

# Employer Skills Survey 2015

## UK Slide Pack

May 2016

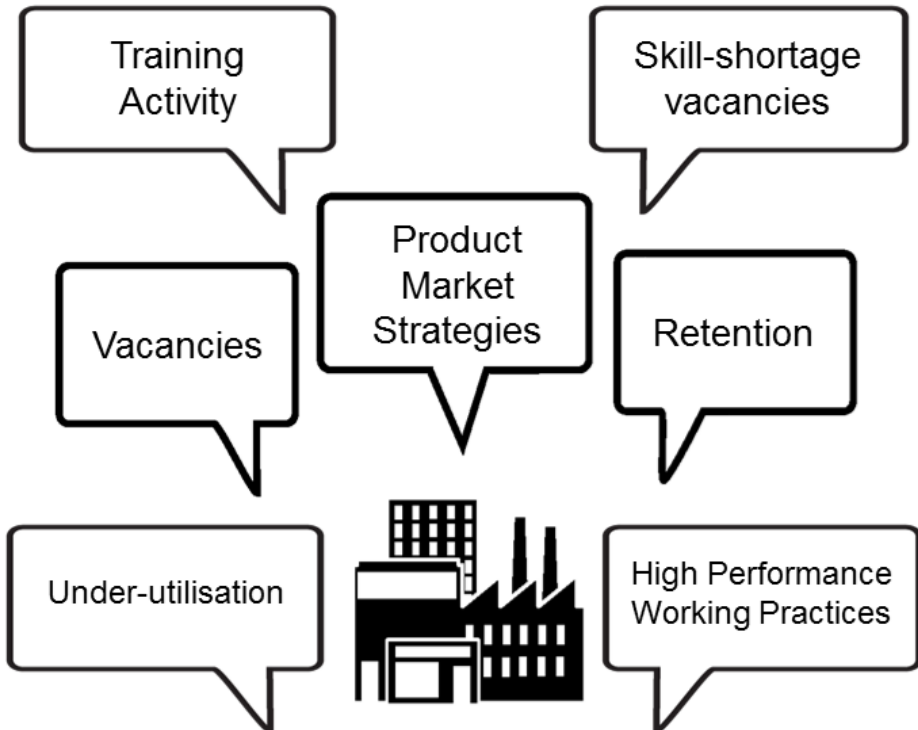
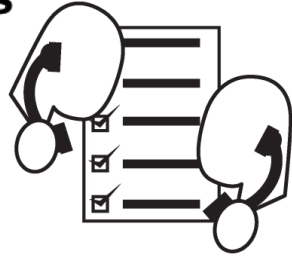
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# ESS 2015 – overview

**91,210 telephone interviews  
with establishments  
in the UK**

**12,614 follow up interviews  
on training spend**



- ESS 2015 is the third time the survey has been run at UK-level
- The 2015 survey covers establishments with 2 or more people working at them
- The 2011 survey included establishments with one employee – these were not covered in 2013 or 2015.
- Where comparisons are made with 2011 or 2013 findings, these are based on re-weighted 2011 data (configured to represent the 2+ employment business population used in 2013 and 2015).

# Achieved interviews / confidence intervals

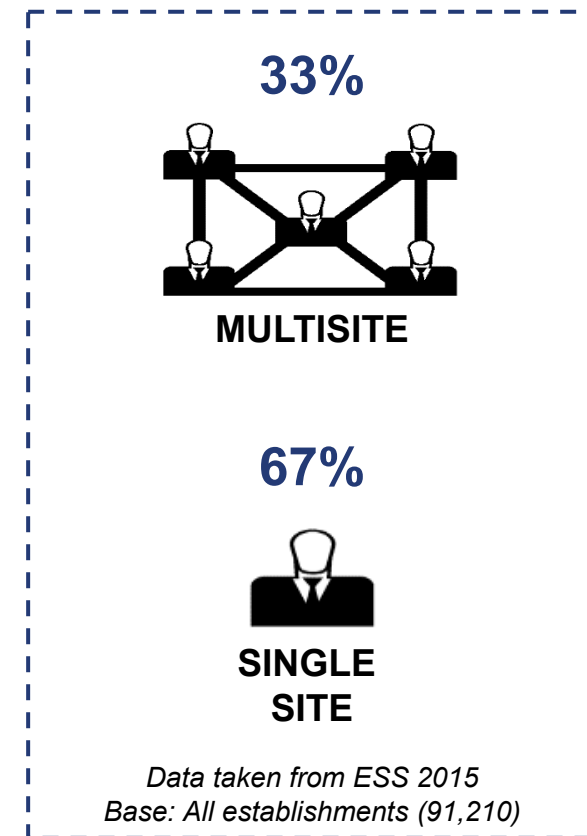
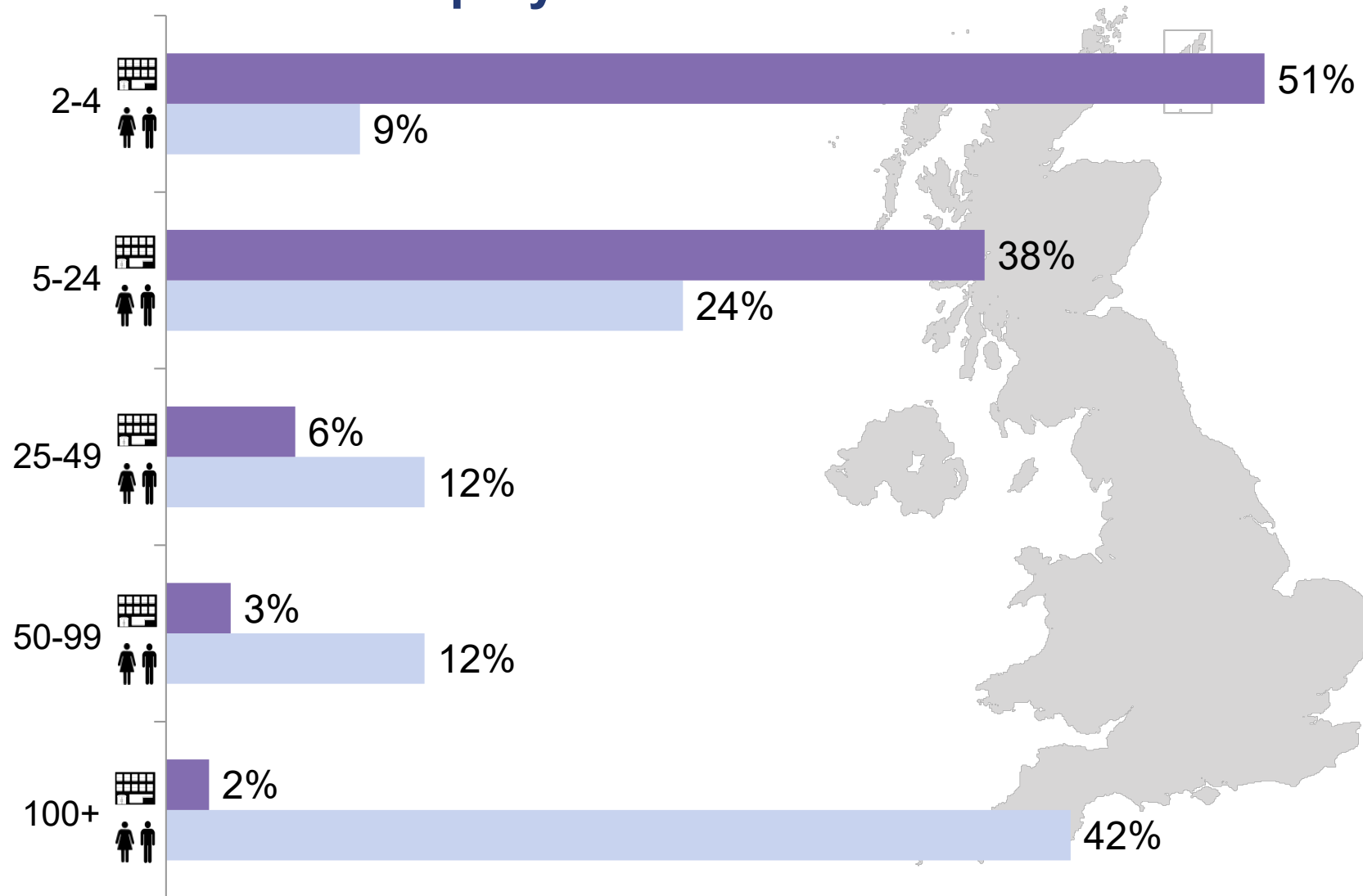
**‘For a question asked of all respondents where the survey result is 50%, we are 95% confident that the true figure lies within the range 49.68% to 50.32%’**

	Population	Number of interviews	(Maximum) Sampling Error
UK	1,766,838	91,210	+/-0.32
<b>By country</b>			
England	1,488,171	75,129	+/-0.36
Northern Ireland	54,518	4,019	+/-1.55
Scotland	142,947	6,035	+/-1.26
Wales	81,202	6,027	+/-1.26
<b>By size of establishment</b>			
2-4	907,944	20,527	+/-0.68
5-24	668,618	49,584	+/-0.44
25-49	101,082	11,657	+/-0.91
50-99	50,432	5,836	+/-1.28
100-249	26,900	2,689	+/-1.89
250+	11,812	917	+/-3.24

	Population	Number of interviews	(Maximum) Sampling Error
<b>By sector</b>			
Agriculture	97,359	3,632	+/-1.63
Manufacturing	100,262	6,998	+/-1.17
Electricity, Gas and Water	10,151	1,041	+/-3.04
Construction	158,790	7,474	+/-1.13
Wholesale and Retail	371,231	16,126	+/-0.77
Hotels & Restaurants	159,893	8,920	+/-1.04
Transport and Communications	128,789	8,936	+/-1.04
Financial Services	38,259	2,549	+/-1.94
Business Services	363,790	13,143	+/-0.85
Public Administration	19,814	947	+/-3.18
Education	58,124	5,515	+/-1.32
Health and Social Work	132,505	8,556	+/-1.06
Arts and Other Services	127,871	7,373	+/-1.14

# Profile of survey population

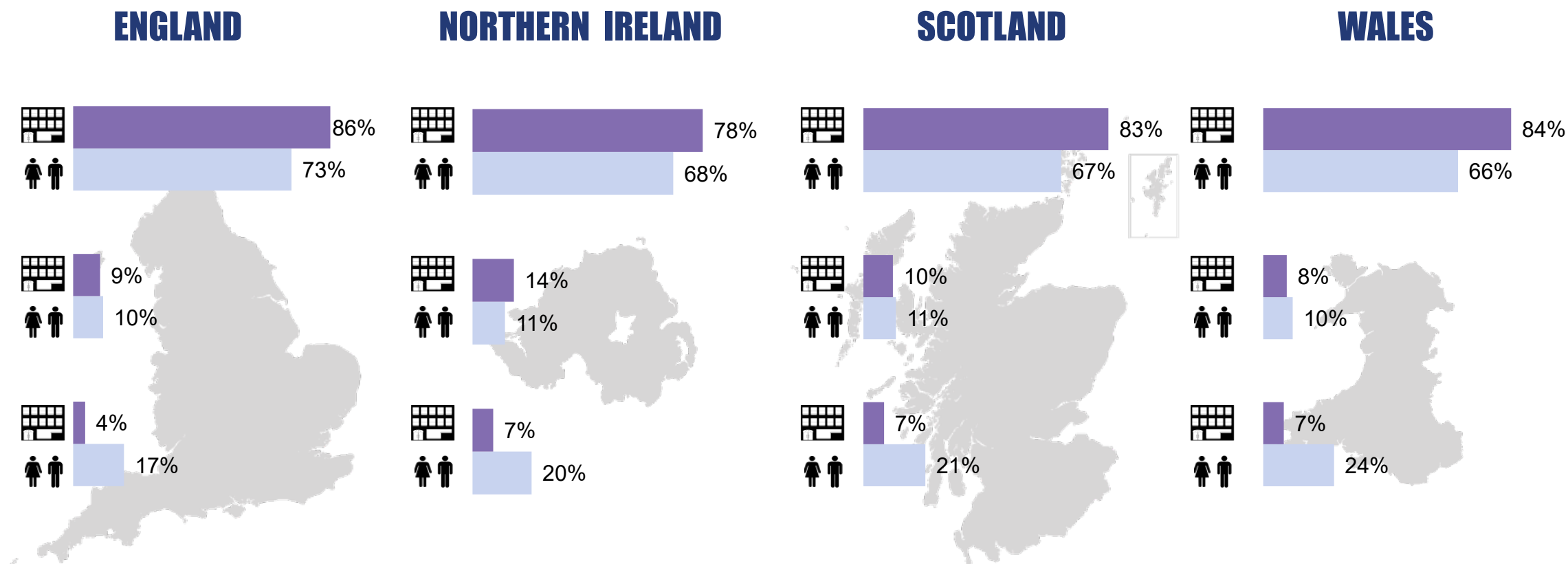
## Establishments vs. Employment – UK Wide\*



\*Data based on IDBR March 2014 counts

# Profile of survey population

## Establishments vs. Employment – by country



# Key definitions

## Establishment base

Proportions are based on the number of establishments, defined here as a single location of an organisation, where at least two people work.

## Employment base

Proportions are based on the total number of employees and working proprietors across establishments.

## Vacancies

## Skill-shortage vacancies

## Skills gaps

## Under-utilisation

## Incidence

Proportion of establishments reporting at least one vacancy

Proportion of establishments reporting at least one skill-shortage vacancy

Proportion of establishments with at least one employee deemed by their employer to be not fully proficient in their role

Proportion of establishments with at least one employee with skills **and** qualifications more advanced than required for their current job role

## Density

Vacancies as a proportion of all employment

Skill-shortage vacancies as a proportion of all vacancies

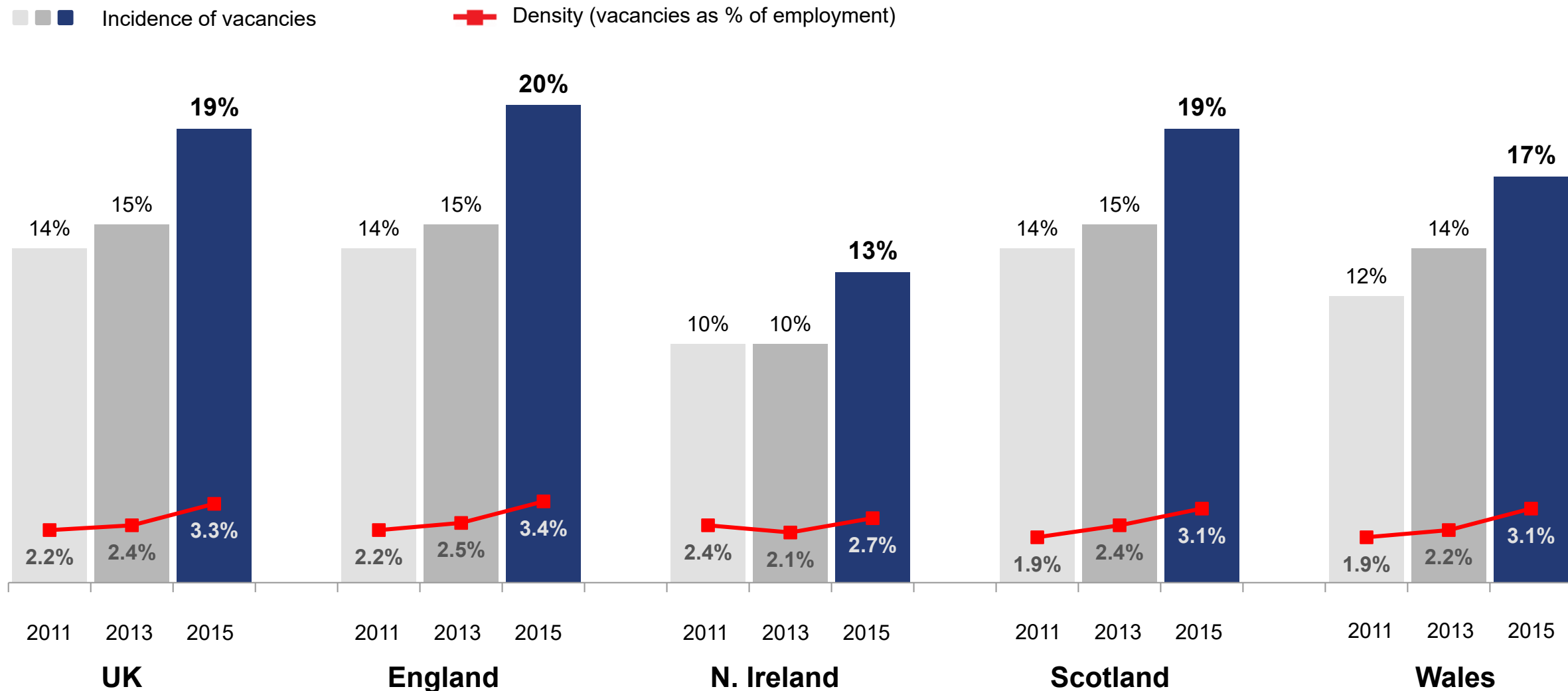
The number of staff reported as not fully proficient as a proportion of all employment

The proportion of all staff with skills **and** qualifications more advanced than required for their current job role

# Section 1: Employers' experiences of skill shortages

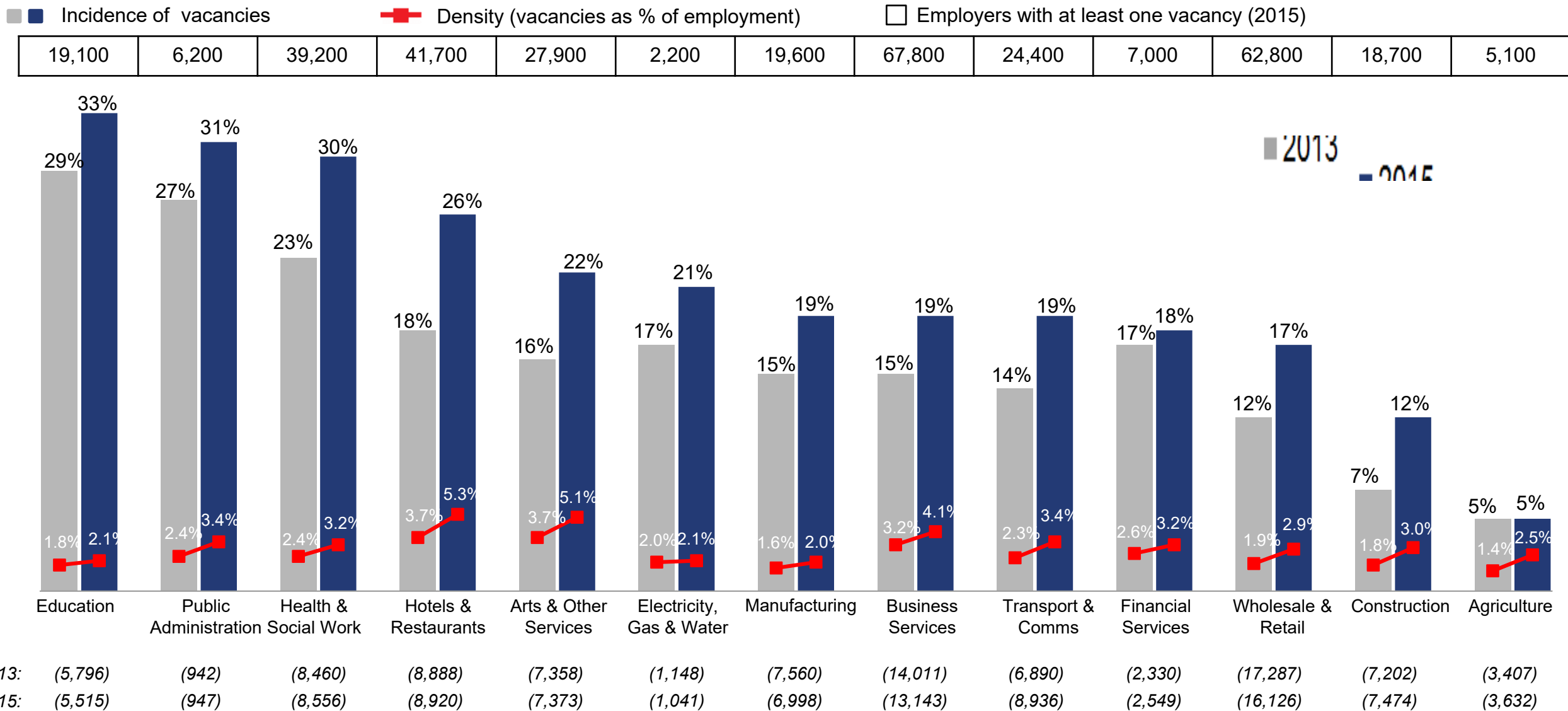


# Incidence and density of vacancies by country



Base: All establishments (2011: UK: 86,522; England: 74,156; NI: 3,921; Scotland: 2,487; Wales: 5,958; 2013: UK: 91,279; England: 75,255; NI: 4,014; Scotland: 6,014; Wales: 5,996; 2015: UK: 91,210; England: 75,129; NI: 4,019; Scotland: 6,035; Wales: 6,027)

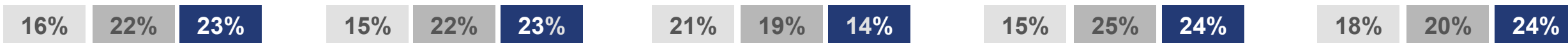
# Incidence and density of vacancies by sector



Base: All establishments (as shown)

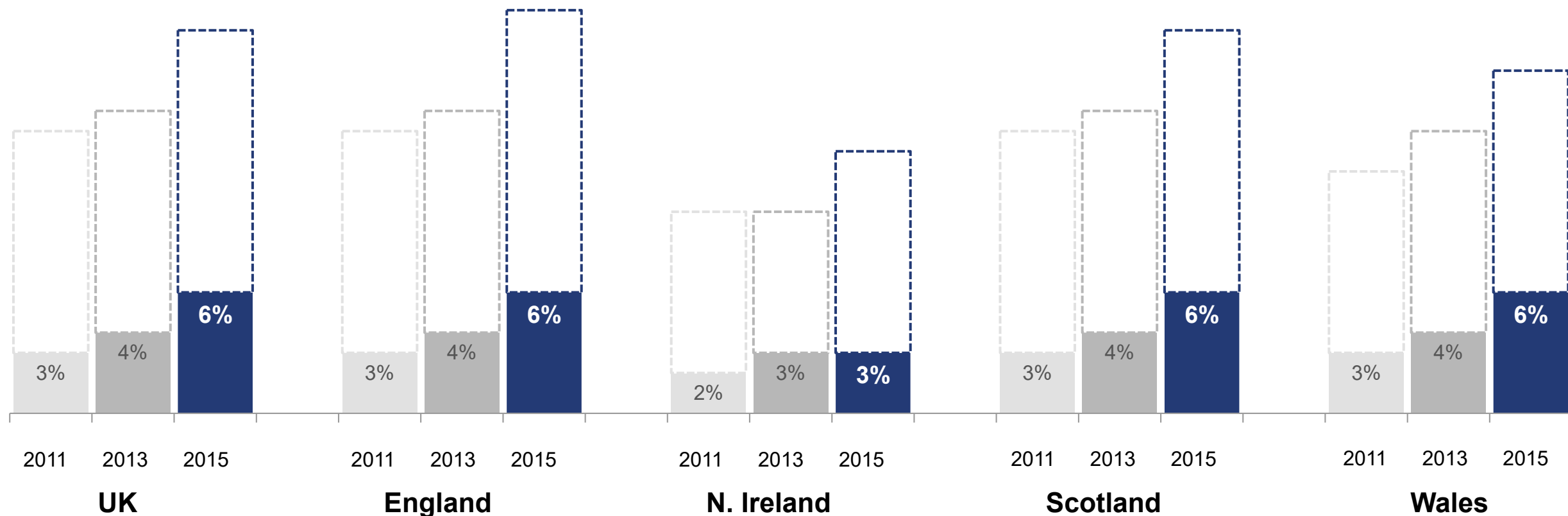
# Incidence and density of skill-shortage vacancies by country

