



# Main Insights from the Employer Skills Survey 2017

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# MAIN FINDINGS OF THE EMPLOYER SKILLS SURVEY 2017

- 20% of employers have vacancies to fill. Of those vacancies, 33% are hard to fill.
- Skills shortage vacancies accounted for 22% of all vacancies. This has remained unchanged since 2015. This is surprising given the tightening in the labour market, which is known to contribute to the density of skill-shortage vacancies
- Only 6% of employers have skills shortage vacancies (ssvs). However these vacancies cause major disruptions to business.
- Most skills shortages (76%) were caused by transient factors such as being new to the organization or introduction of new work practices.
- The most common skill lacking among staff was time management and prioritization of tasks, contributing to nearly three-fifths of all skills gaps (59%).
- A vacancy was almost twice as likely to be hard to fill because of reported skill shortages in the smallest establishments compared to the largest.
- The density of vacancies (i.e. vacancies as a proportion of employment) was larger among the smaller establishments.
- 87% of establishments that had difficulty filling vacancies had taken action to help overcome these difficulties (compared with 85% in 2015).

**Over a third of employers (35%) reported that they had underutilized employees (a five percentage point increase from 2015), with 2.5 million workers underutilized in this way (8.7% of the workforce, up from 7.1% in 2015). To clarify, the proportion of employers with skills shortage vacancies was much lower than the proportion of employers underutilizing their workforce.**

The prevalence of staff underutilization was highest in the Hotels and Restaurants sector where 16% of the workforce were described by their employer as having qualifications and skills at a higher level than is needed for their role.

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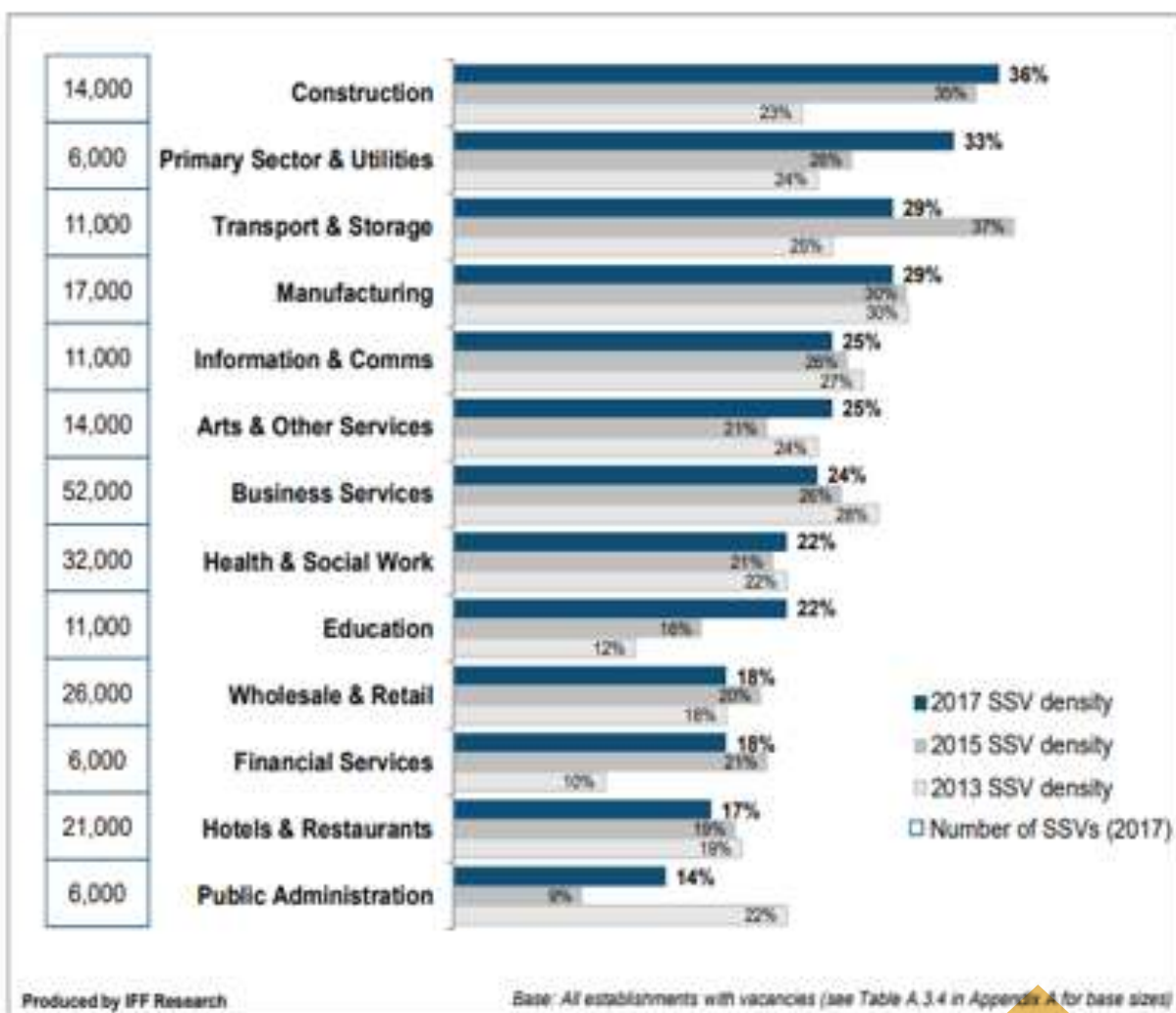
# WHAT HAS CHANGED SINCE 2015

