

SkillsGateway

Labour Market Intelligence

Employer Skills Survey 2015 UK Report Factsheet

The Welsh Government is seeking to expand and broaden the use of Labour Market Intelligence across Wales. Please visit our website:

<https://businesswales.gov.wales/skillsgateway/labour-market-intelligence>

If you require further information with respect to the Employer Skills Survey or Labour Market Intelligence in the Welsh Government, please contact LMI@gov.wales

Date: February 2016



Llywodraeth Cymru
Welsh Government

Employer Skill Survey 2015 UK Report Factsheet

The Employer Skills Survey (ESS) 2015 surveyed 91,210 establishments¹ across the UK, of which 6,027 were based in Wales. A follow-up survey on investment in training was also conducted with 13,197 employers (1,290 based in Wales). The survey provides key information on employer demand for and investment in skills. This summary is based on the UK report, with key findings for Wales drawn out where possible. Unless stated, findings are for the UK.

Links to previous reports can be found at:

<http://gov.wales/statistics-and-research/uk-commission-employment-skills-employer-skills-survey/?lang=en>

Employers' experience of skill shortages

- In Wales, 17% of establishments had a current vacancy at the time of interview, compared to 19% in the UK.
- 6% per cent of establishments in Wales and the UK experienced skill shortage vacancies (SSVs) at the time of the survey.
- The percentage of vacancies considered SSVs was largely unchanged between 2013 and 2015 in the UK (22% to 23%). In Wales this increased from 20% to 23%.
- Electricity, gas and water was the sector with the largest SSV density.
- Skilled trades remained the occupation with the highest proportion of vacancies which were classed as SSVs (43%, far above the average of 23%).
- The most prevalent skills lacking in SSVs, were specialist skills or knowledge, which were lacking in 67% of SSVs in Wales (64% in the UK). In Wales, 14% and 11% of SSVs were due, at least in part, to oral or written Welsh language skills respectively.
- The main impact of SSVs was an increased workload for other staff.
- Retention difficulties were faced by 9% of Welsh employers (8% in the UK).

The internal skills challenge

- 13% of establishments in Wales had skills gaps i.e. staff lacked full proficiency (14% in the UK). The proportion of Welsh establishments with skills gaps had fallen since 2011 and 2013 when it was 16%. In the UK the figure was 17% in 2011 and 15% in 2013.
- Skills gap density (the number of staff with a skills gap as a percentage of employment) was 4.8% in Wales and 5.0% in the UK.
- Employers in public administration were most likely to report skills gaps (23% of establishments), whilst those in agriculture were least affected (7%).

¹ Throughout this document, the terms establishment and employer are used interchangeably, but always refer to establishments.

- In the UK, hotels and restaurants and manufacturing were the sectors with the highest skills gap density (both 7.2%). In Wales this was highest in business services and manufacturing (8.9% and 8.7%).
- The main causes of skills gaps were transient factors, specifically staff being new to the role and training only being partially completed.
- The most common specific skills lacking were the ability to manage own time and prioritise tasks, followed by team working, and specialist skills or knowledge. A lack of oral and written Welsh language skills caused, at least in part, 22% and 20% of Welsh skills gaps.
- 66% of employers with skills gaps felt they had an impact on performance and 85% took action to remedy skills gaps.
- The main impact of skills gaps was an increased workload for other staff.

Under-utilisation

- 34% of establishments in Wales and 30% in the UK had some staff with both qualifications and skills greater than required for their current job role.
- 39% of UK establishments had employees with *qualifications* more advanced than required for their current job role.
- Under-utilisation was most common in hotels and restaurants (40%), education (37%), public administration (36%), and health and social work (36%).
- The occupation most affected by under-utilisation was managerial roles.
- The most common single reason for under-utilisation was that staff are not interested in taking on a higher level role. This was lower in Wales than elsewhere in the UK, but still remained the most common reason in Wales.

Training and workforce development

- 63% of Welsh establishments provided training compared to 66% in the UK.
- Establishments in education, public administration, and health and social work were most likely to have provided training.
- By country, the proportion of the workforce trained over the previous 12 months varied from 62% in Scotland to 66% in Wales. There has been an increase in the proportion of staff trained in Wales from 56% in 2011, to 62% in 2013, to 66% in 2015. In the UK this rose from 55% to 62% between 2011 and 2013, with a similar figure of 63% in 2015.
- The number of training days per person trained was lowest in Northern Ireland (5.6 days per annum) and highest in Wales (7.2 days), with England and Scotland close to the UK average (6.8 days and 6.7 days respectively).
- Employers that train in Wales were the most likely to have trained any staff to a nationally recognised qualification in the previous 12 months.
- The proportion of all employees and of staff trained who had trained to a nationally recognised qualification was in line with the UK, but represented a large fall for Wales compared to 2013.
- The most common type of training provided was job specific training.

- 42% of employers who had provided training in Wales had used online training or e-learning in the previous 12 months (45% in the UK).
- Similarly, 38% in both Wales and the UK had used other self-learning where the employee did the training at a time of their choosing.
- The occupations with the highest proportion of staff trained were caring, leisure and other services (80% in the UK), professionals (69%), and sales and customer services (66%).
- Training expenditure in the previous 12 months in the UK was £45.4bn.²
- 49% of establishments in Wales that trained would have liked to have provided more training over the last 12 months (46% the UK).
- The major reason given for not providing any training was that establishments felt all their staff were fully proficient and there was no need for training.

High performance working practices and product market strategies

- 12% of employers were found to be high performance working³ (HPW) employers, with large employers more likely to be HPW employers than smaller employers.
- HPW employers were considerably more active in the recruitment market than non-HPW employers and were therefore more likely to have hard-to-fill vacancies and SSVs. However, as a proportion of vacancies HPW employers had a lower proportion that were classed as hard-to-fill vacancies.
- HPW employers were also more likely to encounter skills gaps and to train.
- Employers with at the 'very high' end of the Product Market Strategy (PMS) index⁴ tended to be more active in the recruitment market and are more likely to report hard-to-fill vacancies and SSVs.
- There was no clear relationship between PMS and the incidence and density of skills gaps.
- The incidence of employers providing training and the proportion of the workforce trained both rose with PMS score.

For further information:

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² A breakdown of employer investment in training by country will be published by UKCES in February / March.

³ High performance working (HPW) is defined as 'a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment in order to achieve high levels of performance' (Belt and Giles, 2010) Twelve per cent of employers were found to be HPW employers (defined as having 14 out of a possible 21 HPW measures in place).

⁴ Product market strategies (PMS) describe the way in which organisations choose to differentiate and position the products and services they provide within the markets in which they operate. Each establishments PMS score is based on the responses to four product market 'position statements', which have been aggregated to derive a composite PMS score and a fivefold classification ranging from 'very low' to 'very high'. A high PMS score indicates that the employer tends to lead the way in innovation in its sector, tends not to compete on price and/or tends to offer a highly customised product or service. A low PMS score indicates the employer tends not to do any of these things.