## SSV Density (SSVs as % of Vacs)



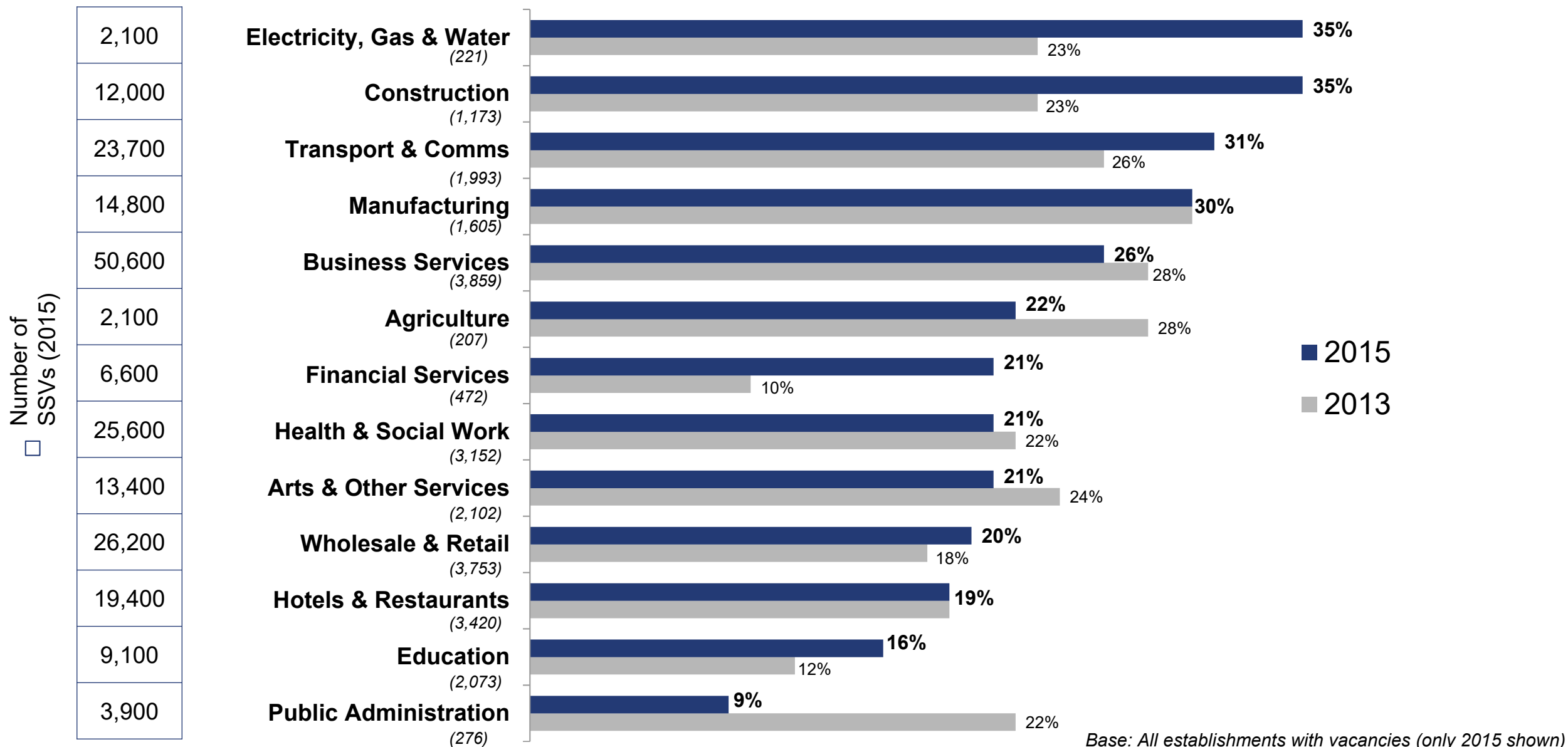
Incidence of establishments with vacancies

Incidence of establishments with skill-shortage vacancies



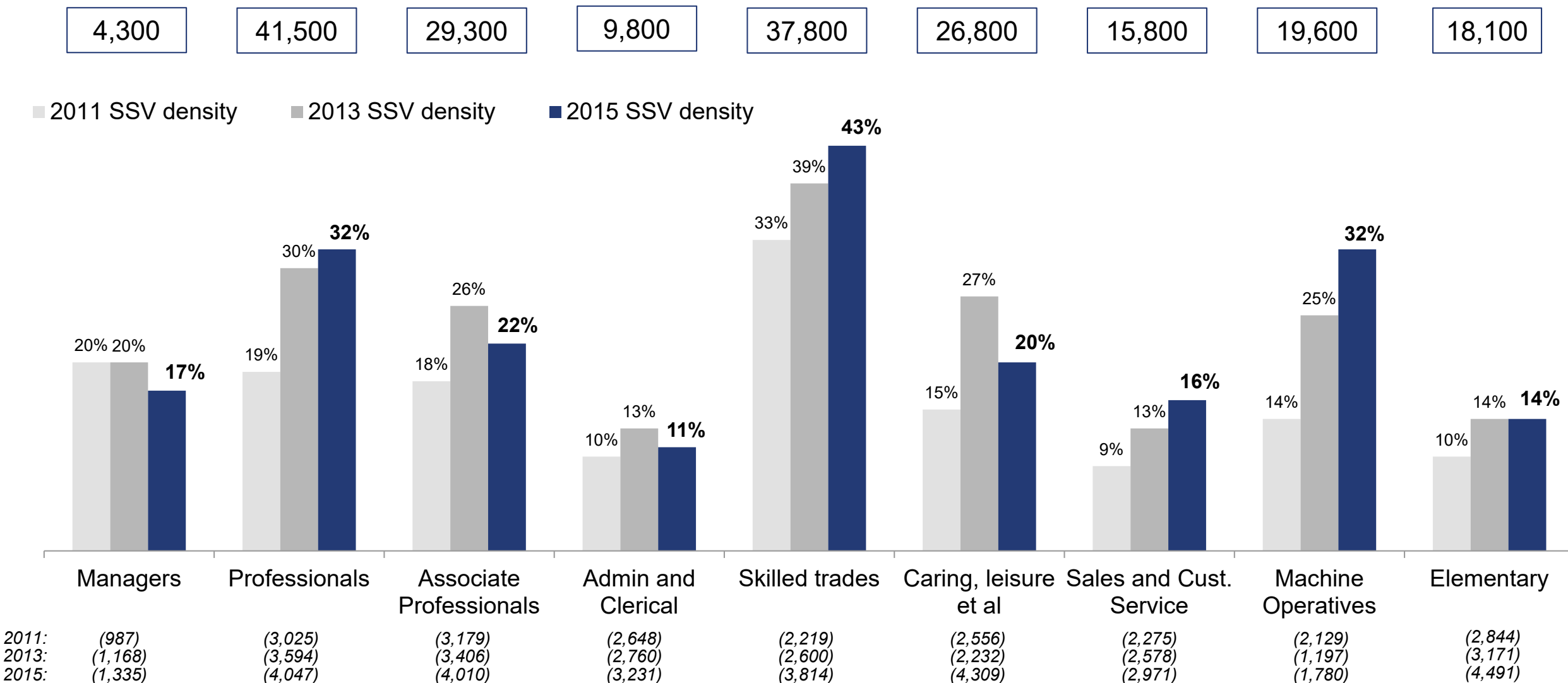
Base: All establishments (2011: UK: 86,522; England: 74,156; NI: 3,921; Scotland: 2,487; Wales: 5,958; 2013: UK: 91,279; England: 75,255; NI: 4,014; Scotland: 6,014; Wales: 5,996; 2015: UK: 91,210; England: 75,129; NI: 4,019; Scotland: 6,035; Wales: 6,027)

# Density of skill-shortage vacancies by sector



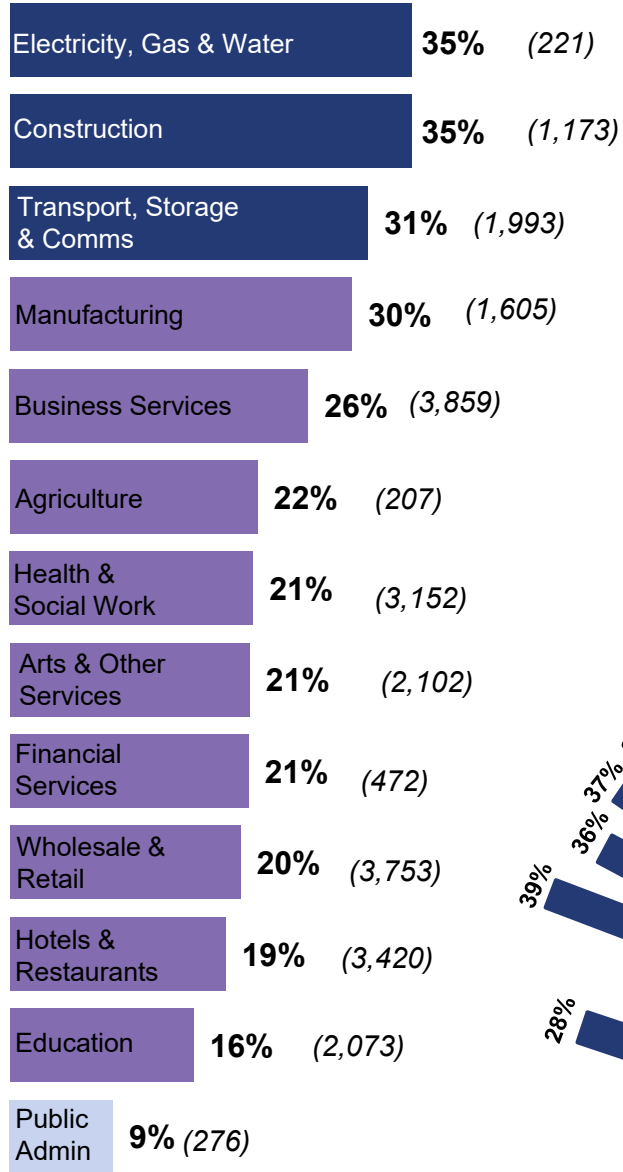
# Density of skill-shortage vacancies by occupation

## Number of SSVs (2015)

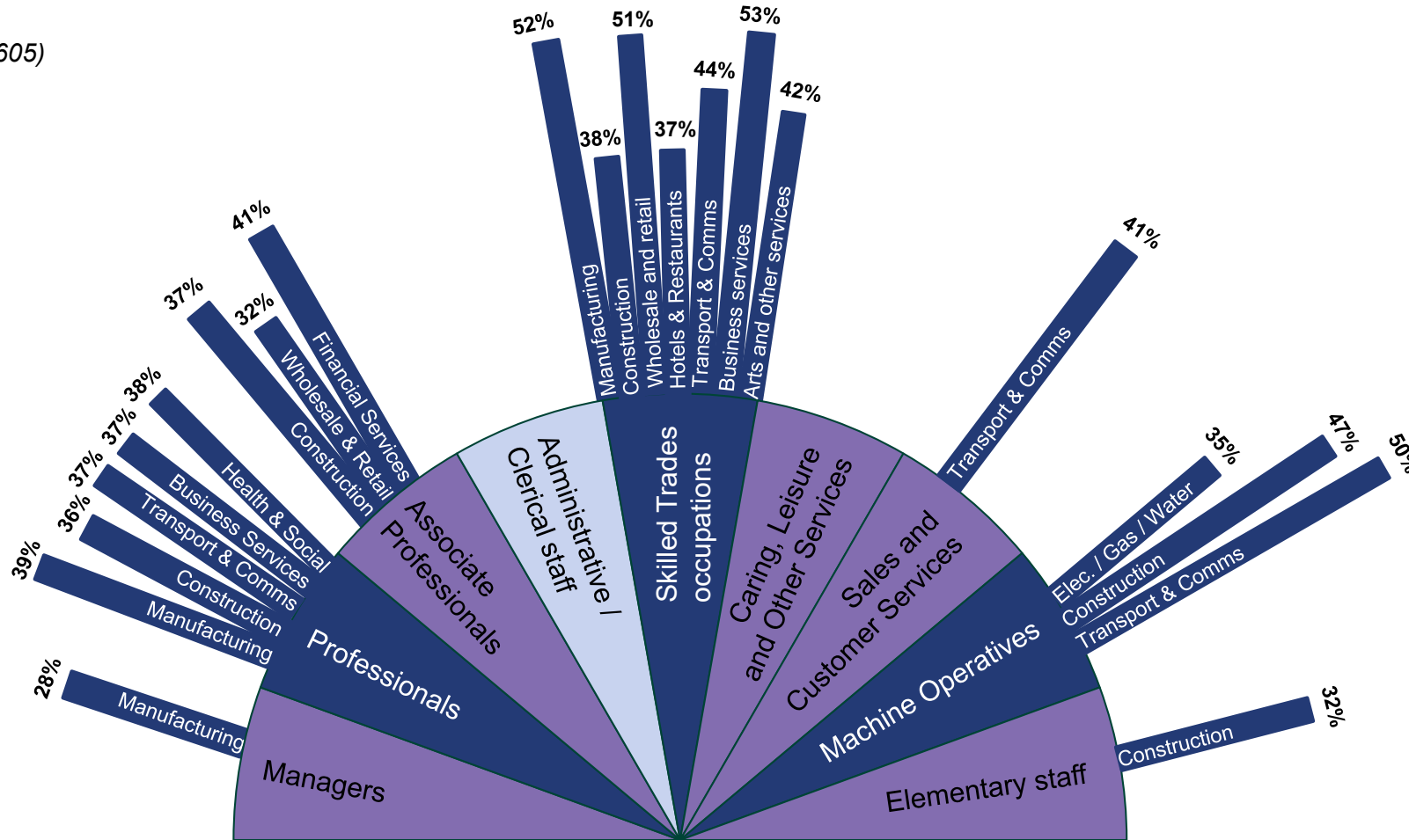


Base: All establishments with vacancies in each occupation (as shown)

# Density of skills-shortage vacancies by occupation and sector

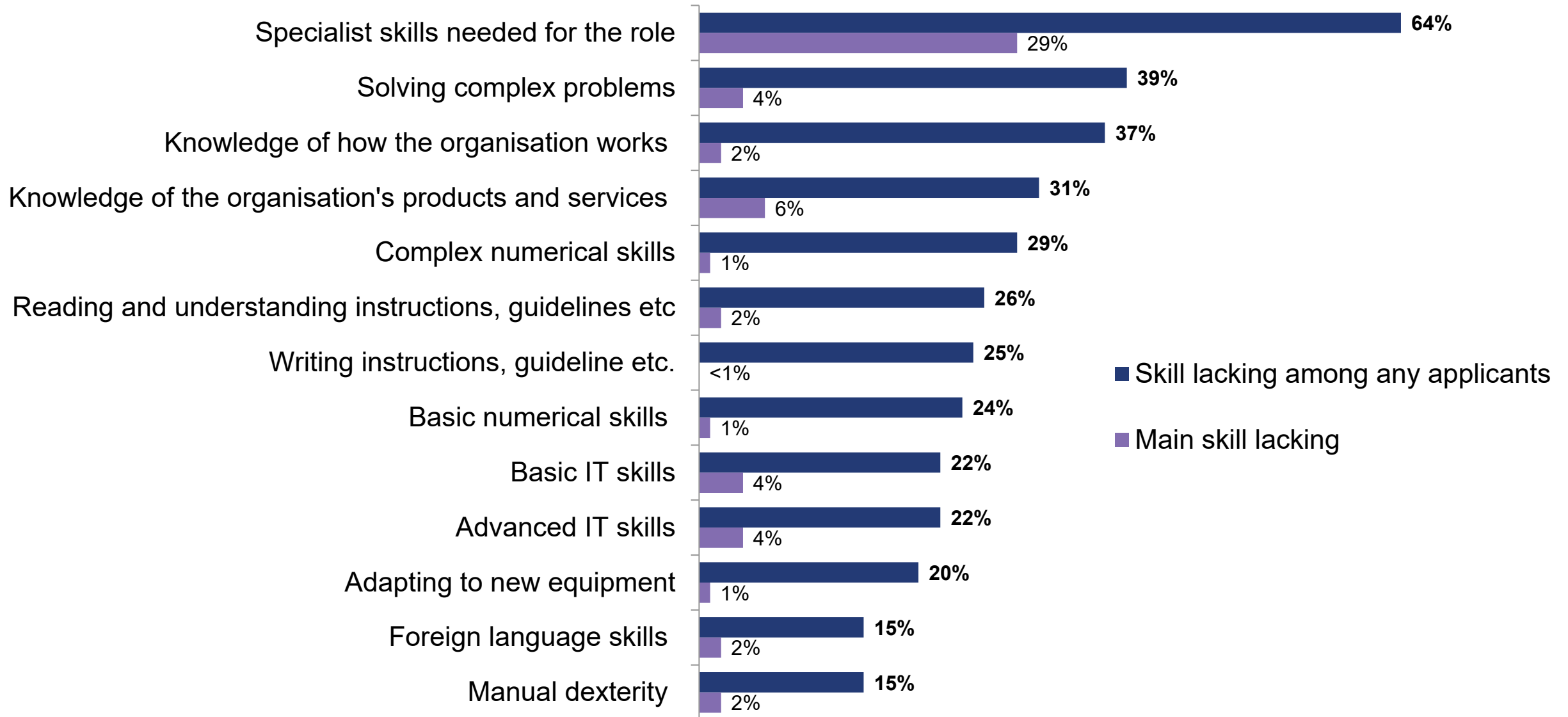


= SSV density 30% or above  
 = SSV density between 15% and 29%  
 = SSV density between 1% and 14%



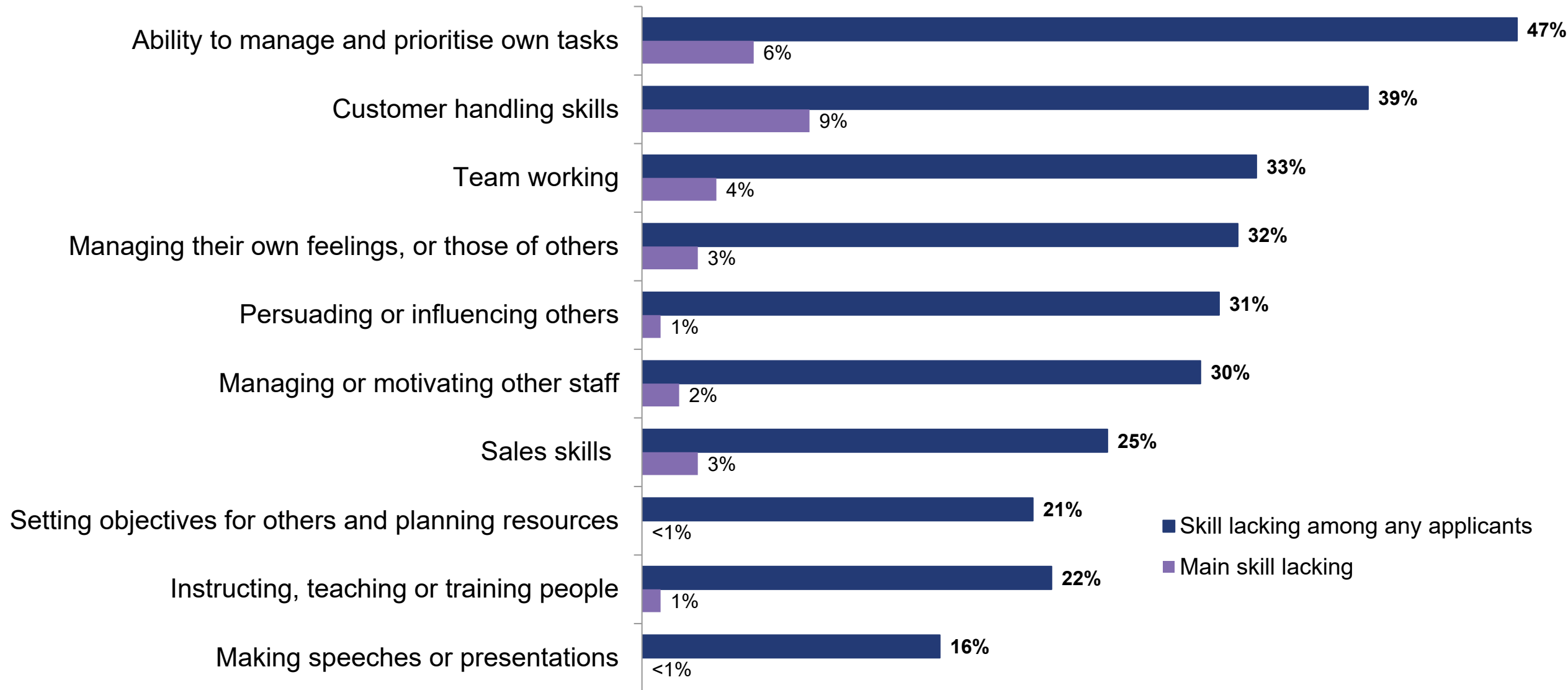
Base: All establishments with vacancies within each occupation by sector

# Technical and practical skills lacking among applicants



Base: All with skill-shortage vacancies that received the new lists of skills descriptors (3,244)

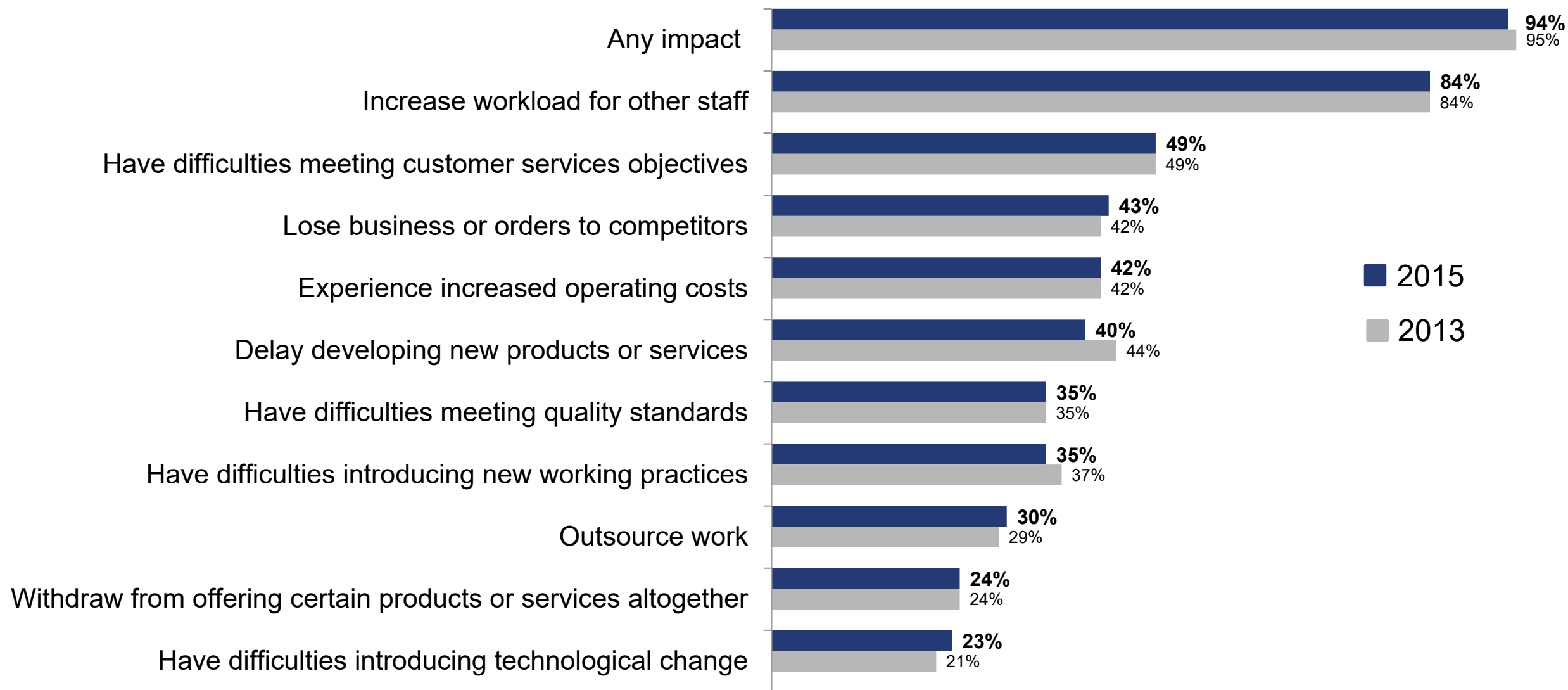
# People and personal skills lacking among applicants



Base: All with skill-shortage vacancies that received the new lists of skills descriptors (3,244)

