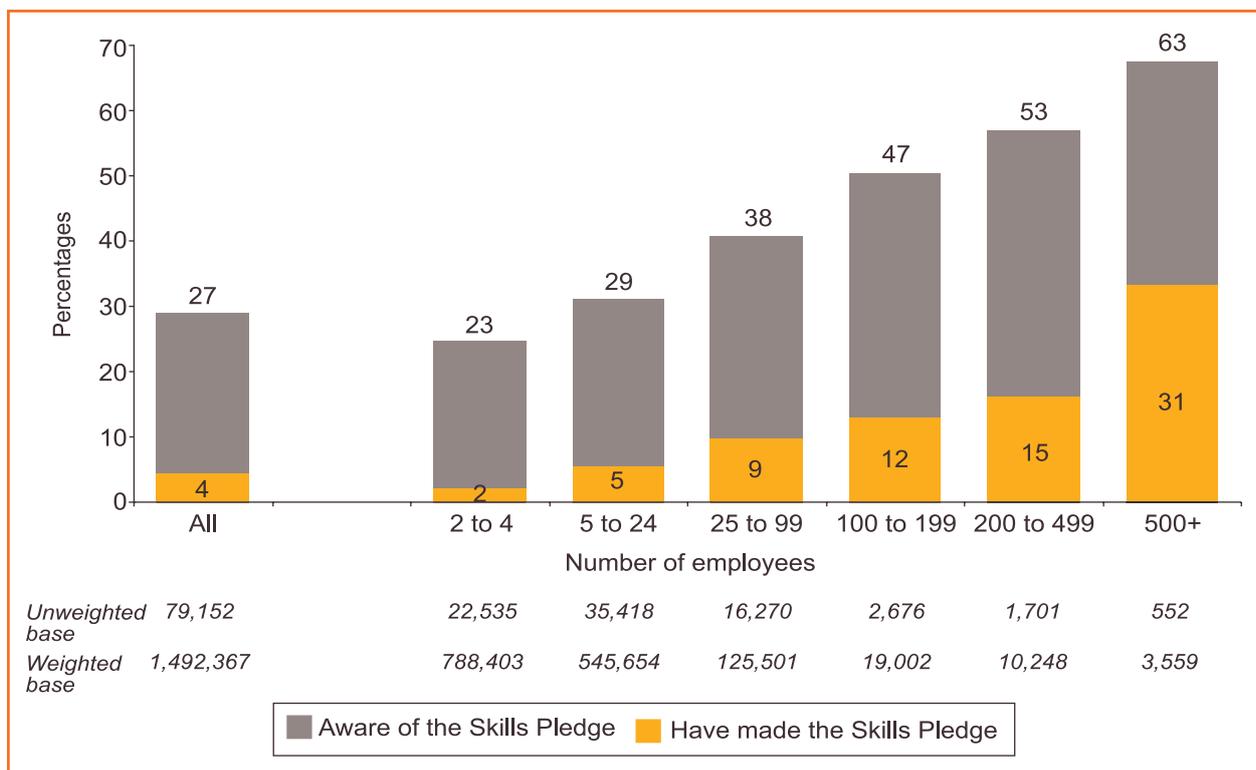
Base: All employers. 2009 data unless stated.

As in 2007, 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 500+ staff. Hence higher levels of involvement with Train to Gain among large employers is not simply a result of their higher levels of awareness of the service.

## Skills Pledge

Just over a quarter (27 per cent) of employers were aware of the Skills Pledge but relatively few (four per cent) had actually made the Pledge. As Figure 19 shows, both awareness of and likelihood to have made the Skills Pledge increases with employer size: just under a quarter (23 per cent) of employers with two to four staff were aware of the Pledge, compared with almost two-thirds (63 per cent) of those with 500+ staff. Two per cent of the smallest employers had made the Skills Pledge, compared with almost a third (31 per cent) of the largest.