- Recruitment activity has grown. 20% of UK employers have vacancies. The number of vacancies (1m) was a 9% increase over that in 2015. In volume terms, the number of such vacancies has increased by 8% (from 209,000 in 2015 to 226,000 in 2017)
- There has been an 8% increase in the number of skills shortage vacancies compared to 2015. However, the density of those ssvs (proportion of vacancies that were hard to fill because of skills shortages) within all vacancies has remained stable.
- There is a growing general (non-skills-related) recruitment challenge in the economy. There were around 110,000 vacancies that employers were finding hard-to-fill exclusively for reasons unrelated to applicants' skill levels (11% of all vacancies). This represents an 18% increase on the number of these vacancies reported in 2015.
- The proportion of staff lacking full proficiency in their role and the proportion of employers reporting such staff have been steadily decreasing since the ESS began.
- The largest decrease in the density of skills gaps was in the Public Administration sector (from 6.4% in 2015 to 3.9% in 2017).
- Two sectors which saw an increase in the density of skills gaps were Financial Services (from 3.7% in 2015 to 5.0% in 2017), and Primary Sector and Utilities (from 3.8% to 4.7%).
- Hotels and Restaurants (6.7%) and Manufacturing (5.8%) were again the two sectors with the highest proportions of their workforce lacking full proficiency, albeit at lower levels than in 2015.
- **Reported deficiencies in complex analytical skills (43%) and digital skills (35%) were less prevalent than in 2015. Specifically, the proportion of skills gaps caused by a lack of proficiency in advanced or specialist IT skills fell from over a quarter in 2015 (27%) to less than a fifth in 2017 (19%). Deficiencies in digital skills disproportionately affected Administrative and Clerical staff (58%) as well as those the Public Administration sector (50%).**
- Whilst the number of staff trained has increased, the total number of training days provided has decreased; the average number of days training per trainee decreased from 6.8 days in 2015 to 6.4 days in 2017.
- There was a decrease in the number of staff being trained to nationally recognized qualifications, from 3.5 million in 2015 (20% of those being trained) to 3.3 million in 2017 (18% of all those being trained).

# SECTORS WITH SKILLS SHORTAGES

- The Business Services sector had the highest number (52,000) of skills shortage vacancies
- However, Construction had the highest skills shortage vacancy density at 36%.
- It is significant that the report finds that the proportion of vacancies proving hard to fill exclusively for non-skills-related reasons was highest in Health and Social Work (19%, up from 13% in 2015). In this sector the density of skill-shortage vacancies has remained fairly static in recent years, indicating **that difficulties filling vacancies in this sector are increasingly due to non-skills related reasons. This was the sector with the largest increase in vacancy density (vacancies as a percentage of workforce, from 3.2% in 2015 to 3.8% in 2017), indicating increased recruitment activity in this sector. This is the sector also with the highest proportion of trained staff.**

Figure 3.4 Number and density of skill-shortage vacancies (SSVs), by sector



- The sectors with the highest density of vacancies were: Hotels and Restaurants (vacancies as a proportion of employment in this sector stood at 5.7%), Information and Communications (4.4%), Arts and Other Services (4.1%), and Business Services (3.9%). These sectors had the highest vacancy densities in 2015.
- The greatest decrease in the density of skills gaps was in the Public Administration sector (from 6.4% in 2015 to 3.9% in 2017). Although skills gaps were decreasing, vacancy density (as a proportion of overall workforce) was rising sharply. Public Administration also saw the largest decrease of all sectors in total employment between 2015 and 2017 (-5%) – it may be the case that this reduction in employment has disproportionately affected staff lacking full proficiency, thus causing a decrease in skills gap density in this sector.
- Two sectors which saw an increase in the density of skills gaps were Financial Services (from 3.7% in 2015 to 5.0% in 2017), and Primary Sector and Utilities (from 3.8% to 4.7%).

Table A.4.5 Main causes of skills gaps, by sector

	Overall	Primary Sector & Utilities	Manufacturing	Construction	Wholesale & Retail	Hotels & Restaurants	Transport & Storage	Information & Communications	Financial Services	Business Services	Public Admin.	Education	Health & Social Work	Arts & Other Services
Unweighted base	18,021	633	1,650	1,208	3,502	2,462	620	622	479	2,613	218	1,290	1,505	1219
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
They are new to the role	63	45	68	57	64	66	65	50	65	64	64	56	68	54
Their training is currently only partially completed	58	36	72	64	56	57	50	43	50	59	68	50	63	49
Staff lack motivation	32	27	29	23	35	35	44	17	18	30	34	33	38	25
They have been on training but their performance has not improved sufficiently	31	23	24	20	34	33	51	14	22	36	29	31	29	22
Unable to recruit staff with the required skills	28	28	36	27	24	33	30	19	13	30	18	30	31	22
They have not received the appropriate training	25	27	30	27	26	24	24	22	16	24	31	24	28	24
The introduction of new working practices	24	18	28	21	24	24	27	14	21	22	25	35	30	21
Problems retaining staff	21	18	21	15	18	26	31	9	8	24	26	20	28	17
The introduction of new technology	19	14	21	14	20	12	26	12	16	20	23	21	23	15
The development of new products and services	16	6	20	11	16	15	26	11	10	18	7	15	14	15