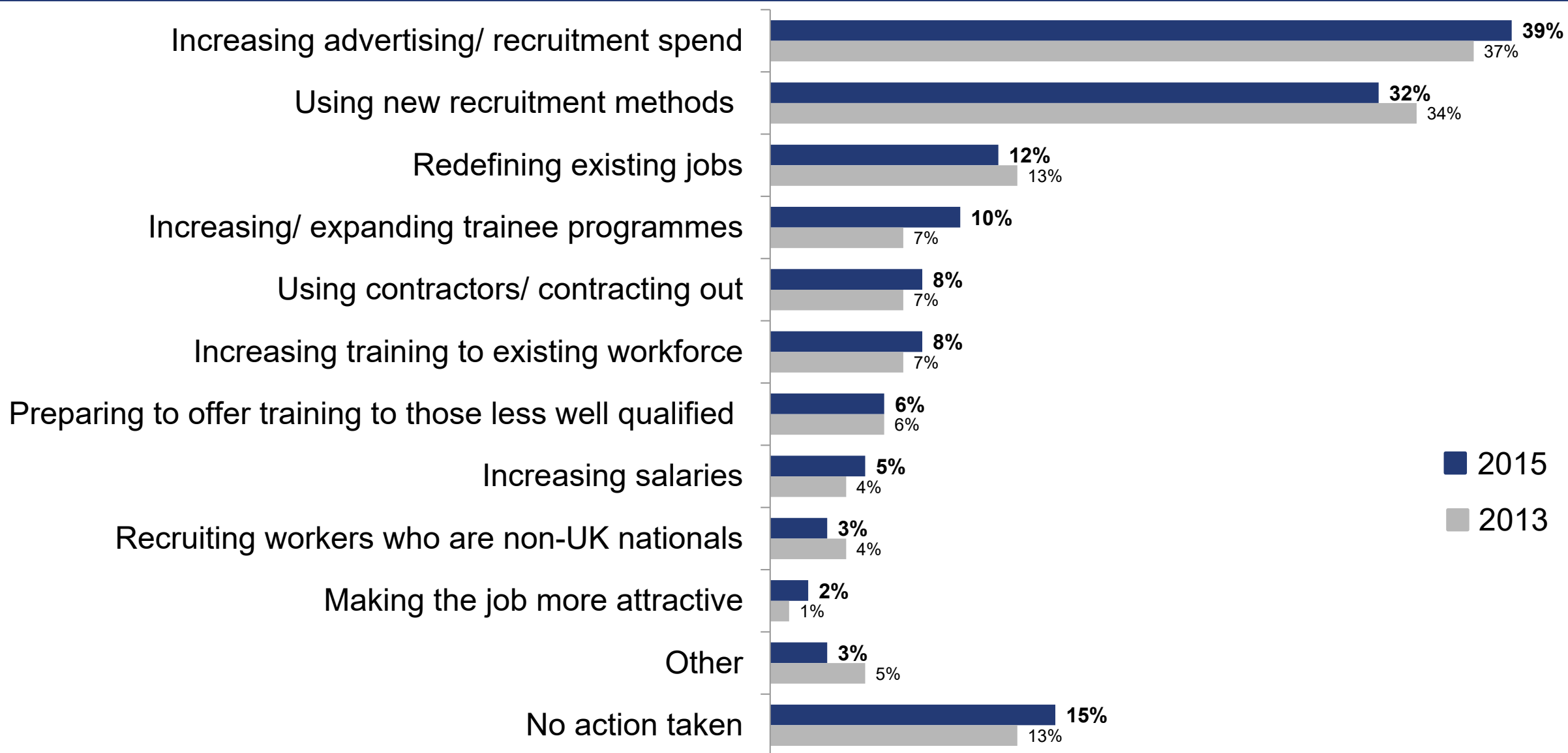


# Impact of skill-shortage vacancies



Base (2013/2015): All establishments with hard-to-fill vacancies that are all as a result of skill shortages (4,675 / 6,469)

# Action taken to fill skill-shortage vacancies

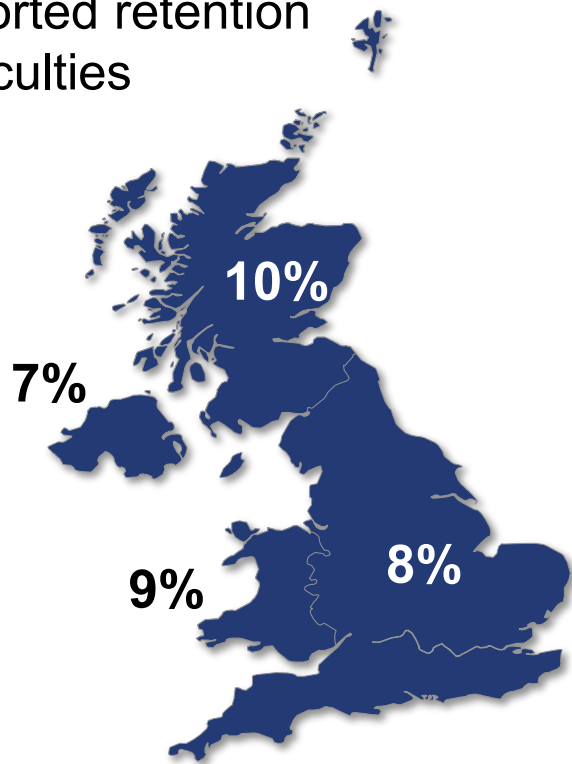


## Section 2: Retention difficulties

# Incidence of retention difficulties – by country and size

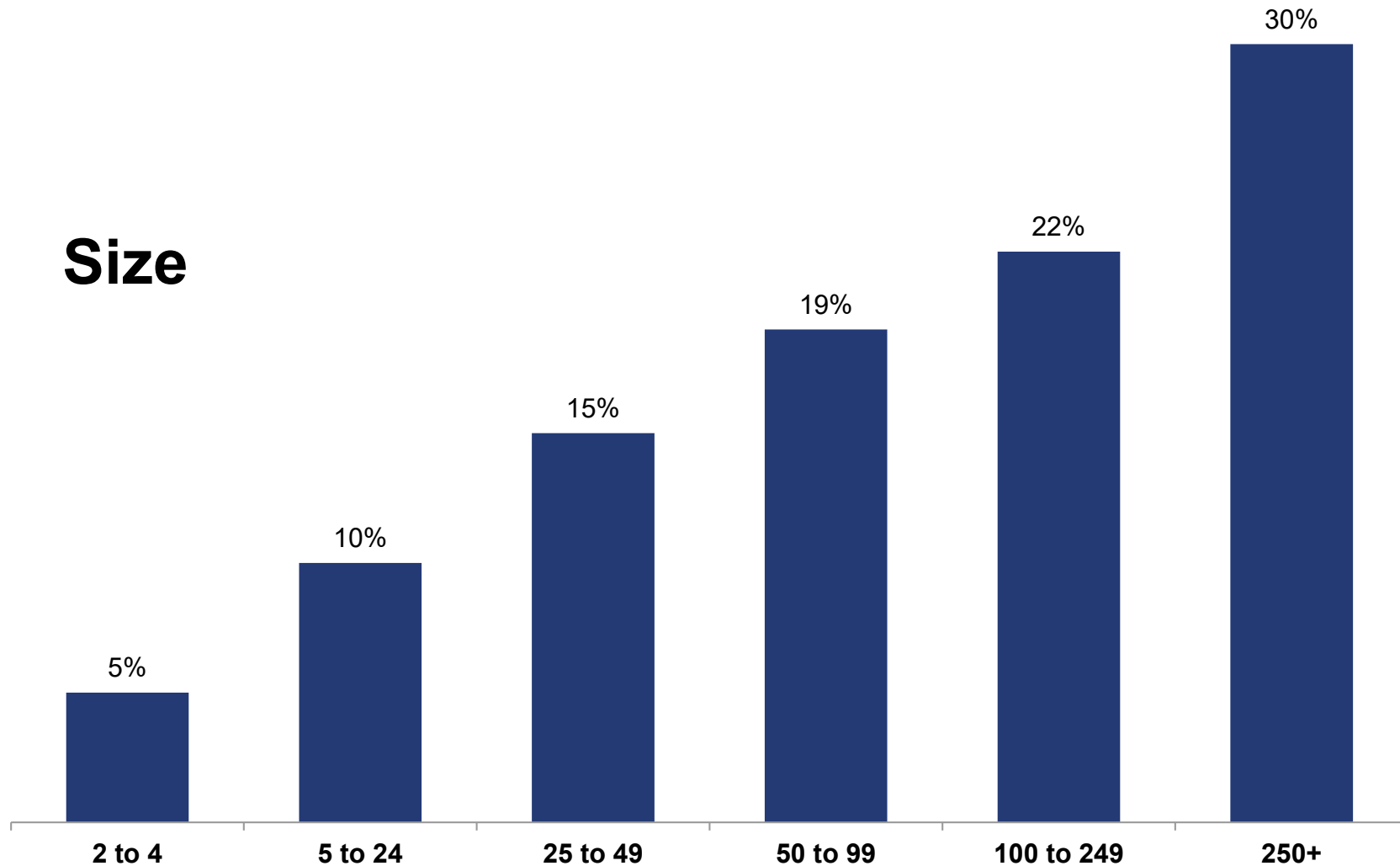
# 8%

of establishments reported retention difficulties



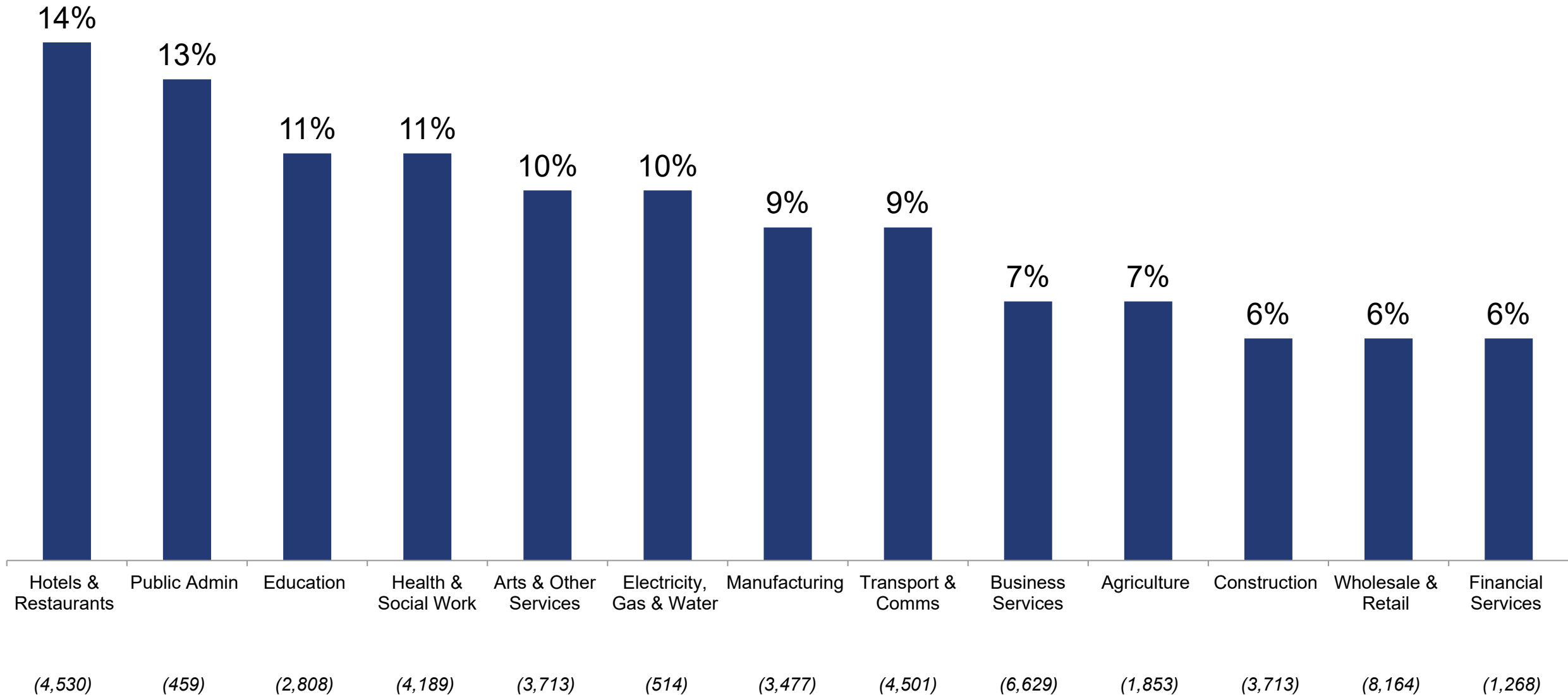
Base: All establishments in Module 2: England (37,792), N. Ireland (2,014), Scotland (3,031), Wales (2,981)

## Size



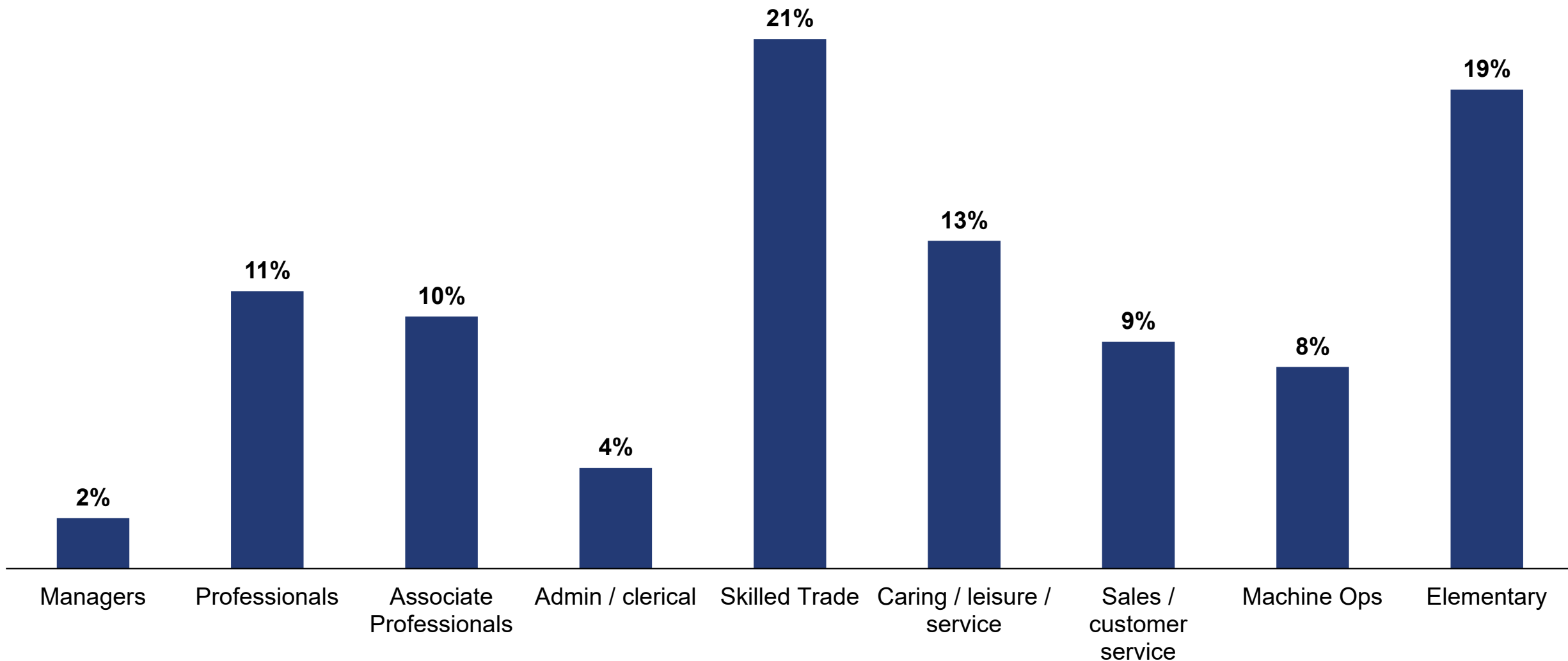
Base: All establishments in Module 2: 2-4 (10,339), 5-24 (24,835), 25-49 (5,907), 50-99 (2,950), 100-249 (1,332), 250+ (455)

# Incidence of retention difficulties by sector



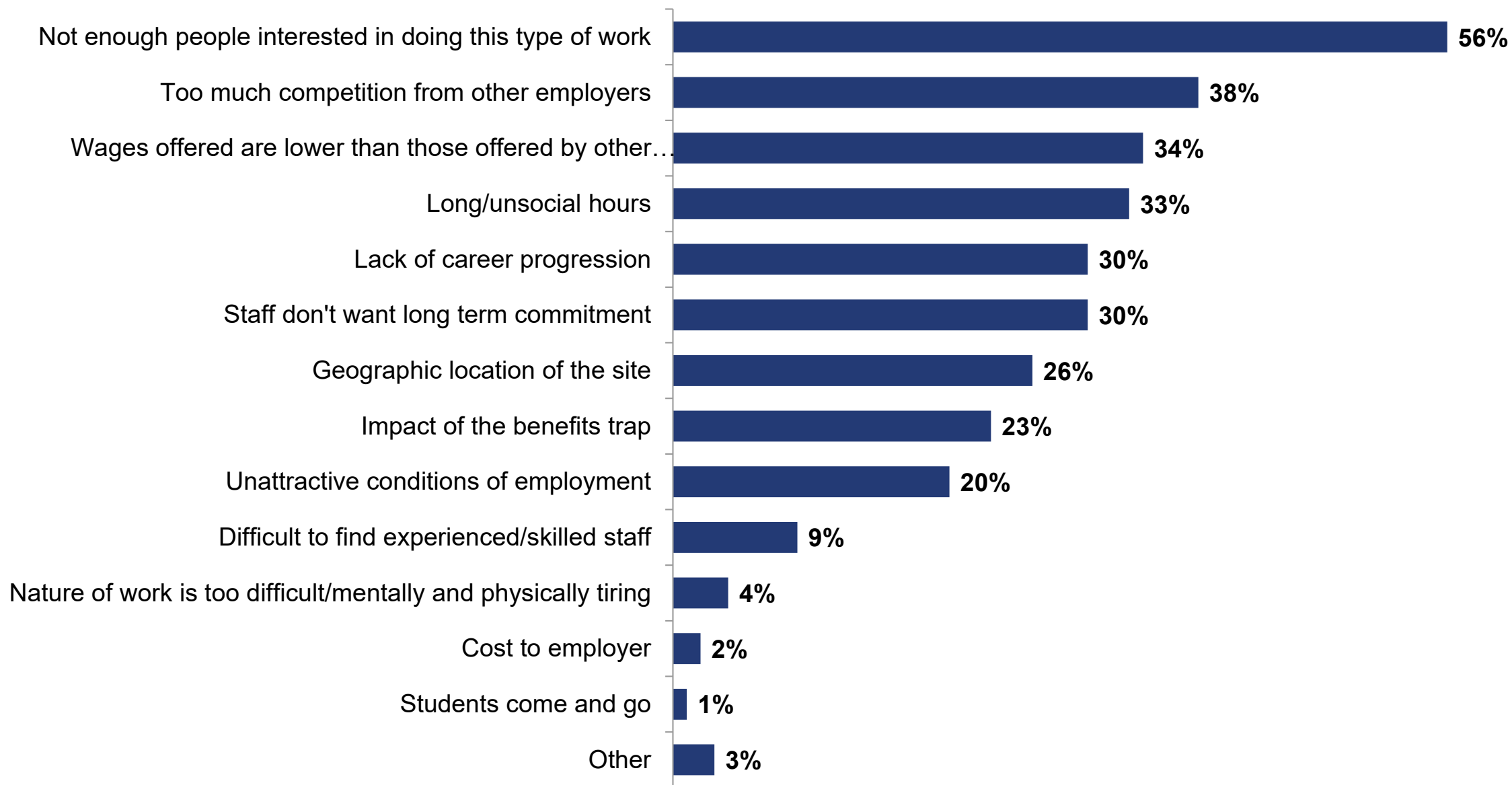
Base: All establishments in Module 2 (as shown)

# Occupation most affected by retention difficulties



*Base: All establishments with retention difficulties (4,924)*

# Reasons why it is difficult to retain staff

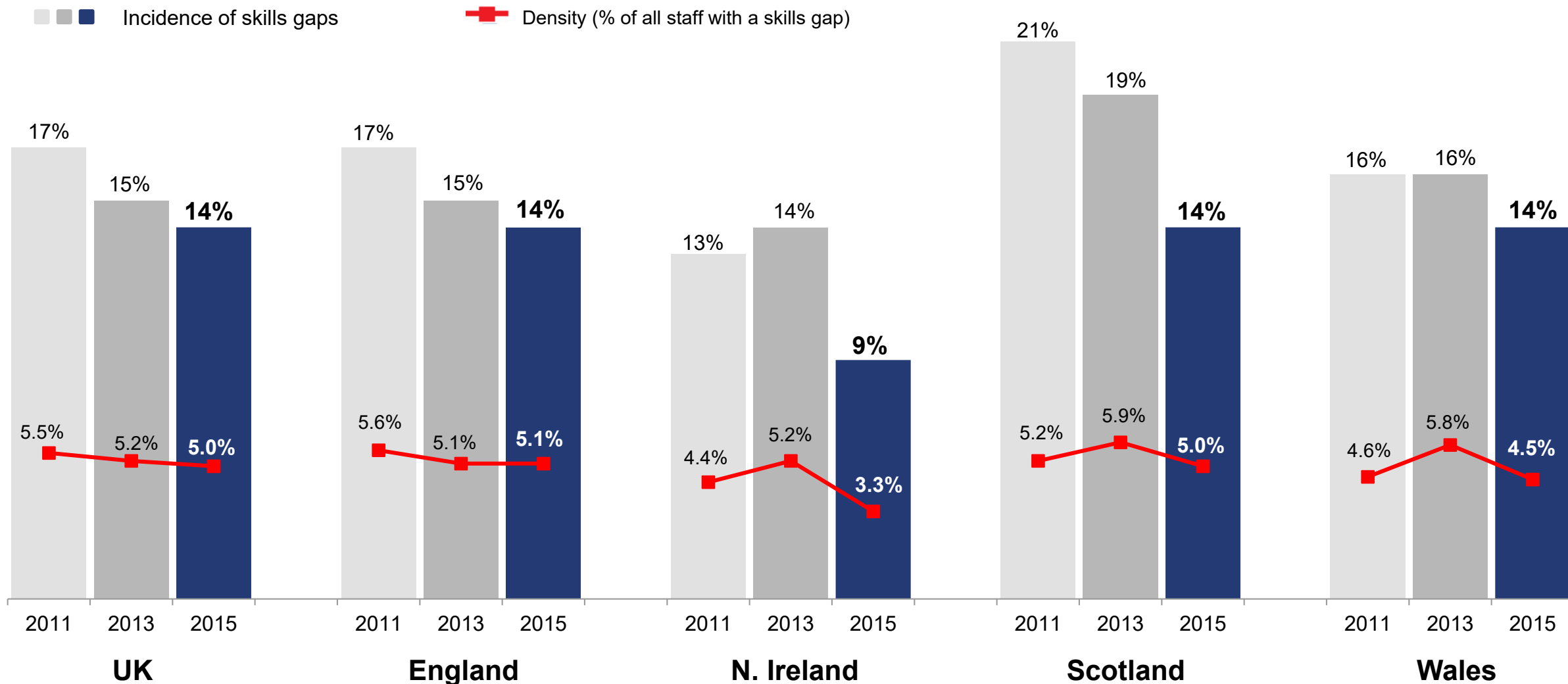


Base: All establishments experiencing retention difficulties (Module 2: 4,924)

