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National Employers Skills Survey 2004: Key Findings

July 2005

Of interest to everyone involved in
improving skills and learning opportunities
in the workforce across England



The National Employers Skills Survey 2004 (NESS04) provides detailed information about the extent, causes, and implications of England's recruitment problems and skills gaps. It also measures employers' training activities.

The National Employers Skills Survey 2004 has been produced by the Learning and Skills Council (LSC) in partnership with the Department for Education and Skills (DfES) and Sector Skills Development Agency (SSDA).

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Of interest to everyone involved in improving skills and learning opportunities in the workforce across England

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Foreword



It is with great pleasure that I introduce the National Employers Skills Survey 2004.

In this current period of low unemployment, it becomes even more important to understand any gaps in our workforce and the types of skills that employers are still looking for. The National Employers Skills Survey (NESS) collects the issues faced by employers in terms of recruitment and sets out how these are being tackled, giving us a greater understanding of the economic impact of a shortage of people with the right skills.

NESS is the most comprehensive survey of its kind, involving over 27,000 interviews with employers of different sizes across different sectors and localities in England. It is produced by the Learning and Skills Council (LSC) in collaboration with the Department for Education and Skills (DfES) and the Sector Skills Development Agency (SSDA).

The resulting information provides an essential reference and planning document, outlining the current situation as employers see it and demonstrating the changes that are currently taking place in our workplaces. It provides a focus on what still needs to be done and plays a vital part in the prioritisation of the LSC's resources, informing the design and delivery of skills policy.

We would encourage other organisations to make use of this data. It can be accessed and analysed on our website (<http://researchtools.lsc.gov.uk>).

Building on the results of NESS 2003 as well as drawing comparisons with previous employer skills surveys, the data from NESS 2004 shows that employers' perceptions of training are beginning to change and skills gaps are starting to close. The number of companies providing training has increased, while the percentage of staff described as having gaps in their skills has decreased in comparison to 2003. We expect these trends to become clearer over future years and work on NESS 2005 is already under way.

Knowledge of the current situation helps us to develop education and skills policies that will transform the outcomes for individuals and employers to achieve their full potential and for our economy to grow. The NESS 2004 results help the LSC to build this picture and, in the context of other research and reports, enable us to understand what needs to be done to make England better skilled and more competitive.

Christopher N Banks CBE

Chairman, Learning and Skills Council

Introduction

The National Employers Skills Survey 2004 (NESS 2004) was commissioned by the Learning and Skills Council (LSC), the Department for Education and Skills (DfES) and the Sector Skills Development Agency (SSDA) to provide definitive, up-to-date information on skills and workforce development issues facing employers in England to serve as a common basis to develop policy and assess the impact of skills initiatives.

Interviews were undertaken with 27,000 employers. This represents by far and away the largest and most comprehensive source of information on current skills issues affecting employers in England. It also enables an assessment of how skills issues are changing over time, and throughout this report comparisons are made with results from major employer surveys carried out in 1999, 2001 and 2003, details of which are appended (Annex B).

The importance of this research to policymakers charged with raising the country's skill levels lies not just with its scale and comprehensiveness, but also in the following:

- It is a key source of labour market information on skill-shortage vacancies, skills gaps and workforce development activity, and is a crucial part of the evidence to inform skills policy.
- The partnership approach developed by the LSC, DfES and SSDA 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 overarching survey with widely accepted terminology and definitions.

- For the first time, the survey has been sampled by sector skills councils (SSCs). The SSCs have been charged with leading the skills and productivity drive in business sectors recognised by employers. It should be noted that SSCs vary greatly in the extent to which their footprints correspond with sectors as defined within the Standard Industrial Classification. In most instances, the Standard Industrial Classification definition closely matches that of the SSC; in others, elements of the workforce are excluded. The SSC sectors are detailed in Annex A of this report, which contains a detailed analysis of the fit between Standard Industrial Classification definition and SSC footprint for each sector.
- The survey, in reporting regionally and by SSC sectors, can inform:
 - i. Regional Strategic Plans being drawn up by regional partners to identify priority areas
 - ii. the Sector Skills Agreements being developed by the SSCs to identify sector priorities and to influence the supply of learning and training to meet employer needs
 - iii. local LSC plans
 - iv. at a national level, policy papers such as the recent 14 to 19 Education and Skills White Paper.

The scope of the survey

The survey included employers across all sectors of business activity in England. Reflecting the need for information at regional and local levels, 'employers' were defined as establishments rather than enterprises.

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

The structure of the report

This document highlights key findings from the National Employer Skills Survey 2004 (NESS 2004). Further, more detailed descriptions of the findings are to be found in the full report, National Employer Skills Survey 2004: Main Report. To allow readers to easily locate more detailed findings, this document follows the structure of the main report. Thus, Section 3 details key findings in respect of skills shortages and other recruitment difficulties; Section 4 focuses on skills gaps within the existing workforce; and Section 5 on training and workforce development.

Headline Findings

The key headline findings from NESS 2004 are listed in Table 1, with comparisons provided for 2001 and 2003. The findings are discussed in detail throughout this report, but are presented without comment here to provide the reader with an overview of the main results.

Table 1: NESS 2004 headline findings with 2001 and 2003 comparisons

| Vacancies and recruitment problems | ESS 2001 | NESS 2003 | NESS 2004 |
|------------------------------------------------------------------------------------|----------------|-----------|-----------|
| % of establishments with any vacancies | 14% | 17% | 18% |
| % of establishments with any hard-to-fill vacancies | 8% | 8% | 8% |
| % with unprompted skill-shortage vacancies (SSVs) ¹ | 4% | 4% | 4% |
| % of all vacancies which are unprompted SSVs | 21% | 20% | 17% |
| Number of unprompted SSVs per 1,000 employees | 8 | 6 | 5 |
| % with unprompted or prompted SSVs | n/a | n/a | 6% |
| % of all vacancies which are unprompted or prompted SSVs | n/a | n/a | 24% |
| Number of unprompted or prompted SSVs per 1,000 employees | n/a | n/a | 7 |
| Skills gaps | | | |
| % of establishments with any staff not fully proficient | 23% | 22% | 20% |
| Number of staff not fully proficient as a % of employment | 9% | 11% | 7% |
| Training² | | | |
| % of establishments training staff over the last 12 months | n/a | 59% | 64% |
| % of establishments providing off-the-job training in last 12 months | 35% | n/a | 47% |
| Number of staff receiving training over last 12 months as a % of current workforce | n/a | 53% | 61% |
| % of employers with a training plan | Not comparable | 39% | 44% |
| % of employers with a budget for training | Not comparable | 31% | 34% |

Notes: ¹ Unprompted skill-shortage vacancies (SSVs) refer to those where employers, when asked the causes of their hard-to-fill vacancies, spontaneously mention recruits lacking the experience, skills or qualifications that they require. In 2004 respondents not mentioning one of these three reasons were also prompted with these as possible causes. Hence for 2004 we report 'unprompted SSVs' (for which comparisons can be made with 2001 and 2003) and also the broader 'unprompted or prompted SSVs'.

² The way questions on training were asked was changed in 2004 compared with 2003, and hence strict comparisons between the 2004 and earlier surveys cannot be made. NESS 2004 asked employers separately whether over the last 12 months they had provided either on-the-job training or off-the-job training (or both). NESS 2003 did not make this distinction and just asked whether 'over the past 12 months, has this establishment funded or arranged any training and development for staff employed at this location?'

