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**Research Report**  
National Employer Skills Survey 2007  
for the North East

Prepared for  
North East LSC

By  
IFF Research

August 2008



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## EXECUTIVE SUMMARY

The National Employers Skills Survey 2007 (NESS07) was commissioned by the Learning and Skills Council (LSC), the Department for Innovation, Universities and Skills (DIUS) and the Sector Skills Development Agency (SSDA) to provide comprehensive, definitive and up-to-date information on the recruitment, skills and workforce development issues and challenges facing employers in England.

Nationally over 79,000 establishments provided information on their recruitment, skill needs and training behaviour. Within the North East, a total of 5,608 interviews were conducted.

NESS07 is the fourth in the NESS series (it was previously conducted in 2003, 2004 and 2005), and throughout the report the 2007 results are compared with these earlier studies, particularly with the 2005 findings, in order to assess how employer skill needs and challenges are changing over time.

### Recruitment problems

Key headline findings in relation to recruitment and recruitment problems from NESS07 for the North East are listed in Table A, with comparisons shown from NESS05, NESS03, and in the last column, NESS07 England data.

**Table A: Recruitment problems 2003 - 2007**

	2003	2005	2007	2007
	NORTH EAST			ENGLAND
% of establishments with any vacancies	18%	19%	18%	18%
% of establishments with any hard-to-fill vacancies	8%	8%	7%	7%
% of establishments with skill-shortage vacancies (SSVs)	5%	5%	5%	5%
% of all vacancies which are SSVs	21%	23%	20%	21%
Number of SSVs	5.5k	5.5k	4.6k	130k
Number of SSVs per 1,000 employees	6	6	5	6

A minority of employers in the North East reported recruitment difficulties at the time of interview (7%), slightly fewer than reported difficulties in 2005 (8%) or 2003 (8%).

The proportion of employers encountering recruitment difficulties specifically because of skills shortages among applicants has remained at 5%, though the total number of reported skill-shortage vacancies (SSVs) in the North East has also fallen slightly since 2005, and now stands at around 4,600.

Overall, findings indicate slight easing of pressures in the labour market in the North East, with the proportion of hard-to-fill vacancies that skills-related having fallen from 36% in 2005 to 30% in 2007. Skill-shortage vacancies (SSVs) as a proportion of all vacancies have fallen from 23% in 2005 to 20% in 2007.



## Skill gaps

Establishments in the North East are more likely than the national average to report at least one skills gap among their internal workforce (almost a fifth – 19% - did, compared with a national average of 15%). However, this proportion continues to fall year on year (by a total of 7 percentage points since 2003).

A relatively small proportion of the workforce in the North East (6%) is considered to lack proficiency, the same proportion as found across England as a whole. Matching the national trend, the proportion of staff not proficient in the North East has fallen since 2003 (although has remained stable in the North East since 2005).

Underlying this stability are some changes at sub-regional level, with the proportion of the workforce described as not fully proficient falling by 3 percentage points in County Durham from 2005 (from 8% to 5%). Conversely, a greater proportion of Northumberland's workforce are described in 2007 than was the case in 2005 (5% compared with 3%).

**Table B: Skill gaps 2003 - 2007**

	2003	2005	2007	2007
	NORTH EAST			ENGLAND
% of establishments with any staff not fully proficient	26%	21%	19%	15%
% of staff not fully proficient	11%	6%	6%	6%

Skills gaps are more common in 'lower level' occupations both in absolute terms and as a proportion of the total workforce in those occupations. Overall 10% of elementary staff and 9% of sales and customer service staff lack full proficiency, and over two in five of all those lacking proficiency in the North East (44%) work in these two occupational groups. By contrast, just 4% of managers have skills gaps.

Technical and practical skills are more likely to be mentioned in connection with skills gaps in the North East than is the case nationally (these 'hard' skills were a factor in 58% of gaps in the North East compared with 51% nationally).



## Training

The following table summarises key data on training activity.

**Table C: Training 2003 - 2007**

	2003	2005	2007	2007
	NORTH EAST			ENGLAND
% of establishments training staff over the last 12 months	64%	71%	70%	67%
% of establishments providing off-the-job training in the last 12 months	N/A	52%	51%	46%
% of employees trained over the last 12 months	57%	70%	68%	63%
Training expenditure in last 12 months	N/A	£1.4bn	£2.0bn	£38.6bn

Levels of training activity and provision remain high in the North East. Establishments in the region were more likely than the national average to:

- Provide any training for their staff (70%), higher than the proportion nationally but very similar to the level reported in 2005;
- Provide off-the-job training for staff, and spend the largest proportion of their total training budget on off-the-job training than any other region (55% of budget compared with 47%);
- Train a greater proportion of the workforce (68% of the North East workforce had received some training in the last 12 months compared with 63% nationally);
- Provide a greater volume of training in terms of days training per annum per person trained and per employee. The total number of days training provided is equivalent to 13 days per annum for every worker in the region (compared with 10 days per employee across England) and to 20 days per annum per person trained (16 nationally).

Furthermore, the number of days training provided for staff has increased sharply from 2005 in the North East. Perhaps linked with this, the North East has seen the largest rise in expenditure on training from the 2005 survey of all the regions (an increase of 44%).

### ***Engagement with FE colleges***

A third (32%) of employers in the North East that provide any training for staff had sourced this training through an FE college; a higher proportion than that seen nationally (26%). Satisfaction with FE teaching and training quality is very high (83% were satisfied or very satisfied), in line with the national picture.

### ***Train to Gain***

Awareness and involvement with Train to Gain in the North East (31% and 5% respectively) were slightly higher than in England generally (28% awareness and 4% of employers actively involved).



## The recruitment of young people and involvement in Apprenticeships

Over one in four employers (28%) in the North East had in the last 12 months recruited a young person under 24 to their first job on leaving education. They were more likely than the national average to have recruited both 16-year-olds straight from school and 17- or 18-year old college leavers.

On balance, employers reported these young people to be well prepared for work, although were less likely to do so than employers across England as a whole (the biggest difference was for employers recruiting 17- or 18-year old college leavers, where 68% of North East employers reported them to be well or very well prepared for work compared with three quarters (74%) nationally).

Take up and engagement with Apprenticeships is relatively high in the North East (compared with the national average):

- Overall, 16% of employers in the North East offer Apprenticeships, compared with 14% nationally;
- Correspondingly, a higher proportion of employers in the North East had recruited a 16- to 24-year-old to an Apprenticeship in the last 12 months (8% compared with 6% across England as a whole);
- The number of Apprentices aged 16 to 24 recruited in the North East in the last 12 months is equivalent to 11 per 1,000 employees.

Employers in the North East are particularly likely to state that being able to train recruits in their own way of doing things is a key motivation for offering Apprenticeships (38% compared with 32% nationally).



# 1 Introduction

## The National Employer Skills Survey

- 1.1 The National Employer Skills Survey (NESS) is a national survey of employers in England. It aims to provide the Learning and Skills Council (LSC) and partner organisations with evidence from employers of the incidence, extent and nature of vacancies and recruitment difficulties as well as the skills deficiencies that exist within their staff. It also examines the attitude and behaviour of employers towards training.
- 1.2 The LSC in conjunction with its partner organisations, the Department for Innovation, Universities and Skills (DIUS, formerly the Department for Education and Skills (DfES) and the Sector Skills Development Agency (SSDA) – commissioned a National Employers Skills Survey in 2003 (NESS03), 2004 (NESS04) and 2005 (NESS05) surveying 72,000, 27,000 and 75,000 employers respectively across England. The National Employers Skills Survey 2007 (NESS07) continues this series with a survey sample of 79,018 employers nationally and 5,608 in the North East.
- 1.3 It is useful to note at this point that whilst the NESS is categorised as a survey of employers, the unit of analysis is actually defined as an establishment as each respondent is a single site at which the interview takes place which may or may not belong to a larger organisation dispersed across any number of sites. If a respondent is a manager of a store that is part of a larger chain of stores, the results from the respondent will detail information about their store in particular, not the company/employer as a whole. As a result the findings are not of employers per sae.