## Section 3: The internal skills challenge



# Incidence and density of skills gaps by country

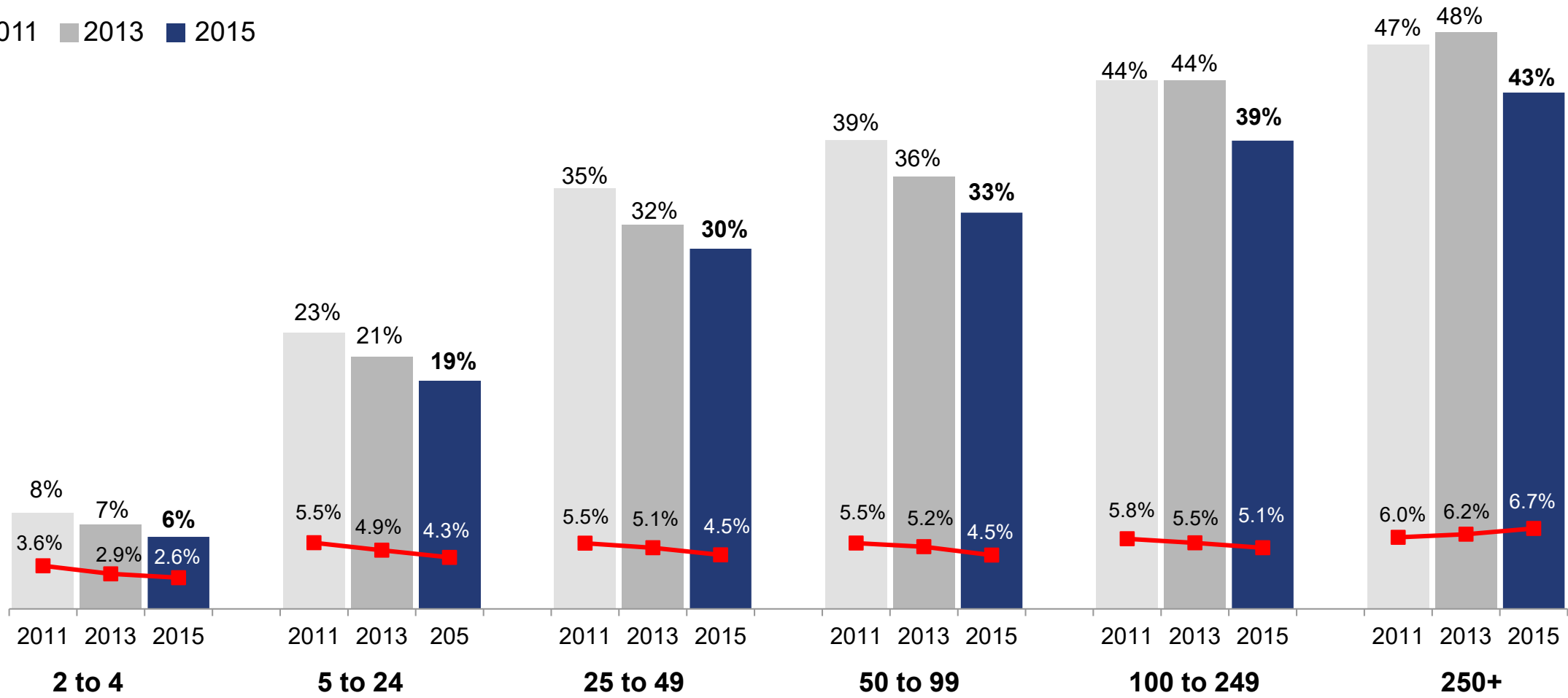


Base: All establishments (2011: UK: 86,522; England: 74,156; NI: 3,921; Scotland: 2,487; Wales: 5,958; 2013: UK: 91,279; England: 75,255; NI: 4,014; Scotland: 6,014; Wales: 5,996; 2015: UK: 91,210; England: 75,129; NI: 4,019; Scotland: 6,035; Wales: 6,027)

# Incidence and density of skills gaps by establishment size

Incidence of skills gaps  
 2011 2013 2015

Density (% of all staff with a skills gap)



2011: (17,905)  
 2013: (19,058)  
 2015: (20,527)

(47,770)  
 (51,565)  
 (49,584)

(10,239)  
 (10,947)  
 (11,657)

(5,712)  
 (5,584)  
 (5,836)

(3,270)  
 (2,938)  
 (2,689)

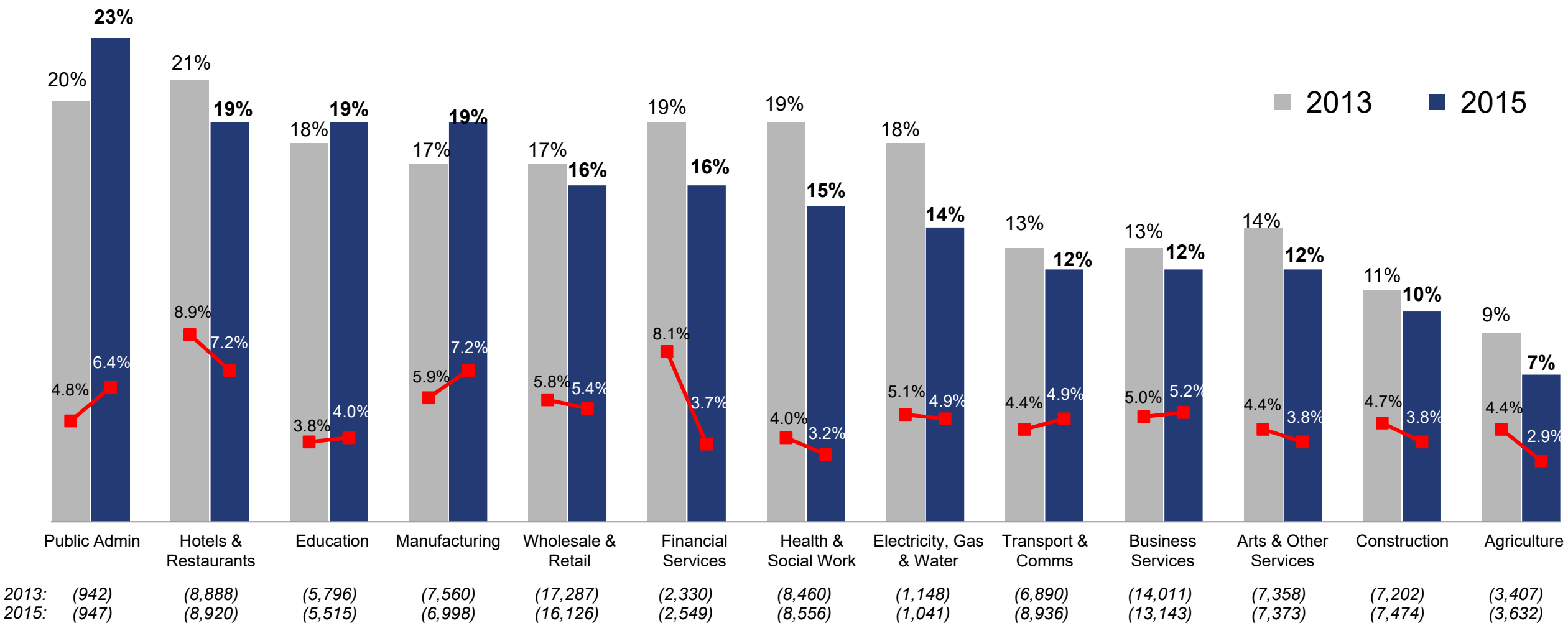
(1,626)  
 (1,187)  
 (917)

Base: All establishments (as shown)

# Incidence and density of skills gaps by sector

■ Incidence of skills gaps    ■ Density (% of all staff with a skills gap)    □ Number of skills gaps (2015)

86,000	140,100	103,700	173,400	242,200	36,400	122,700	13,900	108,900	249,300	47,400	44,500	11,800
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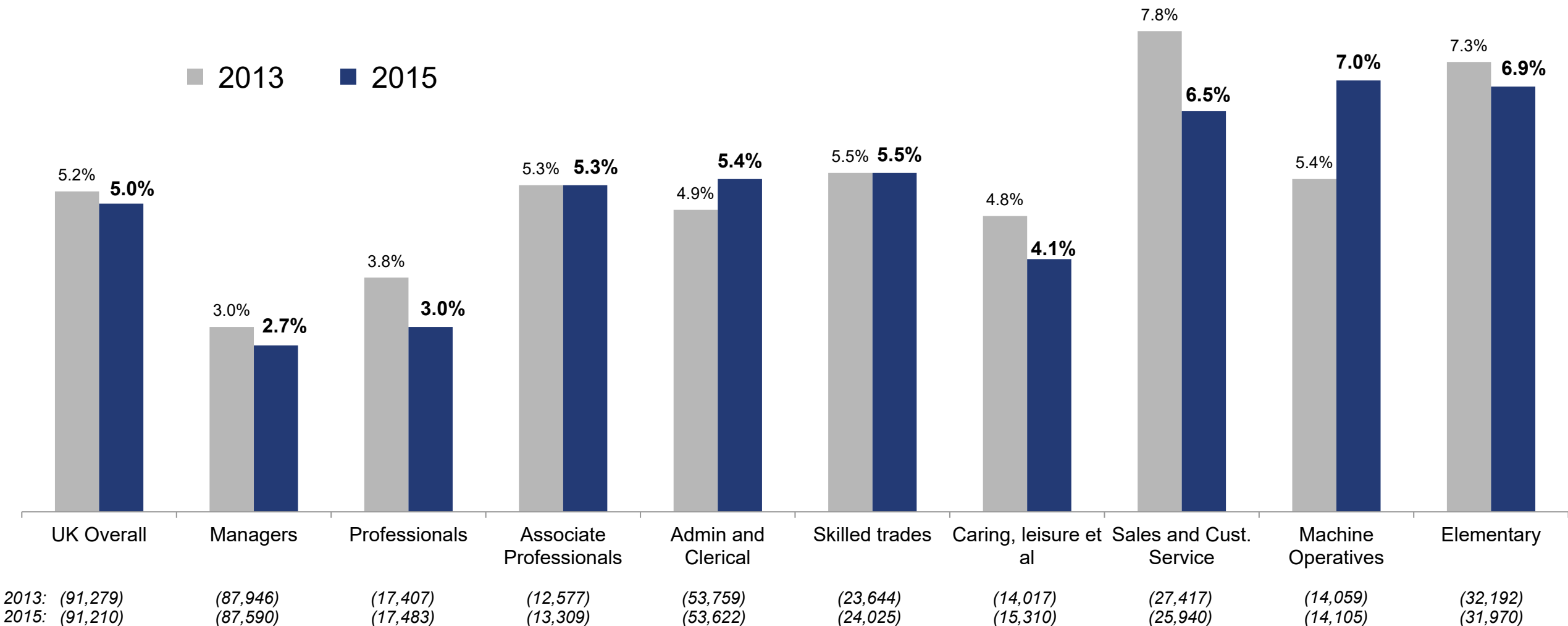
Base: All establishments (as shown)

# Skills gaps density by occupation

□ Number of skills gaps (2015)

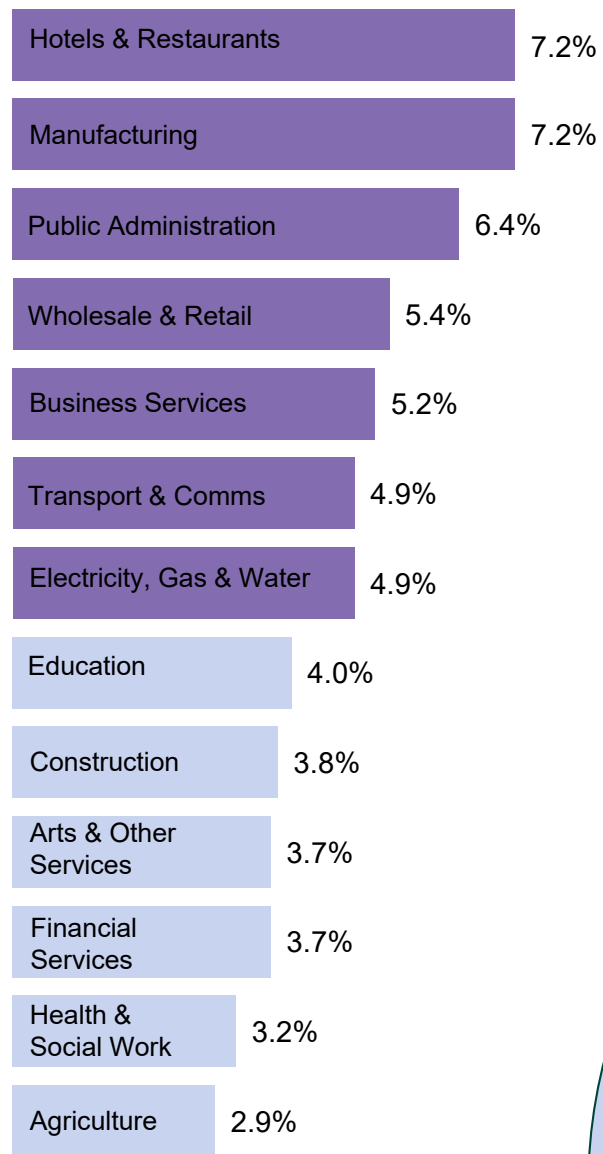
1.4m	129,400	102,100	88,300	187,000	108,100	119,400	228,400	161,700	255,800
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■ 2013 ■ 2015

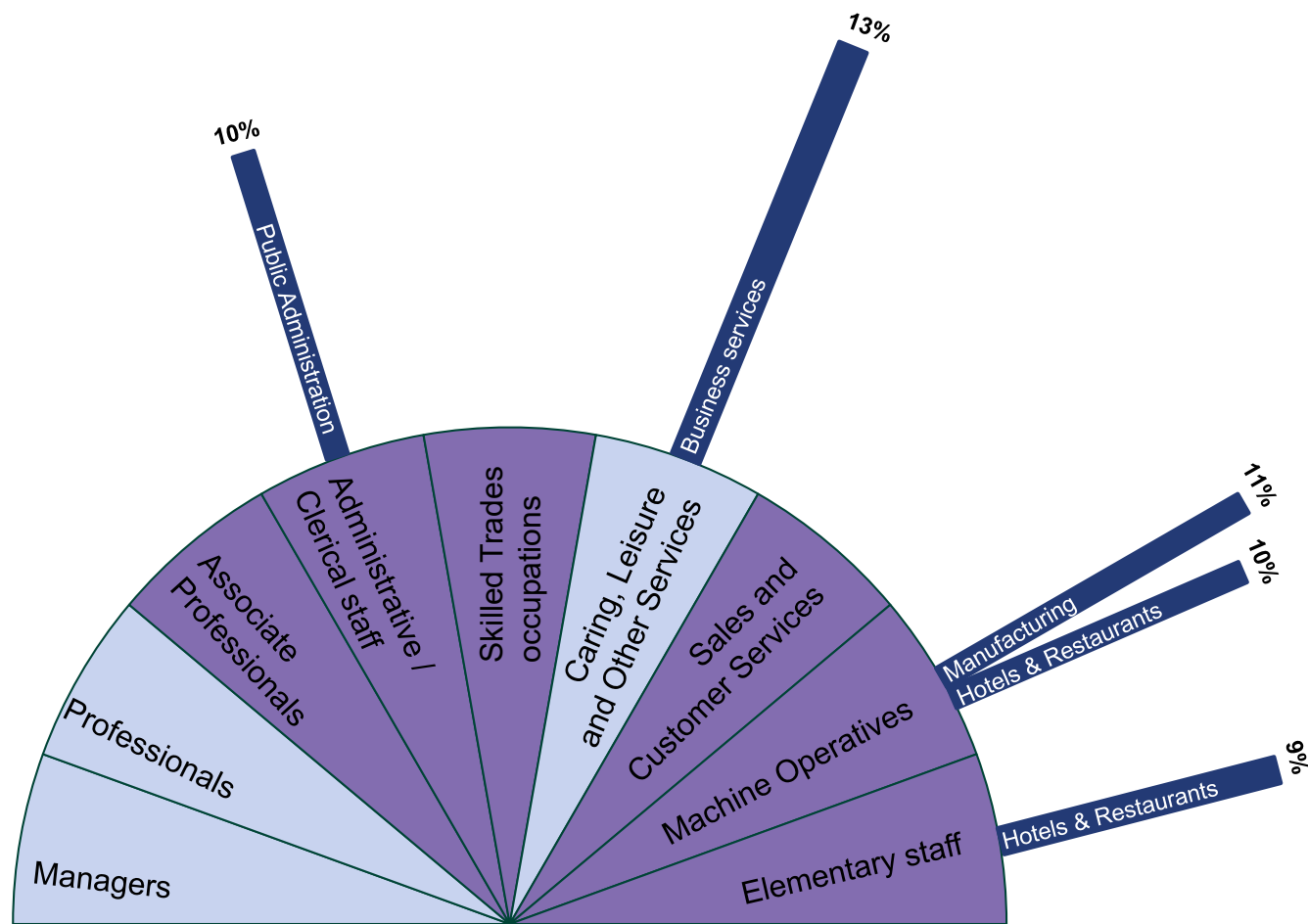


Base: All establishments with staff in each occupation (as shown)

# Density of skills gaps by occupation and sector

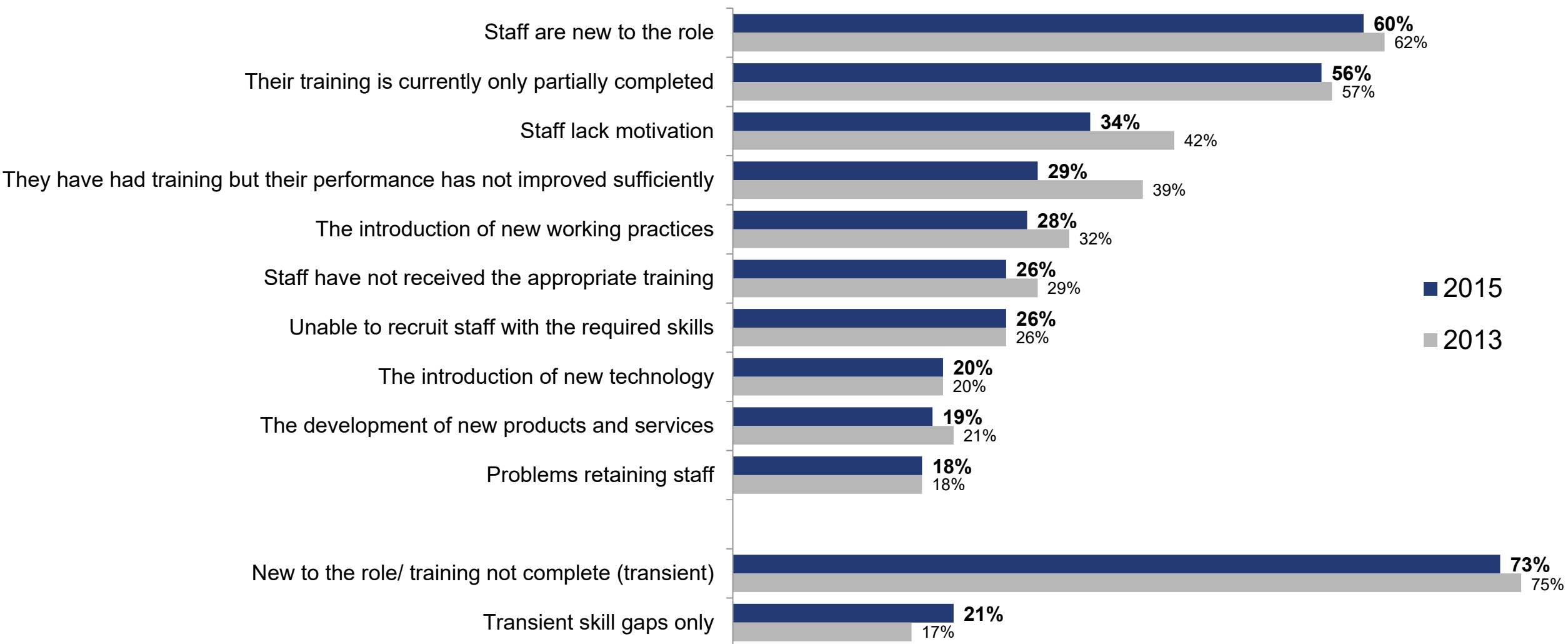


- = Skills Gaps density 9% or above
- = Skills Gaps density between 5% and 8%
- = Skills Gaps density between 1% and 4%



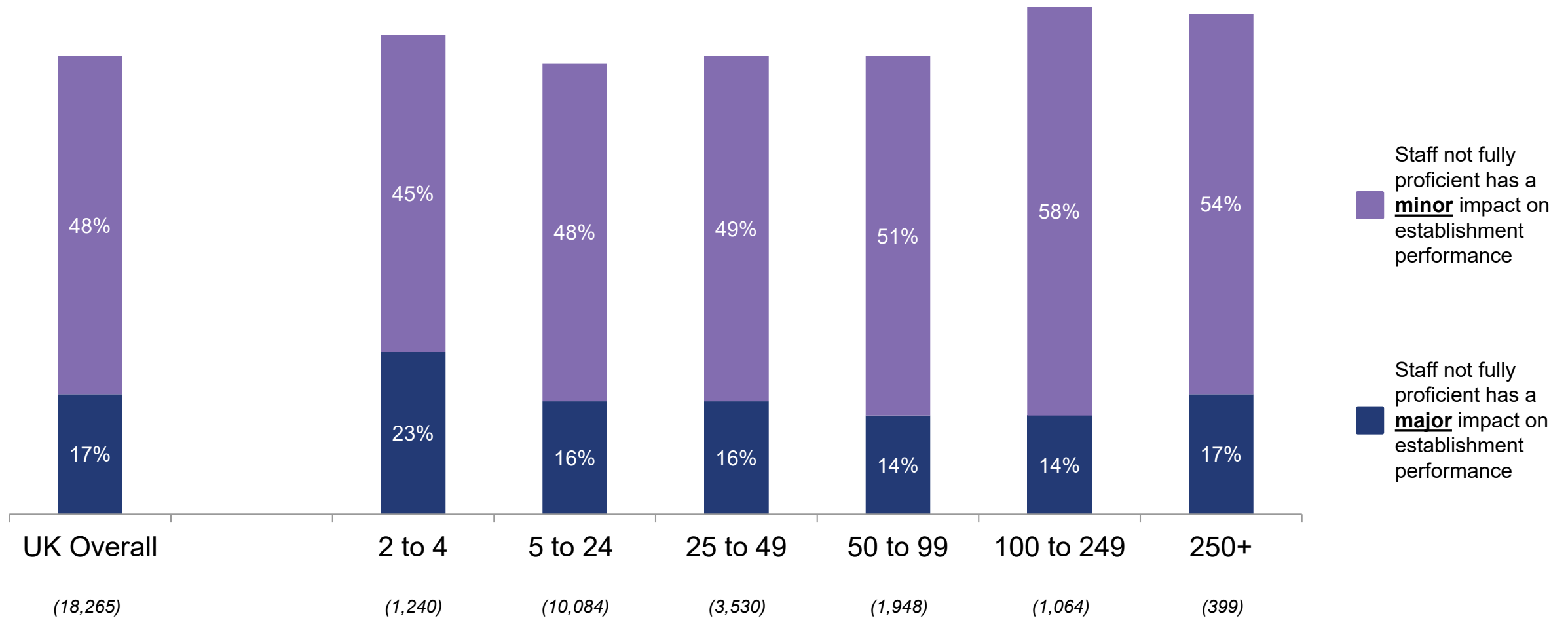
Base: All establishments (92,210)

# Main causes of skills gaps



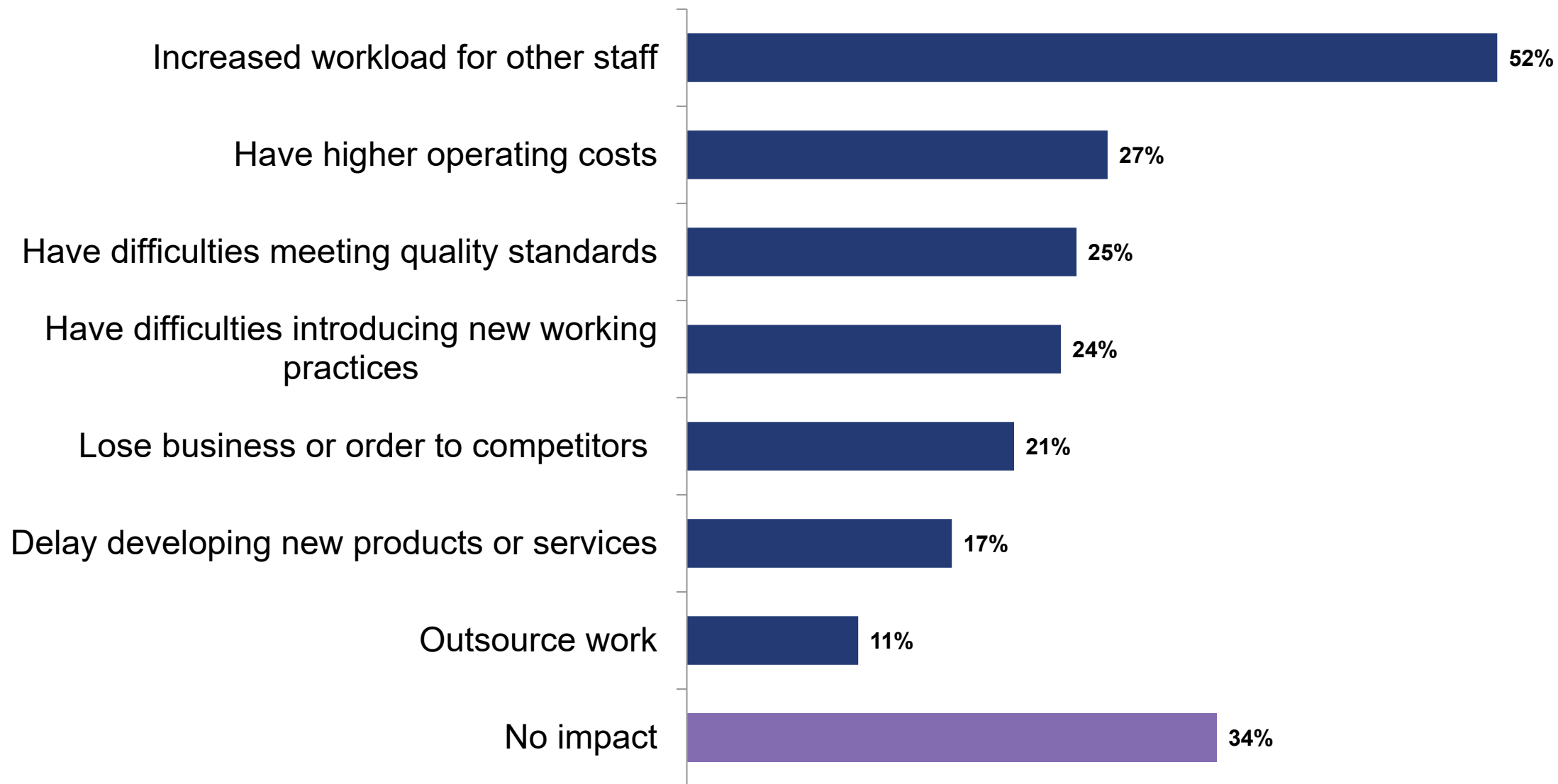
Base (2013/2015) : All establishments with skills gaps - up to 2 occupations followed up (20,228 / 18,265)  
 Figures are shown as a percentage of all gaps (not a percentage of all establishments)