Recruitment Problems

Table 2: Vacancies and recruitment problems 2001–2004

| Vacancies and recruitment problems | ESS 2001 | NESS 2003 | NESS 2004 |
|-----------------------------------------------------------|----------|-----------|-----------|
| % of establishments with any vacancies | 14% | 17% | 18% |
| % of establishments with any HtFVs | 8% | 8% | 8% |
| % with unprompted SSVs | 4% | 4% | 4% |
| % of all vacancies which are unprompted SSVs | 21% | 20% | 17% |
| Number of unprompted SSVs per 1,000 employees | 8 | 6 | 5 |
| % with unprompted or prompted SSVs | n/a | n/a | 6% |
| % of all vacancies which are unprompted or prompted SSVs | n/a | n/a | 24% |
| Number of unprompted or prompted SSVs per 1,000 employees | n/a | n/a | 7 |

Incidence and extent of recruitment problems

At the time of interview 8 per cent of establishments reported having any hard-to-fill vacancies (HtFVs), and half of these (4 per cent of all establishments) spontaneously cited skill shortages among applicants (applicants not having the required skills, experience or qualifications) as at least part of the reason why these vacancies were proving hard to fill. Once prompted, a total of 6 per cent of establishments reported any skill-shortage vacancies (SSVs). (SSVs are those HtFVs which result from one or more of the following reasons: a low number of applicants with the required skills; a lack of candidates with the required work experience; or a lack of candidates with the required qualifications. For NESS 2004 this was asked both as a spontaneous question and then, for those not mentioning these skill-related reasons spontaneously, on a prompted basis. The prompted aspect was a

new addition for NESS 2004, hence comparisons with earlier surveys have been made using the spontaneous measure. Elsewhere, where we discuss the 2004 findings, we use as the base the combined spontaneous and prompted SSV measure.)

The proportion of all employers experiencing current HtFVs and HtFVs caused by skill shortages has remained static since 2001. However, the density of SSVs (the number of such vacancies as a proportion of total employment) has fallen over the same time. Employers in 2004 reported 5 (unprompted) SSVs per 1,000 employees, compared with 8 in 2001.

Hence results indicate a slight easing in recent years in the volume of recruitment difficulties caused by skill shortages within the labour market.

While the scale of skills-related recruitment difficulties may appear relatively slight in density terms, still over a third of all vacancies (36 per cent) are described as hard to fill, and employers spontaneously mention encountering skill shortages among applicants for 1 in 6 (17 per cent) of all vacancies. Once prompted this rises such that employers experience skill shortages in applicants for 1 in 4 (24 per cent) of all vacancies. While recruitment difficulties, and difficulties caused by skills deficiencies, are thus quite prevalent where employers are recruiting, comparative figures for 2003 were a little higher, again indicating a slight easing of these problems for employers.

Table 3: Vacancies and skill-shortage vacancies by size of establishment

| | Employment | Vacancies | HtFVs | Prompted & unprompted SSVs | % of vacancies that are SSVs (unprompted & prompted) | SSVs (unprompted & prompted) per 1,000 employees |
|-----------------------|------------|-----------|---------|----------------------------|------------------------------------------------------|--------------------------------------------------|
| Unweighted base | 1,562,514 | 34,026 | 10,992 | 6,895 | | |
| All England | 21,583,788 | 616,800 | 227,175 | 145,475 | 24% | 7 |
| Size of establishment | % | % | % | % | % | |
| Less than 5 | 9 | 18 | 20 | 22 | 29 | 16 |
| 5 to 24 | 24 | 32 | 35 | 35 | 26 | 10 |
| 25 to 99 | 25 | 23 | 25 | 24 | 25 | 6 |
| 100 to 199 | 11 | 8 | 7 | 7 | 20 | 4 |
| 200 to 499 | 15 | 11 | 7 | 7 | 14 | 3 |
| 500+ | 16 | 8 | 5 | 5 | 16 | 2 |

Base: All employment/vacancies.

Note: Weighted figures rounded to the nearest 25.

Skill shortages when recruiting are affecting different sizes of employer very differently. The incidence of SSVs increases with size, rising from 4 per cent among the smallest establishments (with fewer than 5 staff) to 17 per cent among those employing 500 or more staff. However, while large employers are more likely to experience any recruitment difficulties caused by a lack of available skills, establishments with fewer than 25 staff bare the brunt of such skill shortages in density terms (i.e. SSVs as a proportion of employment). These establishments account for a third of all employment, yet half of all vacancies, and approaching three in five (56 per cent) of all SSVs occur among these establishments.

In contrast, while establishments with 100 or more staff employ approximately two-fifths (42 per cent) of all employees, they account for only just over a quarter (27 per cent) of all vacancies and a fifth (19 per cent) of all SSVs.

The difference by size is particularly apparent in density terms: there are 16 SSVs per 1,000 employees among establishments with fewer than 5 staff compared with only 3 per 1,000 employees among those with 200 to 499 staff and 2 for those having more than 500 staff.

The occupational picture of skill-related recruitment difficulties

Skill shortages in applicants are much more prevalent for some occupational groups than others. Relative to employment, they are particularly common for skilled trades positions (which include skilled construction, metal and electrical trades), and personal service occupations (which include such roles as nursery nurses, teaching assistants, nursing auxiliaries and air travel assistants). In both of these occupational groups the density of SSVs is twice the national average, at 15 (unprompted or prompted) SSVs per 1,000 employees. Further:

- overall 1 in 5 (20 per cent) of all SSVs are for skilled trade positions, despite this occupation accounting for 9 per cent of all vacancies (and 9 per cent of total employment)

Table 4: Vacancies and skill-shortage vacancies by occupation

| | Employment | Vacancies | HtFVs | Prompted & unprompted SSVs | % of vacancies that are SSVs (unprompted & prompted) | SSVs (unprompted & prompted) per 1,000 employees |
|--------------------------------|------------|-----------|---------|----------------------------|------------------------------------------------------|--------------------------------------------------|
| Unweighted base | 1,562,514 | 34,026 | 10,992 | 6,895 | | |
| All England | 21,583,788 | 616,800 | 227,175 | 145,475 | 24% | 7 |
| Occupation | % | % | % | % | % | |
| Managers & senior officials | 14 | 5 | 4 | 5 | 25 | 3 |
| Professionals | 14 | 7 | 7 | 9 | 28 | 4 |
| Associate professionals | 8 | 15 | 14 | 13 | 21 | 11 |
| Administrative & secretarial | 13 | 12 | 6 | 7 | 13 | 4 |
| Skilled trades | 9 | 9 | 15 | 20 | 52 | 15 |
| Personal service | 5 | 9 | 12 | 12 | 30 | 15 |
| Sales & customer service | 15 | 17 | 11 | 10 | 14 | 4 |
| Transport & machine operatives | 9 | 9 | 13 | 12 | 31 | 9 |
| Elementary occupations | 12 | 15 | 15 | 11 | 19 | 7 |

Base: All employment/vacancies.

Note: Weighted figures rounded to the nearest 25.

- personal service occupations also account for a much higher share of all SSVs (12 per cent) than of employment (5 per cent). This is due to a combination of the occupation being one where recruitment activity as measured by vacancies is much greater than would be anticipated by employee numbers, suggesting high staff turnover, and a high relative incidence of recruitment difficulties (as indicated by this occupation accounting for a higher share of all HtFVs than all vacancies).

Conversely, compared with employment, relatively few HtFVs and SSVs fall within managerial and professional occupations. These two occupational groups account for

over a quarter of all employment (14 per cent of the workforce falls into each occupation), but only 1 in 7 SSVs (5 per cent of SSVs are for managerial occupations, and 9 per cent for professional occupations). The low proportion of SSVs falling within these occupations compared to employment is, on balance, more to do with the relatively low levels of recruitment activity than applicants being particularly likely to have the required skills.

For sales and customer service staff, results suggest high levels of staff turnover, but a labour market within which recruitment challenges and skill shortages are relatively less commonplace.

As discussed, SSVs are defined as existing where employers indicate that HtFVs are caused by a lack of experience, skills or qualifications among applicants. There is some variation in the extent to which SSVs are caused by these factors by occupational category. The key differences are as follows:

- A lack of skills (whether solely or combined with a lack of experience or qualifications) is more commonly found in SSVs for skilled trades (80 per cent) and sales and customer services staff (78 per cent) than for other occupations. By way of contrast, a lack of skills was much less commonly experienced for SSVs for administrative and secretarial positions (62 per cent).