## The Survey Methodology

- 1.4 The survey uses a sample design created using a three-dimensional grid defined by sector of business activity and size of establishment within local LSC (LLSC) area/sub-region.
- 1.5 The major elements of the survey design were:
- The target number of interviews was distributed between each region in proportion to the number of establishments in each region.
  - Within each region these interviews were distributed between the sub-regions proportionately to the number of establishments within each sub-region.
  - Within each sub-region area, the allocated target number of interviews was divided between sectors as defined by the Sector Skills Council (SSC) footprints, half in proportion to the number of establishments within each sector, and half evenly across each sector.
  - The targets within each sector were distributed across six size bands in proportion to the number of people working in establishments of that size within that sector.
- 1.6 The sample was drawn from Experian. The overall response rate achieved from the sample was 35%. This was lower than for NESS05 and NESS03 (43% and 42% respectively) though a small improvement on NESS04 (33%).



- 1.7 The survey fieldwork took place between April and July 2007 and was conducted using computer-aided telephone interviewing (CATI) technology. Interviews were conducted with the most senior person at the site with responsibility for human resource and personnel issues. The survey covered a number of sections:
- Establishment details
  - Vacancies and recruitment difficulties
  - Skills gaps – skills issues within existing staff
  - Training and workforce development
- 1.8 After the main NESS07 fieldwork, a follow-up survey was conducted among establishments that indicated that they had funded or arranged training in the 12 months prior to the survey date. Respondents at establishments providing training were re-contacted, subject to their permission, to take part in a further survey investigating the costs of providing training.

## Data issues

### Data validity

- 1.9 Figures are not reported where there is a base of less than 25 establishments. For example, figures on the volume of vacancies amongst manager and senior officials will not be reported where there are less than 25 establishments reporting that they have any vacancies for managers or senior officials. For those where the number of reporting establishments is between 25 and 49 the figures are presented in italics and should be treated with caution due to the small sample size. This ensures the validity and robustness of the reported figures.
- 1.10 As an example, information on the volume of vacancies will not be shown for managers or machine operatives in the Tees Valley because, as shown in the following table, there are less than 25 establishments who stated in the survey that they have any vacancies for managers and/or machine operatives. For Northumberland 6 of the 8 occupational groups have base sizes too small to be reported on (Table 1).



**Table 1: Unweighted number of establishments reporting vacancies in each occupational group**

	North East	Northumberland	Tyne & Wear	County Durham	Tees Valley
Managers	99	-	50	-	-
Professionals	186	-	94	30	43
Associate professionals	214	-	119	-	57
Administrative/clerical	180	26	82	31	41
Skilled trades	208	26	82	44	56
Personal services	174	-	76	38	38
Sales & customer services	189	-	98	26	46
Machine operatives	105	-	45	-	-
Elementary	233	25	114	44	50
<i>Unweighted establishments reporting vacancies</i>	<i>1,244</i>	<i>139</i>	<i>597</i>	<i>214</i>	<i>294</i>

Notes: \* signifies figures below an employer base of 25. Figures in italics highlight a small employer base size of between 25 and 49. Columns will sum greater than the total presented as establishments may report they have a vacancy for more than one occupational group.

### Trend information & establishment size

- 1.11 There are particular issues with using trend information within the NESS survey series. The NESS03 surveyed the population of establishments with at least one employee excluding working proprietors. However, the NESS04, NESS05 and NESS07 surveyed establishments with at least two people working in them regardless of their role or position. As a result, a number of establishments covered by the 2001 and 2003 surveys would not have been eligible in 2004, 2005 or 2007.
- 1.12 The requirement for surveyed establishments to have at least two people working for them means that sole proprietors, self-employed owner managers and companies comprising only an employee director are not included. Data from the Small Business Service on Small and Medium Enterprise (SME) Statistics for the UK and Regions<sup>1</sup> shows nationally these groups account for 73% of enterprises and 16% of employment. Within the North East the figures are 68% of enterprises, 13% of employment and 7% of turnover. Whilst these groups exist within all sectors, they have particular concentrations in industries such as construction, some creative and media industry sectors and agricultural/land-based sectors. As a result, the NESS07 analysis will not provide an assessment of the skills needs of this employment group.

<sup>1</sup> Small Business Service, *Small and Medium Enterprise (SME) Statistics for the UK and Regions 2005*, <http://stats.berr.gov.uk/ed/sme/>



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## Report Structure

1.13 The report comprises the following sections:

- Establishment and Employment Profile – an analysis of the NESS07 survey findings in terms of the overall profile of establishments and employment in the North East
- Vacancy and Recruitment Difficulties – this section considers the survey findings in terms of the vacancy and recruitment difficulties reported by establishments in the region.
- Skills Gaps – examines the skills deficiencies or skills gaps observed by establishments amongst their existing workforce.
- Recruitment of Young People to Employment and Apprenticeships – this section looks at the recruitment and skills of young people.
- Training and Workforce Development – looks at information on the training behaviour of establishments.
- Skills Priorities in the North East – this final section examines what the NESS can tell us about the requirements for Level 2 and 3 skills in the North East. It also provides an analysis of the survey results in terms of the priority sectors in the region.



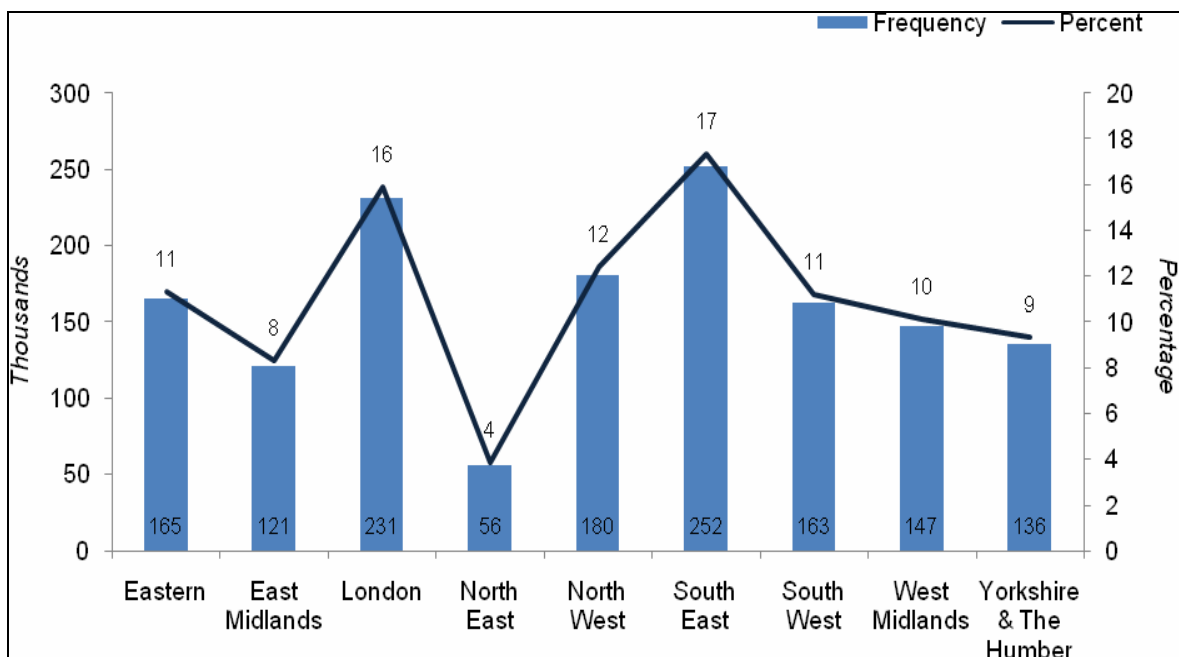
## 2 Establishment and Employment Profile

2.1 This section outlines details the NESS07 survey findings in terms of the headline profile and the structure of establishments and employment in the North East setting the context for the sections that follow. Also covered is what the NESS07 survey can tell us about the number, size and sectoral profile of establishments in the North East and an examination of employees in terms of their number and the occupations in which they work.

### Establishment Profile

2.2 The NESS07 survey reports on a weighted total of 56,320 establishments in the North East, accounting for 4% of the 1.4 million establishments nationally. Figure 1 shows this is significantly lower than the proportions seen amongst the other English regions which range from 8% in the East Midlands to 17% in the South East.

