

Employer Skills Survey 2017

Introduction

The UK Employer Skills Survey (ESS) is based on survey responses from over 87,000 employers - and was commissioned by the Department for Education. This research provides a comprehensive source of intelligence on the skills challenges that UK employers face both within their existing workforces and when recruiting, the levels and nature of investment in training and development, and the relationship between skills challenges, training activity and business strategy.

The 2017 survey is the fourth in a series conducted biennially since 2011.

National Findings

Since the last ESS the UK has continued to see economic growth and job creation. The overall employment rate (75.1%) is close to record levels, and unemployment at its lowest rate since the 1970's.

Although wider economic indicators currently point towards a healthy economy, employers are operating in an uncertain environment with the UK's withdrawal from the EU on the horizon.

The report identifies four skills challenges that could constrain the UK from realising its full economic potential over the coming years:

Skills challenge 1: finding the right workers

Unsurprisingly given the economic backdrop, the level of recruitment activity reported by employers has increased since 2015 by 9%, with one in five employers (20%) having vacancies – 1% higher than 2015. In line with previous years, a third of vacancies (33%) were hard to fill (notably in construction, business services and health and social care). Skills shortage-vacancies, where applicants are lacking the skills, qualifications, or experience required by employers, increased in volume by 8%, but this broadly mirrored the increase in vacancies.

Skills challenge 2: optimising and improving existing skills

The proportion of employers anticipating they would need to upskill their staff fell 10 percentage points from 72% in 2013 to 62% in 2017 implying that employers are finding it more difficult to anticipate their upskilling requirements in the current context of uncertainty, or more broadly that fewer businesses are planning changes for the future.

Skills challenge 3: expanding employee training

Key challenges have been identified around tackling skills shortages and skills gaps, as well as the need for more employers who are ambitious and will better optimise the skills of their staff.

Overall, the training landscape remains largely consistent with previous years with the same proportion of employers provide training for their staff (66%), and the proportion of staff trained remains unchanged (62%). *However, there are indications that the volume and quality of training may not be being maintained.*

Skills challenge 4: improving work place practices to drive performance

In particular, promoting High Performance Working Practices (HPWPs) which could be used as a means to improving UK productivity, particularly within small- and medium-sized businesses.

The proportion of employers adopting HPWPs appears to have stagnated. Overall, 9% of UK employers are regarded as HPW employers. HPW employers are much more likely than non-HPW employers to report that they had at least one vacancy (41% compared to 18%). This pattern holds across all size bands up to employers with 250 employees.

Black Country LEP Headlines

- The survey found that the percentage of Black Country establishments with **any** vacancy was 20% - the same as both the national and West Midlands regional average – an increase of 2% on 2015
- However there was significant sectoral variances with Manufacturing, Education and Hotels & Restaurant establishments recording vacancies at 39%.
- The survey also identified marked differences between the size of the establishment - those employing less than 25 people reporting on average fewer vacancies than those with more than 25 employees.
- Black Country establishments reported more hard to fill vacancies (9%) than the national average (8%), with over one in five vacancies (22%) in the manufacturing sector described as hard to fill
- In total, the survey identified 15,930 vacancies in the Black Country, with 4,238 deemed 'skill-shortage vacancies'. This equates to 27% of all vacancies, five percentage points more than the national average and two percentage points higher than the regional average.
- In terms of sectors, Construction (36%), Manufacturing (33%) and Hotels and Restaurants (32%) were most susceptible to skills-shortage vacancies.
- Black Country establishments also reported a higher prevalence of 'staff not fully proficient' (15%) compared to the national average (13%). The report estimated that this translated to 12,723 skills gaps.
- These skills gaps are exacerbated due to the relatively lower number of Black Country establishments training staff – 62% compared to the national average of 66%. This ranks the Black Country LEP equal 38/39 and three percentage points worse than in 2015.
- Establishments in Education (98%), Financial Services (90%) and Health & Social Care reported high levels of training, whereas Manufacturing (58%), Business Services (50%), Hotels & Restaurants (48%), and Information & Communication (45%) were all below average.
- The percent of staff trained in the Black Country in the last 12 months was 56.3% compared to the National average of 62.3% - this equates to less than 3.5 training days per staff member compared to almost 4 days nationally.

Black Country Timeseries Comparison (2013-2017)

	National 2017	Black Country 2017	LEP Ranking* 2017	2015	2015/17 Change	2013	2013/17 Change
Vacancies and skill-shortage vacancies (SSVs)							
% of establishments with any vacancies	20%	20%	=20	18%	2%	14%	6%
% of establishment with any hard-to-fill vacancies	8%	9%	=17	8%	1%	5%	4%
% of establishments with SSVs	6%	4%	=8	7%	-3%	4%	No Change
% of all vacancies that are SSVs	22%	27%	=32	37%	-10%	28%	-1%
Number of vacancies	1,007,000	15,930		11,805		8,243	
Number of skill-shortage vacancies	226,000	4,258		4,415		2,314	
Skills gaps							
% of establishments with any staff not fully proficient	13%	15%	=18	15%	No Change	13%	2%
Number of skills gaps	1,267,000	12,723		17,438		16,097	
Number of staff not fully proficient as a % of employment	4%	3%	=1	4%	-1%	4%	-1%
Training							
% of establishments training staff over the last 12 months	66%	62%	=38	65%	-3%	62%	No Change
% of establishments providing off-the-job training in the last 12 months	46%	46%	38	44%	2%	42%	4%
Training days per employee	4	3.5	=35	3.7	-0.2	4.1	-0.6

Vacancies, skill-shortage vacancies and skills gaps rounded to the nearest 1,000

*Out of 39