- SSVs for administrative and secretarial, sales and customer service, and elementary positions are more likely than average to be a function solely of a lack of experience among applicants (21 per cent, 24 per cent and 23 per cent respectively).
- SSVs for personal services staff are the most likely to result at least in part from a lack of qualifications (with 48 per cent of SSVs resulting at least in part because of a lack of applicants with the necessary qualifications). A combination of skills and qualifications is particularly likely to be causing SSVs for personal service staff (30 per cent).
- Skill shortages for sales and customer services staff are relatively unlikely to be attributed to a lack of the necessary qualifications (18 per cent).

The regional perspective

There was much less variation in the pattern of recruitment difficulties by region than by size. London stands out as the region furthest from the norm, with recruitment difficulties and skills shortages being noticeably less acute in the capital. Here employers were less likely than average to be experiencing HtFVs (5 per cent) or any SSVs (4 per cent), and while London accounts for 18 per cent of total employment in England, only 11 per cent of all SSVs were found in the capital. In density terms, the number of unprompted and prompted SSVs in London was equivalent to 4 per 1,000 employees, compared with 7 or 8 in all other regions except the North East (6).

The South East accounts for the highest number and concentration of SSVs: 20 per cent of all reported SSVs occur in the South East compared with 16 per cent of total employment.

Comparisons with 2003 indicate that the national fall in the numbers of vacancies and HtFVs is matched to varying extents in all regions except the North West – the only region to report an increase in both the numbers of vacancies and HtFVs 2003 to 2004. Results suggest that there is a growing demand for labour in this region, and one that is proving increasingly difficult to supply. That said, the actual number of SSVs was lower in 2004 than in 2003 in the North West, indicating that these recruitment difficulties are not specifically a skills issue.

Sector variation

A number of sectors appear to have particular difficulties finding suitably skilled new recruits. The density of SSVs (per 1,000 employees) is particularly high among employers falling within the following Sector Skills Council (SSC) sectors: ConstructionSkills (13 SSVs per 1,000 employees); Lantra (12 SSVs per 1,000 employees); SummitSkills (11 SSVs per 1,000 employees); and Automotive Skills (11 SSVs per 1,000 employees). These are all sectors with a higher than average demand for skilled trades positions, where we have already noted that there are particular difficulties finding suitably skilled candidates. Within these sectors, fewer employers than average were recruiting at the time of interview, but a very high proportion of the vacancies that they did have were encountering skill shortages in applicants (40 to 50 per cent in these sectors compared with a quarter for all vacancies).

Results are summarised in Table 5, which shows the density of SSVs per 1,000 employees in the final column of data. SSCs are ordered according to where the 'core' of the industry which the SSC represents falls, running through from primary, manufacturing to service sectors. It should be noted that results profiling employment and vacancies by sector (the first four columns of data) add to more than 100 per cent because of overlap between SSC sectors.

Compared with 2003, the density of SSVs (unprompted SSVs as a percentage of all vacancies) has increased in a number of sectors, in particular those covered by the Improve, Energy & Utility Skills, SEMTA, Proskills, Financial Services Skills Council and SkillsActive SSC sectors. In each case the density has increased by around 10 to 13 percentage points.

Table 5: Vacancies and skill-shortage vacancies by Sector Skills Council

| | Employment | Vacancies | HtFVs | Prompted & unprompted SSVs | % of vacancies that are SSVs (unprompted & prompted) | SSVs (unprompted & prompted) per 1,000 employees |
|-----------------------------------|------------|-----------|---------|----------------------------|------------------------------------------------------|--------------------------------------------------|
| Unweighted base | 1,562,514 | 34,026 | 10,992 | 6,895 | | |
| All England | 21,583,788 | 616,800 | 227,175 | 145,475 | 24% | 7 |
| SSC: | % | % | % | % | % | |
| Lantra | 1.4 | 1.4 | 2.4 | 2.6 | 45 | 12 |
| Cogent | 2.0 | 1.3 | 1.5 | 1.4 | 24 | 4 |
| Proskills | 1.6 | 1.1 | 1.6 | 2.1 | 48 | 9 |
| Improve | 1.8 | 1.4 | 1.7 | 1.3 | 22 | 5 |
| Skillfast-UK | 1.3 | 0.9 | 1.0 | 0.9 | 24 | 4 |
| SEMTA | 6.0 | 3.4 | 4.3 | 5.3 | 37 | 6 |
| Energy & Utility Skills | 0.9 | 0.7 | 0.7 | 0.7 | 22 | 5 |
| ConstructionSkills | 4.9 | 5.2 | 7.4 | 9.4 | 43 | 13 |
| SummitSkills | 1.3 | 1.0 | 1.6 | 2.1 | 49 | 11 |
| Automotive Skills | 2.1 | 1.9 | 2.7 | 3.3 | 41 | 11 |
| Skillsmart Retail | 10.5 | 11.6 | 8.5 | 7.3 | 15 | 5 |
| People 1st | 8.2 | 12.9 | 12.3 | 11.3 | 21 | 9 |
| GoSkills | 1.7 | 2.1 | 3.1 | 2.1 | 24 | 8 |
| Skills for Logistics | 3.7 | 2.8 | 2.9 | 3.3 | 28 | 6 |
| Financial Services Skills Council | 4.2 | 4.0 | 2.1 | 2.8 | 17 | 4 |
| Asset Skills | 3.4 | 2.8 | 3.4 | 2.9 | 24 | 6 |
| e-skills UK | 3.1 | 3.5 | 2.1 | 2.8 | 19 | 6 |
| Central Government | 2.9 | 1.8 | ! | ! | ! | ! |
| Skills for Justice | 1.2 | 1.2 | ! | ! | ! | ! |
| Lifelong Learning UK | 3.3 | 2.4 | 1.4 | 1.5 | 15 | 3 |
| Skills for Health | 6.9 | 6.6 | 7.6 | 6.6 | 24 | 6 |
| Skills for Care and Development | 3.6 | 5.4 | 6.5 | 5.5 | 24 | 10 |
| Skillset | 0.6 | 0.4 | ! | ! | ! | ! |
| Creative and Cultural Skills | 1.6 | 1.8 | 1.3 | 1.4 | 18 | 6 |
| SkillsActive | 1.1 | 1.4 | 1.3 | 1.3 | 23 | 8 |
| Non-SSC employers | 22.7 | 22.7 | 21.4 | 22.2 | 23 | 7 |

Base: All employment/vacancies.

Notes: Weighted figures rounded to the nearest 25. ! is used where the base size was less than 25. Figures in italics denote base sizes of 25 to 49 and should be treated with caution.

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

| Column percentages | Managers | Professionals | Associate prof | Administrative | Skilled trades | Personal service | Sales | Operatives | Elementary | Overall |
|------------------------------|----------|---------------|----------------|----------------|----------------|------------------|--------|------------|------------|---------|
| | % | % | % | % | % | % | % | % | % | % |
| Technical & practical skills | 39 | 48 | 49 | 44 | 56 | 44 | 39 | 54 | 39 | 47 |
| Communication skills | 37 | 20 | 31 | 49 | 29 | 52 | 63 | 36 | 52 | 40 |
| Customer handling skills | 37 | 16 | 30 | 49 | 21 | 46 | 64 | 31 | 45 | 36 |
| Team working skills | 33 | 17 | 23 | 24 | 33 | 49 | 42 | 28 | 40 | 32 |
| Problem solving skills | 33 | 15 | 25 | 40 | 30 | 32 | 30 | 22 | 38 | 29 |
| Literacy skills | 17 | 11 | 20 | 42 | 24 | 41 | 41 | 21 | 37 | 28 |
| Numeracy skills | 17 | 4 | 19 | 31 | 25 | 22 | 33 | 24 | 40 | 25 |
| Management skills | 54 | 24 | 27 | 29 | 16 | 19 | 20 | 9 | 20 | 22 |
| General IT user skills | 19 | 5 | 13 | 26 | 8 | 7 | 17 | 6 | 7 | 11 |
| Office/admin skills | 24 | 4 | 13 | 30 | 8 | 10 | 13 | 11 | 10 | 12 |
| IT professional skills | 16 | 14 | 14 | 18 | 7 | 5 | 5 | 4 | 5 | 9 |
| Foreign language skills | 16 | 4 | 12 | 14 | 7 | 9 | 5 | 10 | 11 | 9 |
| Unweighted base | 352 | 888 | 861 | 488 | 1,090 | 690 | 596 | 922 | 791 | 6,894 |
| Weighted base | 7,901 | 12,777 | 19,199 | 9981 | 28,421 | 16,801 | 14,229 | 17,725 | 16,650 | 145,448 |

Base: All skill-shortage vacancies.