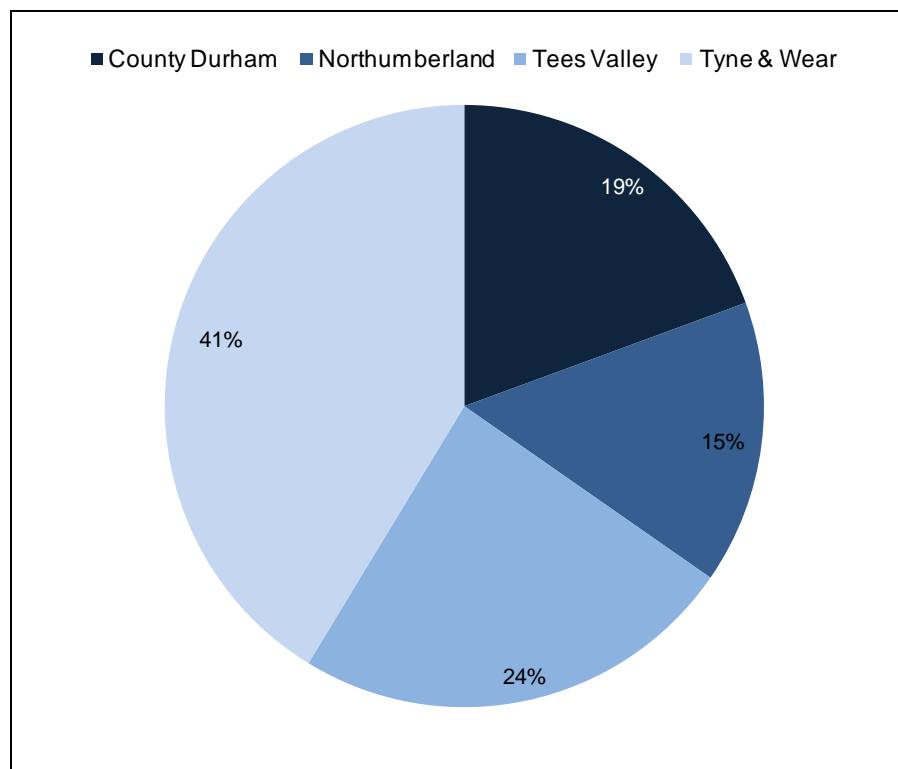
**Figure 1: Number & proportion of establishments by region, 2007**



Source: NESS07  
Base: All establishments

2.3 Within the region, Tyne and Wear is the largest of the sub-regions accounting for 41% of the total number of establishments in the North East (Figure 2). Northumberland is the smallest sub-region with 8,805 establishments equating to 15% of the regional total.



**Figure 2: Proportion of establishments by sub-region, North East, 2007**

Source: NESS07

Base: All establishments

- 2.4 The smaller number of establishments in the region could indicate that the North East is characterised by particularly large establishments. However, the NESS07 survey actually suggests that, as with other regions, the majority of establishments are SMEs (small to medium enterprises with less than 250 employees). The difference in the North East is that here establishments are characterised by fewer of the smallest establishments (those between 2 and 4 staff) and a greater proportion of establishments with between 5 and 24 and 25 to 99 staff (Table 2).

**Table 2: Establishments by size, all regions, 2007**

	Weighted establishments	2-4	5-24	25-99	100-199	200-499	500+
Eastern	165,008	55	35	8	1	1	-
East Midlands	120,774	54	36	9	1	1	-
London	231,199	54	36	8	1	1	-
North East	56,320	48	40	10	2	1	-
North West	180,327	52	37	9	1	1	-
South East	252,169	55	35	8	1	1	-
South West	162,978	55	35	8	1	1	-
West Midlands	147,130	53	36	9	1	1	-
Yorkshire & the Humber	135,602	52	37	9	1	1	-
England	1,451,507	54	36	8	1	1	-

Source: NESS07

Base: All establishments Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49



## Sectors

- 2.5 The sectoral profile of establishments in the North East largely reflects the national picture with sectors such as hospitality and catering (People 1st) and retail (Skillsmart Retail) accounting for the largest proportion of establishments. However, these sectors in the North East account for a larger proportion of establishments than the national average. The region also has a marginally greater proportion of establishments within the public service-related industries such as Lifelong Learning UK, Skills for Care and Development and Skills for Health.

**Table 3: Establishments by SSC, North East & England, 2007**

	North East	England
Skillsmart Retail	16	13
People 1st	12	10
ConstructionSkills	8	8
Asset Skills	5	6
Lantra	5	5
Skills for Health	4	3
Skills for Care & Development	4	3
SEMTA	3	3
Automotive Skills	3	3
Lifelong Learning UK	2	1
e-skills UK	2	3
SummitSkills	2	2
Financial Services	2	2
Skills for Logistics	2	2
Skillfast-UK	1	1
Improve	1	1
Energy & Utility Skills	1	1
Goskills	1	1
Creative & Cultural	1	2
Proskills	1	1
Cogent	1	1
SkillsActive	1	1
Non-SSC employers	21	25
Total	100	100
Weighted establishments	56,320	1,451,507

Source: NESS07

Base: All establishments

Note: Government Skills and Skills for Justice are not included as sample size of reporting establishments in the North East is below 25. Energy and Utility skills has a small establishment sample size 25-49. Skillset has a figure of less than 0.5.



## Employment Profile

- 2.6 The 56,320 establishments in the region employ a total of 1,008,085 workers, 5% of the national total, which is the smallest proportion of the English regions. Within the region, as with establishment numbers, Tyne and Wear is the largest of the sub-regions accounting for just under half (47%) of the total number of workers in the region. Northumberland is the smallest sub-region in terms of worker numbers.

**Table 4: Number & proportion of staff, all regions & England, 2007**

	Number in employment	% of total
England	22,259,634	100
Eastern	2,299,427	10
East Midlands	1,815,259	8
London	3,899,801	18
North East	1,008,085	5
North West	2,911,717	13
South East	3,598,032	16
South West	2,185,358	10
West Midlands	2,336,675	10
Yorkshire & the Humber	2,205,280	10
Northumberland	98,761	10
Tyne & Wear	474,166	47
County Durham	154,120	15
Tees Valley	250,390	25

Source: NESS07

Base: All in employment

- 2.7 Whilst the structure of employment in the North East in terms business size is broadly in line with the national picture, there are fewer staff working within the smallest businesses. As shown in table 29, 29% of workers are employed in establishments with less than 25 staff compared to 32% nationally. This does reflect the lower proportion of establishments seen regionally particularly within businesses employing 2 to 4 staff.



**Table 5: Employment by business size, North East & England, 2007**

	North East		England	
	Number in employment	Employment share	Number in employment	Employment share
2-4	71,353	7	777,049	9
5-24	225,531	22	520,326	23
25-99	258,924	26	122,361	25
100-199	127,881	13	18,407	12
200-499	150,394	15	9,703	15
500+	174,002	17	3,661	16
<b>Total</b>	<b>1,008,085</b>	<b>100</b>	<b>1,451,607</b>	<b>100</b>

