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Labour Market Intelligence

Employer Skill Survey 2015
Wales Factsheet

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Employer Skill Survey 2015: Wales Factsheet

The Employer Skills Survey (ESS) 2015 provides key information on employer demand for labour, skill deficiencies, levels of investment in training, and workforce development. This is a synopsis of a report on the findings in Wales, which also provides comparisons with results across the UK, and with results in Wales in 2011 and 2013. Findings are for Wales unless otherwise stated.

Recruitment and skill-shortage vacancies (SSVs)

- 17% of establishments had a vacancy at the time of interview (vs. 19% across the UK as a whole), and the number of vacancies equated to 3.1% of the total workforce in Wales (vs 3.3% UK-wide). This is an increase from the comparable period in 2013, when 14% of establishments in Wales had vacancies and vacancy density was 2.2%.
- 6% of establishments in Wales were experiencing skill-shortage vacancies[1] (SSVs) at the time of the survey, in line with the UK overall, and higher than the 4% that experienced SSVs in Wales in 2013.
- The percentage of all vacancies considered SSVs has increased compared with 2013, from 20% to 24%.
- SSVs were a particular issue for establishments in mid Wales (where 34% of vacancies were SSVs), the Construction sector (40%), small establishments (37% in establishments with fewer than five staff) and when recruiting for Skilled Trades occupations (43%). The density of skill-shortage vacancies has most notably increased since 2013 in Machine Operatives and Associate Professionals.
- The most prevalent skills shortages when recruiting were a lack of specialist skills or knowledge needed to perform the job role, mentioned as being, at least in part, the cause of 69% of SSVs in Wales. A lack of people and personal skills was also common among applicants[2].
- Around one in seven (15%) SSVs were ascribed, at least in part, to a lack of oral Welsh language skills and 11% ascribed to a lack of written Welsh language skills.
- The most common impact of SSVs was an increased workload for other staff.

[1] Skill-shortage vacancies are vacancies which are proving difficult to fill due to the establishment not being able to find applicants with the appropriate skills, qualifications or experience.

[2] A new list of skill descriptors were developed for ESS 2015 in order to better understand the skills lacking among recruits. Half of employers were assigned to the 'new' skill descriptors, whereas the other half were assigned to the 'old' skill descriptors used in ESS 2011 and 2013 to facilitate comparisons over time.

Retaining staff

- Around one in ten establishments in Wales (9%) reported that there were specific jobs in which they had difficulties retaining staff, similar to the proportion of the UK as whole (8%), and an increase since 2011 when 7% of establishments in Wales had difficulties retaining staff.
- Where employers experience retention difficulties, these were most likely to relate primarily to Skilled Trades occupations (26%), followed by Elementary roles (20%) and Machine Operatives (16%).
- The most common reason given for having difficulties retaining staff was a lack of people interested in the type of work (65%).

The internal skills challenge

- 14% of establishments in Wales had staff with skills gaps[3] (i.e. lacking full proficiency), the same proportion as across the UK as a whole. The proportion of *staff* not fully proficient in their job (the skills gap density) fell from 5.8% in 2013, to 4.5% in 2015. In total 54,000 employees across Wales were perceived to be lacking proficiency.
- Two-thirds of skills gaps (67%) were deemed to be caused, at least in part, by the fact that staff were new to the role. A similar proportion of skills gaps (63%) were attributed to employees' training only being partially complete; this is a significant increase from the proportion citing this reason in 2013 (47%). Combined, these transient factors contributed, at least to some extent, to 78% of all skills gaps.
- The largest drops in skills gap density occurred in north Wales (from 7.6% in 2013 to 4.4% in 2015) and mid Wales (from 5.1% in 2013 to 2.5% in 2015). In 2015 skills gap density was highest in south east Wales (4.9%).
- Skills gaps were more prevalent among Machine Operatives (7.4%) and Elementary occupations (5.8%). Managers were most likely to be fully proficient in their job (with a skills gap density of 2.2 per cent), in line with UK findings.
- The most common people and person skill felt to be lacking was time management and prioritisation of tasks (cited in relation to 67% of skills gaps); team working was also widely cited as lacking among existing staff (59%). In terms of technical and practical skills, the most common skill lacking was specialist or knowledge-based skills required for the particular job role (56%).
- A lack of oral and written Welsh language skills were at least contributory causes of 19% and 22% of Welsh skills gaps.
- Close to two-thirds (64%) of establishments with skills gaps found these impacted on how their business performed; 17% considered this to be a *major* impact for them (a similar proportion to 2011 and 2013).