**Figure 19: Awareness of the Skills Pledge and proportion of employers that have made it by size**

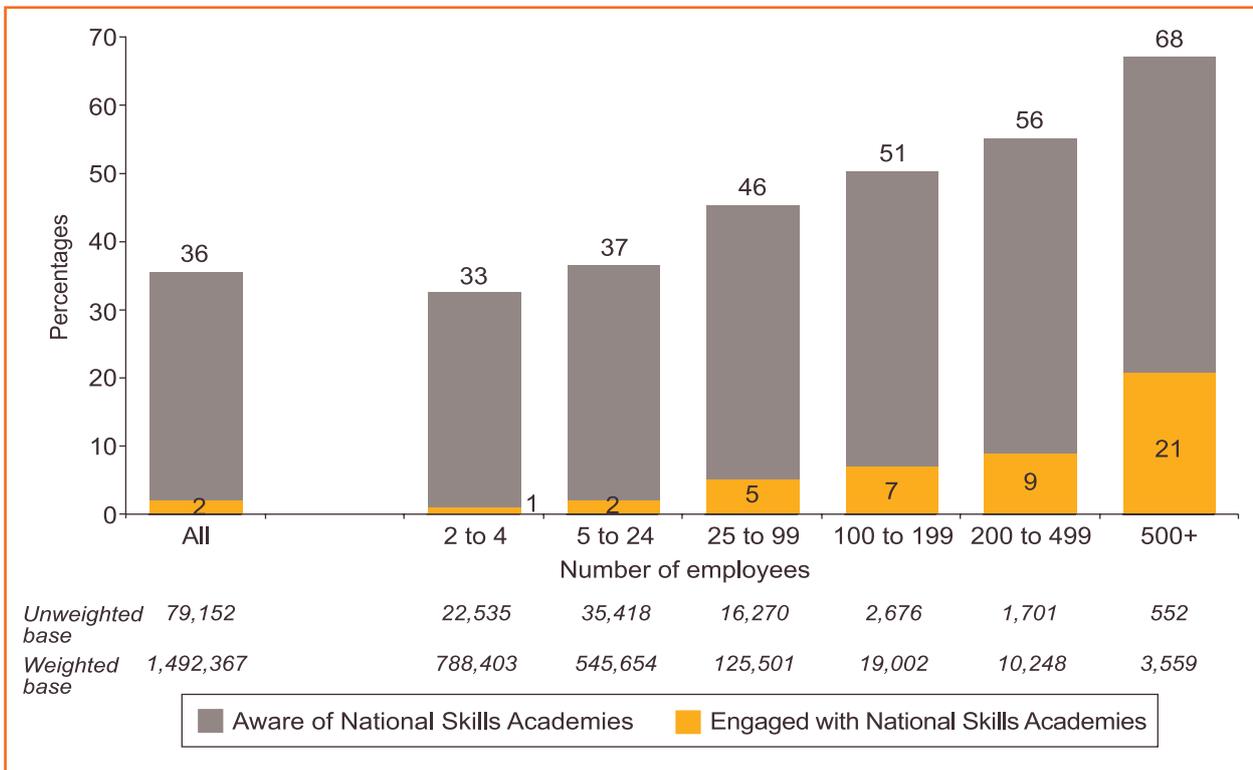


Base: All employers.

## National Skills Academies

While awareness of National Skills Academies among employers was higher than that of the Skills Pledge (36 per cent), engagement<sup>6</sup> was lower (two per cent). Awareness and engagement increases with employment size: a third (33 per cent) of employers with two to four staff were aware of National Skills Academies and one per cent had engaged with them, while over two-thirds (68 per cent) of employers with 500+ staff were aware of Skills Academies and a fifth (21 per cent) had engaged with them (Figure 20).

**Figure 20: Awareness of and engagement with National Skills Academies by size**



Base: All employers.

<sup>6</sup> The survey question asked only if employers had engaged with a National Skills Academy and did not capture the nature or level of engagement.