Source: NESS07

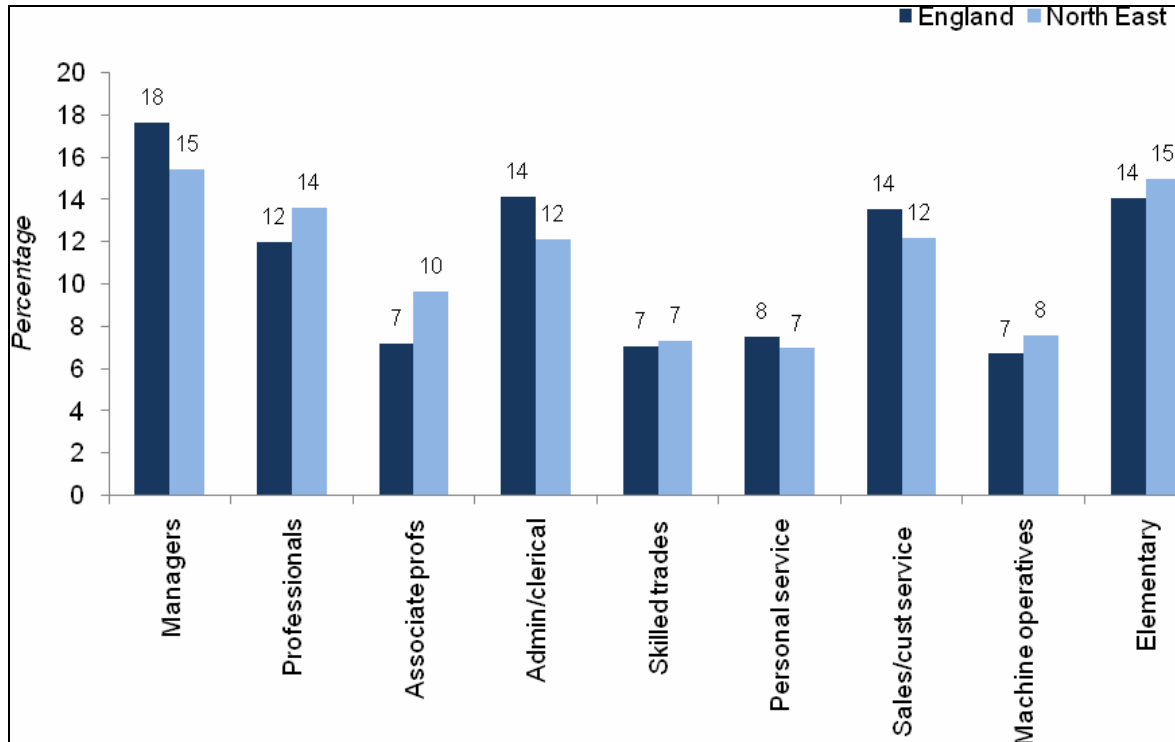
Base: All in employment

### Occupations

- 2.8 The NESS07 reports that the occupational employment profile of the North East, whilst largely in line with the average for England as a whole, employs fewer managers, administrative and clerical and sales and customer service staff than the national average. The region has a greater proportion of professionals and associate professionals than the national average.
- 2.9 In comparison with the other English regions the North East employs, as a proportion of the total number in employment, the fewest managers, admin and sales and customer service staff. Along with London, the region employs the largest proportion of professionals and associate professionals of the English regions.



**Figure 3: Occupational profile of employment, North East & England, 2007**



Source: NESS07  
 Base: All in employment



### 3 Vacancies and Recruitment Difficulties

#### Section summary

- Survey findings suggest that the scale of recruitment difficulties and skills shortage has fallen in the North East:
  - In absolute terms the number of vacancies has remained fairly static from 2005 to 2007 showing a marginal fall from 23,775 in 2005 to 23,400 in 2007
  - The number of HtFVs has fallen in the region by 19% from 8,625 in 2005 to 6,975 by 2007
  - HtFVs as a proportion of overall vacancies has also fallen from 36% in 2005 to 30% in 2007, a rate decline that mirrors the national picture
- Compared with 2005 there are also fewer SSVs in the North East although the rate of decline in SSVs is not as large as for HtFVs as a whole suggesting that there are factors other than a change in skills-based difficulties that have contributed to the fall in HtFVs.
- Within the region, establishments in Northumberland are most likely to be experiencing vacancies with 21% reporting that they have at least 1 vacancy, 3 percentage points higher than the regional and national averages. In terms of SSVs in the North East approximately one in five reported vacancies were described as due to skills shortage, a rate reflected across the sub-regions.
- Looking at how predominant skills are as a reason for HtFVs shows that County Durham has a fairly low level of SSVs as a proportion of HtFVs in comparison to the other sub-regions. This may suggest that there are other factors that are important in the formation of HtFVs for County Durham. However, at nearly 60%, skill shortages are still the overriding reason for HtFVs.
- Smaller establishments are more likely to suffer from recruitment difficulties. Whilst larger establishments are more likely to report that they have SSVs the actual volume of SSVs is largest amongst smaller establishments. Smaller establishments also account for a proportion of SSVs that is disproportionately large in comparison to the number of people they employ.
- Vacancies are most frequent amongst the professional, associate professional, sales and elementary occupational groups in the North East. HtFVs represent a larger proportion of the total number of vacancies than the national and regional averages (30%) for managers (40%), professionals (36%), skilled trades (44%) and machine operatives (40%).



## Introduction

- 3.1 In this section we consider the survey findings in terms of the vacancy and recruitment difficulties reported by establishments in the North East. The section examines the incidence, number and distribution of vacancies and recruitment difficulties across a range of variables such as establishment size, occupation and sector.

**Hard-to-fill vacancies:** Recruitment difficulties relate to vacancies that employers find *hard-to-fill* (HtFVs). The reasons why vacancies may be hard-to-fill are wide and varied from there being a low number of applicants in general to the job itself being unattractive as a result issues such as shift work or unsociable hours.

**Skills shortage vacancies:** There are those vacancies that are believed to be hard-to-fill because the applicants are seen to not have the required skills, experience or qualifications that are demanded by the employer. These types of hard-to-fill vacancies are grouped together as *skills shortage vacancies* (SSVs).

- 3.2 The terms hard-to-fill vacancies (HtFVs) and skills shortage vacancies (SSVs) are used throughout this and subsequent sections of this report.

## Vacancies, Hard-to-Fill & Skills Shortage Vacancies

- 3.3 The survey shows in 2007 there were approximately 23,400 vacancies amongst establishments in the North East (Table 6). Of those 30% (6,975) were described as being hard-to-fill and two thirds of those (66%) that were hard-to-fill were reported as an SSV, a proportion that is lower than the national average.

**Table 6: Vacancies & recruitment difficulties, North East & England, 2007**

	North East	England
Total employment	1,008,085	22,259,634
Number of vacancies	23,400	619,675
Number of HtFVs	6,975	183,475
Number of SSVs	4,600	130,000
Vacancies as a proportion of all employment	2.3	2.8
HtFVs as a proportion of vacancies	30	30
SSVs as a proportion of vacancies	20	21
SSVs as a proportion of HtFVs	66	71
Unweighted establishments	5,608	79,018

Source: NESS07

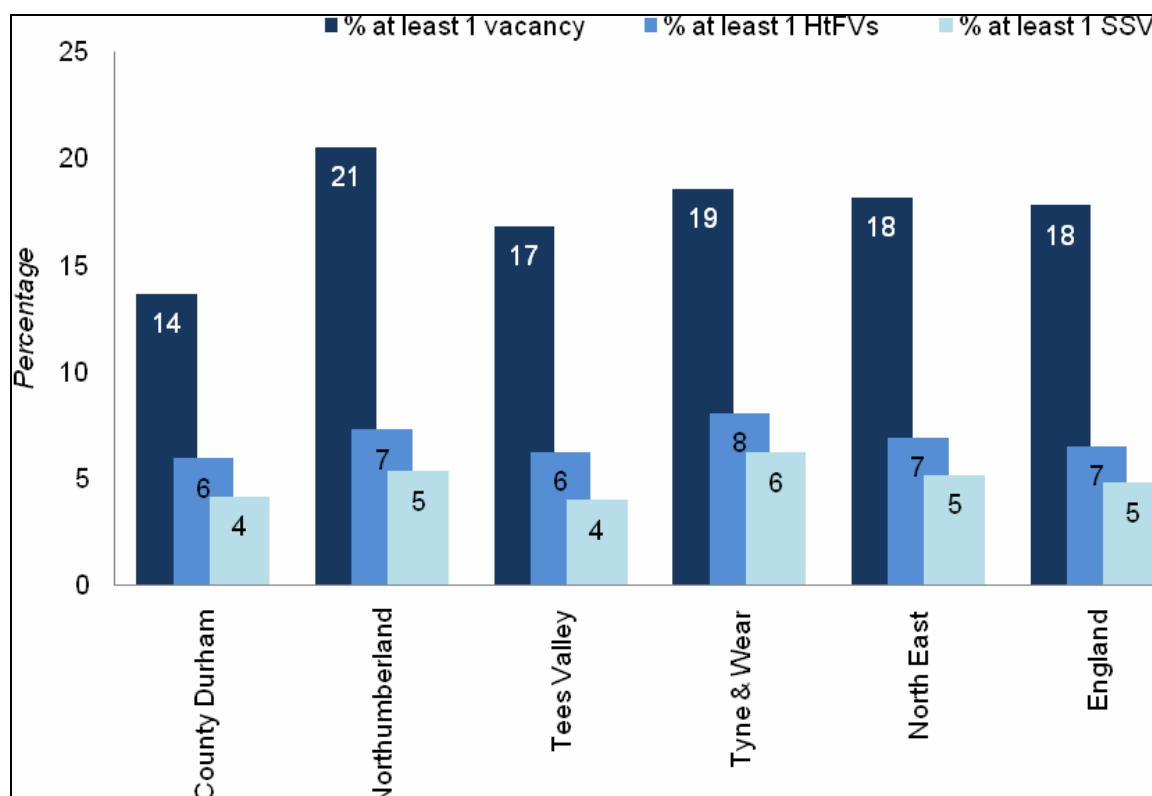
Base: All establishments

Note: Vacancies numbers are rounded to the nearest 25



- 3.4 Approximately 18% of establishments in the region reported that they had at least one vacancy, 7% at least one HtFV and 5% at least one SSV. These figures are in line with the averages for England and the other English regions and have not significantly changed from 2005. As a proportion of the total number in employment the North East (2.3) has fewer vacancies than the national average (2.8).
- 3.5 In terms of the number of vacancies being reported by establishments in the region, nearly 80% of those who had a vacancy had only either one or two (with in fact 60% reporting only one vacancy). Therefore, the number of vacancies is fairly low compared to the number of jobs, though these are likely to disproportionately affect smaller establishments.
- 3.6 Within the North East, establishments in Northumberland are most likely to be experiencing vacancies with 21% of establishments reporting that they have at least 1 vacancy, 3 percentage points higher than the regional and national averages (Figure 4). Of those establishments reporting recruitment difficulties (i.e. HtFVs and SSVs) the proportions are relatively in line with the regional and national averages. Tyne and Wear has a marginally larger proportion of establishments reporting recruitment difficulties at 8% for HtFVs and 6% for SSVs. Establishments are the least likely to be experiencing vacancies in County Durham with only 14% of establishments reporting any vacancies, 4 percentage points lower than the regional and national averages.