[3] A "skills gap" exists where an employee is deemed by their employer to be not fully proficient, i.e. is not able to do their job to the required level.

Employer perceptions of under-use of skills and qualifications

- A third of employers in Wales (34%) reported that they had at least one employee with skills and qualifications above those required for their current role, higher than 30% across the UK[4].
- In volume terms, 8% of the workforce had both skills and qualifications higher than required for their current role (higher than the 7% with under-utilised skills UK-wide).
- Nearly two in five employers (37 per cent, the same proportion as found across the UK) who reported under-utilisation said that it was most likely to occur among those occupying managerial roles.
- Establishments with under-utilised staff were more likely than those without to have skills gaps and to experience retention difficulties; they were also slightly more likely to experience skill-shortage vacancies.

Training and workforce development

- 63% of establishments in Wales provided training over the last 12 months, a figure in line with 2013 (62%) and 2011 (63%) but lower than in the UK as a whole (66%). Training was less common in mid Wales (54%). The proportion of staff trained (64%) was in line with the UK as a whole, and was higher than in Wales in both 2013 (62%) and 2011 (56%).
- Each person trained in Wales received an average 7.2 days of training, higher than the average of 6.8 days across the UK as a whole, but a slight drop from 7.7 days per person trained in Wales in 2013.
- As in 2013, the most common type of training provided was job-specific training.
- 54% of training employers arranged training intended to lead to a nationally recognised qualification, in line with 53% in 2013, and higher than in any other country of the UK (the UK-wide figure was 47%). This was true (although not always significantly) of all levels of qualifications.
- Just over two-fifths (43%) of employers in Wales that provided training had used online training or e-learning in the previous 12 months; this is lower than the UK average of 45%. A smaller proportion (37%) had provided other self-learning (besides online or e-learning), in line with the UK average (38%).
- In contrast to 2013, more was spent on training in Wales per trainee and per employee than in the UK (£2,750 and £1,750 in Wales compared to £2,600 and £1,640 in the UK). The 2015 spend of £2.1bn in Wales was an eight per cent increase on the spend of £1.9bn in 2013, and a 27 per cent increase on the spend of £1.6bn in 2011[5].

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[4] Time series comparisons are not available for under-use of skills, as ESS 2015 identified under-utilisation through a sequential two question approach, whereas in 2011 and 2013 it was drawn from a single question.

[5] It is worth noting that here, and throughout this chapter, training expenditure figures for 2011 and 2013 have not been adjusted for inflation. Additionally, in 2015 a new weighting strategy was implemented to further increase the accuracy of the training spend estimates; this new weighting strategy has also been retrospectively applied to both the 2011 and 2013 data files, meaning some of the figures reported here for 2011 and 2013 may differ slightly from the original reports. A full explanation of the new weighting

- By far the most common reason for not training was believing all their staff to be fully proficient in their roles. Half (49%) of employers that trained wanted to provide more training than they had been able to over the last 12 months, while three in ten non-trainers (31%) said they wanted to train. Overall, 44% of all employers wanted to provide more training than they had been able to do over the last 12 months.

High performance working practices (HPW) and product market strategies (PMS)[6]

- 11% of employers were found to be high performance working (vs.12% UK-wide).
- HPW employers were considerably more active in the recruitment market than non-HPW employers, but a lower proportion of their vacancies were hard-to-fill vacancies or SSVs (29% of their vacancies were hard-to-fill, compared to 39% of vacancies among non-HPW employers).
- HPW employers were considerably more likely to experience skills gaps than non-HPW employers (25% compared with 12%), although the proportion of their workforce lacking proficiency was similar across the two groups (5.0 per cent among HPW employers, and 5.5 per cent among their non-HPW counterparts).
- Private sector employers with high Product Market Strategy (PMS) scores were more likely to have arranged training, and those with medium to high PMS scores had trained a higher proportion of their workforce.

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strategy, the rationale behind it, as well as revised figures for training spend by country, are presented in a separate publication.

[6] HPW employers are classified as those adopting at least 14 of the 21 HPW practices covered by the survey questionnaire. PMS level is defined by aggregating responses to a series of questions exploring pricing strategies, approaches to innovation and the nature of the product market. A full description of each is given in the main report.