## Annex A: Sector definitions

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 A.1 below.

**Table A.1: Broad Sectors and Standard Industrial Classification definitions**

<b>Sector name</b>	<b>SIC definition</b>
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
Electricity, gas and water	36-37
	40-41
Construction	45
	50
Retail and wholesale	51
	52
Hotels and catering	55
Transport, storage and communications	60-63
	64
Financial intermediation	65-67
	70-71
Business services	73
	72
	74
Public administration and defence	75
Education	80
Health and Social Work	85
Other services	90-93

In addition to analyses by broad SIC sector, the data is also analysed by Sector Skills Council footprint, or SSC. The SSCs are listed in the following table together with a description and a definition in terms of Standard Industrial Classification (SIC). The SIC codes used are a 'best fit' of each SSC's core business sectors and the extent to which this is an exact fit varies between SSCs. In some cases, the use of the core SIC codes excludes elements of the SSC footprint because they are included in other areas. Further information is provided in Table A.2 below.

SSCs are ordered in the table below according to where the 'core' of the industry which the SSC represents falls, running through from primary, manufacturing to service sectors. The category 'Non-SSC employers' represents those SICs not allocated to an SSC at the time of the study.

**Table A.2: Sector Skills Council names, Standard Industrial Classification definitions and description**

SSC name	SSC description	SIC definition
Lantra Web: <a href="http://www.lantra.co.uk">www.lantra.co.uk</a>	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 Web: <a href="http://www.cogent-ssc.com">www.cogent-ssc.com</a>	Chemicals, nuclear, oil and gas, petroleum and polymer industries	11, 23-25 (excluding 24.3, 24.64, 24.7, 25.11, 25.12), 50.5
Cogent also cover the nuclear industry and signmaking, but it is not possible to isolate these in terms of SIC.		
Proskills Web: <a href="http://www.proskills.org.uk">www.proskills.org.uk</a>	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, 36.1
Improve Ltd Email: <a href="mailto:info@improveltd.co.uk">info@improveltd.co.uk</a>	Food and drink manufacturing and processing	15 (excluding 15.92), 51.38
Skillfast-UK Web: <a href="http://www.skillfast-uk.org">www.skillfast-uk.org</a>	Apparel, footwear and textile industry	17-19, 24.7, 51.16, 51.24, 51.41, 51.42, 52.71, 93.01

**Table A.2 (continued): Sector Skills Council names, Standard Industrial Classification definitions and description**

<b>SSC name</b>	<b>SSC description</b>	<b>SIC definition</b>
SEMTA Web: <a href="http://www.SEMTA.org.uk">www.SEMTA.org.uk</a>	Science, engineering and manufacturing technologies	25.11, 25.12, 27-35, 51.52, 51.57, 73.10
SEMTA also cover science sectors, not exclusively defined by SSC.		
Energy and Utility Skills Web: <a href="http://www.euskills.co.uk">www.euskills.co.uk</a>	Electricity, gas, waste management and water industries	37, 40.1, 40.2, 41, 60.3, 90.01-90.02
Energy and Utility Skills also have an interest in gas fitters, covered by SummitSkills SSC.		
ConstructionSkills Web: <a href="http://www.constructionskills.net">www.constructionskills.net</a>	Development and maintenance of the built environment	45.1, 45.2, 45.32, 45.34, 45.4, 45.5, 74.2
A substantial proportion of construction work is sub-contracted to self-employed individuals (without employees) who will be excluded from this survey.		
SummitSkills Web: <a href="http://www.summitskills.org.uk">www.summitskills.org.uk</a>	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) Web: <a href="http://www.motor.org.uk">http://www.motor.org.uk</a>	Retail motor industry	50.1-50.4, 71.1
Skillsmart Retail Web: <a href="http://www.skillsmartretail.com">www.skillsmartretail.com</a>	Retail industry	52.1-52.6
People 1st Web: <a href="http://www.people1st.co.uk">www.people1st.co.uk</a>	Hospitality, leisure, travel and tourism	55.1, 55.21, 55.23, 55.3-55.5, 63.3, 92.71, 92.33
GoSkills Web: <a href="http://www.goskills.org">www.goskills.org</a>	Passenger transport	60.1, 60.21, 60.22, 60.23, 61.1, 61.2, 63.21, 63.22, 63.23, 80.41