**Figure 4: Proportion of establishments reporting at least 1 vacancy by sub-regions, North East & England, 2007**



Source: NESS07

Base: All establishments

- 3.7 Table 7 outlines the vacancy and recruitment difficulty situation across the North East sub-regions. In absolute volume terms, Tyne and Wear has the largest number of vacancies at 474,106. Whilst this is expected given that the sub-region accounts for 47% of the total employment in the North East, its ratio of vacancies to employment at 2.7 is appreciably high relative to the other sub-regions. However, this ratio is in line with the national figure of 2.8.



- 3.8 Looking more specifically at recruitment difficulties rather than overall levels of vacancies Northumberland and County Durham have the highest proportions of vacancies (33% and 32% respectively) reported as being hard-to-fill, above the average for the North East and England. Combined with a lower ratio of vacancies to employment it may suggest that whilst these two sub-regions have proportionally fewer vacancies, the vacancies they do have are harder to fill. In contrast, Tyne and Wear has the lowest proportion of vacancies that are hard-to-fill (27%) 3 percentage points below the national and regional averages. This suggests that whilst this sub-region has a higher volume of vacancies, it appears that it does not find them quite as hard-to-fill.
- 3.9 There is little variation amongst the sub-regions in terms of the proportion of vacancies that are reported as SSVs with approximately one in five reported vacancies described as due to skills shortage for the region as a whole and across the sub-regions.
- 3.10 Whilst skills shortages are the predominant and overriding reason for HtFVs for all sub-regions in the North East there is some level of variance. County Durham has the lowest level with SSVs accounting for 59% of vacancies that are hard-to-fill, well below the regional (66%) and national (71%) averages. At 64% Northumberland also has a smaller proportion of its HtFVs that are as a result of skills shortage than the national average but only marginally less than the regional average. This may suggest that there are other factors that are important in the formation of HtFVs for both County Durham and Northumberland.
- 3.11 The Tees Valley and Tyne and Wear have the highest proportion of HtFVs that are a result of skills shortage, both at 70% and 4 percentage points higher than the average for the region. However, the figures are in line with the national average. Given the particularly low proportion of HtFVs to vacancies in Tyne and Wear noted earlier (27%), this may suggest that whilst this sub-region has fewer vacancies that it finds hard-to-fill, those that it does have are (along with the Tees Valley) more likely to be as a result of skills shortage.

**Table 7: Vacancies & recruitment difficulties by sub-region, North East & England, 2007**

	County Durham	Northumberland	Tees Valley	Tyne & Wear	North East	England
Total employment	154,120	98,761	250,390	474,166	1,008,085	22,259,634
Number of vacancies	3,025	1,900	5,450	12,675	23,400	619,675
Number of HtFVs	975	625	1,675	3,375	6,975	183,475
Number of SSVs	575	400	1,175	2,350	4,600	130,000
Vacancies as a proportion of all employment	2.0	1.9	2.2	2.7	2.3	2.8
HtFVs as a proportion of vacancies	32	33	31	27	30	30
SSVs as a proportion of vacancies	19	21	22	19	20	21
SSVs as a proportion of HtFVs	59	64	70	70	66	71
Unweighted establishments	1,089	865	1,351	2,303	5,608	79,018

Source: NESS07

Base: All establishments

Note: Vacancies number are rounded to the nearest 25



- 3.12 Looking at vacancies and recruitment difficulties trends for the North East shows the scale of recruitment difficulties and skills shortage in the region has fallen (Table 8). Whilst in absolute terms the number of vacancies has remained fairly static from 2005 to 2007 (showing only a marginal fall from 23,775 in 2005 to 23,400 in 2007), the number of HtFVs has fallen in the region by 19% from 8,625 in 2005 to 6,975 by 2007. HtFVs as a proportion of overall vacancies has also fallen from 36% in 2005 to 30% in 2007, a rate of decline that mirrors the national picture.
- 3.13 Compared with 2005 there are fewer SSVs although the rate of decline in SSVs is not as large as for HtFVs as a whole. This suggests that there are factors other than a change in skills-base difficulties that have contributed to the fall in HtFVs. As the rate of decline in SSVs has not been as steep as the rate of decline for HtFVs overall, SSVs as a proportion of HtFVs has increased, a pattern reflected nationally.

**Table 8: Vacancies & recruitment difficulties, North East, 2005 & 2007**

	North East		England	
	2005	2007	2005	2007
Total employment	961,150	1,008,085	21,504,975	22,259,650
Number of vacancies	23,775	23,400	573,900	619,675
Number of HtFVs	8,625	6,975	203,550	183,475
Number of SSVs	5,525	4,600	143,125	130,000
Vacancies as a proportion of all employment	2.5	2.3	2.7	2.8
HtFVs as a proportion of vacancies	36	30	35	30
SSVs as a proportion of vacancies	23	20	25	21
SSVs as a proportion of HtFVs	64	66	70	71
Unweighted establishment	4,115	5,608	74,835	79,018

Source: NESS05 and NESS07

Base: All establishments

Note: Vacancies numbers are rounded to the nearest 25

- 3.14 The rise in employment in the North East coupled with a downward trend in the number of vacancies as a proportion of employment (2.7 in 2004 down to 2.3 by 2007) suggests a marginal tightening of the labour market – more people employed and fewer vacancies. This is not a trend that is reflected nationally where vacancy numbers have risen from 2005 to 2007 as have rates of employment. This has led to a fairly static level of vacancies as a proportion of employment.
- 3.15 It appears that along with a growing number of people in employment the scale of recruitment difficulty and skills shortage has reduced in the North East from 2005 to 2007, a picture that is on the whole reflected nationally. It is also one that is broadly reflected across the sub-regions with the following points of difference:
- The numbers of HtFVs and SSVs have fallen between 2005 and 2007 across all sub-regions with the exception of Tyne and Wear which has seen a very small increase.
  - HtFVs as a proportion of vacancies have remained static in Tyne and Wear whilst other sub-regions have seen decreases.
  - County Durham has seen a decline in SSVs as a proportion of vacancies with figures for other sub-regions has remained largely static. County Durham has also seen a fall in SSVs as a proportion of HtFVs.



## Effect of Business Unit Size on Vacancies & Recruitment

- 3.16 Whilst larger establishments are more likely to report that they have vacancies, with well over half of establishments with between 100 and 199 staff reporting vacancies, the actual volume of vacancies is largest amongst smaller establishments (Table 9). Smaller establishments also account for a proportion of vacancies that is disproportionate to the number of people they employ. Establishments with between 2 and 24 staff account for 45% of the reported number of vacancies in the North East whilst accounting for only 29% of the total number in employment.
- 3.17 Although the data is incomplete as a result of respondent sample sizes below 25 establishments, the data does suggest that smaller establishments also have more difficulty in filling vacancies with over half of all HtFVs existing within establishments in the region with between 2 and 24 staff.