# Impact of skills gaps by establishment size



Base: All with skills gaps (as shown)

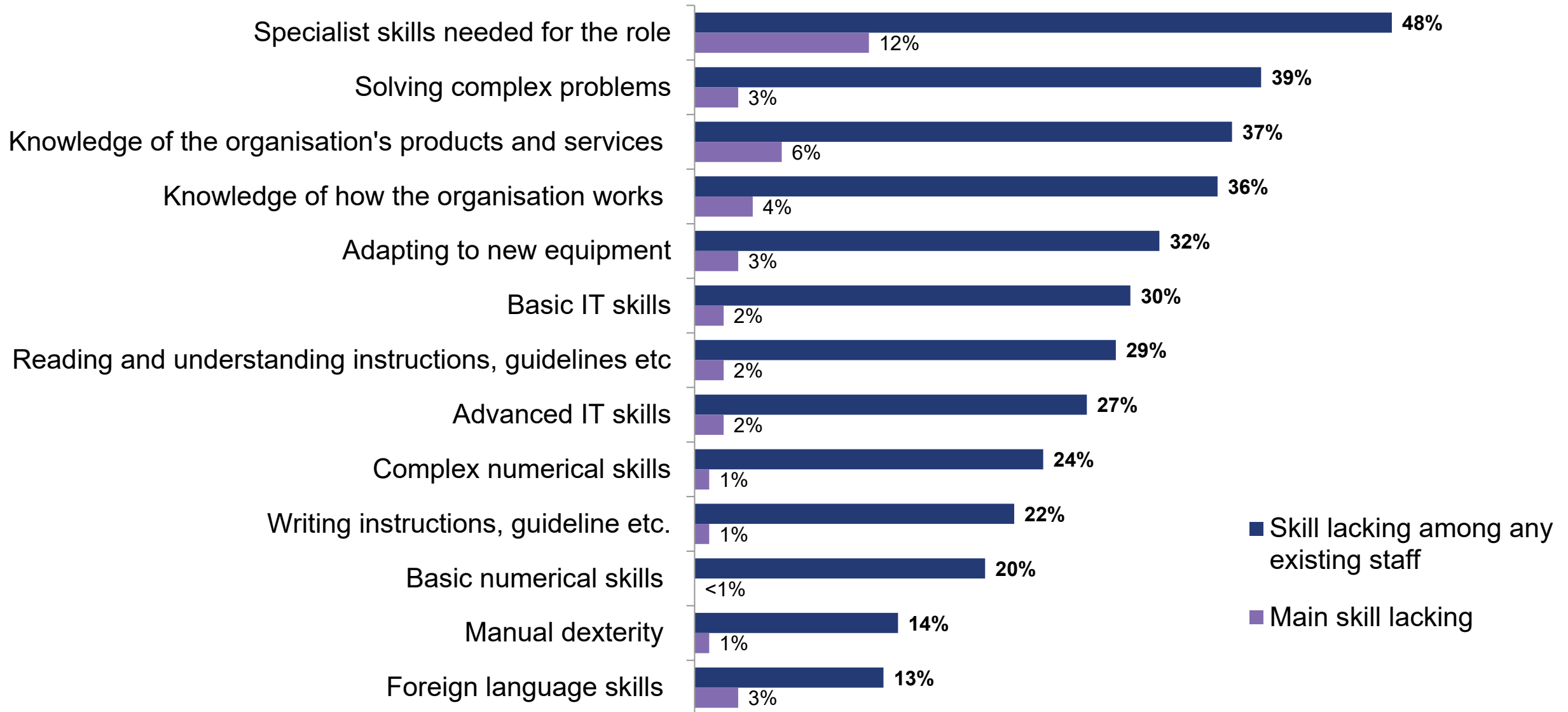
# Impact of skills gaps



Base: All establishments with skills gaps (18,265)

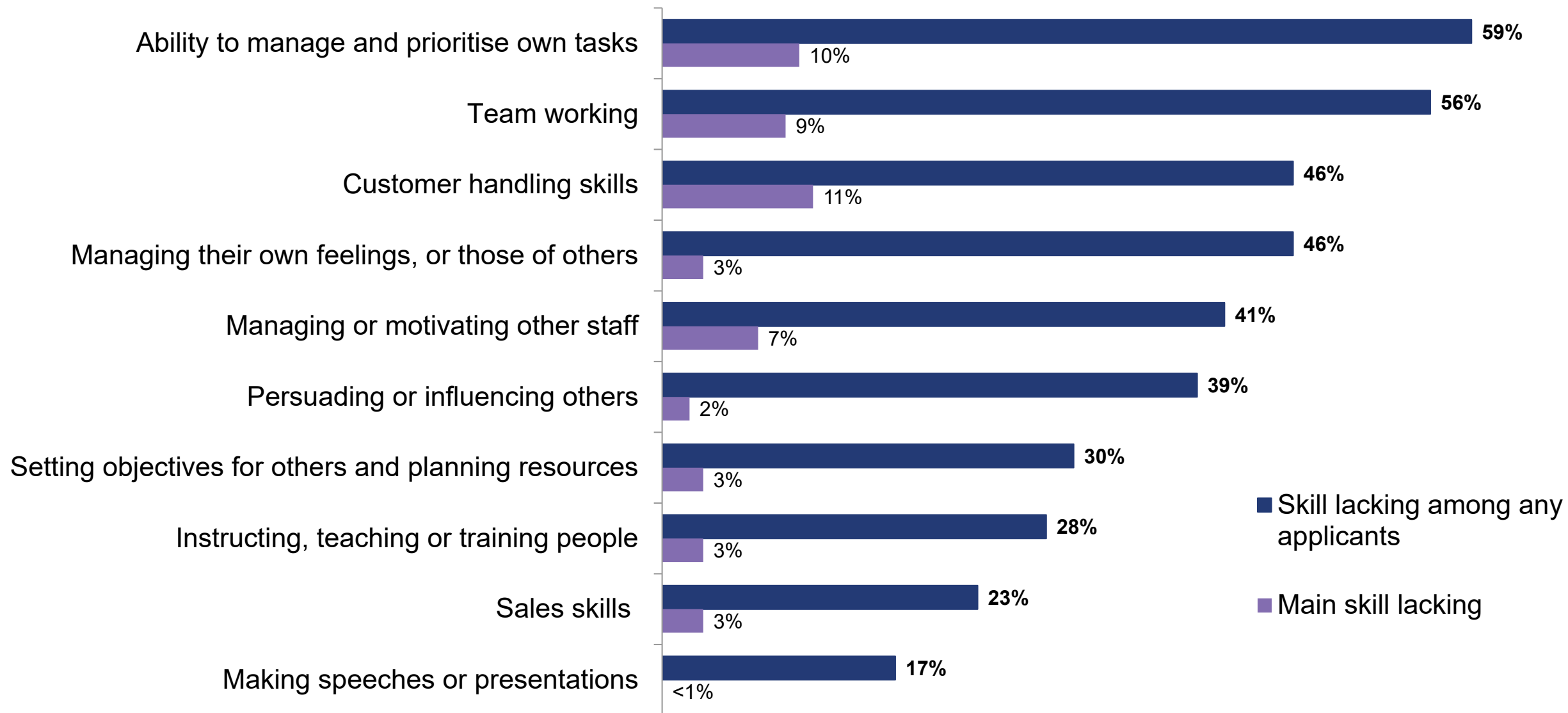


# Technical and practical skills that need improving among staff with skills gaps



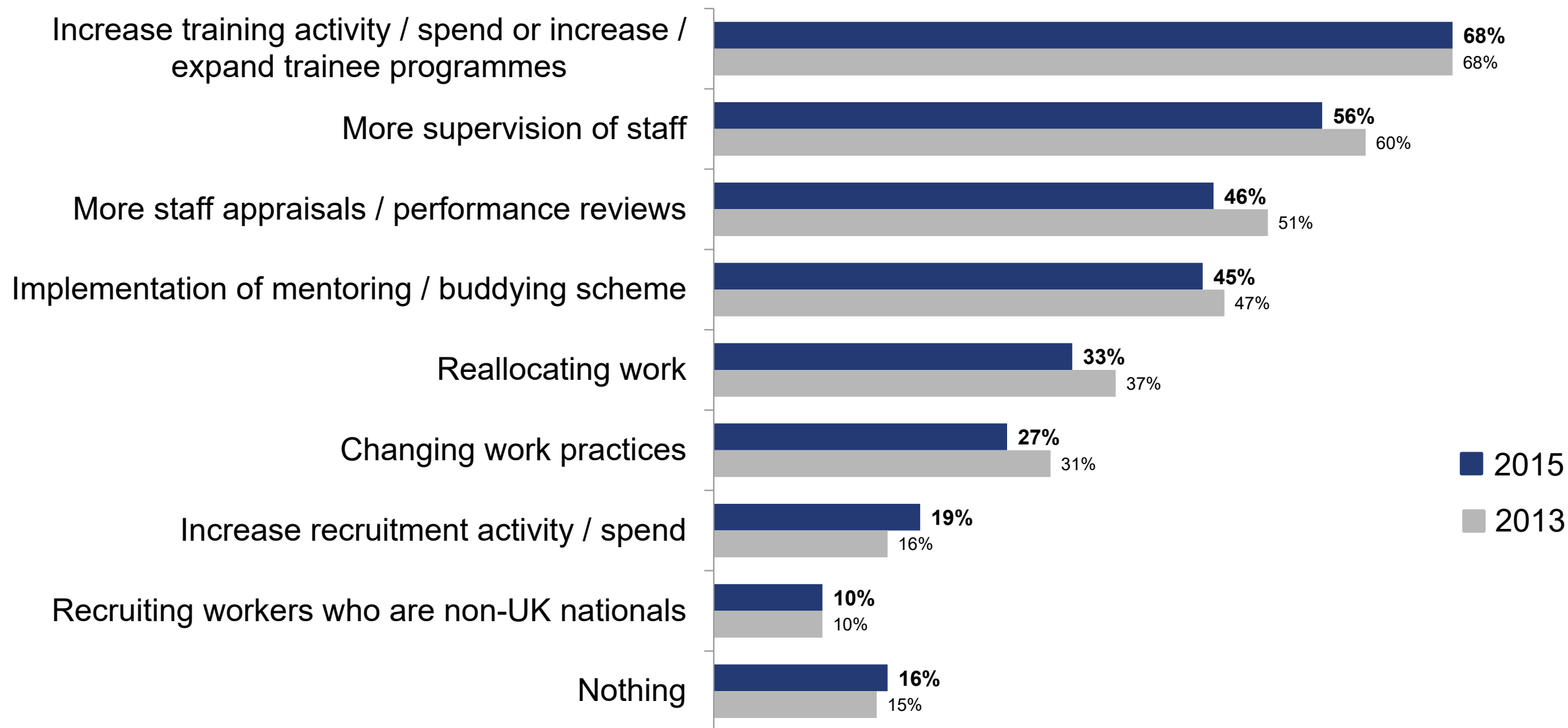
Base: All with skills gaps followed up with the new lists of skills descriptors (9,119)

# People and personal skills that need improving among staff with skills gaps



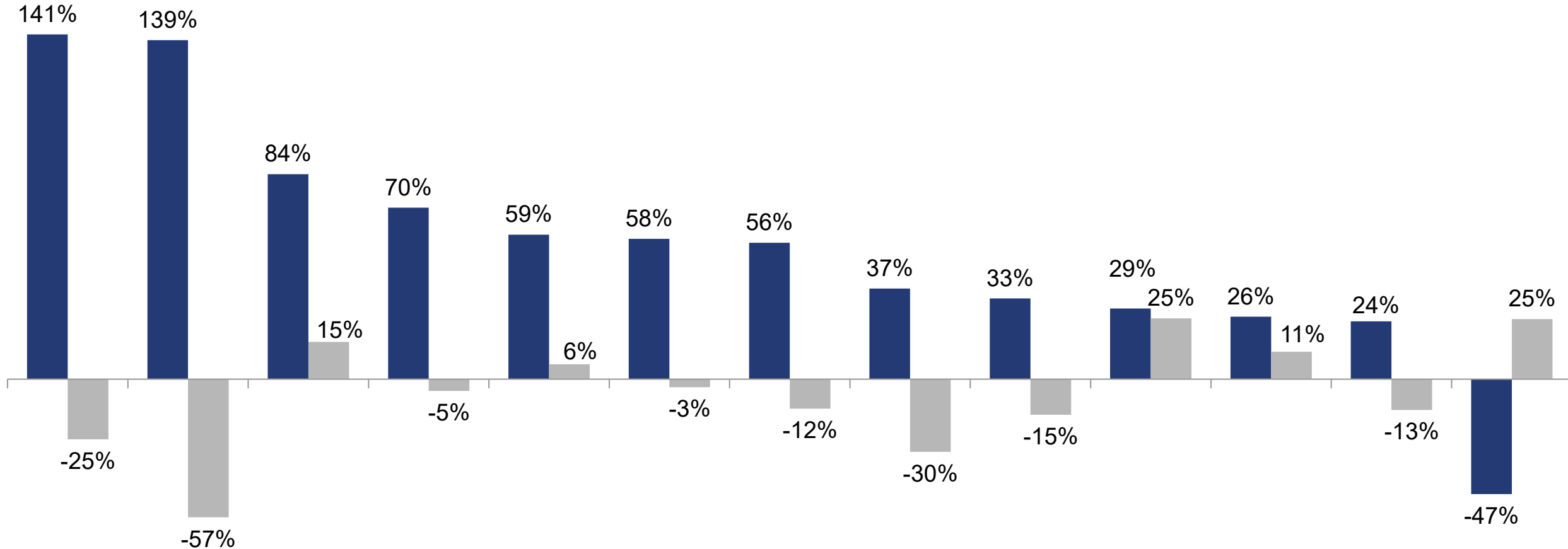
Base: All with skills gaps followed up with the new lists of skills descriptors (9,119)

# Action taken to overcome skills gaps



# Changes in density of SSVs and skills gaps over time

■ % Change in SSVs since 2013    ■ % Change in Skills Gaps since 2013



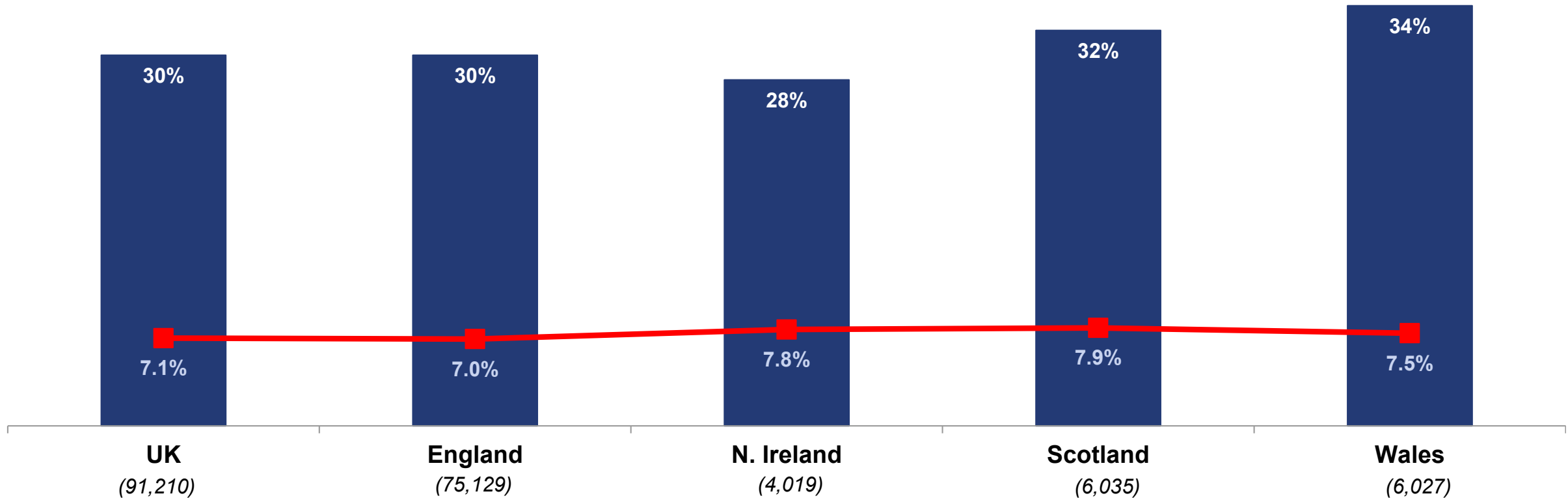
Sector	2013: (Establishments)	2015: (Establishments)
Construction	(7,202)	(7,474)
Financial Services	(2,330)	(2,549)
Transport & Comms	(6,890)	(8,936)
Wholesale & Retail	(17,287)	(16,126)
Education	(5,796)	(5,515)
Electricity, Gas & Water	(1,148)	(1,041)
Hotels & Restaurants	(8,888)	(8,920)
Agriculture	(3,407)	(3,632)
Health & Social Work	(8,460)	(8,556)
Manufacturing	(8,556)	(6,998)
Business Services	(14,011)	(13,143)
Arts & Other Services	(7,358)	(7,373)
Public Admin	(942)	(947)

Base: All establishments (as shown)

## Section 4: Under-utilisation

# Incidence and density of skills under-utilisation by country and size

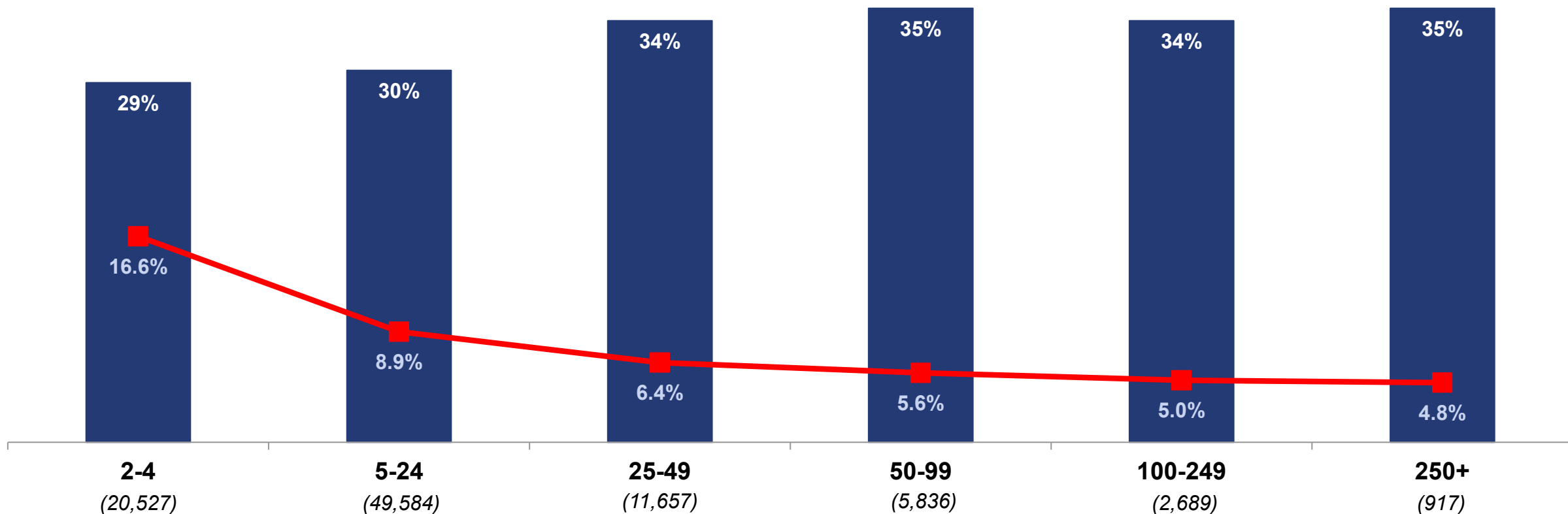
■ Incidence of under-utilisation    ■ Skills under-utilisation density



Base: All establishments (as shown)

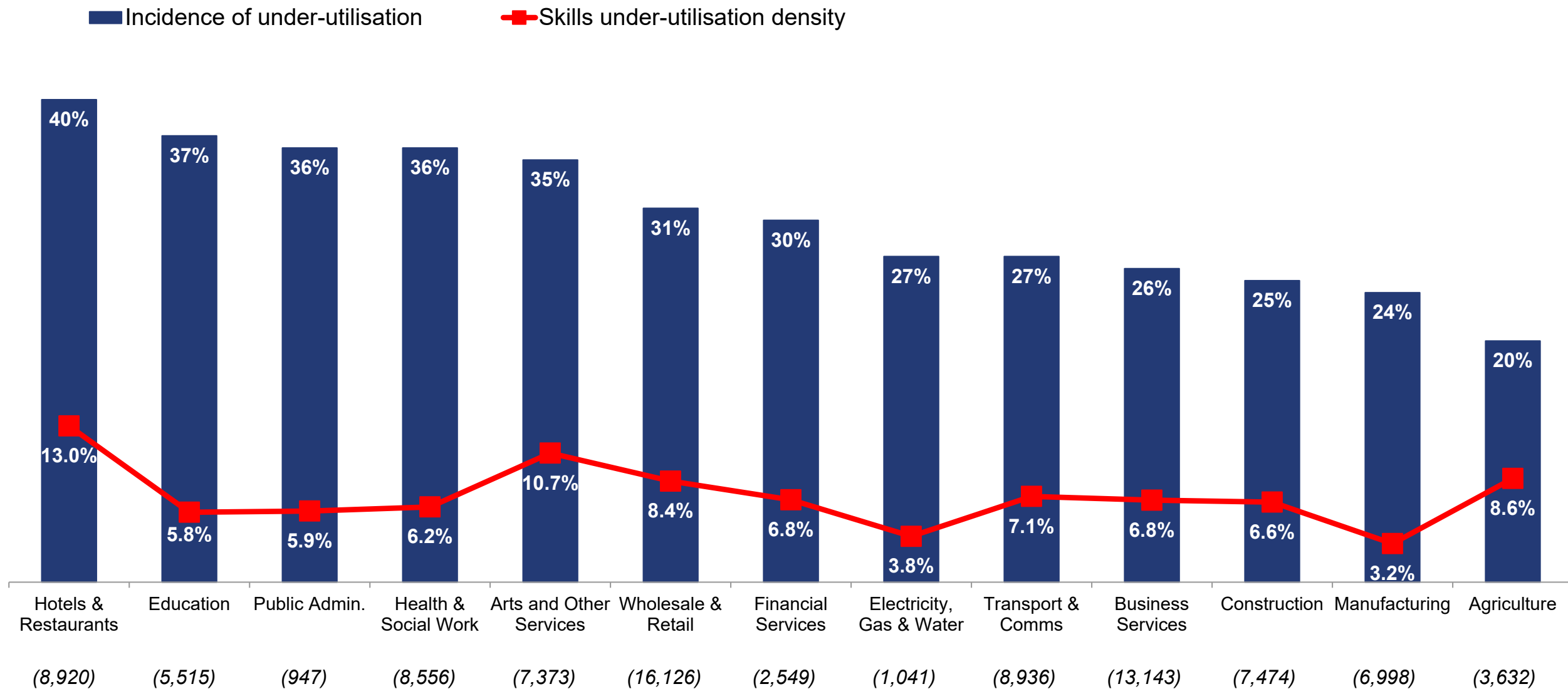
# Incidence and density of skills under-utilisation by establishment size

■ Incidence of under-utilisation    ■ Skills under-utilisation density



Base: All establishments (as shown)