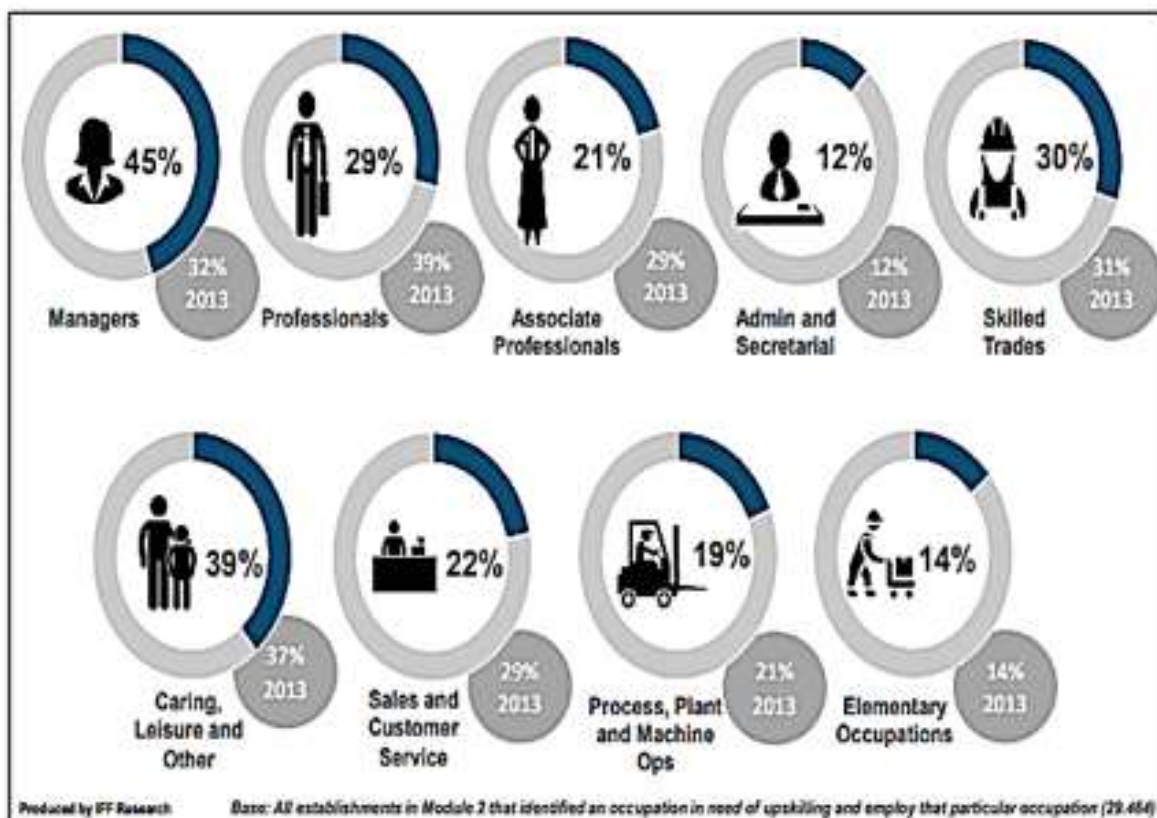
Base: All establishments with skills gaps – up to two occupations followed up

- 31% of the skills gap in Public Administration are believed by employers to be caused by lack of appropriate training. Employers in both Education and Business Services also reported this being a cause of their skills shortage.
- Overall, most skills gaps were caused by being new to the role and not having yet completed required training

# OCCUPATIONAL SKILLS SHORTAGES

- Skilled Trades roles continue to have the highest density of skill-shortage vacancies (more than two in every five skilled trades vacancies were skill-shortage vacancies). This occupation had the highest density of skill-shortage vacancies in all previous iterations of the ESS series. The specific job roles that account for the largest proportion of all Skilled Trades skill-shortage vacancies include:
  - Chefs (17% of all skill-shortage vacancies for Skilled Trades)
  - Vehicle technicians, mechanics and electricians (13%)
  - Metal working production and maintenance fitters (13%)
  - Metal machining setters and setter-operators (5%)
  - Electricians and electrical fitters (5%)
- Around a third of vacancies for both Professionals and Machine Operatives were hard-to-fill due to a lack of skills.
- The density of skill-shortage vacancies has increased since 2015 for Caring, Leisure and Other Services occupations, as well as Administrative and Clerical positions.
- Managers were by far the occupation in need of most upskilling

**Figure 4.15 Single occupation most affected by a need for upskilling**



# POCKETS OF SKILLS SHORTAGES: SKILLS SHORTAGES BY OCCUPATION AND SECTOR

Table 3.1 Density of skill-shortage vacancies by occupation within sector

	UK	Skilled trades occupations	Machine operatives	Professionals	Caring, leisure and other services	Associate professionals	Managers	Administrative/ clerical staff	Sales and customer services staff	Elementary staff
UK	22	42	31	30	24	23	19	15	15	14
Construction	36	44	34	41	**	26	24	17	22	33
Primary Sector & Utilities	33	39	47	36	33	32	23	13	**	32
Transport & Storage	29	55	38	17	**	13	14	13	24	13
Manufacturing	29	40	25	38	**	24	21	19	31	14
Arts & Other Services	25	34	**	25	35	21	14	8	20	26
Information & Communications	25	29	**	42	**	26	30	16	10	8
Business Services	24	52	45	30	15	25	27	23	16	12
Education	22	30	**	25	28	18	10	8	**	11
Health & social work	22	14	4	33	22	15	12	7	38	11
Wholesale & Retail	18	47	19	23	**	25	19	13	13	14
Financial Services	18	**	**	3	**	35	2	10	32	**
Hotels & Restaurants	17	39	9	**	24	20	22	12	19	12
Public admin.	14	28	**	22	2	14	18	6	**	**

There were several emerging pockets of skill-shortage vacancies, including:

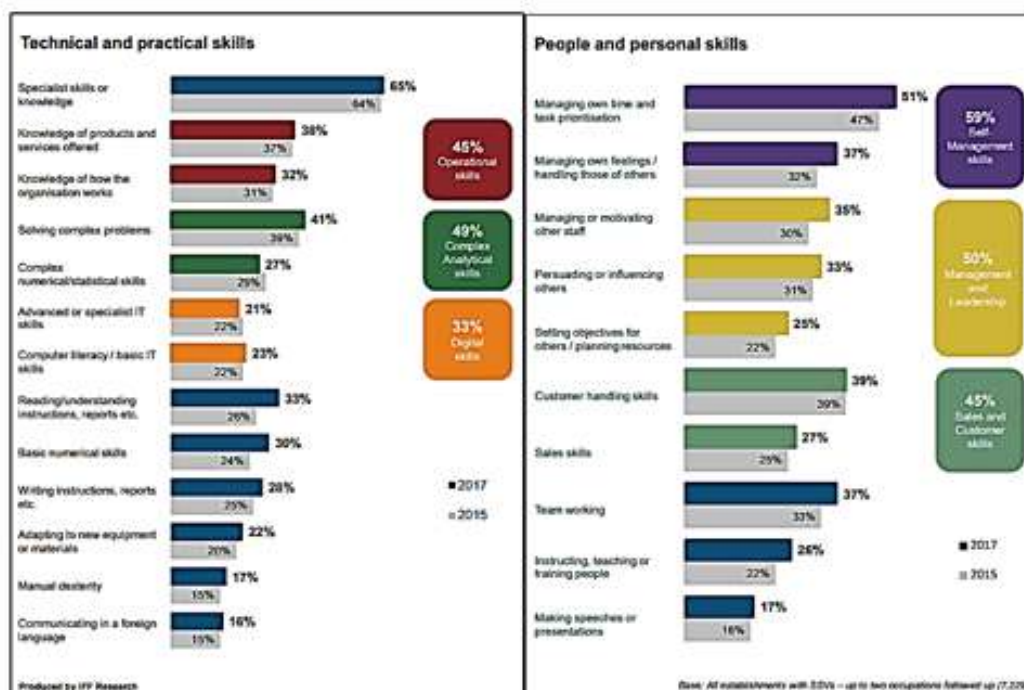
- Associate Professionals in Primary Sector and Utilities (including job roles such as ‘Inspectors of standards and regulations’ and ‘Business sales executives’).
- Skilled Trades in Primary Sector and Utilities (‘Farmers’ and ‘Agricultural and fishing trades’), and Education (‘Chefs’ and ‘Cooks’ in education settings).
- Caring, Leisure and Other Services occupations in the Arts and Other Services sector (including ‘Hairdressers and barbers’ and ‘Beauticians’).
- Sales and Customer Services occupations in Financial Services, Manufacturing, and Health and Social Work sector.
- Machine Operatives in Primary Sector and Utilities (‘Scaffolders, staggers and riggers’ and ‘Agricultural machinery drivers’).
- Elementary staff in Primary Sector and Utilities (such as ‘Farm workers’).