**Table 9: Vacancies by size of establishment, North East, 2007**

	% of establishments reporting vacancies	Number of vacancies	Share of employment	Share of all vacancies	Share of all HtFVs	Share of all SSVs
2-4	10	3,725	7	16	20	23
5-24	20	6,850	22	29	33	31
25-99	38	6,300	26	27	28	30
100-199	57	2,275	13	10	4	-
200-499	46	2,325	15	10	-	-
500+	-	2,050	17	-	-	-
Total	18	23,550	100	100	100	100
Unweighted establishments	1,244	1,244				

Source: NESS07

Base: All establishments

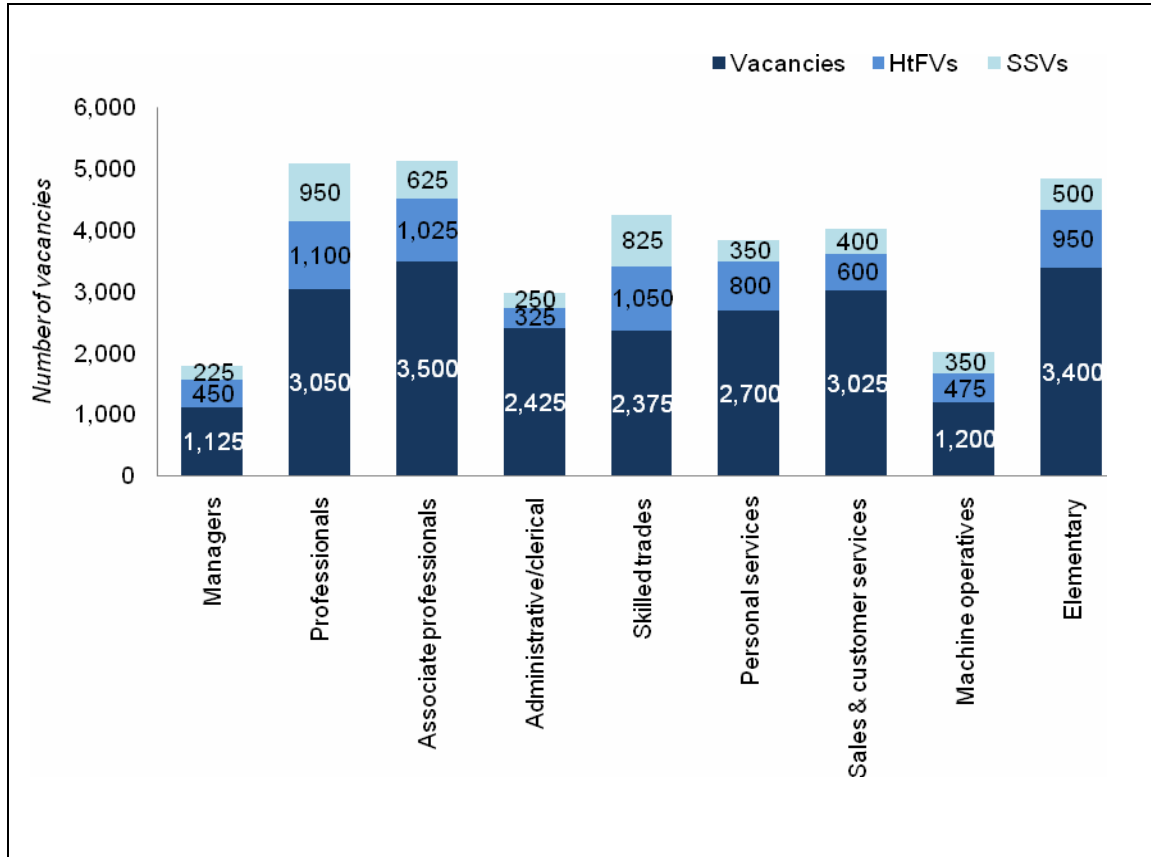
Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49. Vacancies numbers are rounded to the nearest 25.

## Occupational Profile

- 3.18 In absolute volume, the largest numbers of vacancies reported by establishments in the North East are within associate professionals, elementary, professional and sales occupations (Figure 5). Managers and machine operatives account for the fewest vacancies. Figure 6 shows this distribution is broadly in line with the national picture.
- 3.19 Looking at recruitment difficulties specifically rather than overall vacancy levels shows in absolute volume terms, professional, technical (associate professional and skilled trade occupations) and elementary occupations are the occupational groups that account for the largest volume of HtFVs (Figure 5). Professional, associate professional and skilled trade occupations also account for the largest number of SSVs.



**Figure 5: Volume of vacancies, HtFVs & SSVs by occupation, North East, 2007**



Source: NESS07

Base: Vacancy base, unweighted North East = 3,357

**Figure 6: Distribution of vacancies by occupation, North East & England, 2007**



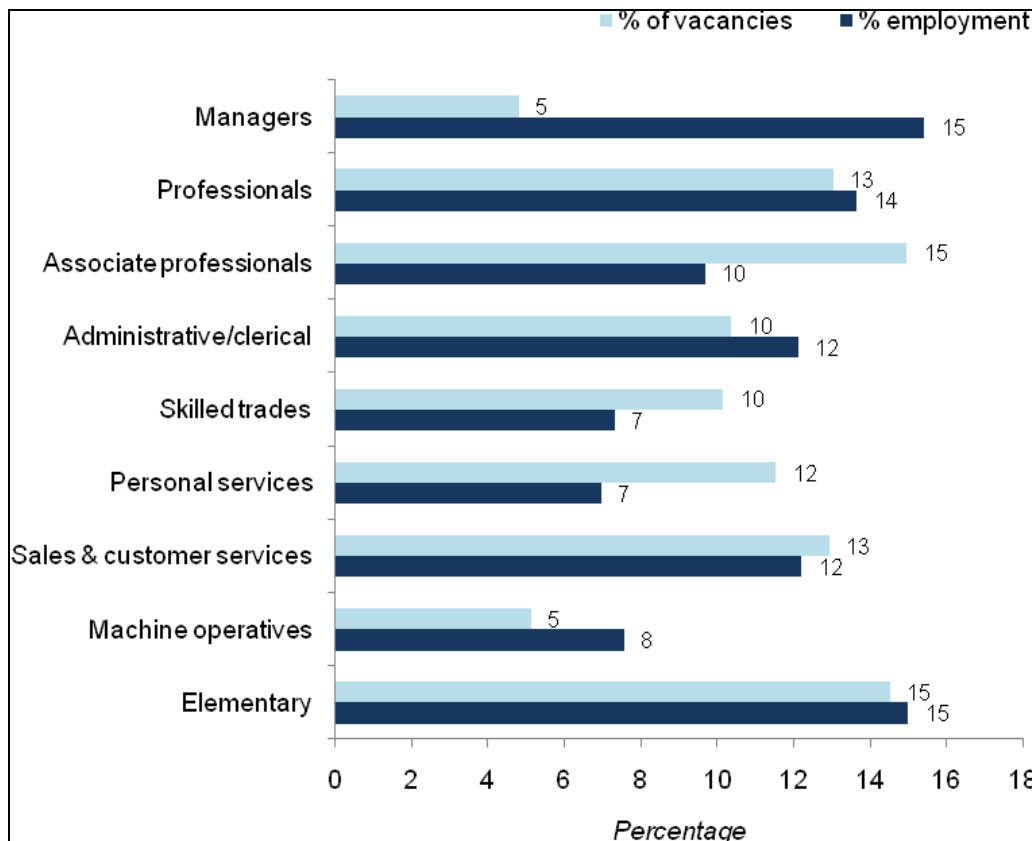
Source: NESS07.

Base: Vacancy base, unweighted North East = 3,357 & England = 52,867



3.20 Rather than reflecting on volume, Figure 7 examines the distribution of vacancies and the distribution of employment across occupations. It shows that vacancies amongst technical and skilled occupations, often requiring Level 3 and/or Level 4 skills, are particularly high. The same can also be said for personal service occupations which often require Level 2 and increasingly Level 3 skills. Interestingly managers who represent a large proportion of employment represent a small proportion of vacancies relative to the profile of other occupational groups.

**Figure 7: Distribution of vacancies & employment by occupation, North East, 2007**



Source: NESS07  
 Base: Vacancy base, unweighted North East = 3,357

3.21 Continuing to examine the distribution rather than volume of vacancies and recruitment difficulties (Table 10), shows HtFVs represent a larger proportion of the total number of vacancies than the national and regional average (30%) for managers (40%), professionals (36%), skilled trades (44%) and machine operatives (40%). There may be a number of reasons why establishments are finding recruitment for these occupations difficult but the survey suggests that skills play a significant part in the recruitment problems for skilled trades, where 35% of vacancies are SSVs compared to an average for all occupations of 20%. Proportions of SSVs for professional occupations and machine operatives are also above the average for all occupational groups.