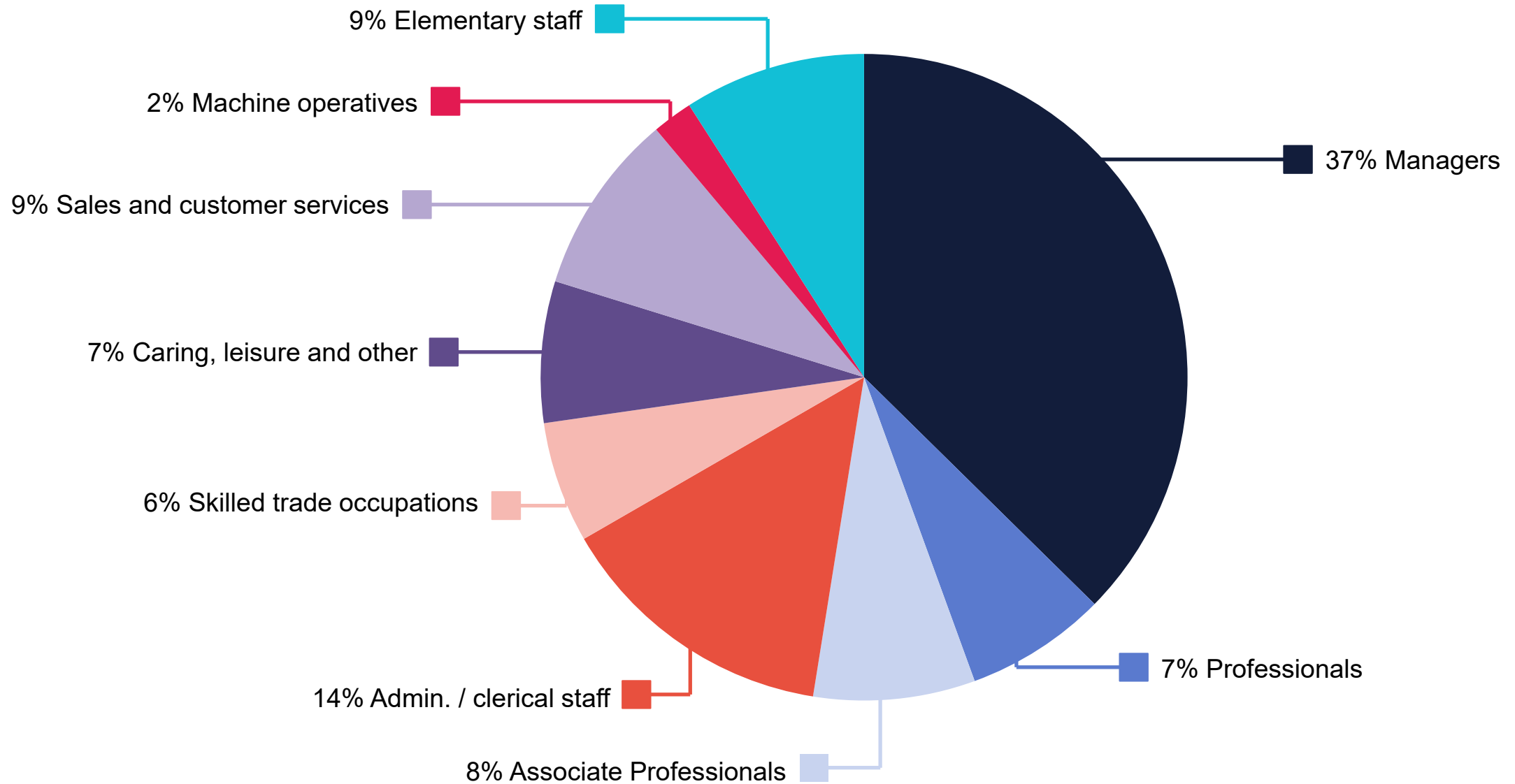
# Incidence and density of skills under-utilisation by sector



Base: All establishments (as shown)

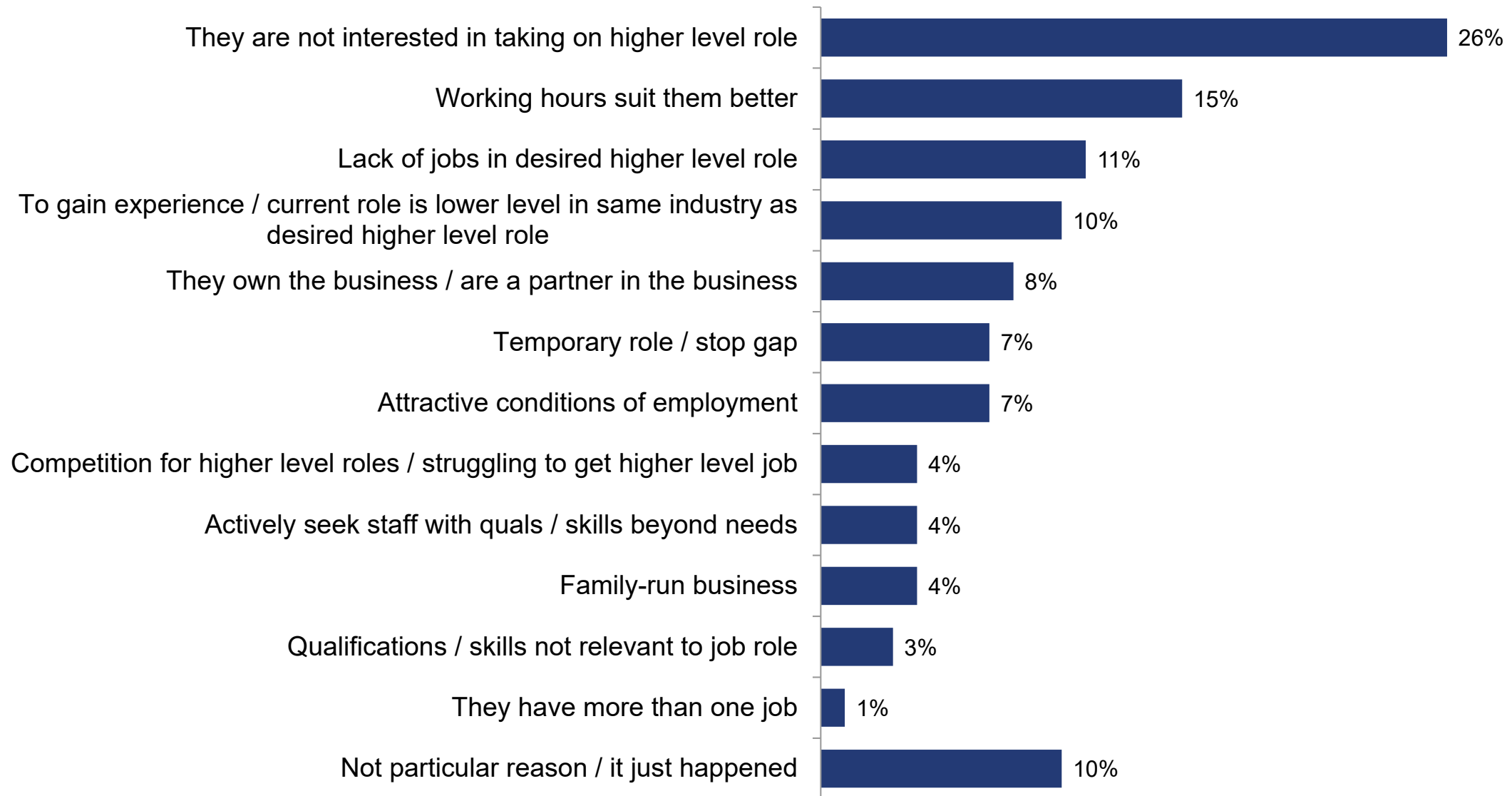


# Occupations where under-utilisation is most prevalent



Base: All establishments with under-utilised staff (28,159)

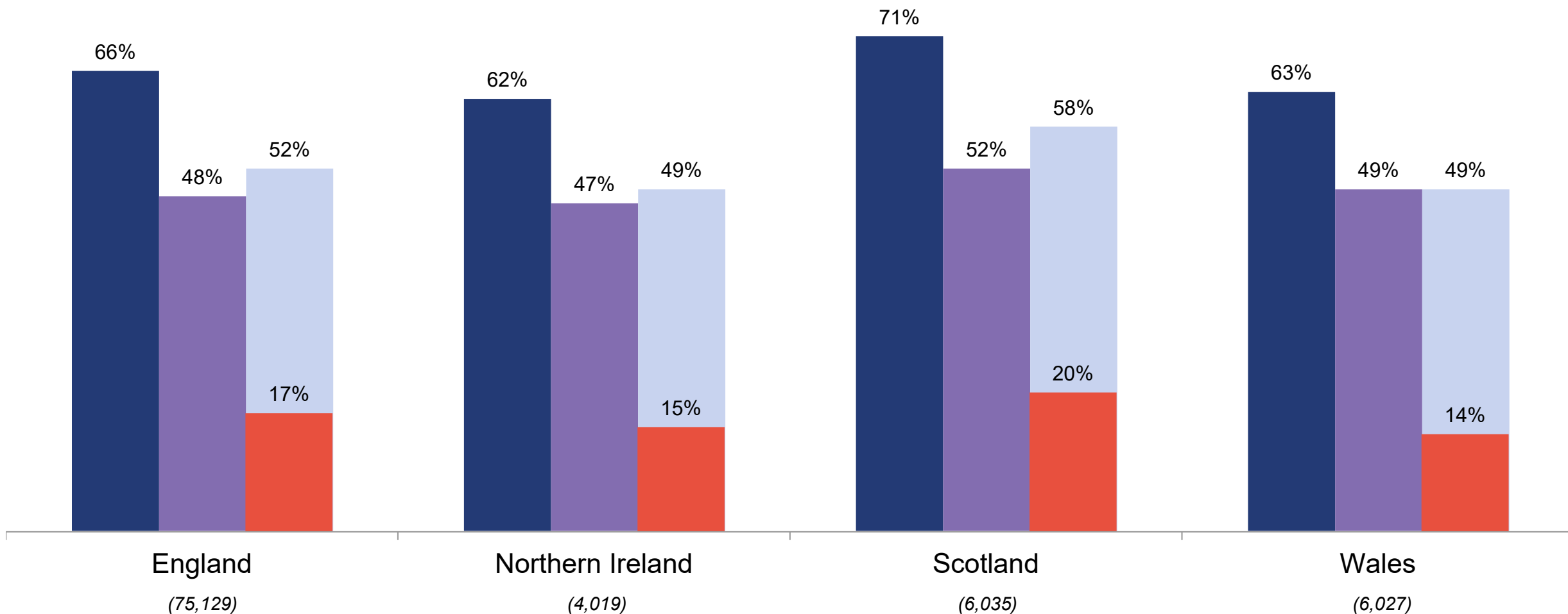
# Reasons why staff are working in roles for which they have excess qualifications and skills



## Section 5: Employer investment in training and skills

# Proportion of employers providing training in the last 12 months by country

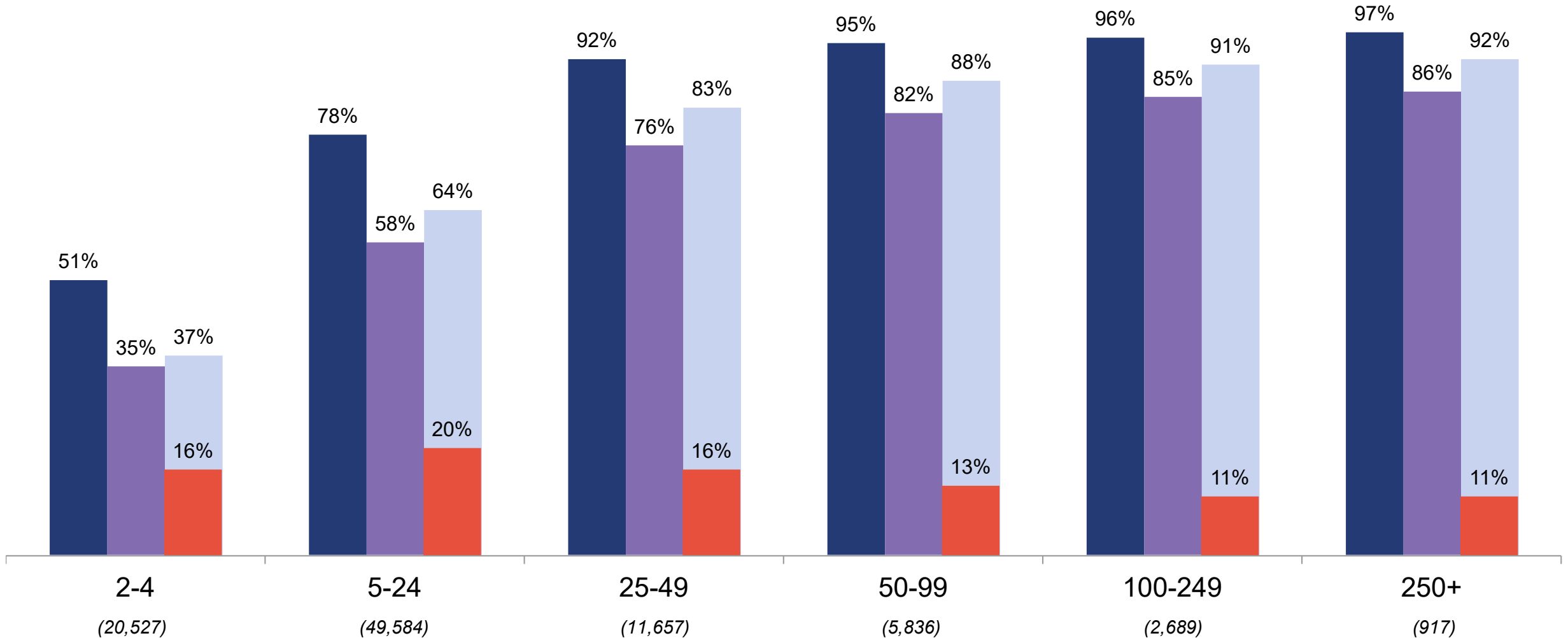
■ Train      ■ Train off-the-job      ■ Train on-the-job      ■ Train on-the-job only



Base: All establishments (as shown)

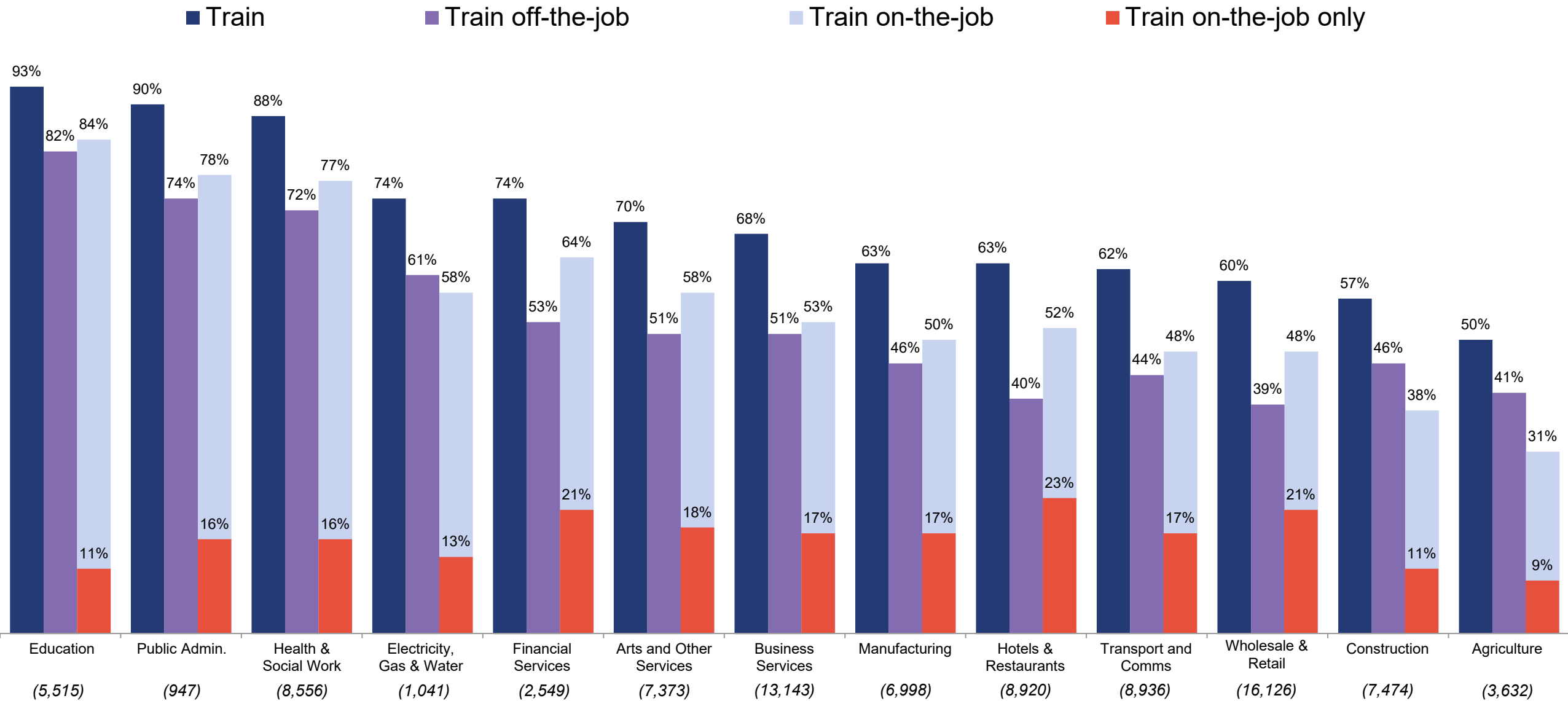
# Proportion of employers providing training in the last 12 months by size

■ Train      ■ Train off-the-job      ■ Train on-the-job      ■ Train on-the-job only



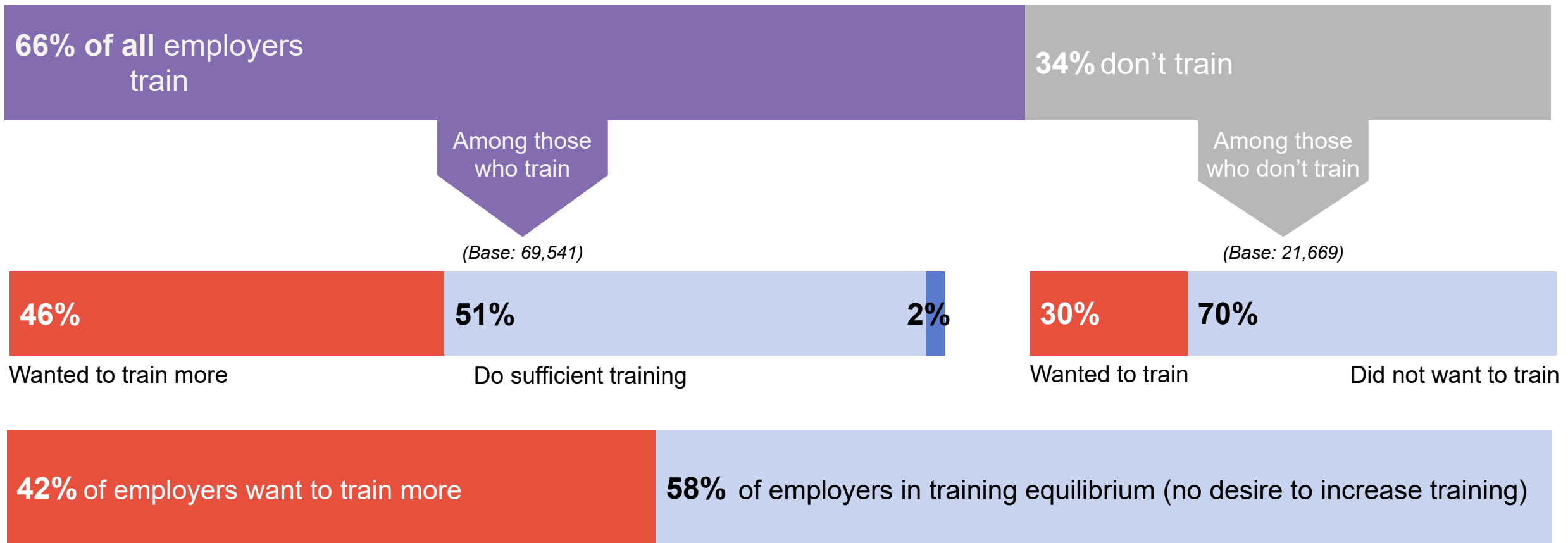
Base: All establishments (as shown)

# Proportion of employers providing training in the last 12 months by sector



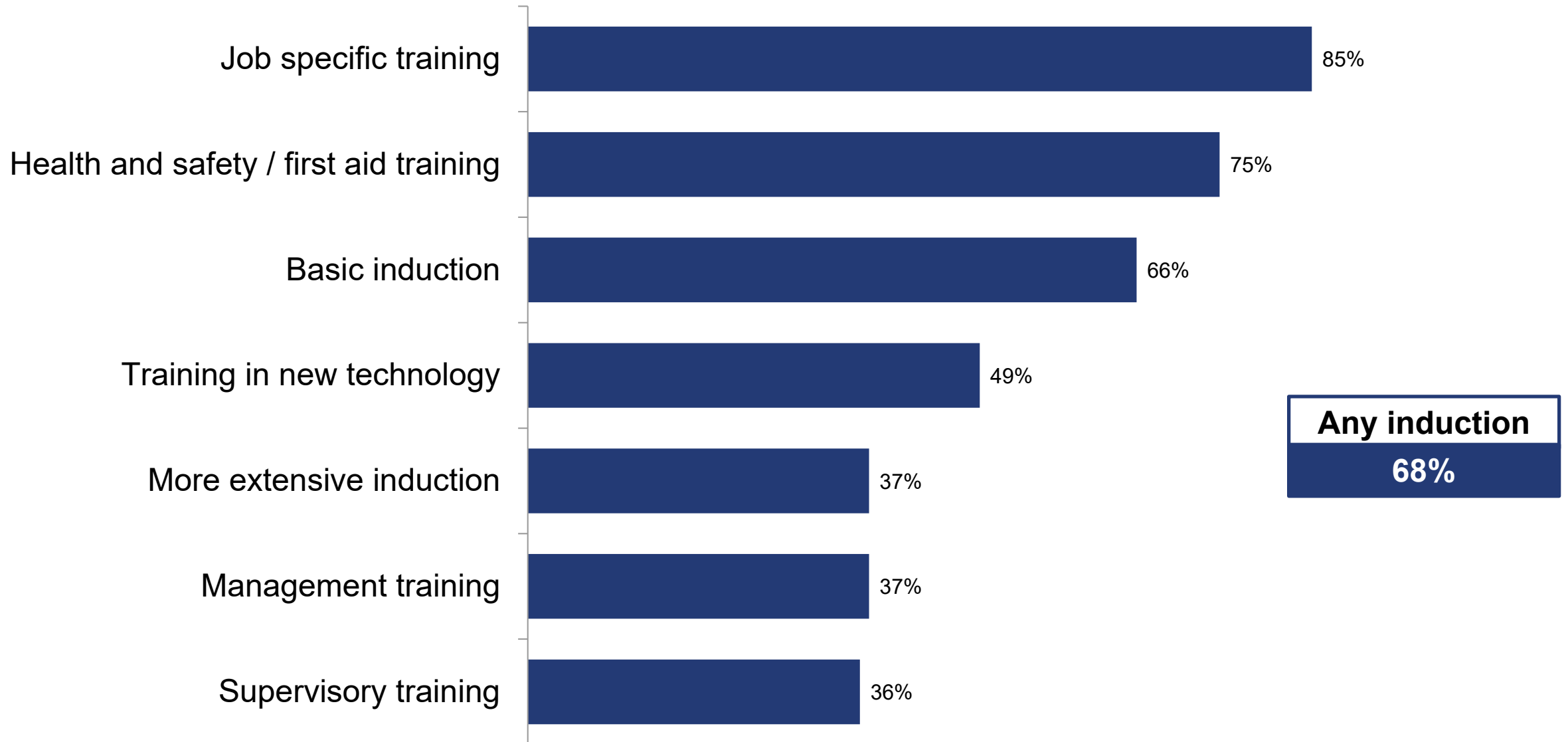
Base: All establishments (as shown)