The skills lacking in applicants

The main skills area where employers are experiencing shortages among applicants is for technical and practical skills, lacking in around half of all instances of SSVs. The next most common areas where skills are lacking in applicants are communication skills (lacking in 40 per cent of cases of SSVs), customer handling (36 per cent), team

working (32 per cent) and problem solving skills (29 per cent), indicating a relatively high incidence where generic skills are lacking.

The main skills described as lacking in candidates where skill shortages have been encountered is shown in Table 6, which also shows variation by occupation.

Overall, there has been relatively little change in the proportions of vacancies attributed to shortages in each of these main skill areas since 2003. The key exception is a relatively large increase in the incidence of literacy and numeracy skill shortages being reported.

Skills Gaps

Table 7: Skills gaps 1999–2004

| | 1999 | 2001 | 2003 | 2004 |
|---------------------------------------------|------|------|------|------|
| All establishments: | | | | |
| % of establishments with a skills gap | n/a | 23% | 22% | 20% |
| % of staff described as having a skills gap | n/a | 9% | 11% | 7% |
| Establishments with 5+ employees: | | | | |
| % of establishments with a skills gap | 56% | 50% | 39% | 31% |
| % of staff described as having a skills gap | 11% | 10% | 11% | 7% |

The previous section examined the frequency with which employers report difficulties recruiting staff, and the nature and extent of difficulties caused by skills deficiencies. Here we look at the extent to which the existing workforce is felt to lack skills.

Incidence and extent of skills gaps

Skills gaps are defined as occurring when employers regard some of their staff as not being fully proficient to do their job, and the incidence of skills gaps thus gives an indication of the extent to which the supply of skills meets employer demand.

One in five establishments (20 per cent) reported skills gaps in their workforce, and some 1.5 million workers were described by employers as not being fully proficient. This represents 7 per cent of the total workforce in England.

Both the proportion of establishments employing staff lacking proficiency and the number of employees described as not being fully proficient are at their lowest levels compared with previous large-scale employer surveys dating back to 1999. In 2001 for example, 23 per cent of employers reported any skills gaps, and 9 per cent of the workforce were described as not being fully proficient. Hence, the easing of skills shortages already discussed in relation to recruitment is also apparent in reduced skills gaps among the existing workforce.

This is shown in Table 7, which presents comparisons dating back to 1999 (the survey in that year excluded establishments with less than five staff, hence comparisons with 1999 exclude the smallest establishments).

The proportion of all staff described as having a skills gap varies relatively little by size of establishment, though is lowest (at 5 per cent) among the very smallest establishments with less than 5 staff.

Both numerically and in density terms (i.e. the number of staff with skills gaps as a proportion of employment), the majority of skills gaps lie within 'lower level' occupations, rather than in management or professional positions.

Approaching a third of a million staff in sales and customer service roles and a quarter of a million elementary occupation workers (which includes such jobs as cleaners, shelf-fillers, waiters and bar staff) were described as not being fully proficient. These two occupational groups account for over a third of all skills gaps reported (35 per cent), compared with just over a quarter (27 per cent) of total employment.

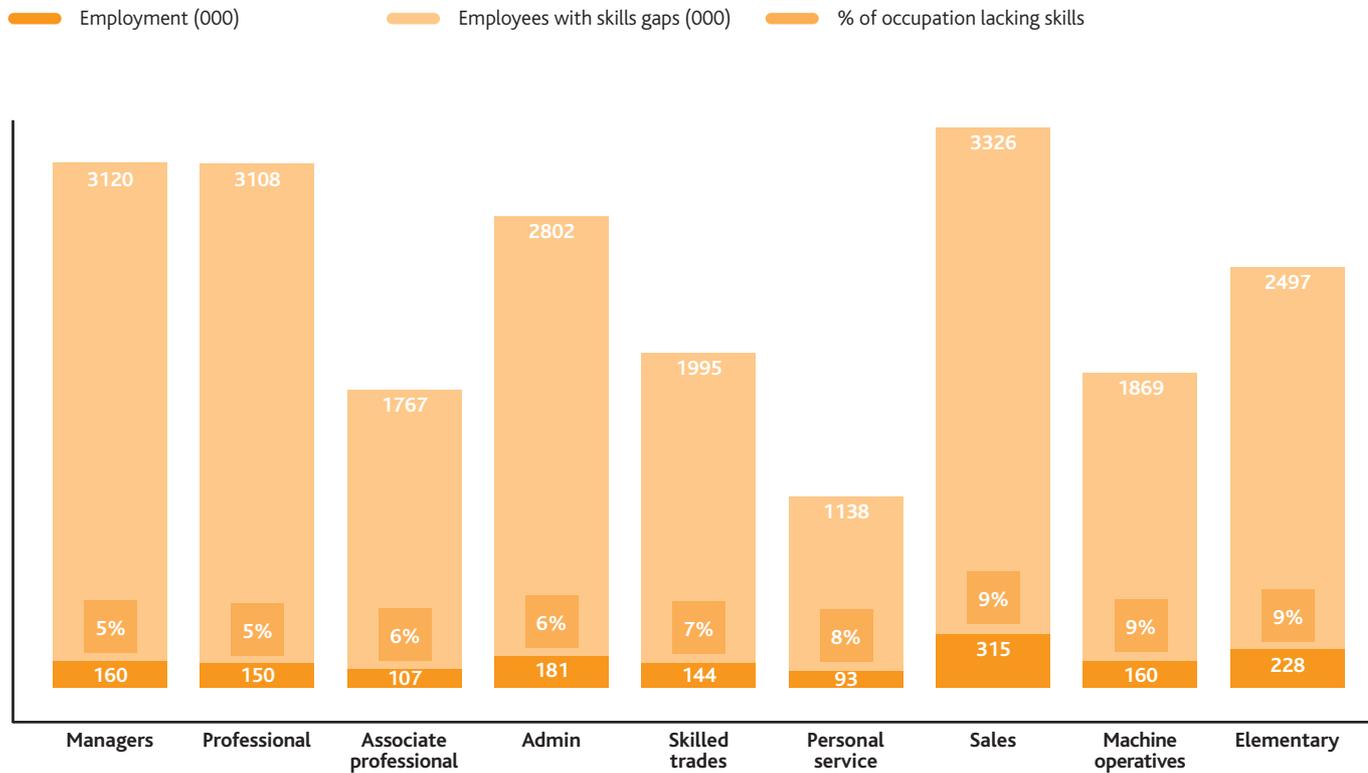


This is summarised in Figure 1 which shows the number of workers in each main occupational category described as not fully proficient at their job – this is shown on the lower part of each column, the figure in thousands. The total height of each column (and the figure shown at the top of each column, again in thousands) shows total employment within each occupation. We also show the proportion of each occupation described as not fully proficient.

The density of skills gaps was 9 per cent for staff working in elementary, sales and customer service and machine operative roles. By contrast, 5 per cent of managers and professionals are described by employers as not being fully proficient.

This is exactly the pattern found in 2003 and earlier surveys, though the actual number of skills gaps reported in earlier surveys was higher and hence so too were density measures. Overall, though, the general conclusion is that skills problems continue to be much more commonly reported among staff in roles which are traditionally described as semi-skilled or unskilled than in higher level occupations.

Figure 1: The distribution of skills gaps by occupation



Base: All employment.

Reasons why staff lack skills

The key causes of skills gaps are shown in Figure 2.

The main reason employers give as to why employees are not fully proficient is that these staff lack experience or have recently been recruited; indeed this was at least part of the reason explaining almost three in four of all skills gaps. Many of these skills gaps may be relatively short term as newly recruited staff or staff who have recently been promoted or taken on new responsibilities gain the required skills and experience over time. The speed with which this typically happens, and the extent to which it involves positive training interventions from employers as opposed to the individuals simply gaining this experience as they go along, is outside the scope of the current research.