3.22 The proportion of vacancies that are SSVs is lower than the overall average for administrative and clerical, personal service, sales and customer service and elementary occupations.



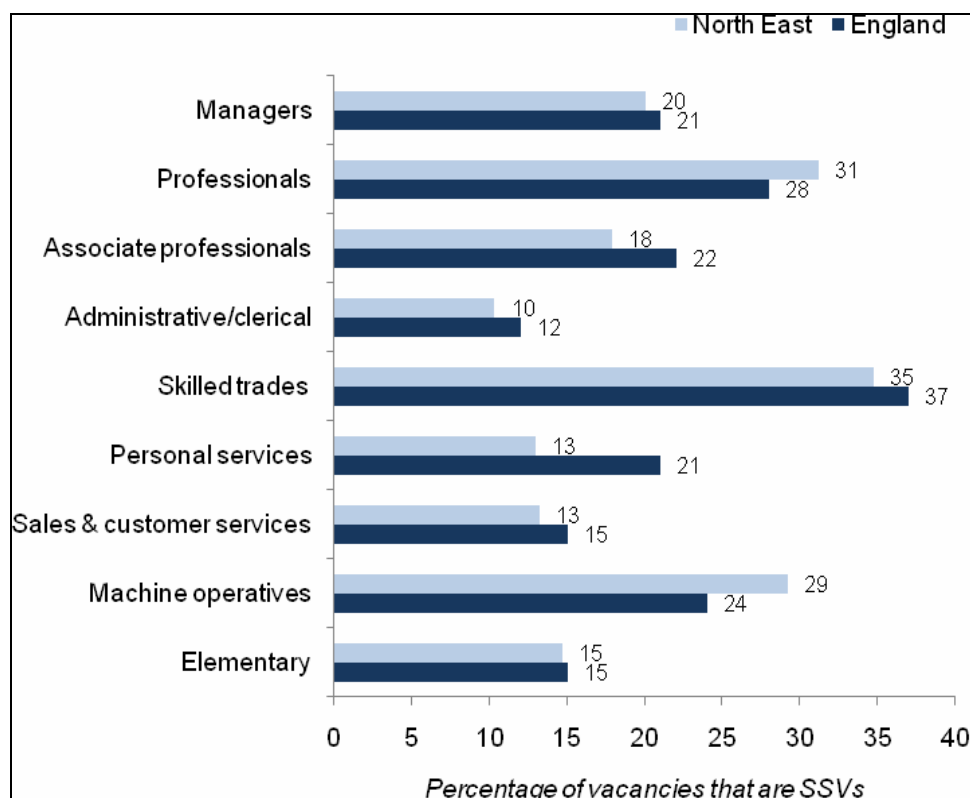
**Table 10: Vacancies, HtFVs & SSVs by occupation, North East, 2007**

	% of all vacancies	% of all HtFVs	% of all SSVs	% of vacancies that are HtFVs	% of vacancies that are SSVs	SSVs per 1,000 staff
Managers	5	6	5	40	20	1
Professionals	13	16	21	36	31	7
Associate professionals	15	15	14	29	18	6
Administrative/clerical	10	5	5	13	10	2
Skilled trades	10	15	18	44	35	11
Personal services	12	11	8	30	13	5
Sales & customer services	13	9	9	20	13	3
Machine operatives	5	7	8	40	29	5
Elementary	15	14	11	28	15	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>30</b>	<b>20</b>	<b>5</b>
Unweighted base: vacancies	3,357	981	631			

Source: NESS07

3.23 The North East broadly reflects the national profile in terms of the proportion of vacancies that are hard-to-fill because of skills shortage. However, the North East does have a higher proportion of vacancies that are SSVs for machine operatives and professional occupations. By contrast, the region has a smaller proportion of vacancies that are SSVs for personal service (8 percentage points lower) and associate professional occupations (4 percentage points lower) than the national average.

**Figure 8: Percentage of vacancies that are SSVs by occupation, North East & England, 2007**



Source: NESS07

Base: Vacancy base, unweighted North East = 3,357



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## Sectoral Profile

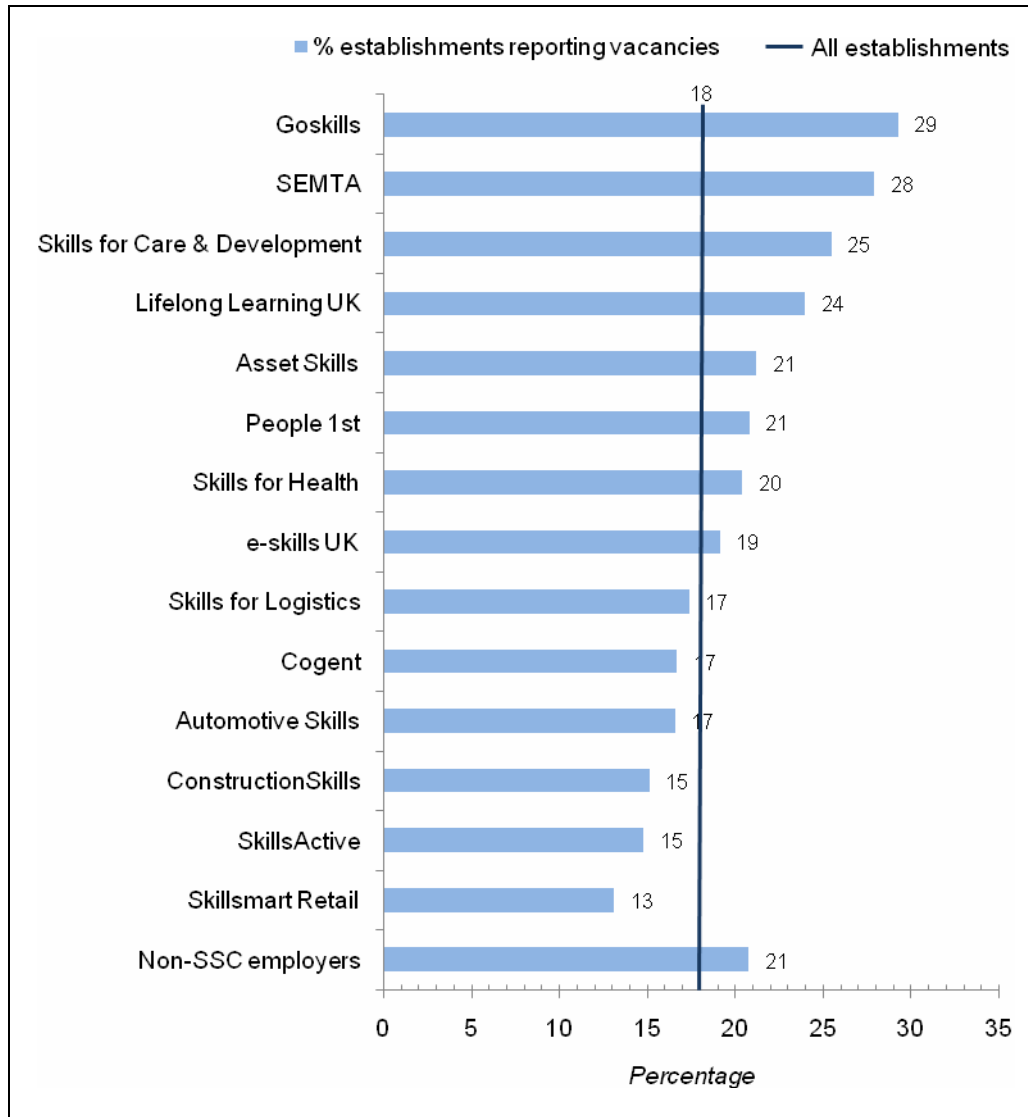
- 3.24 Analysis of the vacancy profile by SSC<sup>2</sup> for the North East is limited due to the low unweighted sample size of establishments reporting vacancies within each SSC. In the North East, of the 25 SSCs 11 have fewer than 25 establishments reporting vacancies and 8 have a sample of between 25 and 49 establishments. Dividing this further by establishments reporting HtFVs and SSVs reduces the numbers making very little analysis of recruitment difficulties possible.
- 3.25 Two of the SSCs not included in the analysis are Government Skills and Skills for Justice. It should be noted that nationally establishments in SSC sectors largely composed of public sector establishments are most likely to report vacancies. 32% of establishments within Government Skills and 30% within Skills for Justice reported vacancies, the highest proportions of any SSC.
- 3.26 Looking at the information available for analysis on the vacancy situation for 15 of the 25 SSCs in the North East (Figure 9) shows a larger proportion of establishments are experiencing vacancies than the average for all employers within:
- Go Skills (passenger transport)
  - SEMTA (science, engineering, aerospace and manufacturing technologies)
  - Skills for Care & Development (social care sector)
  - Lifelong Learning UK (community based learning, FE, HE and library & information industries)
  - Asset Skills (property, housing, cleaning and facilities management)
  - People 1st (tourism & hospitality)
  - Skills for Health (NHS, independent & voluntary health organisations)
  - e-skills (IT, telecommunications and contact centres)
- 3.27 In comparison with the national picture, the North East has a greater number of establishments within industries such as logistics, transportation, manufacturing and property management experiencing vacancies.