# Training Equilibrium: employers' interest in providing more training than they were able to



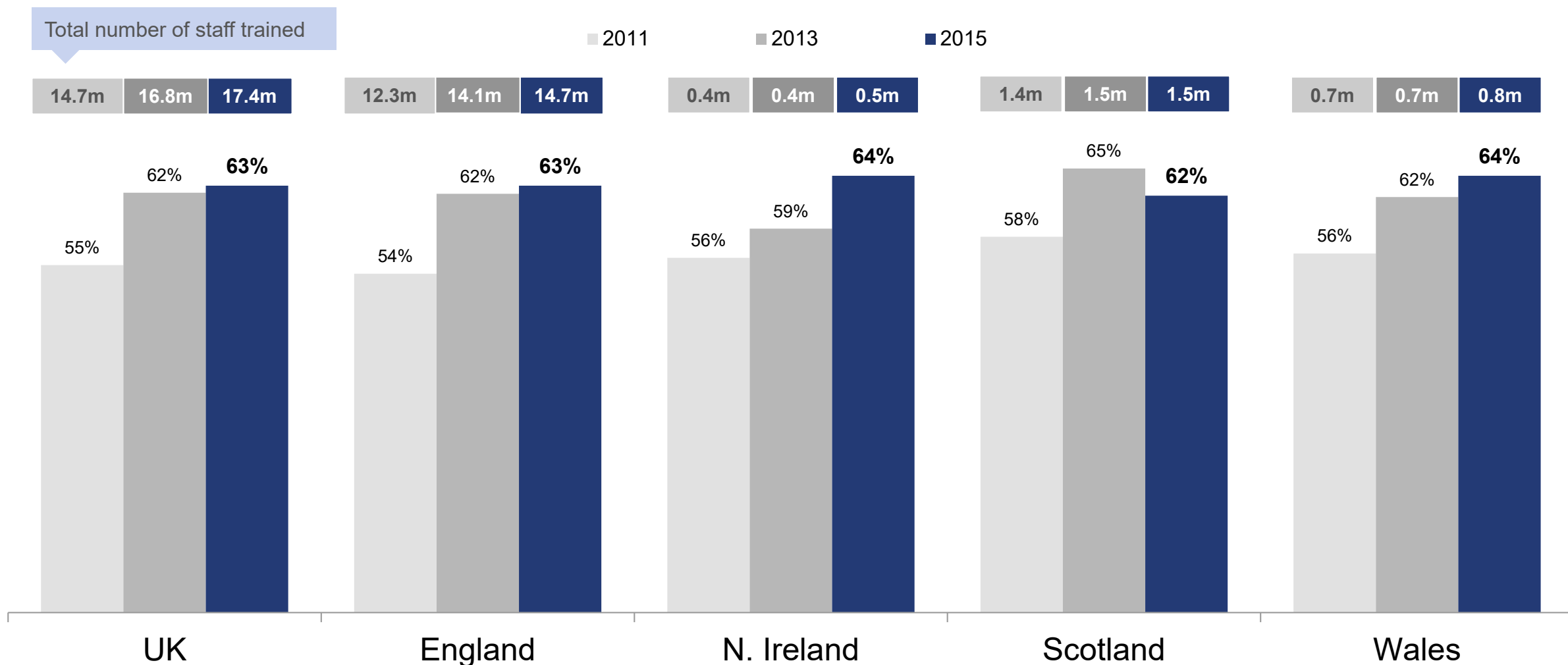
*\*Note training employers responding 'Don't know' have been included in the group 'Wanted to undertake more training' on final measure*

# Types of Training and Workforce Development provided





# Proportion of staff trained by country



2013: (91,279)  
2015: (91,210)

(72,255)  
(75,129)

(4,014)  
(4,019)

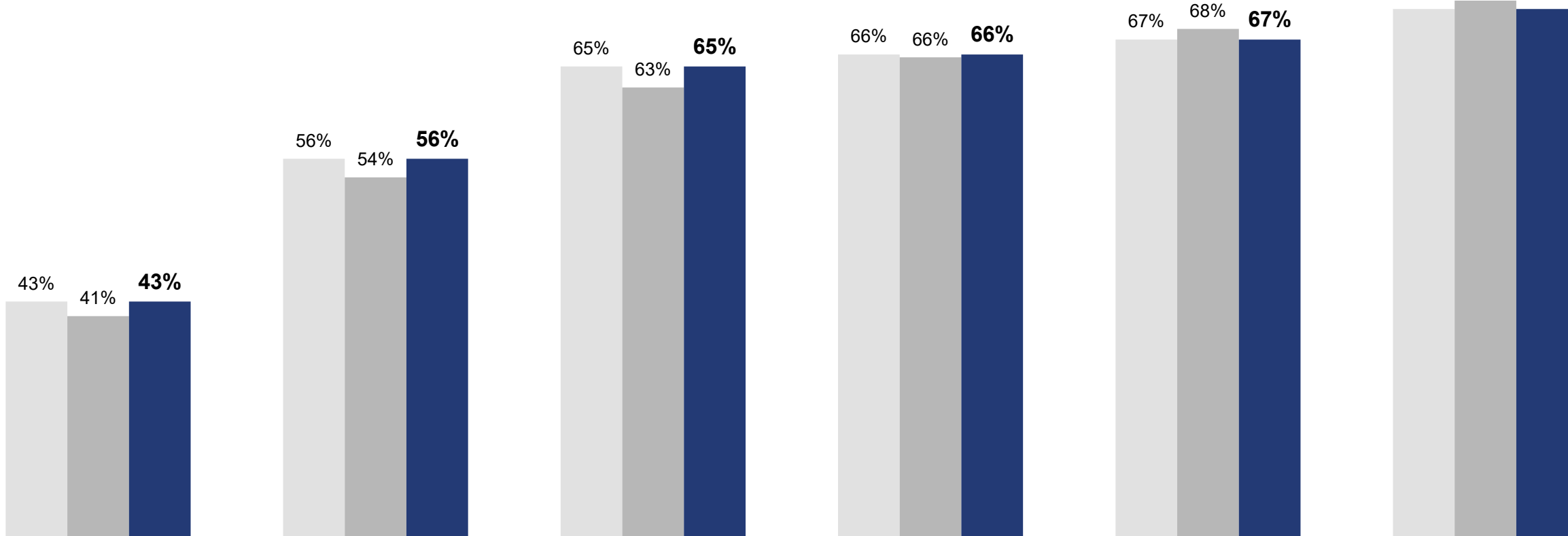
(6,014)  
(6,035)

(5,996)  
(6,027)

Base: All establishments (as shown)

# Proportion of staff trained by size

2011 2013 2015



2-4

5-24

25-49

50-99

100-249

250+

2011: (17,905)  
2013: (19,058)  
2015: (20,527)

(47,770)  
(51,565)  
(49,584)

(10,239)  
(10,947)  
(11,657)

(5,712)  
(5,584)  
(5,836)

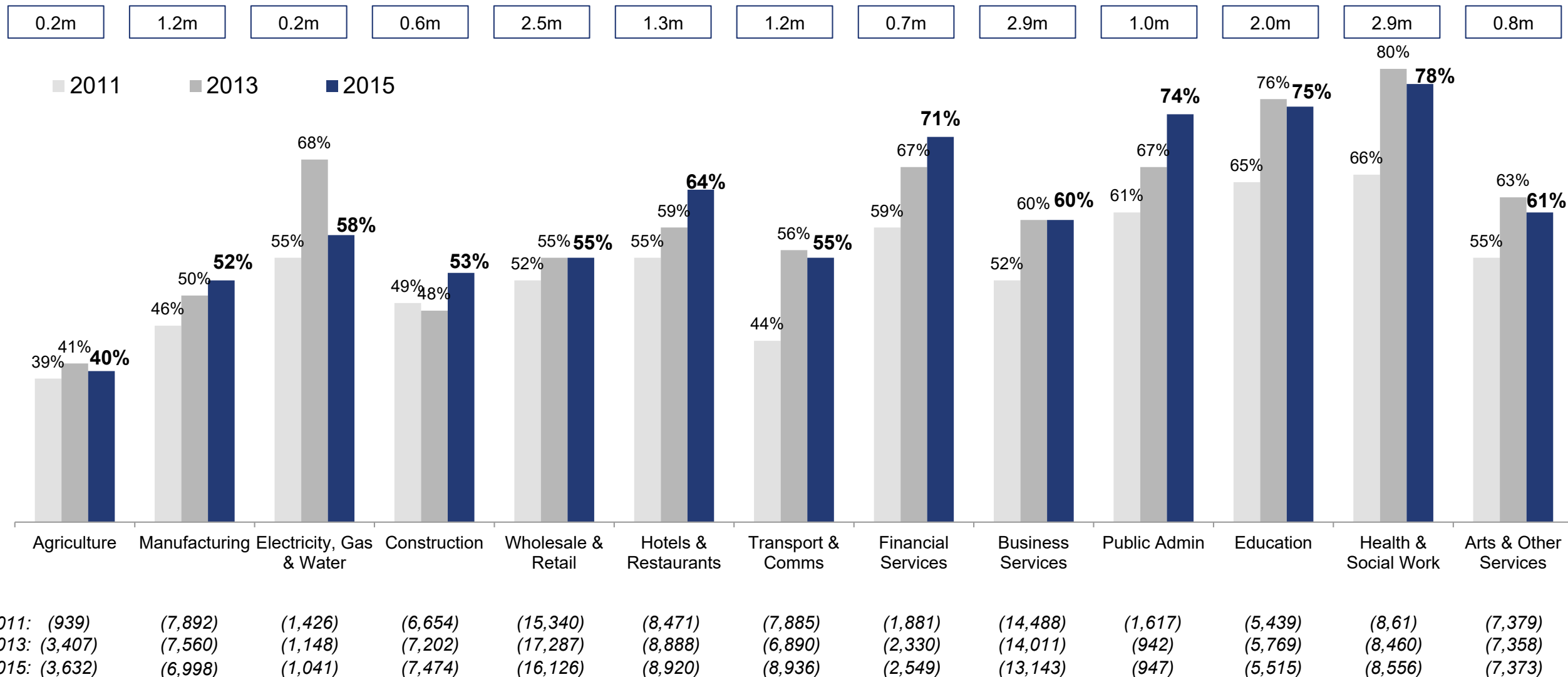
(3,270)  
(2,938)  
(2,689)

(1,626)  
(1,187)  
(917)

Base: All establishments (as shown)

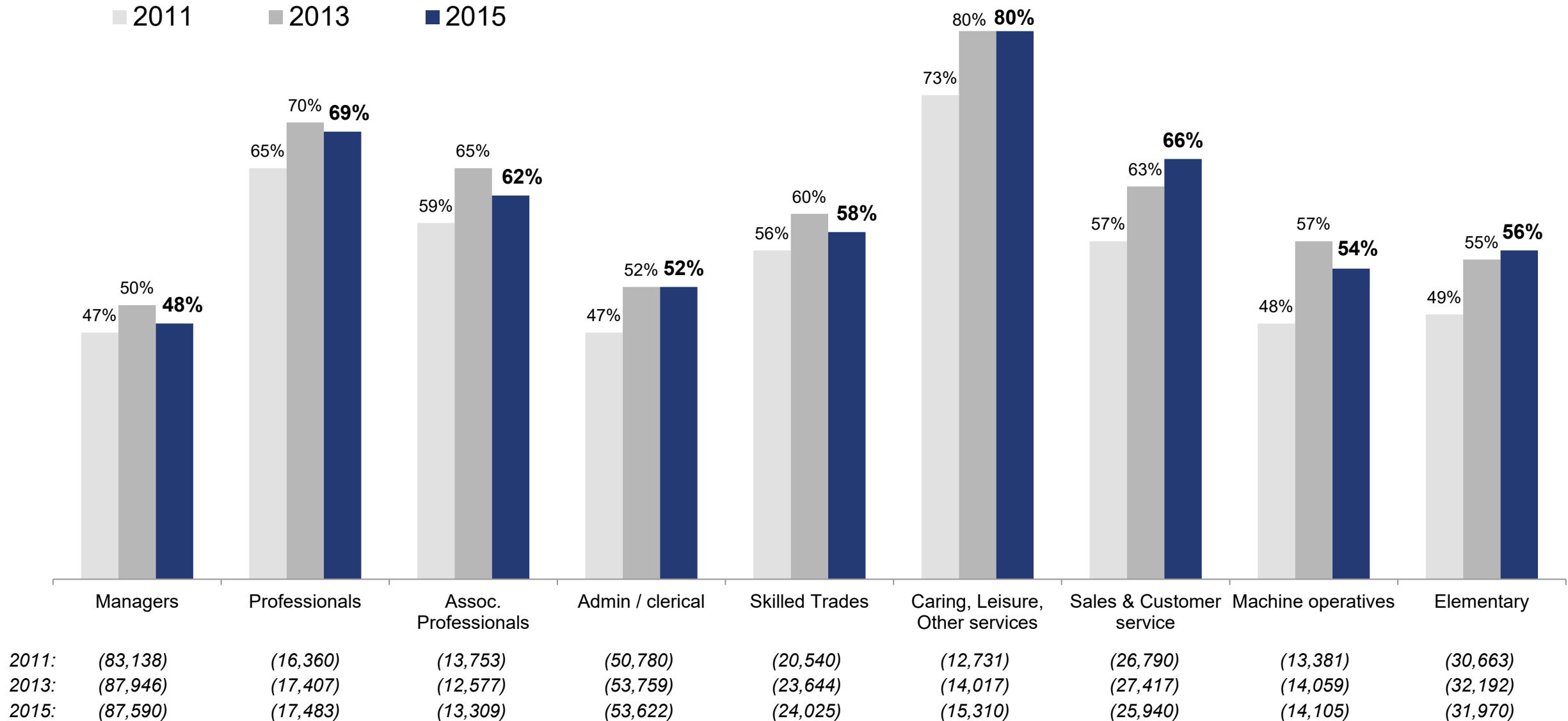
# Staff trained by sector

□ Total number of staff trained 2015



Base: All establishments (as shown)

# Proportion of staff trained by occupation



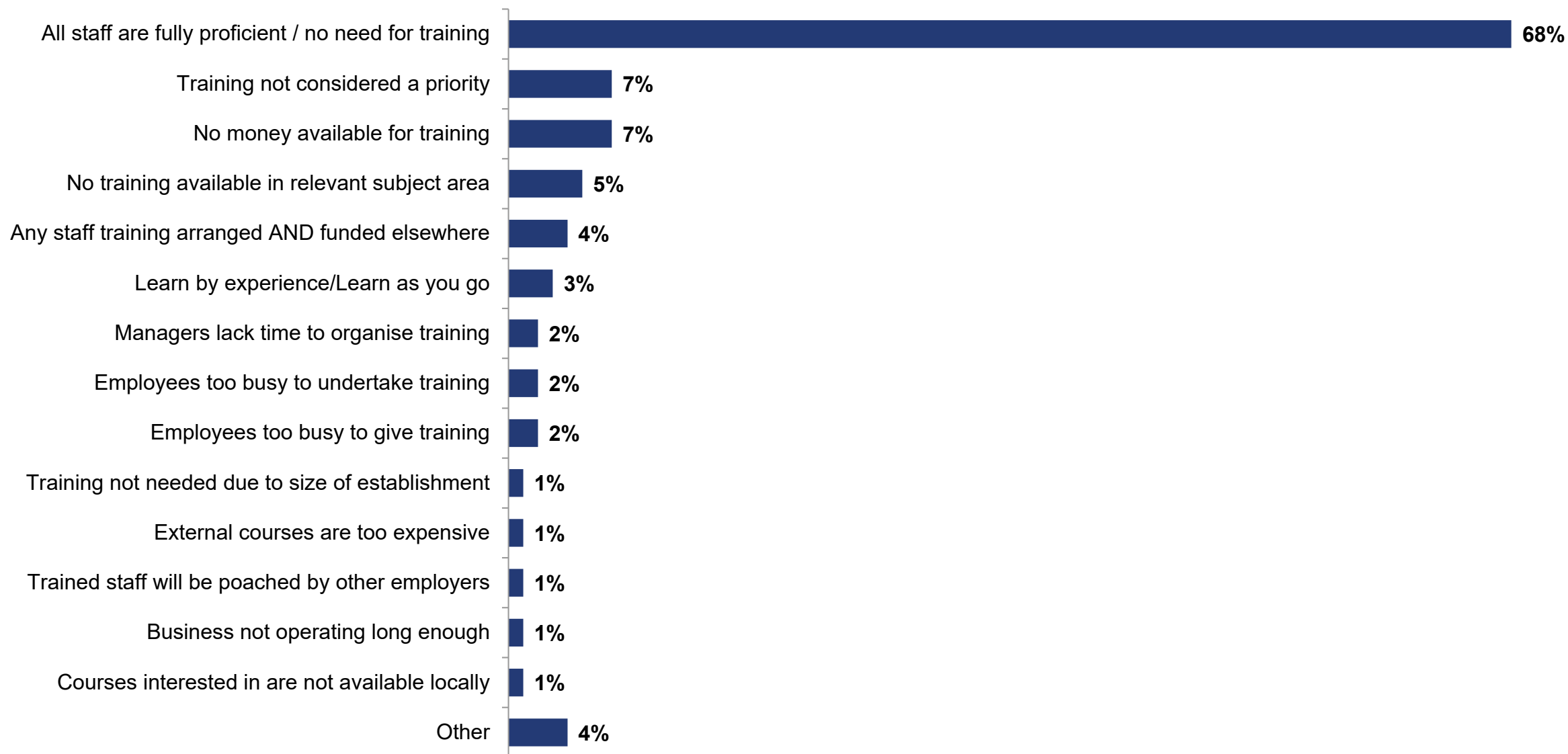
Base: All establishments with staff in each occupation (as shown)

# Training Days

	Days per person trained			Total training days			
	2011	2013	2015	2011	2013	2015	2015 as a % of 2013
UK	7.8 <i>(66,916)</i>	6.7 <i>(69,842)</i>	<b>6.8</b> <i>(69,541)</i>	115m	113m	<b>118m</b>	<b>+4.1%</b>
England	7.9 <i>(57,117)</i>	6.7 <i>(57,787)</i>	<b>6.8</b> <i>(57,422)</i>	97m	95m	<b>100m</b>	<b>+5.2%</b>
Northern Ireland	6.3 <i>(2,941)</i>	6.3 <i>(2,894)</i>	<b>5.6</b> <i>(2,869)</i>	3m	3m	<b>3m</b>	<b>-3.7%</b>
Scotland	7.3 <i>(2,177)</i>	6.7 <i>(4,884)</i>	<b>6.7</b> <i>(4,894)</i>	10m	10m	<b>10m</b>	<b>-1.5%</b>
Wales	7.5 <i>(4,681)</i>	7.7 <i>(4,277)</i>	<b>7.2</b> <i>(4,356)</i>	5m	6m	<b>5m</b>	<b>-2.3%</b>

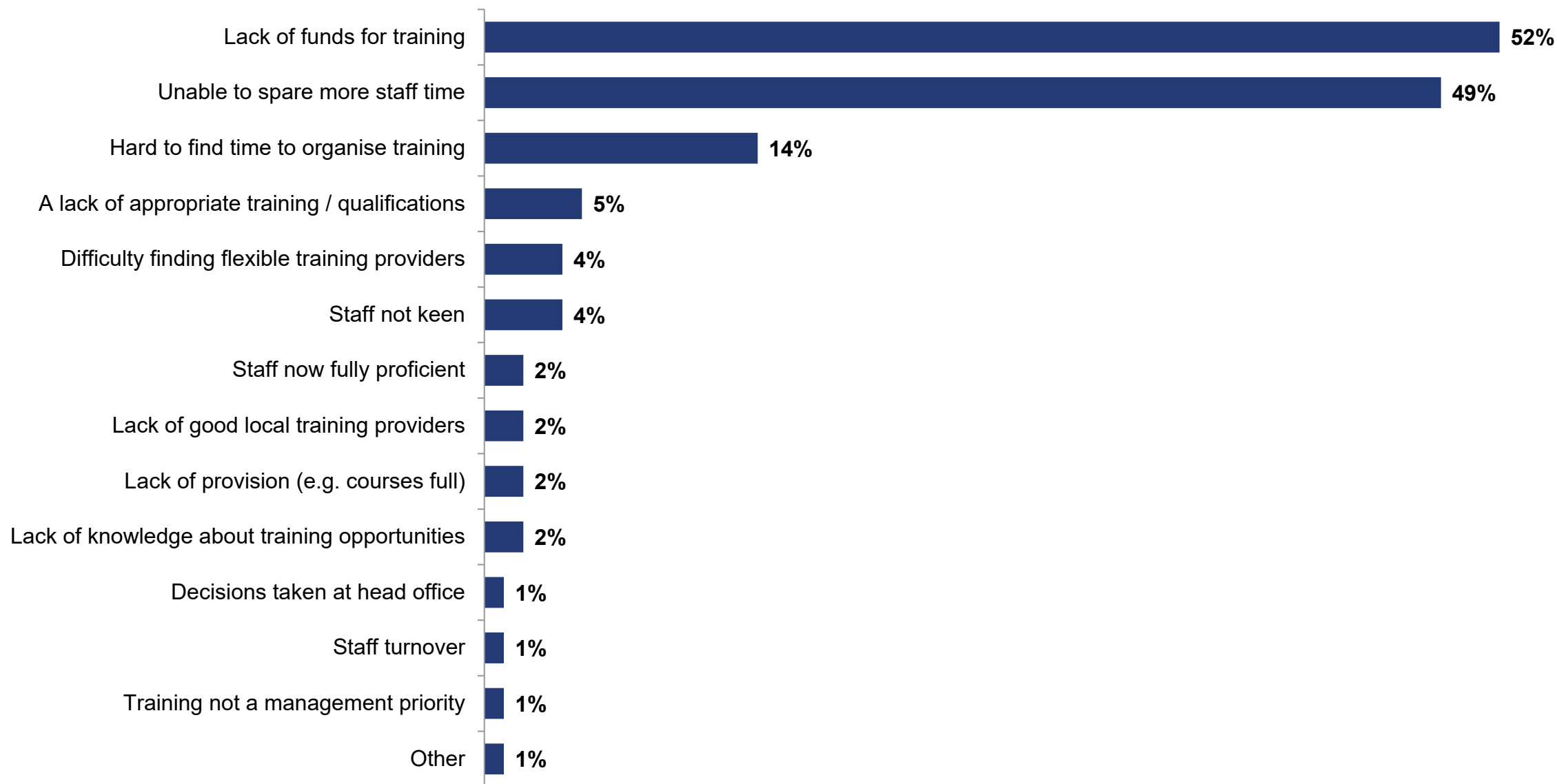
Base: All establishments (as shown)

# Reasons for not providing any training



Base: All establishments that do not provide training (excluding DK) (20,719)

# Reasons for not providing further training



Base : All establishments who would have provided more training in the past 12 months if they could (33,281)

# Training and Workforce Development - Summary

UK figures	2011	2013	2015
% of employers that train	65%	66%	<b>66%</b>
% of employers that train off-the-job	47%	49%	<b>49%</b>
% that <i>only</i> train on-the-job	19%	17%	<b>17%</b>
% of staff trained over the last 12 months	55%	62%	<b>63%</b>
Days training per person trained	7.8 days	6.7 days	<b>6.8 days</b>
Total training days provided	115m	113m	<b>118m</b>

Base (2011/2013/2015): All establishments (86,522 / 91,279 / 91,210)



# Investment in training

	2011		2013		2015	
<i>Unweighted Base:</i>	(11,027)		(12,522)		(12,614)	
	£bn	%	£bn	%	£bn	%
<b>Total training expenditure</b>	<b>£43.8bn</b>	<b>100</b>	<b>£43.0bn</b>	<b>100</b>	<b>£45.4bn</b>	<b>100</b>
<b>Off-the-job training: total</b>	<b>£21.1bn</b>	<b>48</b>	<b>£21.3bn</b>	<b>50</b>	<b>£22.9bn</b>	<b>50</b>
<b>Off-the-job training: Course-related: total</b>	<b>£17.6bn</b>	<b>40</b>	<b>£17.9bn</b>	<b>42</b>	<b>£19.7bn</b>	<b>43</b>
Trainee labour costs	£4.7bn	11	£5.2bn	12	£5.4bn	12
Fees to external providers	£2.7bn	6	£2.4bn	6	£2.2bn	5
On-site training centre	£2.9bn	7	£2.7bn	6	£3.0bn	7
Off-site training centre (in the same company)	£0.6bn	1	£0.5bn	1	£0.7bn	2
Training management	£6.1bn	14	£6.5bn	15	£7.7bn	17
Non-training centre equipment and materials	£0.4bn	1	£0.4bn	1	£0.4bn	1
Travel and subsistence	£0.4bn	1	£0.4bn	1	£0.4bn	1
Levies minus grants	-£0.3bn	-1	-£0.2bn	-*	-£0.2bn	-*
<b>Off-the-job training: other (seminars, workshops etc.): total</b>	<b>£3.5bn</b>	<b>8</b>	<b>£3.4bn</b>	<b>8</b>	<b>£3.2bn</b>	<b>7</b>
Trainee labour costs	£2.5bn	6	£2.5bn	6	£2.3bn	5
Fees to external providers	£1.0bn	2	£0.9bn	2	£0.8bn	2
<b>On-the-job training: Total</b>	<b>£22.7bn</b>	<b>52</b>	<b>£21.7bn</b>	<b>50</b>	<b>£22.6bn</b>	<b>50</b>
Trainee labour costs	£14.2bn	32	£14.0bn	33	£13.9bn	31
Trainers' labour costs	£8.6bn	20	£7.7bn	18	£8.7bn	19