# MAIN FINDINGS: TYPES OF SKILLS IN SHORTAGE

## Skills in Shortage

- On the technical side, employers reported a lack of digital skills, skills related to operational aspects of the role, and a lack of complex analytical skills.
- The main people and personal skills found lacking predominantly related to self management skills, management and leadership, and sales and customer handling skills

Figure 3.6 Skills lacking among applicants to establishments with skill-shortage vacancies (prompted)

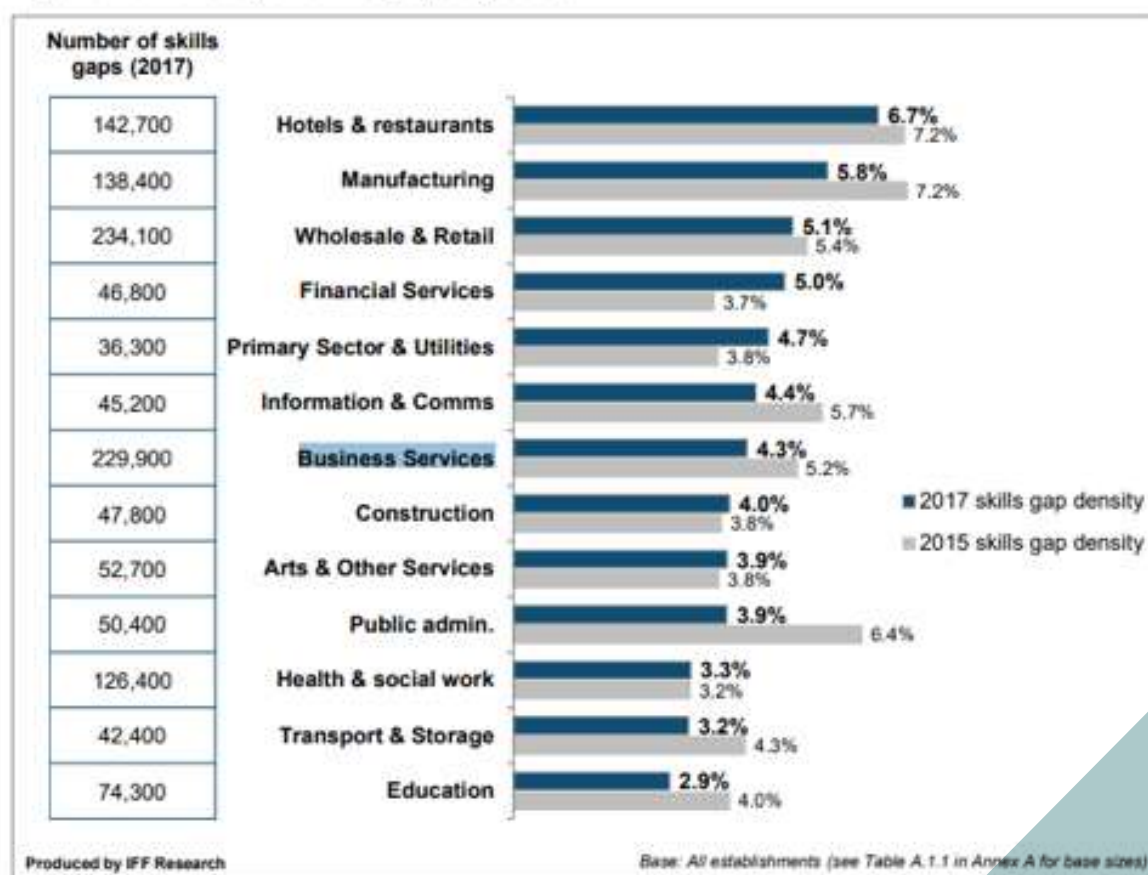




Notable points here were:

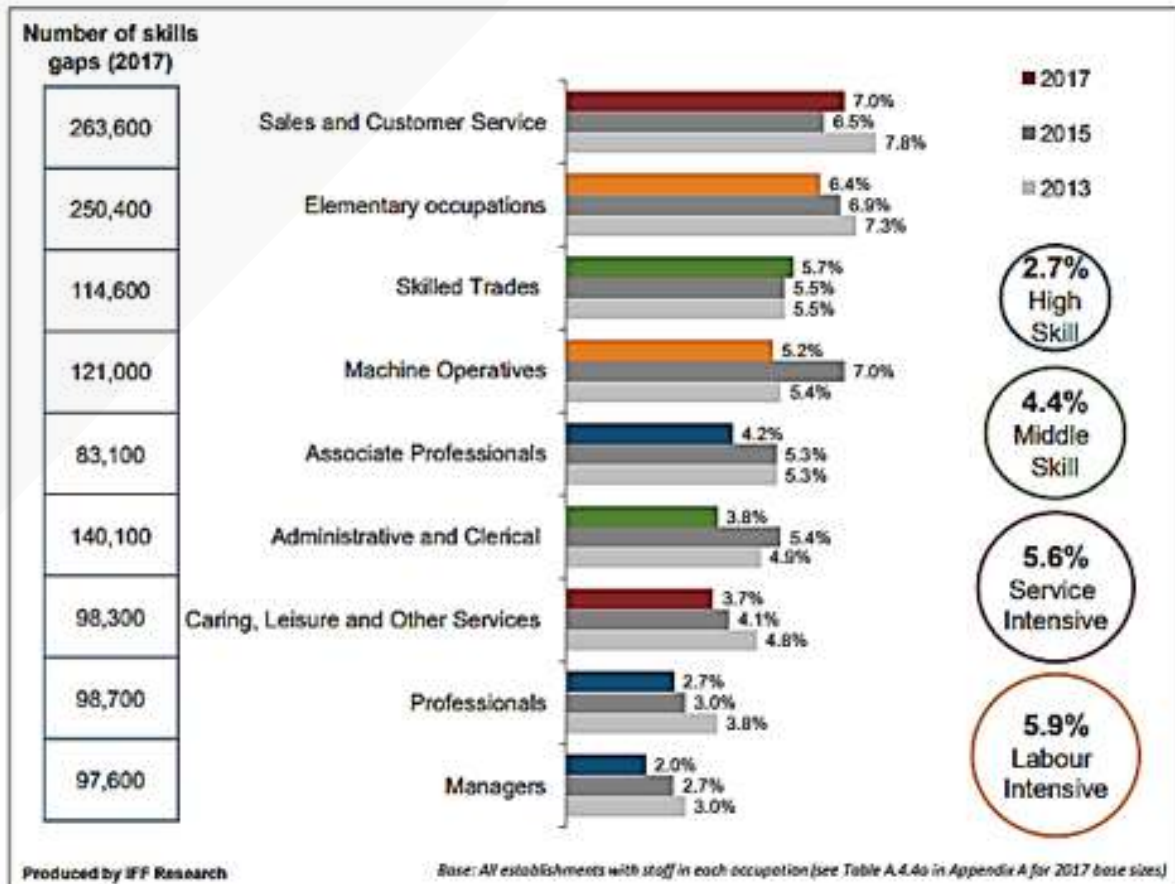
- The proportion of skill-shortage vacancies attributed to a lack of complex numerical/statistical skills has decreased since 2015, from 29% to 27%.
- These were most prevalent among Business Services (57% of all skill-shortage vacancies in the sector), Construction (54%) and Information and Communication (53%).
- Almost half (45%) of all skill-shortage vacancies were attributed, at least in part, to a lack of 'operational skills' including knowledge of products and services offered and/or knowledge of how the organization works.
- A third (33%) of all skill-shortage vacancies were attributed, at least in part, to a lack of 'digital skills'. This includes both basic computer literacy (23%) and/or more advanced or specialist IT skills (21%).

**Figure 4.3 Density of skills gaps by sector**



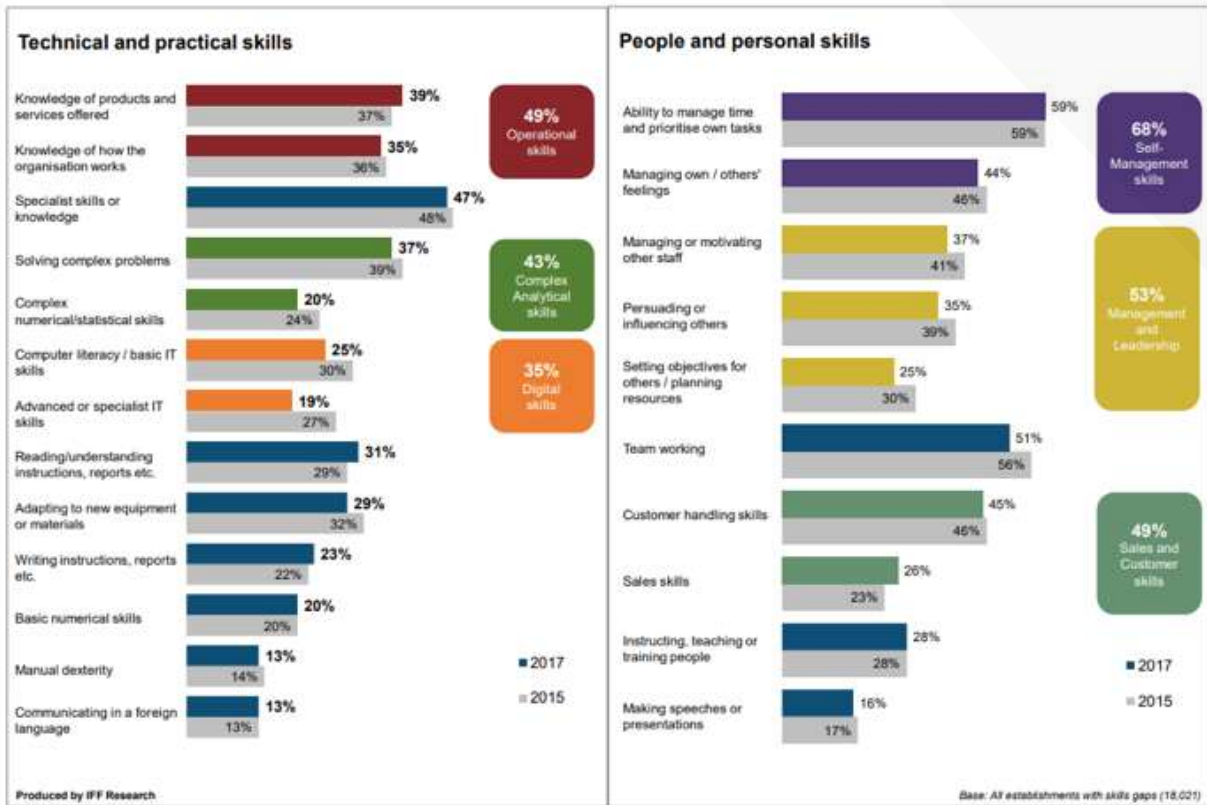
- Skills gap density was highest in the Hotels and Restaurants and Manufacturing sectors
- The highest number of skills gaps existed among establishments in the Wholesale and Retail sector (234,100 skills gaps) and the Business Services sector (229,900). Together these two sectors accounted for 37% of all skills gaps, though this is to be expected given these sectors also account for around a third of all employment (34%).