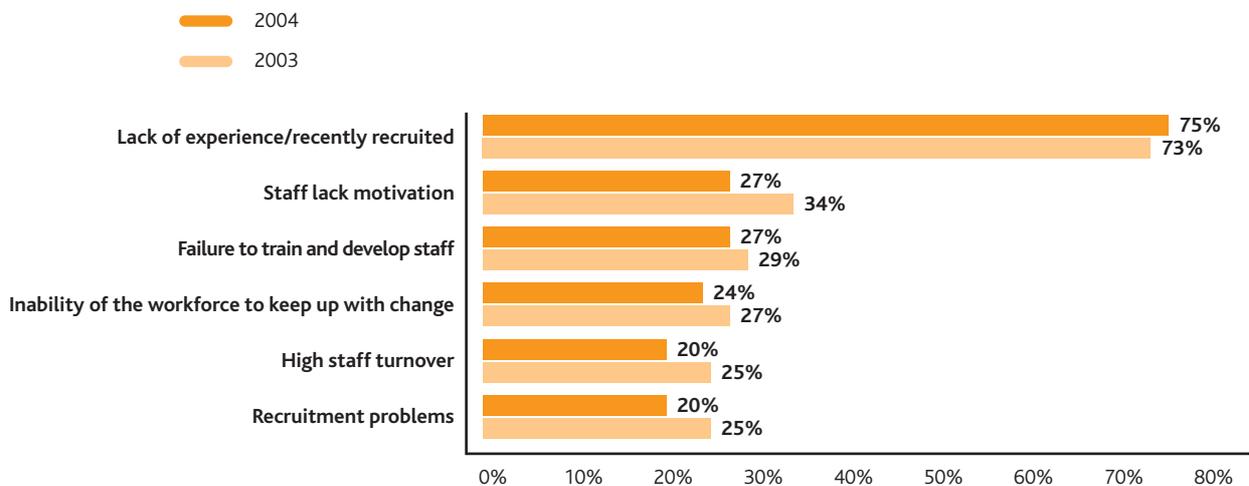
Other causes of skills gaps are more fundamental or 'structural' to the extent that they could not be expected to diminish in the short to medium term simply with the passing of time. Approximately a quarter of all staff with skills gaps (27 per cent) are not fully proficient at least in part because they do not have the motivation to gain the necessary skills, and a similar proportion (24 per cent) lack proficiency at least in part due to their inability to keep up with change. Employers, then, quite often put part of the responsibility for staff lacking skills on the employees themselves.

However, it needs to be remembered that this situation may well often indicate a lack of management skills, for example in failing to adequately incentivise or encourage staff to develop the skills the employer needs. Indeed in around a quarter (27 per cent) of cases where staff were felt not to be fully proficient, employers admitted that this situation resulted in part from their own failure to train and develop these staff properly.

This response was as common a reason for skills gaps among large employers as small ones. It also varied little by whether the company actually trained or not, nor by the extent of training planning. For example, 23 per cent of skills gaps in establishments with a training plan were caused in part by the employer failing to train and develop their staff properly.

Hence findings (admittedly as reported by employers) suggest a significant degree of skills problems caused both by employee reluctance to develop their skills and managerial shortcomings. This suggests the importance of continuing to support and develop across the full spectrum of employers management skills aimed at identifying and solving current and future skill needs within their organisations, as well as messages targeting employees stressing the importance of developing skills for their own career development.

Figure 2: Main causes of skills gaps 2004 and 2003



Base: Skills gaps followed up.

(2004: unweighted=85,175, weighted=1,240,744)

(2003: unweighted=112,789, weighted=1,176,447)

Skills lacking among the workforce

The skills that employers say staff lack tend to focus on 'soft' skill areas, particularly in communication, customer handling, team working and problem solving skills. These skills were lacking in two-fifths to a half of all cases of skills gaps. However, a lower proportion of skills gaps are described as arising through a lack of these soft skills than was the case in 2003.

The other very widespread skills gap is for technical and practical skills, which is lacking among over two in five employees who have a skills gap (45 per cent). This proportion is slightly higher than in 2003.

Much less common, though still found in around a quarter of cases where staff lacked proficiency, were insufficient general information technology (IT) user skills and a lack of management skills. Clearly gaps in regard to managerial skills have particular potential to impact on business performance and growth. Results suggest that 3 per cent of all managers have gaps in their management skills.

The skills lacking vary widely by occupation. The key variations are shown below.

- In three in four cases where **managers** lack proficiency they specifically lack management skills.
- **Professionals** who lack proficiency are most likely to lack technical and practical skills (this is the case for almost half this occupation lacking skills). Management skills, general IT user skills and IT professional skills are all mentioned at above average levels.

- Among **administrative staff**, office administration skills and general IT user skills are more likely to be missing than average, and were lacking in around half of the cases where gaps existed. A lack of customer handling and problem solving skills were also more common than average within this occupational group.
- The key skills lacking among **skilled trades** are technical and practical skills, this was mentioned in two in three cases. Customer handling and team working were much less likely to be mentioned as gaps for skilled trades staff than for most other occupational groups.
- Technical and practical skills are also the key skills area lacking among **personal service** staff. Literacy skills were also mentioned more commonly than average.
- For **sales staff**, customer handling is the main skills area lacking, this explaining over two in three (69 per cent) skills gaps in this occupation. In three in five (59 per cent) cases communication skills were seen as lacking.
- The skills most often seen as lacking among **plant and machine operatives** are technical and practical skills and team working (68 per cent and 59 per cent respectively among staff in this occupation lacking proficiency). However, mentions of literacy and numeracy skills deficiencies were much higher than for other occupations (and higher, for example, than for staff in elementary job roles).
- The main skills lacking among **elementary occupations** match those found across all occupations, though with a greater emphasis on customer handling skills (this lacking in three in five cases where gaps exist).

The regional pattern of skills gaps

Just as recruitment difficulties caused by skill deficiencies were least likely to impact on employers in London, so employers in the capital were the least likely to report any staff as having a skills gap – 14 per cent compared with 24 per cent in each of the East and West Midlands, the two regions where employers were the most likely to report any skills gap amongst their staff.

London also has the lowest proportion of staff described as having a skills gap (5 per cent). Hence London accounts for a lower proportion of all skills gaps (14 per cent) compared with its share of overall employment across England (18 per cent).

The reverse is true for the South East, and Yorkshire and the Humber, which account for a slightly higher share of all skills gaps (18 per cent and 12 per cent respectively) than employment (16 per cent and 10 per cent).



The sectoral pattern of skills gaps

By sector, skills gaps are a particular issue in the sectors covered by the following SSCs: Central Government, People 1st, Cogent and Improve. In all these sectors, employers are both more likely than average to report skills gaps (around 1 in 4 do so) and to have a higher than average proportion of staff lacking proficiency (9 to 11 per cent).

The SSC sectors where employers report the fewest staff as lacking proficiency are those covered by Lifelong Learning UK, Creative and Cultural Skills, Skills for Justice and Skillset. In these sectors, 5 per cent of staff were reported as lacking skills.

Within sector, there is some variation as to the occupations particularly likely to be described as lacking proficiency.

- In a number of sectors associated with high proportions of skilled labour and smaller firms or establishments, namely those covered by Automotive Skills, ConstructionSkills, SummitSkills and Lantra, relatively few managers were described as lacking in proficiency.
- Central Government SSC employers have particular skills gaps among professional level staff, indeed in this sector two in five of all gaps fall within this occupation (twice the level this occupation represents of employment in the sector).
- Employers covered by the Skills for Health and Skills for Care and Development SSC sectors have particular concentrations of skills gaps in personal service occupations.
- A number of sectors have particular concentrations of skills gaps within their sales and customer service staff, particularly the sectors covered by e-skills UK (encompassing call centres), Financial Services Skills Council and Skillsmart Retail.