**Table A.2 (continued): Sector Skills Council names, Standard Industrial Classification definitions and description**

SSC name	SSC description	SIC definition
Skills for Logistics Web: <a href="http://www.skillsforlogistics.org">www.skillsforlogistics.org</a>	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 Web: <a href="http://www.fssc.org.uk">www.fssc.org.uk</a>	Financial services industry	65-67
Asset Skills Web: <a href="http://www.assetskills.org">www.assetskills.org</a>	Property, housing, cleaning and facilities management	70, 74.7
Facilities Management, although as an industry is included in SIC code 70, is also an occupation employed across all industries, so is not fully represented through SIC. Some social Housing Management activity also falls within 85.31 Social Work activities with accommodation.		
e-skills UK Web: <a href="http://www.e-skills.com">www.e-skills.com</a>	IT, telecoms and contact centres	22.33, 64.2, 72
e-skills UK covers IT and telecoms professionals across all industries. Additionally, as a fast changing sector, sector boundaries are continually changing.		
Government Skills Web: <a href="http://www.government-skills.gov.uk">www.government-skills.gov.uk</a>	Central government	75.1, 75.21, 75.22, 75.3
Most of the above SIC codes also incorporate local government. As it is not possible to identify through SIC, employers in these sectors were asked an additional question to ascertain whether they were central or local government establishments.		
Skills for Justice Web: <a href="http://www.skillsforjustice.com">www.skillsforjustice.com</a>	Custodial care, community justice and police	75.23, 75.24

**Table A.2 (continued): Sector Skills Council names, Standard Industrial Classification definitions and description**

SSC name	SSC description	SIC definition
Lifelong Learning UK Web: <a href="http://www.lifelonglearninguk.org">www.lifelonglearninguk.org</a>	Community-based learning and development, further education, higher education, library and information services, work-based learning	80.21, 80.22, 80.3, 80.42, 92.51
Skills for Health Web: <a href="http://www.skillsforhealth.org.uk">www.skillsforhealth.org.uk</a>	NHS, independent and voluntary health organisations	85.1
Skills for Care and Development Web: No website available at the time of writing	Social care including children, families and young children	85.3
Skillset Web: <a href="http://www.skillset.org">www.skillset.org</a>	Broadcast, film, video, interactive media and photo imaging	22.11-22.13, 22.15, 22.32, 24.64, 74.81, 92.1, 92.2, 92.4
<p>Photo-imaging is spread across a range of SIC codes, it is not possible to isolate the retail element. Interactive media, the largest sector in scope to Skillset, is not exclusively coded and is included within the core of e-skills UK, therefore it is excluded from this analysis. Additionally, self-employed people without employees are not included in this survey but represent most of the sector in areas which are included such as film production and independent production. For these reasons combined, the data presented for Skillset should be interpreted with extreme caution.</p>		
Creative and Cultural Skills Web: <a href="http://www.ccskills.org.uk">www.ccskills.org.uk</a>	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
SkillsActive Web: <a href="http://www.skillsactive.com">www.skillsactive.com</a>	Sport and recreation, health and fitness, playwork, the outdoors and caravans.	55.22, 92.6
<p>SkillsActive covers sectors which form only a portion of other SIC codes and so do not make sense to include in analysis. Some sub-sectors, such as playwork, are excluded from the analysis.</p>		

## List of previous publications

*Executive summaries and full versions of all these reports are available from [www.ukces.org.uk](http://www.ukces.org.uk)*

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