**Figure 4.4 Number and density of skills gaps by occupation**



- Most occupations saw a decrease in the proportion of staff lacking full proficiency from 2015 to 2017.
- Machine Operatives, the occupation with the highest skills gaps density in 2015, saw a particularly large decrease from 7.0% to 5.2%.
- **Sales and Customer Service occupations had the highest density of skills gaps**, with this increasing from 6.5% in 2015 to 7.0% in 2017. Despite only accounting for 13% of all employment, these occupations accounted for 21% of all skills gaps.
- **While skills gap density among Sales and Customer Services occupations was the highest of all occupations, skills gap density was especially high among these staff within the Primary and Utilities (18%), Education (13%) and Financial Services (12%) sectors.**
- These represent newly emerging pockets of high skills gaps density; in 2015, skills gap density among Sales and Customer Services occupations in each of these sectors was below 7%.

Figure 4.6 Skills lacking among staff with skills gaps



- Most of skills in shortage were related to the specific needs or processes of an organization
- 25% of employers reported that the skills in shortage were basic IT skills. This was a smaller percentage than that in 2015, which shows employers are struggling less to employ a workforce with adequate IT skills

# APPENDICES

## ACTIONS TAKEN BY EMPLOYERS TO OVERCOME HARD-TO-FILL VACANCIES (UNPROMPTED)

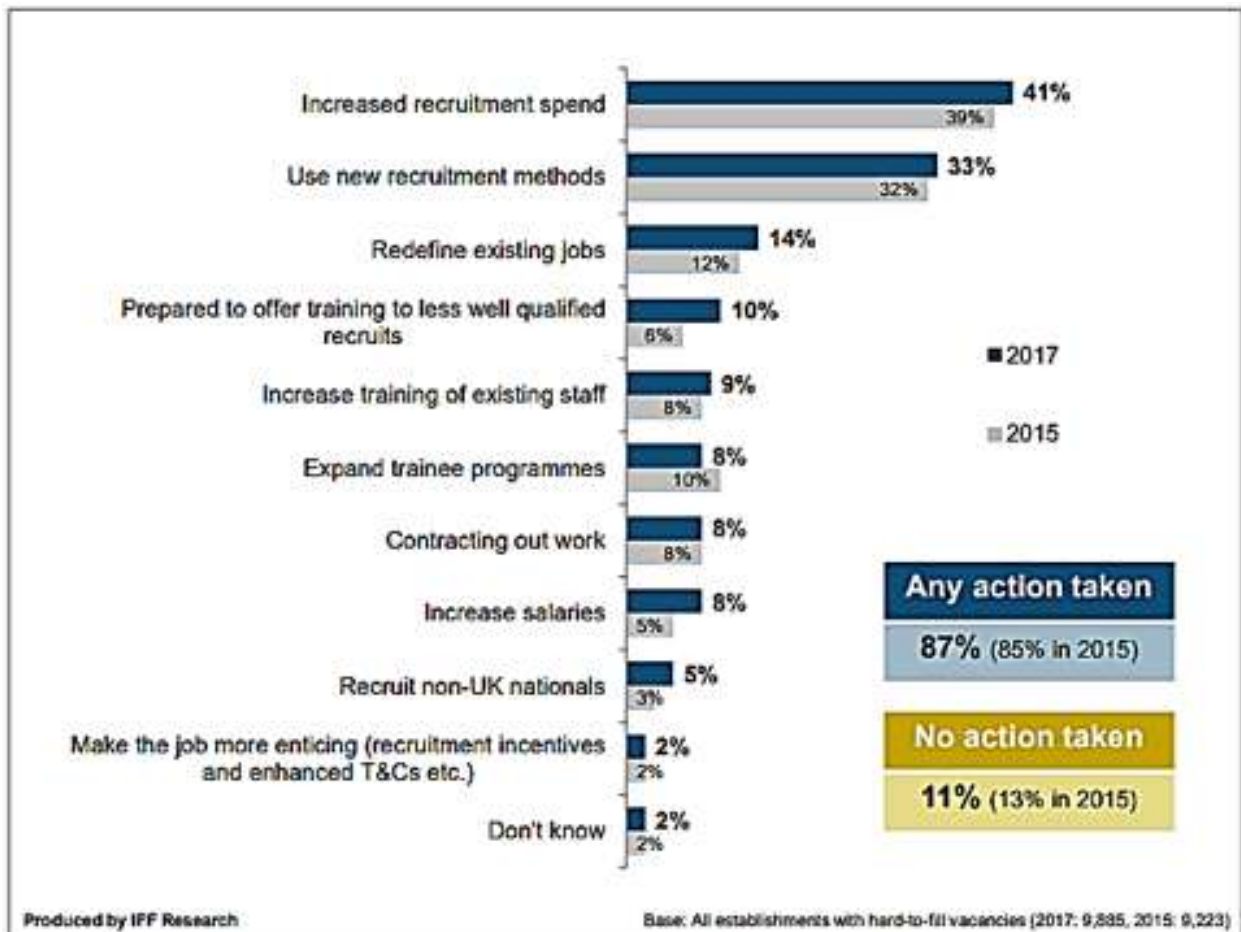


Figure 3.10

# SKILLS THAT NEED DEVELOPING AMONG STAFF REQUIRING UPSKILLING (PROMPTED)

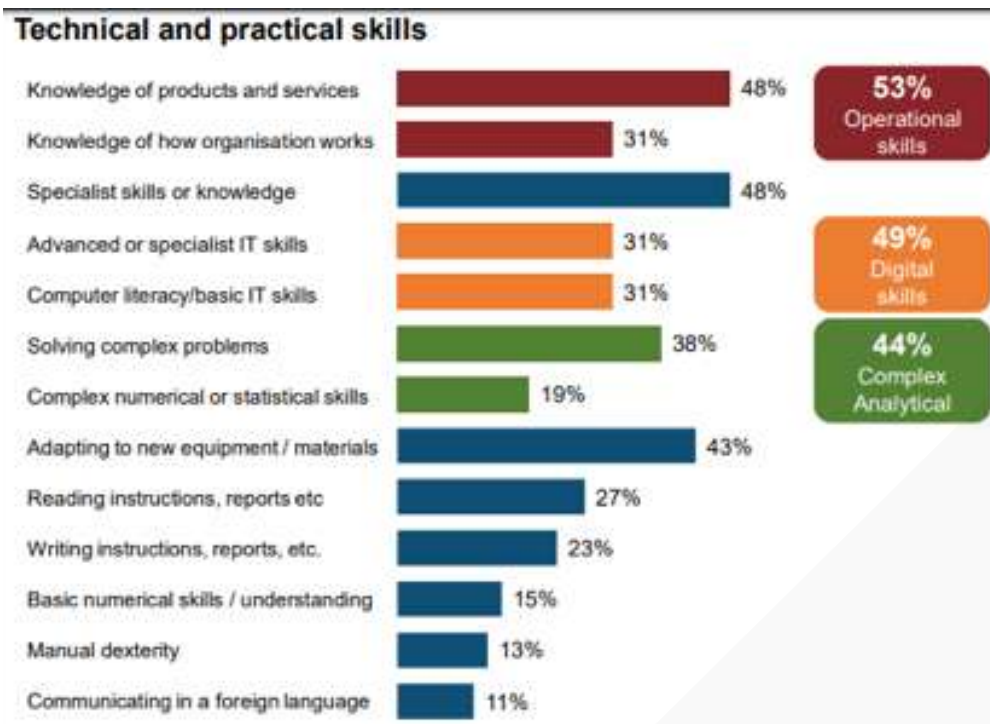
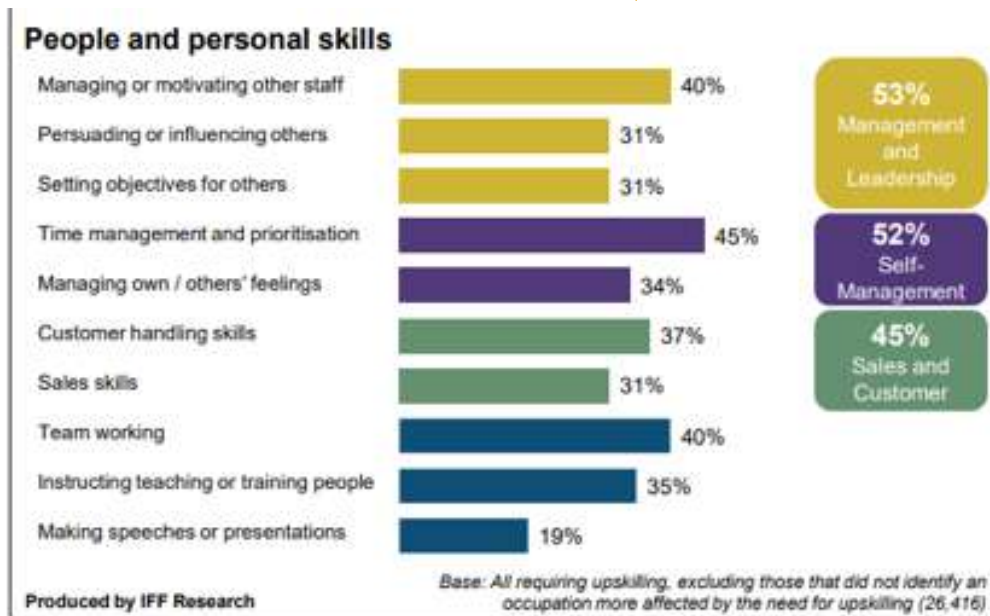
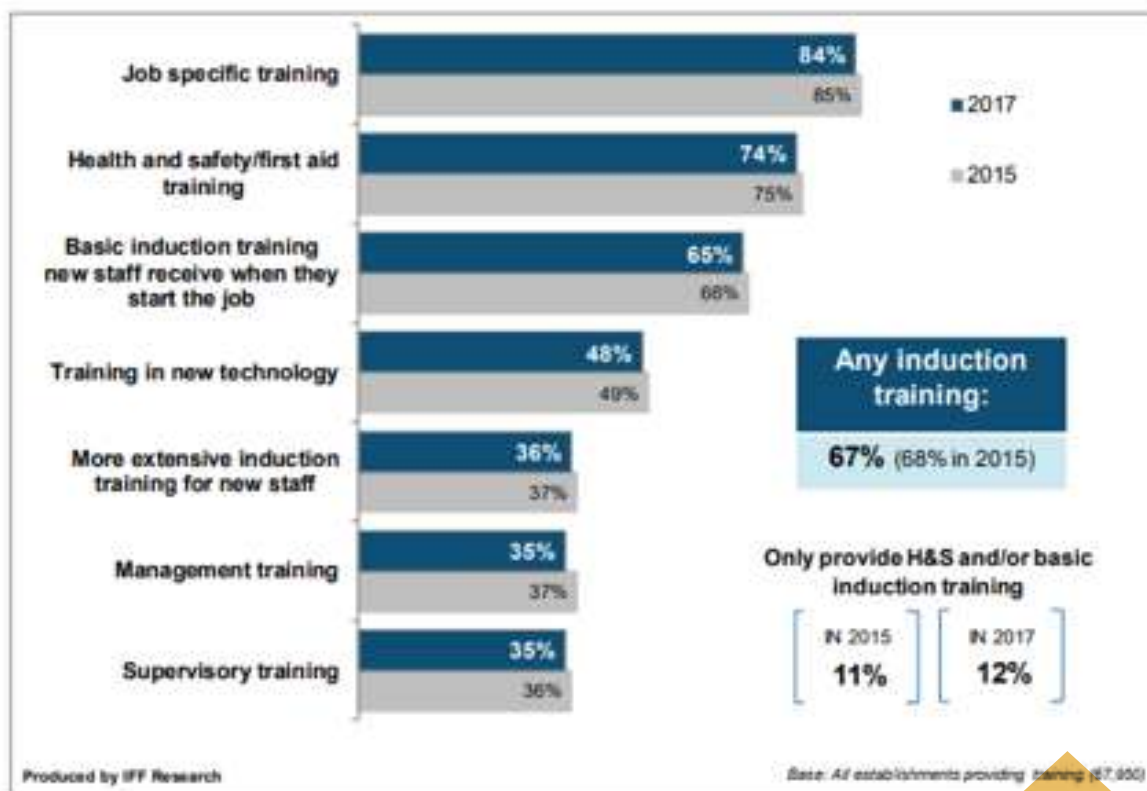