- All the main sectors associated with manufacturing and engineering, (covered by SEMTA, Proskills, Cogent and Improve) have concentrations of skills gaps within their plant and machine operator staff.

The full NESS 2004 report details the pattern of skills lacking by sector. To summarise briefly, sectors fall into two broad categories in terms of the types of skills lacking in their workforces. There are those where technical or practical skills are critical and include the sectors covered by Cogent, Improve, Proskills, SEMTA, Lantra, ConstructionSkills, SummitSkills, Automotive Skills, Skills for Health, Creative and Cultural Skills and e-skills UK (e-skills UK covers the IT sector where 'IT professional skills' equate to technical and practical skills). For nearly all the remainder the most likely skills to be lacking are communication skills, customer handling or team working skills.

Training and Workforce Development

Overall, nearly two in three employers (64 per cent) had provided any training to staff over the previous 12 months, and results suggest that within this time period around 13 million workers had received training through their employer. This figure is equivalent to 61 per cent of the workforce and 70 per cent of the workforce in establishments which provided any training. Key results on training activity are summarised in Table 8.

Most training establishments provide training to the majority of their staff. For approximately three-quarters (73 per cent) of employers that train, the number of staff trained over the last 12 months represents a majority of their current workforce. Very few trainers are highly selective as to the proportion of the staff they provide training for – for only 8 per cent of trainers did the number trained over the previous 12 months represent less than a quarter of their current workforce.

Size is a key determinant of involvement in training activity. Among establishments with less than 5 staff, 'only' half (49 per cent) had arranged any training over the last 12 months. Among those with 100 or more staff this figure rises to just over 95 per cent.

Establishments with skills gaps and establishments experiencing SSVs are significantly more likely to train (each 82 per cent) than employers in general. Although employers with skills gaps or SSVs are larger than average, their greater likelihood to train is not simply a result of this size effect. For example among establishments with less than 5 staff, those with a skills gap are significantly more likely to train than those without (67 per cent versus 47 per cent). This does suggest that training is often a response to the existence of skills gaps within the workforce.

Approaching half of all employers (47 per cent) had funded or arranged any off-the-job training (training that takes place away from the individual's immediate work position) and half (51 per cent) had provided on-the-job training. A third of employers (33 per cent) had provided both.

The total amount of training funded or arranged is the equivalent of:

- 5.9 days of training per annum for every worker in the country
- 9.7 days per person trained.

Training expenditure (in terms of out of pocket costs) is equivalent to £205 per annum per employee and £335 per person trained.

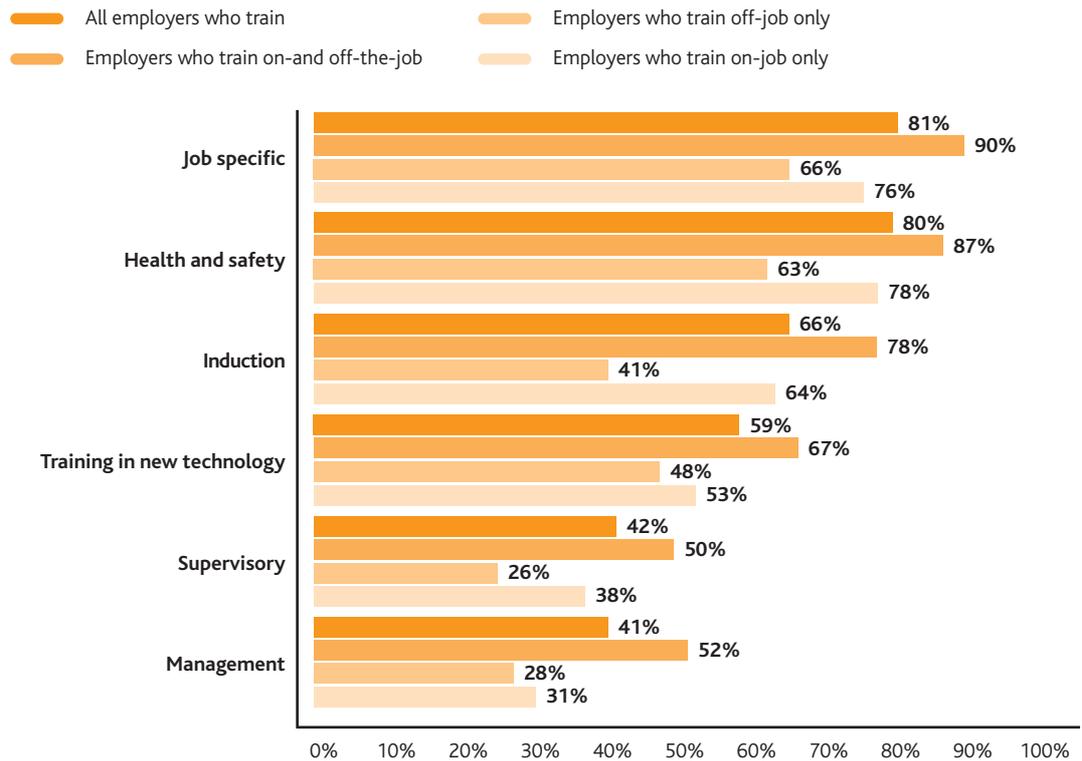
The more selective the employer is as to who they provide training for, the higher the per trainee spend – employers who have trained less than a quarter of their current workforce over the last 12 months had spent on average just over £1,000 per person trained. The number of days training provided, however, did not vary systematically by the proportion of the workforce to whom training had been provided.

Training is most often job-specific or on health and safety, each provided by around four in five employers that train. Three in five training employers had provided training in new technology and two in five management and/or supervisory training. While many employers are providing forms of training that are not centrally aimed at enhancing productivity (in particular health and safety and induction training), only a small minority of training employers (5 per cent) only offer these forms of training.

Table 8: Training activity

| | % |
|------------------------------------------------------------------------------------|----|
| % of establishments training staff over the last 12 months | 64 |
| % of establishments providing off-the-job training in last 12 months | 47 |
| % of establishments providing on-the-job training in last 12 months | 51 |
| % of establishments providing on-the-job training only | 17 |
| Number of staff receiving training over last 12 months as a % of current workforce | 61 |
| % of employers with a training plan | 44 |
| % of employers with a budget for training | 34 |

Figure 3: Types of training provided by employers



Base: All employers providing training (20,830).

The types of training that employers commonly said they provided is shown in Figure 3, both among all employers that train (the top bar of each set), and then by whether they use on- or off-the-job methods or both.

Where employers fund or arrange both on- and off-the-job training, they are considerably more likely to provide each type of training than those whose training was only delivered either solely on- or solely off-the-job.

Among those delivering training either only on-the-job, or only off-the-job, those only training off-the-job were much less likely to be providing each type of training compared with all training employers but also compared

with those only training on-the-job. Clearly then, those confining their training activity to off-the-job training appear to be using it quite selectively in terms of the type of training for which it is used.

Use of further education colleges for training

Around 1 in 7 of all employers (15 per cent) had sourced training provision in the previous 12 months through a further education (FE) college, and 7 per cent had funded or arranged such training as a result of tailored or customised advice they received from an FE college.

FE colleges appear to have engaged much more effectively with large than small employers. Even accounting for the fact that fewer small employers train at all, *among those providing any off-the-job training*, smaller employers (with less than 25 staff) are very much less likely to have used an FE college than larger employers.

Satisfaction with FE-delivered training was high (at around the 95 per cent level), and varied little by the subject of the training.

Table 9: Proportion of establishments with a formal, written business plan, training plan and budget for training expenditure

| | NESS 2003 | NESS 2004 | |
|-----------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|
| | All | All | 25+ staff |
| Base: All establishments (weighted) | 1,915,053 | 1,410,248 | 149,201 |
| Base: All establishments (unweighted) | 72,100 | 27,172 | 10,413 |
| | % | % | % |
| Have a formal business plan | 56 | 58 | 83 |
| Have a training plan (that specifies in advance the level and type of training your employees will need in the coming year) | 39 | 44 | 78 |
| Have a budget for training expenditure | 31 | 34 | 70 |

Business and training planning

Results compared with NESS 2003 indicate an encouraging increase in the proportion of employers who have a formal business plan (58 per cent from 56 per cent), a training plan (44 per cent from 39 per cent) and/or a budget for training (34 per cent from 31 per cent). Among establishments with 25 or more staff, all these types of planning are standard (as shown in Table 9).