Base: All establishments that train (Investment in Training follow up survey, as shown)

# Training expenditure by size

□ Total training expenditure (£bn)

43.8 43.0 **45.4**

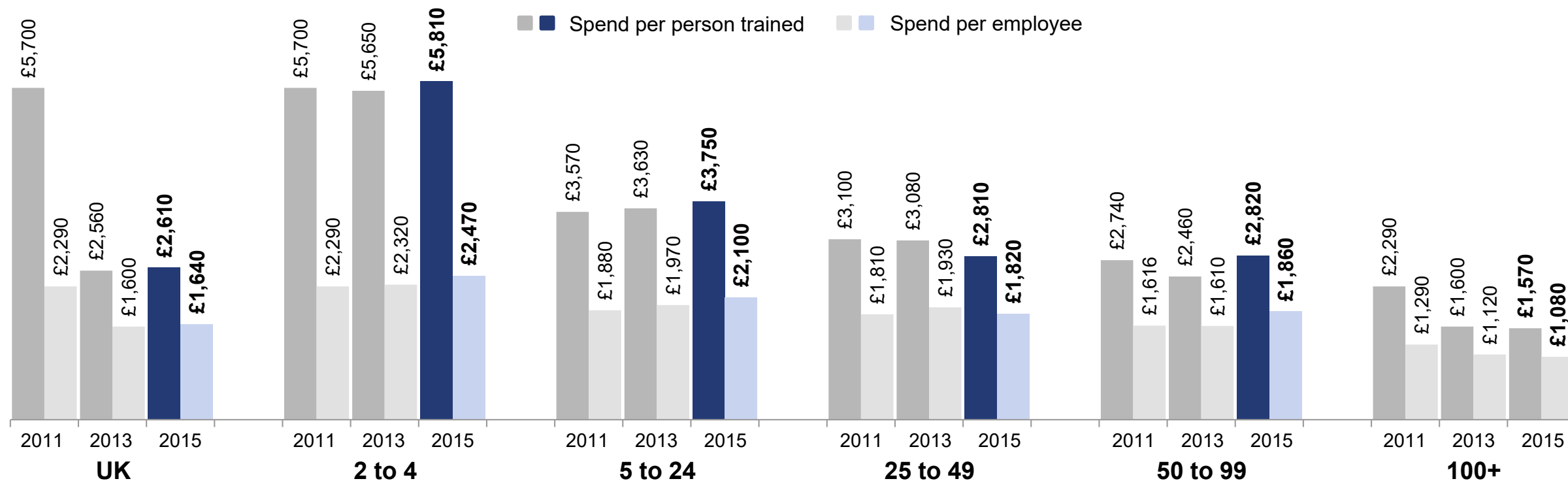
5.5 5.6 **5.9**

12.0 12.7 **14.1**

6.1 6.4 **6.3**

5.5 5.5 **6.5**

14.7 12.7 **12.7**

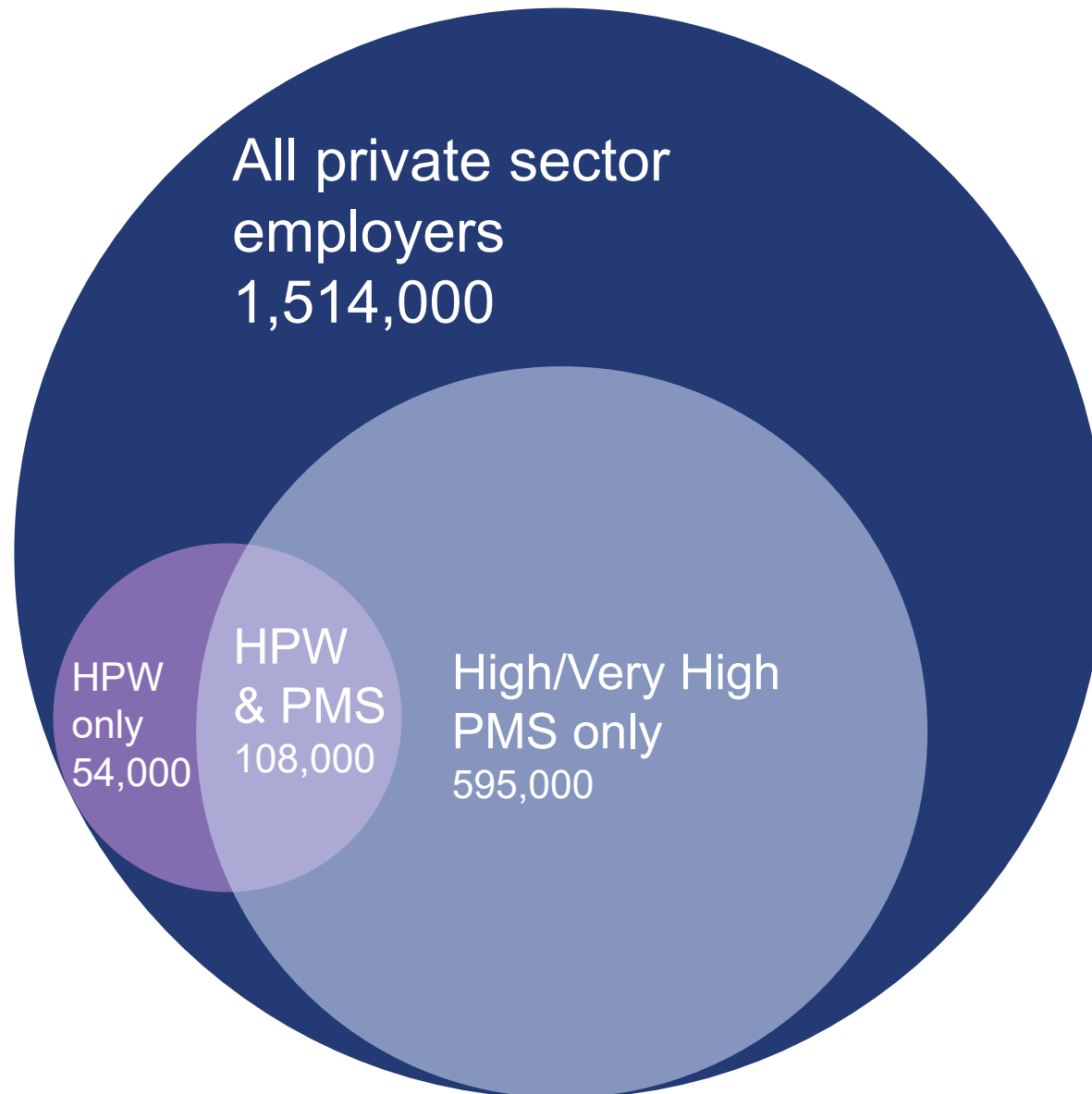


2011:	(11,027)	(1,774)	(6,542)	(1,452)	(708)	(551)
2013:	(12,522)	(2,317)	(6,953)	(1,722)	(928)	(602)
2015:	(12,614)	(1,963)	(7,661)	(1,779)	(782)	(429)

Base: All establishments that train (Investment in Training follow up survey; as shown)

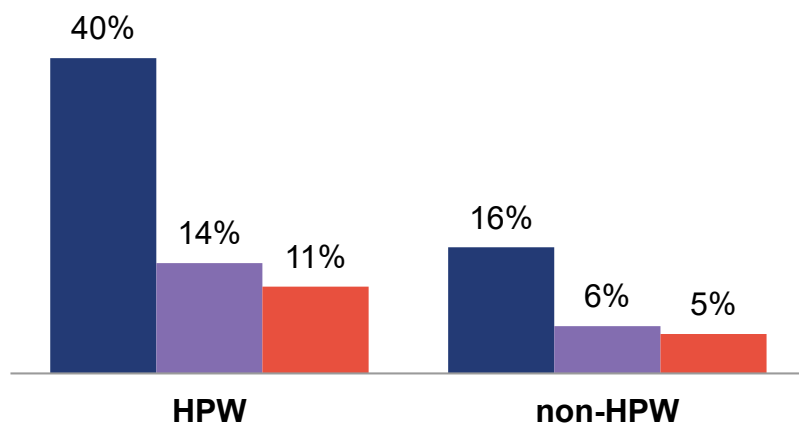
## Section 6: High Performance Working practices and Product Market Strategies

# Overlap between High Performance Working employers and those that adopt High/Very High Product Market Strategies

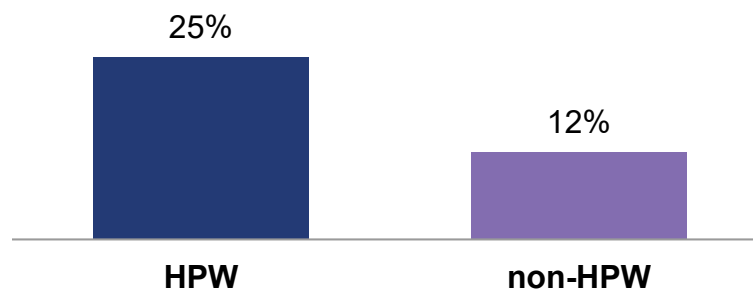


# Characteristics of HPW employers

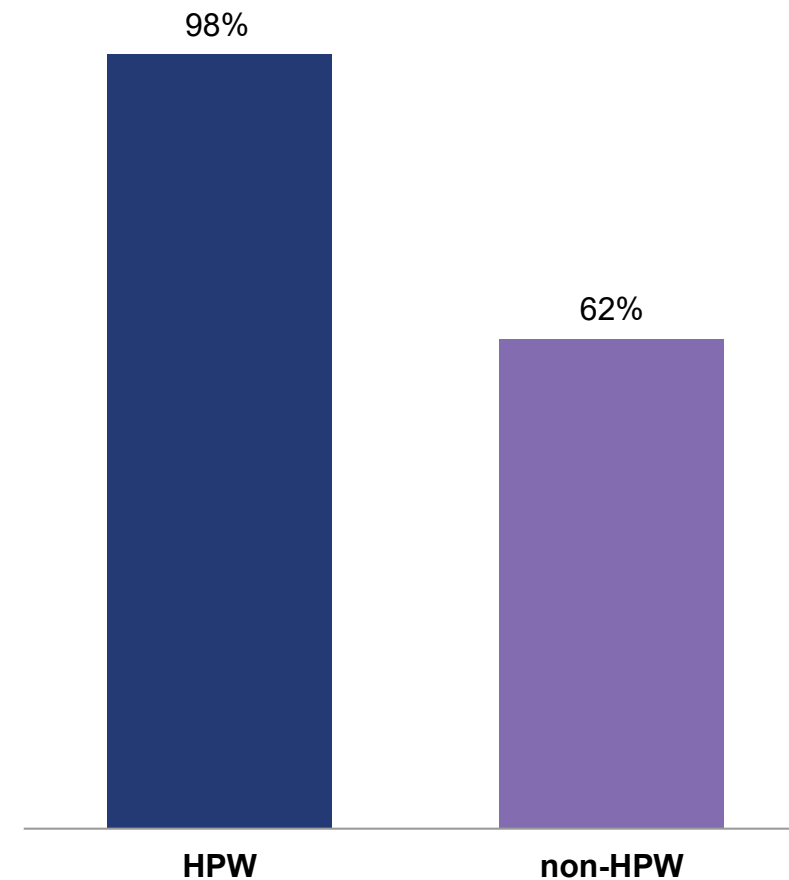
HPW employers are **more active in the recruitment market** and find it easier to fill their vacancies...



...yet are **more likely to have skills gaps** among their workforce...



...and are much **more likely to train** their staff...

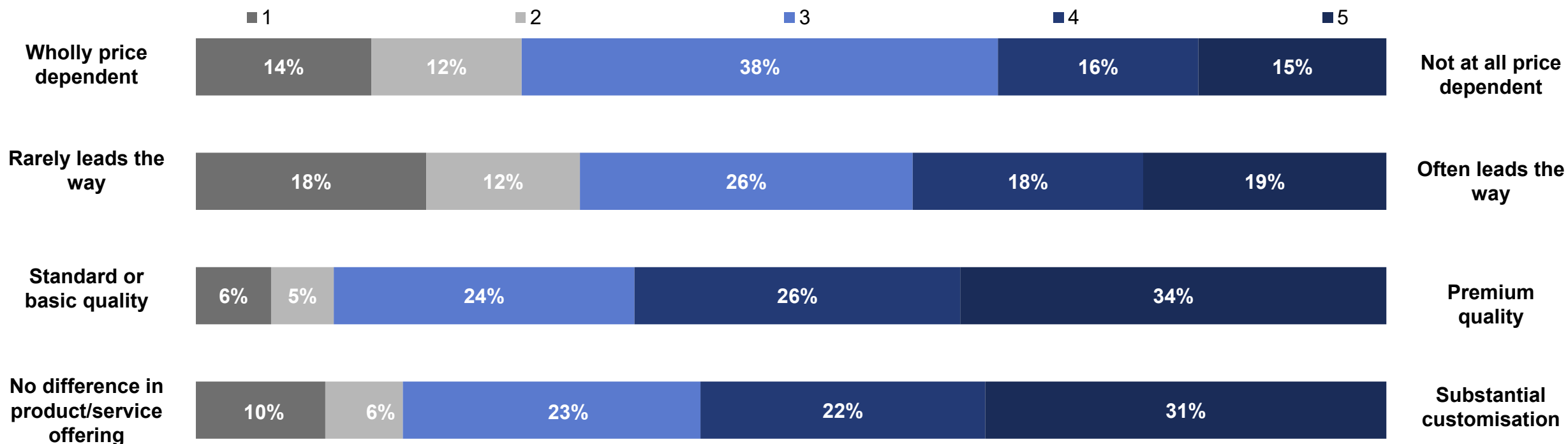


■ Have vacancies ■ Have HtFVs ■ Have SSVs

■ Have skills gaps

■ Train

# Product Market Strategy

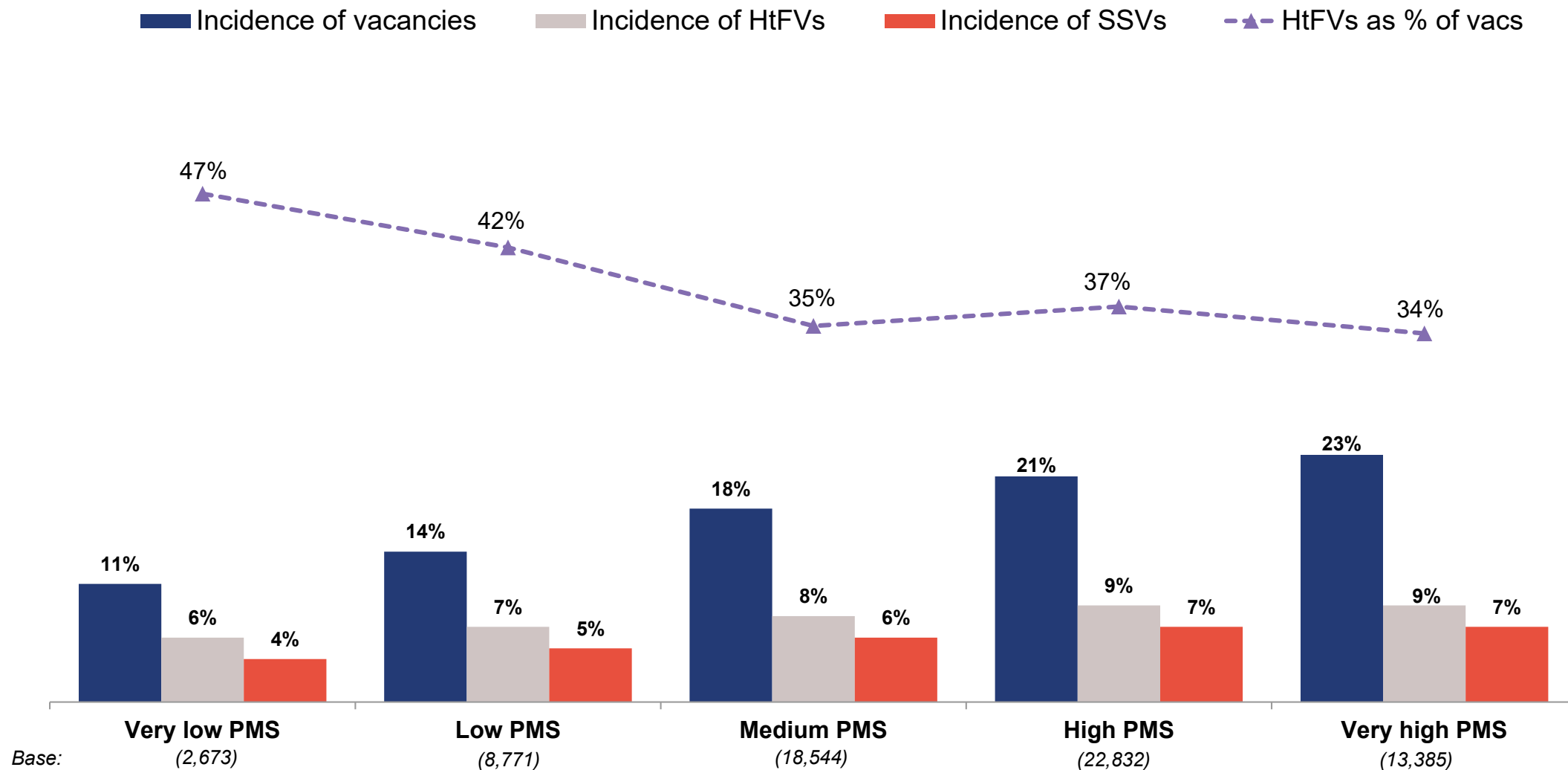


## Overall composite Product Market Strategy scores

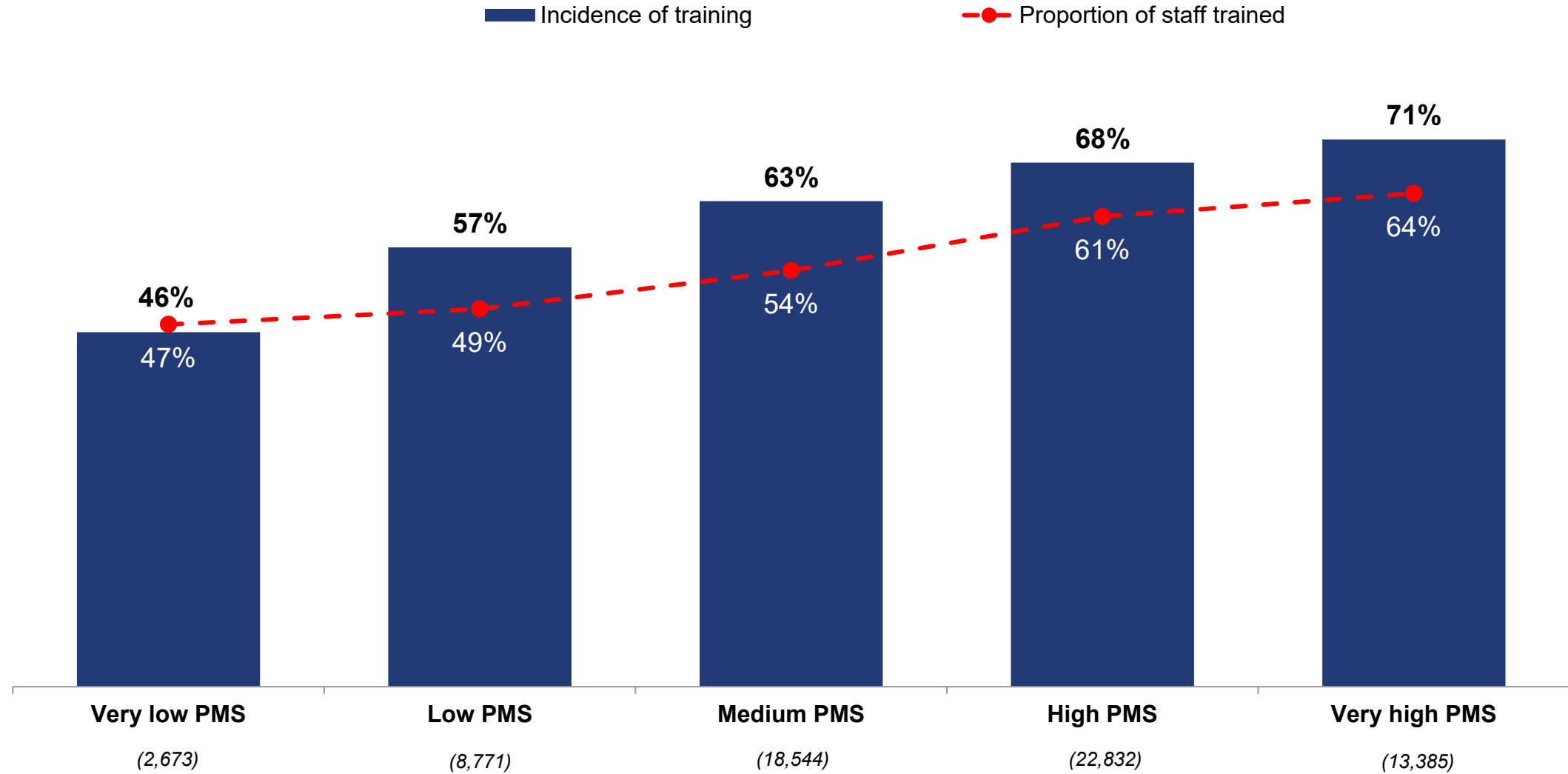
Aggregate PMS score	% of private sector UK establishments	% of private sector UK employment
Very low (1 to 7)	4	2
Low (8 to 10)	13	9
Medium (11 to 13)	25	22
High (14 to 16)	29	31
Very high (17 to 20)	16	22

Base: All establishments in the private sector (75,639)

# Characteristics of High PMS employers



# Characteristics of High PMS employers



Base:

Base: All establishments in the private sector, in each PMS group



# Section 7: Conclusions

# Developments in the UK economy and the changing nature of work

- The UK has witnessed job creation at a faster rate than any other EU country over the last 2 years. Reflecting this growth, there has been a **steep rise in vacancy levels** among employers - from 655,000 vacancies at the time of the survey in 2013 to 927,000 in 2015.
  - Approaching a quarter (23 per cent) of these vacancies were due to **applicants lacking the requisite skills**.
- However, this growth has been accompanied by stalling productivity levels - the number of **skills gaps among existing staff has remained relatively stable**, at 1.4 million employees (5.0% of the total workforce).
- The **nature of work** is evolving at a rapid rate - **new technology** is driving change in the workplace, with **complex analytical skills** and **basic IT skills** lacking in a number of applicants and existing staff.
- The survey also highlights the ongoing challenge of **soft, people and personal skills**, in particular **time management** and **prioritisation of tasks**. This points to the **growing complexity of job roles**, across all occupations, requiring individuals to juggle multiple strands of work and responsibility.
- Employers are responding through training, with **increased use of e-learning**, but there is clear demand for training that is geared more specifically to the requirements of an evolving workplace.

# Leadership and management

- Just over a third of training employers (37%) were **investing in the skills of their Managers** through the provision of management training.
- Businesses do not face particular difficulties in retaining management talent but it is the occupational grouping whose skills are **most likely to be under-used**.
- The survey provides a number of further indications that **improving management practice** should be a priority for UK business.
  - **Management and leadership type skills** (managing and motivating other staff, setting objectives/planning resources) accounted for **over half of all skills gaps** (58%) identified
- **Good leadership** could in particular serve to support growth among **small businesses**, where the presence of poor managerial practices is more common.
  - Only one in eight of all businesses with fewer than 5 employees had arranged management training in the last 12 months. There is clearly more work to be done to ensure that small businesses have the support they need improve their managerial practices.

# Skills for a productive workforce

- Two in five establishments with skill-shortage vacancies reported a **delay in developing new products or services** and 35% reported **difficulties in innovating working practices**.
  - These impacts were reported less frequently for **skills gaps** (though were still cited by 17% and 24% respectively of establishments with skills gaps), perhaps reflecting the occupations in which skill-shortage vacancies and skills gaps are most likely to arise.
- Skills that are required to drive forward innovation within businesses often appear to be lacking:
  - Two in five of all skill-shortage vacancies and skills gaps were attributed to individuals **lacking the ability to solve complex problems**. Within existing staff, this was particularly apparent for those in high-skill occupations, such as **Managers and Professionals**.
- Just over one in ten employers (12%) were operating **HPW practices** and identified a clear benefit associated with the adoption of HPW, in that these employers were **better able to fill their vacancies**.

# For more information contact UKCES Employer Surveys



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