Figure 4.17 Skills that need developing among staff requiring upskilling (prompted)

Sector	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Primary Sector & Utilities	1.6bn	5.0k	2.3k	0.8bn	2.2k	1.1k	1.3bn	3.9k	1.9k	1.1bn	2.7k	1.4k
Manufacturing	3.2bn	2.9k	1.3k	2.4bn	2.1k	1.1k	2.9bn	2.3k	1.2k	3.0bn	2.5k	1.2k
Construction	2.4bn	3.6k	1.8k	2.4bn	4.0k	1.9k	2.4bn	3.9k	2.1k	2.7bn	4.5k	2.3k
Wholesale & Retail	5.0bn	2.2k	1.1k	6.0bn	2.4k	1.4k	4.8bn	1.9k	1.1k	6.4bn	2.4k	1.4k
Hotels & Restaurants	2.9bn	3.1k	1.7k	2.5bn	2.3k	1.4k	3.1bn	2.5k	1.6k	3.1bn	2.3k	1.4k
Transport & Storage	2.0bn	3.7k	1.6k	1.3bn	1.8k	1.1k	1.4bn	2.0k	1.2k	1.5bn	2.3k	1.2k
Information & Comms	1.1bn	3.0k	1.3k	1.8bn	4.1k	2.1k	1.8bn	3.3k	1.8k	1.4bn	2.6k	1.4k
Financial Services	1.4bn	2.4k	1.4k	1.2bn	1.8k	1.2k	1.5bn	2.2k	1.5k	1.3bn	1.9k	1.3k
Business Services	8.3bn	3.7k	1.9k	8.1bn	3.0k	1.8k	9.4bn	3.3k	2.0k	9.7bn	3.0k	1.8k
Public Admin	3.1bn	3.3k	2.0k	2.0bn	2.1k	1.4k	1.9bn	1.9k	1.4k	2.2bn	2.9k	1.7k
Education	5.0bn	3.0k	2.0k	5.4bn	2.7k	2.1k	4.5bn	2.3k	1.7k	3.8bn	1.9k	1.5k
Health & Social Work	5.3bn	2.3k	1.5k	5.1bn	1.8k	1.4k	5.9bn	2.0k	1.5k	5.6bn	1.8k	1.4k
Arts & Other Services	2.3bn	3.5k	1.9k	2.0bn	2.6k	1.6k	2.6bn	3.4k	2.1k	2.4bn	3.0k	1.8k

Figure 5.5 Types of training provided over the last 12 months by employers that train (prompted)

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Total training expenditure and spend per person trained and per employee (2011 to 2017), in 2017 prices (Table 5.4)

	2011			2013			2015			2017		
	Total	Per trainee	Per employee	Total	Per trainee	Per employee	Total	Per trainee	Per employee	Total	Per trainee	Per employee
	£	£	£	£	£	£	£	£	£	£	£	£
5-24	12.2bn	3.6k	1.9k	12.3bn	3.5k	1.9k	13.5bn	3.6k	2.0k	13.9bn	3.6k	2.0k
25-49	6.1bn	3.1k	1.8k	6.2bn	2.9k	1.9k	6.1bn	2.7k	1.7k	6.7bn	2.9k	1.9k
50-99	5.5bn	2.7k	1.6k	5.2bn	2.3k	1.5k	6.1bn	2.7k	1.8k	5.3bn	2.3k	1.5k
100+	14.4bn	2.2k	1.3k	11.9bn	1.5k	1.1k	12.0bn	1.5k	1.0k	12.0bn	1.4k	1.0k

**Table 5.6 Training expenditure by size and sector, the proportion spent on off-the-job elements, and the breakdown of total training expenditure (both on-the-job and off-the-job) by key elements**

	Unwt'd Base	Expenditure on training (£)	%	% spent on off-the-job training	Wages of trainees	Wages of trainers	Fees to external providers	Other
					%	%	%	%
UK	12,466	£ 44.2bn	%	55	45	17	8	30
<b>Size</b>								
2-4	2,090	£ 6.3bn	%	63	33	17	10	40
5-24	6,988	£ 13.9bn	%	57	41	18	8	33
25-49	1,885	£ 6.7bn	%	53	47	16	7	30
50-99	947	£ 5.3bn	%	50	52	16	8	24
100+	556	£ 12.0bn	%	51	54	16	8	23
<b>Sector</b>								
Primary Sector & Utilities	546	£ 1.1bn	%	59	40	20	9	31
Manufacturing	807	£ 3.0bn	%	53	49	16	9	26
Construction	857	£ 2.7bn	%	58	41	19	11	30
Wholesale & Retail	1,670	£ 6.4bn	%	50	43	20	7	30
Hotels & Restaurants	1,011	£ 3.1bn	%	41	46	24	4	26
Transport & Storage	534	£ 1.5bn	%	48	52	15	6	26
Information & Comms	573	£ 1.4bn	%	58	38	18	11	33
Financial Services	390	£ 1.3bn	%	60	45	16	7	32
Business Services	2,373	£ 9.7bn	%	54	43	19	10	28
Public Admin.	256	£ 2.2bn	%	50	53	11	7	29
Education	895	£ 3.8bn	%	62	50	11	7	32
Health & Social Work	1,478	£ 5.6bn	%	63	49	12	7	32
Arts and Other Services	1,076	£ 2.4bn	%	61	40	13	7	39

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