Most employers and nearly all large employers review staff performance and have formal written job descriptions, and where employers adopt these procedures they most often do so 'wholesale', for all of their staff. However, almost two in five employers do not have annual staff performance reviews, and three in ten do not have formal written job descriptions.

Moreover, only half of employers (52 per cent) formally assess whether their staff currently have gaps in their skills, indicating that a very large number of employers are judging this informally.

Training: the pattern by sector

Some of the key results by sector are summarised in Table 10.

Service industries dominated by public sector employers (covered by Skills for Care and Development, Skills for Health, Lifelong Learning UK, Central Government and Skills for Justice SSCs) show the highest levels of training engagement. They are among the most likely to train at all, the most likely to have funded or arranged off-the-job training (and correspondingly the least likely to have *only* arranged on-the-job training), and the most likely to arrange job-specific training. As well as having a high incidence of any training being conducted, employers covered by these SSCs were also the most likely to train the vast majority of their staff. This is particularly true of employers covered by the Central Government and Skills for Care and Development SSCs.

Propensity to use FE colleges for training was also highest amongst this group of employers. Between a third and two-fifths of employers covered by Lifelong Learning UK, Skills for Health and Skills for Care and Development SSCs had trained through an FE college compared with 15 per cent overall.

Employers in some of the traditional engineering and manufacturing industries (covered by the SEMTA and Proskills SSCs) were more likely to be selective trainers – that is they were more likely than average to provide training for less than a quarter of the number of people they currently employ.

It is amongst these employers that training, where it did occur, proved the most costly on a per training day basis. Employers covered by SEMTA and Proskills SSCs reported out of pocket training spend per day of £64 compared with the national average of £34. By contrast, the per training day spend among employers covered by the Central Government SSC was £17.

Table 10: Training activity by sector

| Row % | Train at all | Train off-the-job at all | Train on-the-job only | Days training per capita | Provide job-specific training | Train through FE college |
|-----------------------------------|--------------|--------------------------|-----------------------|--------------------------|-------------------------------|--------------------------|
| Overall | 64% | 47% | 17% | 5.9 | 52% | 15% |
| Lantra | 60% | 46% | 14% | 5.5 | 47% | 21% |
| Cogent | 69% | 48% | 21% | 5.4 | 59% | 17% |
| Proskills | 61% | 39% | 22% | 2.9 | 51% | 17% |
| Improve | 63% | 43% | 20% | 3.9 | 49% | 18% |
| Skillfast-UK | 43% | 23% | 20% | 2.3 | 33% | 5% |
| SEMTA | 63% | 49% | 14% | 3.1 | 51% | 21% |
| Energy & Utility Skills | 76% | 59% | 17% | 4.4 | 65% | 15% |
| ConstructionSkills | 58% | 44% | 13% | 5.8 | 43% | 15% |
| SummitSkills | 66% | 57% | 9% | 4.8 | 51% | 30% |
| Automotive Skills | 54% | 41% | 13% | 4.5 | 43% | 13% |
| Skillsmart Retail | 56% | 33% | 23% | 8.5 | 43% | 6% |
| People 1st | 58% | 38% | 20% | 10.6 | 45% | 12% |
| GoSkills | 55% | 32% | 23% | 2.9 | 43% | 10% |
| Skills for Logistics | 62% | 43% | 19% | 3.6 | 48% | 8% |
| Financial Services Skills Council | 82% | 64% | 17% | 7.2 | 73% | 13% |
| Asset Skills | 63% | 45% | 18% | 4.5 | 49% | 9% |
| e-skills UK | 67% | 48% | 20% | 5.8 | 57% | 10% |
| Central Government | 93% | 85% | 8% | 10 | 91% | 32% |
| Skills for Justice | 91% | 80% | 11% | 3.9 | 77% | 17% |
| Lifelong Learning UK | 88% | 78% | 10% | 4.6 | 80% | 33% |
| Skills for Health | 85% | 75% | 10% | 5.3 | 75% | 34% |
| Skills for Care and Development | 91% | 78% | 13% | 7.1 | 82% | 38% |
| Skillset | 60% | 38% | 22% | 3.7 | 47% | 10% |
| Creative and Cultural Skills | 50% | 33% | 17% | 3.8 | 37% | 8% |
| SkillsActive | 67% | 49% | 18% | 6.4 | 58% | 20% |
| Non-SSC employers | 68% | 52% | 16% | 5 | 58% | 17% |

Base: All employers.



Despite employers in the retail and hospitality and catering sectors (covered by Skillsmart Retail and People 1st SSCs) being slightly less likely than average to train at all (and even less likely than average to train off-the-job), the number of days training per trainee cited was high. However, the training spend per day training was low – reflecting a tendency in these sectors to opt for on-the-job training as a preferred means of delivery.

In the last 12 months almost three in five (57 per cent) employers covered by the Financial Services Skills Council have trained numbers equating to 90 per cent or more of their workforce. These employers, along with those covered by the e-skills UK SSC sector were also more likely than average to provide job-specific training, and to spend a higher than average sum on each trainee.

High training spend per trainee was also common to employers in the construction and related sectors (covered by ConstructionSkills and SummitSkills SSCs), although they were no more likely than average to train per se. Employers in this group were more likely than average to have only provided induction or health and safety training. Engagement with FE was high amongst employers covered by SummitSkills; nearly a third (30 per cent) had used the training services of an FE college in the last 12 months, twice the national average.

Training planning amongst those employers covered by the ConstructionSkills SSC was relatively unsophisticated – over two-fifths (44 per cent) of those providing any training reported having no plans (business, training or training budget) in place. This measure was at similar levels amongst those covered by Skillsmart Retail (36 per cent), Skillfast-UK (42 per cent), Skillset (36 per cent), Proskills (35 per cent), Skills for Logistics (39 per cent) and Automotive (41 per cent) SSCs.

Unsurprisingly, it was the SSCs dominated by public sector employers that were the most sophisticated with respect to training planning and the formal assessment of skills gaps.

Conclusions

This summary report has highlighted some of the key findings from NESS 2004 and has discussed:

- the extent to which employers are experiencing recruitment problems, particularly those with skills as a cause, and the nature of these skills-related recruitment difficulties in terms of the occupations affected and the skills most often found lacking
- employers' assessment of the proficiency levels of their staff, the proportion of all staff described as lacking proficiency and the occupations (and types of employer) most affected
- the extent and nature of training activity, and the degree to which this activity is planned as opposed to being reactive and ad hoc.

Overall, results indicate that skills deficiencies continue to affect around a quarter of employers, with one in five saying they have staff who are not fully proficient and around one in twenty saying at the time of interview they had vacancies which were proving hard to fill because of skills deficiencies among applicants.

Results also point to a slight easing of skills problems for employers in volume terms, that is the number of staff lacking skills (equivalent to 7 per cent of the workforce) and the number of vacancies where skills shortages are experienced (equivalent to 5 per 1,000 employees) are at lower levels than found in major national surveys undertaken in 2001 or 2003.

Skills deficiencies affect different size and sector of employer, and occupational group, very differently. Skills-related recruitment problems, for example, particularly affect small employers: establishments of fewer than 25 staff account for approximately a third of all employment yet approaching 3 in 5 of all SSVs fall within establishments of this size. SSVs also particularly affect skilled trades positions, and those sectors employing high proportions of this occupational group (namely the sectors covered by ConstructionSkills, Lantra, Summitskills and Automotive Skills SSCs).

On the other hand skills gaps in density terms (as a proportion of those employed in that occupation) are most apparent among lower level occupations, particularly sales, machine operative and elementary occupational groups.

Findings are particularly positive in regard to training and the planning of training. There have been significant increases in the proportion of employers with training plans (from 39 per cent in 2003 to 44 per cent in 2004) and with budgets for training (from 31 per cent in 2003 to 34 per cent in 2004). Both suggest that training is moving up the business agenda and becoming less ad hoc and reactive.

The findings presented in this document are a brief summary of the data emerging from the NESS 2004 study. One of the strengths of the data set is the extent to which it allows detailed comparisons to be made between different regions and sectors of the economy. These comparisons, combined with time series analysis, enable deeper understanding of the workings of the labour market in England, the demand and supply of skills and the investment being made by employers in training and skill development.

Annex A: Sector Definitions

Sector analysis of NESS 2004 has moved towards defining sectors in a manner more consistent with Sector Skills Council (SSC) definitions of the sectors they cover, rather than the more general definitions of sector used in previous surveys. The SSCs are listed in the following table together with a description of the sector 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 A1. In some cases, overlaps, where specific SICs have been allocated to more than one SSC, are still apparent as the network of SSCs develops and becomes more fully licensed. As a note, SICs which overlapped SSC sectors (which appear in italics in Table A1) were sampled and

weighted separately to avoid double counting, and only at the analysis stage were they included within the SSCs to which they contributed, because they are included in other SSCs. The category 'non-SSC employers' represent those SICs not allocated to an SSC at the time of the study.

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.

Table A.1: SSC sector names, SIC definitions and description

| SSC name | SSC description | SIC definition |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Lantra Web www.lantra.co.uk | Environmental and land-based industries | 1, 2, 5.02, 51.88, 85.2, 92.53 |
| Lantra also covers industries which are small elements of other SIC codes not necessarily within their core, for example floristry, fencemaking, farriers. | | |
| Cogent Web www.cogent-ssc.com | Chemicals, nuclear, oil and gas, petroleum and polymer industries | 11, 23–25 (excluding 24.64, 24.7), 50.5 |
| Cogent also covers the nuclear industry and signmaking, but it is not possible to isolate these in terms of SIC. | | |
| Proskills Web www.proskills.org.uk | Process and manufacturing of extractives, coatings, refractories, building products, paper and print | 10, 14, 21, 24.3, 26, 36.1, 40.3 |
| Proskills' definition is still evolving as it is an SSC still in development at the time of writing. | | |
| Improve Email info@improveltd.co.uk | Food and drink manufacturing and processing | 15, 51.38 |
| Skillfast-UK Web www.skillfast-uk.org | Apparel, footwear and textile industry | 17–19, 24.7, 51.11, 51.16, 51.41, 51.42, 52.71, 93.01 |
| SEMTA Web www.semta.org.uk | Science, engineering and manufacturing technologies | 27.4, 27.5, 28.1–28.3, 28.5–28.7, 29–35 (NB 31.1, 31.62, 33.3 overlap with SummitSkills) |
| SEMTA also covers science sectors, not exclusively defined by SSC. | | |
| Energy & Utility Skills Web www.euskills.co.uk | Electricity, gas, waste management and water industries | 37.1, 40.1, 40.2, 41, 51.51, 51.54, 51.55, 90 |
| Energy & Utility Skills also have an interest in gas fitters, covered by SummitSkills SSC. | | |
| ConstructionSkills Web www.citb-constructionskills.co.uk | 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.

Table A.1: SSC sector names, SIC definitions and description (continued)

| SSC name | SSC description | SIC definition |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| SummitSkills Web www.summitskills.org.uk | Building services engineering (electro-technical, heating, ventilating, air conditioning, refrigeration and plumbing) | 31.1, 31.62, 33.3 , 45.31, 45.33, 52.72 |
| Automotive Skills Web www.automotiveskills.org.uk | Retail motor industry | 50.1–50.4, 71.1 |
| Skillsmart Retail Web www.skillsmartretail.com | Retail industry | 52.1–52.6 |
| People 1st Web www.people1st.co.uk | Hospitality, leisure, travel and tourism | 55.1, 55.21, 55.23, 55.3–55.5, 63.3, 74.87 , 92.71 |
| GoSkills Web www.goskills.org | Passenger transport | 60.21, 60.22, 60.23, 61.1, 61.2, 62.1, 62.2 , 63.21, 63.22, 63.23 , 80.41 |
| Skills for Logistics Web www.skillsforlogistics.org | Freight logistics industry | 60.24, 62.1, 62.2 , 63.1, 63.23 , 63.4, 64.1 |
| Skills for Logistics also covers rail and water freight transport, for which there are no specific SIC codes. | | |
| Financial Services Skills Council Web www.fssc.org.uk | Financial services industry | 65–67 |
| Asset Skills Web www.assetskills.org | 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 www.e-skills.com | IT, telecoms and contact centres | 22.33, 64.2, 72, 74.86 |
| e-skills UK also covers ICT occupations across all industries. Additionally, e-skills UK covers IT and telecoms professionals across all industries. | | |
| Central Government | Central government | 75.1, 75.21, 75.22, 75.25, 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 www.skillsforjustice.com | Custodial care, community justice and police | 75.23, 75.24 |
| Lifelong Learning UK Web www.lifelonglearninguk.org | Community-based learning and development, further education, higher education, library and information services, work-based learning | 80.22, 80.3, 80.42, 92.51 |
| Skills for Health Web www.skillsforhealth.org.uk | NHS, independent and voluntary health organisations | 85.1 |

Continued...

Table A.1: SSC sector names, SIC definitions and description (continued)

| SSC name | SSC description | SIC definition |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Skills for Care and Development | Social care including children, families and young children | 85.3 |
| Skillset Web www.skillset.org | Broadcast, film, video, interactive media and photo imaging | 22.32, 24.64, 74.81, 92.1, 92.2, 93.05 |
| Photo-imaging is spread across a range of SIC codes, it is not possible to identify 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. | | |
| Creative and Cultural Skills Web www.ccskills.org.uk | Arts, museums and galleries, heritage, crafts and design | 22.14, 22.31, 36.3, 74.87 , 92.31, 92.32, 92.34, 92.52 |
| Creative and Cultural Skills' definition is still evolving as it is an SSC still in development at the time of writing. | | |
| SkillsActive Web www.skillsactive.com | Sport and recreation, health and fitness, playwork, the outdoors and caravans. | 55.22, 92.33, 92.6 |
| SkillsActive covers sectors which form only a portion of other SIC codes and so do not make sense to include in analysis. Some sub-sectors, such as playwork, are excluded from the analysis. | | |
| Non-SSC employers | All sectors not covered by an SSC at this point in time, spread across manufacturing and service sectors. | All other SICs |

Annex B: Details of Employer Surveys with which Comparisons Made in this Report

National Employers Skills Survey 2004 (NESS 2004)

The survey on which this report is based. It involved 27,172 interviews with employers in England, and covered issues relating to vacancies, hard-to-fill vacancies and training activity.

National Employers Skills Survey 2003 (NESS 2003)

This was a larger study than conducted in 2004, involving approximately 72,000 interviews with employers, but in other respects the subject matter and methodology were very similar.

Employers Skills Survey 1999 (ESS 1999)

This also involved around 27,000 interviews with employers in England, though this study excluded establishments with fewer than five employees.

Employers Skills Survey 2001 (ESS 2001)

This involved around 27,000 interviews with employers in England, and covered all establishments with more than one employee.

Related Publications

National Employers Skills Survey 2004: Index

Publication Reference: LSC-P-NAT-050166

National Employers Skills Survey 2004: Main Report

Publication Reference: LSC-P-NAT-050165

Skills in England 2004: Index

Publication Reference: LSC-P-NAT-050166

Skills in England 2004 Volume 1: Key Messages

Publication Reference: LSC-P-NAT-050432

Skills in England 2004 Volume 2: Research Report

Publication Reference: LSC-P-NAT-050161

Skills in England 2004 Volume 3: Sectoral

Publication Reference: LSC-P-NAT-050162

Skills in England 2004 Volume 4: Regional/local

Publication Reference: LSC-P-NAT-050163

Useful Websites:

NESS04 data is available at
<http://researchtools.lsc.gov.uk>

Skills and Education network
<http://senet.lsc.gov.uk>

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