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<sup>2</sup> For reference where information for *non-SSC employers* is shown this describes those sectors currently not covered by an SSC. Estimates for April 2007 suggest that 89% of the workforce were covered by an SSC. A process of sector integration is taking place in the Skills for Business network where sectors currently outside the network are agreeing coverage by a SSC. It is estimated this will increase the coverage of the UK workforce to 95%.



**Figure 9: Proportion of establishments with vacancies by SSC, North East, 2007**



Source: NESS07  
 Base: All establishments, unweighted North East = 5,608

3.28 Table 11 shows the proportion of establishments with vacancies for those SSCs where data is available. It shows that in particular People 1st have a larger share of vacancies than their share of employment (11% compared with 7%). The same is partly true for Construction Skills, where there is an employment share of 5% compared with a vacancy share of 7%. In contrast, Skills for Health has a marginally greater share of employment (9%) compared to vacancies (7%).



**Table 11: Vacancy distribution by SSC, North East, 2007**

	Number of establishments (unweighted)	Total no. vacancies	% of employment	% of all vacancies	Vacancies as % of employment
Asset Skills	190	675	3	3	2
Automotive Skills	216	425	2	2	2
Cogent	140	350	3	1	1
ConstructionSkills	343	1,550	5	7	3
Creative & Cultural	115	-	*	-	-
Energy & Utility Skills	33	-	1	-	-
e-skills UK	144	1,000	3	4	3
Financial Services	143	-	3	-	-
Goskills	118	475	2	2	3
Government Skills	-	-	3	-	-
Improve	57	-	2	-	-
Lantra	223	-	1	-	-
Lifelong Learning UK	213	875	4	4	2
People 1st	514	2,675	7	11	4
Proskills	120	-	1	-	-
SEMTA	186	1,250	6	5	2
Skillfast-UK	110	-	1	-	-
Skills for Care & Development	351	1,300	5	6	3
Skills for Health	209	1,525	9	7	2
Skills for Justice	-	-	2	-	-
Skills for Logistics	152	450	2	2	2
SkillsActive	149	275	1	1	2
Skillset	48	-	*	-	-
Skillsmart Retail	708	2,425	11	10	2
SummitSkills	137	-	1	-	-
Non-SSC employers	954	5,625	22	24	3
				0	
North East	5,608	23,400	100	100	2

Source: NESS07.

Base: Vacancy base, unweighted North East = 3,357

Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49. Vacancies numbers are rounded to the nearest 25. '\*' denotes figures >0 but <0.5.

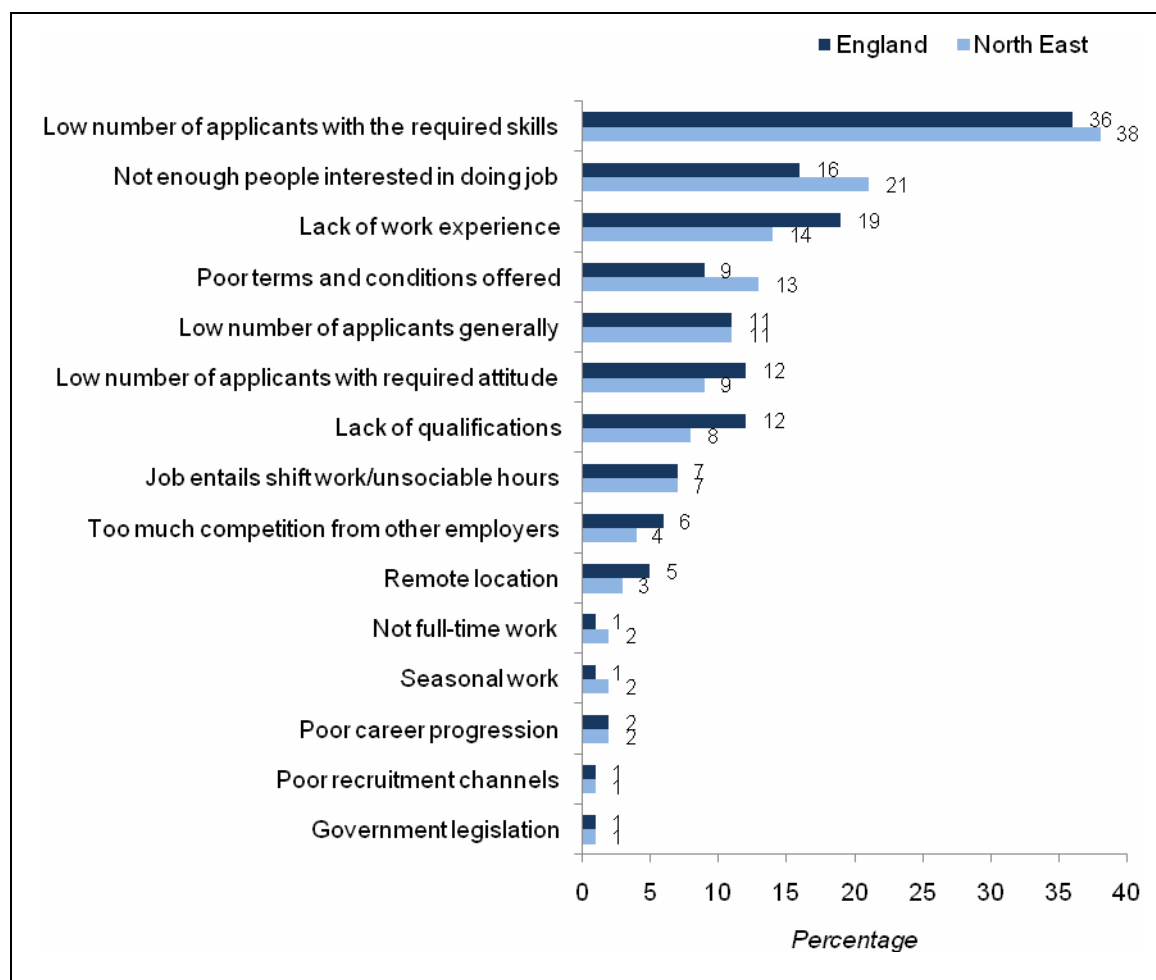


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## Reasons for Recruitment Difficulties

- 3.29 The reasons why vacancies may be hard-to-fill are wide and varied, ranging from issues such as poor pay and conditions to problems with the skills levels of recruits. The NESS seeks to develop an understanding of the reasons behind recruitment difficulties. However, the survey being one which is establishment/employer-based means that the results will not reflect a complete picture of why recruitment difficulties occur. Incompleteness may have been caused by a number of reasons such as:
- The observation of reasons for recruitment difficulties is subjective and organisations may not adequately take into account the market conditions in which they operate when defining why they are having recruitment difficulties.
  - Despite the NESS being a large sample survey the actual number of establishments who identified that they have HtFVs is relatively small at 471 establishments in the North East.
- 3.30 Looking at the reasons given by establishments in the North East for considering individual vacancies hard-to-fill, in terms of the number of vacancies (rather than the number of establishments reporting them) shows that skills shortages are the single most common cause of hard-to-fill vacancies. 38% of HtFVs in the region were attributed to applicants not having the required skills, a proportion only marginally higher than the national average.
- 3.31 For those other elements of skills shortage such as a lack of work experience and/or a lack of qualifications the North East has a smaller proportion than the national average. This reflects the fact that the North East has an overall smaller proportion of its HtFVs that are SSVs than the national average, 66% compared to 71% nationally. The North East has a greater proportion (compared with the national average) of its HtFVs that are a result of not enough people interested in doing the job and poor terms and conditions offered.



**Figure 10: Reasons for vacancies being hard-to-fill, North East, 2007**

Source: NESS07

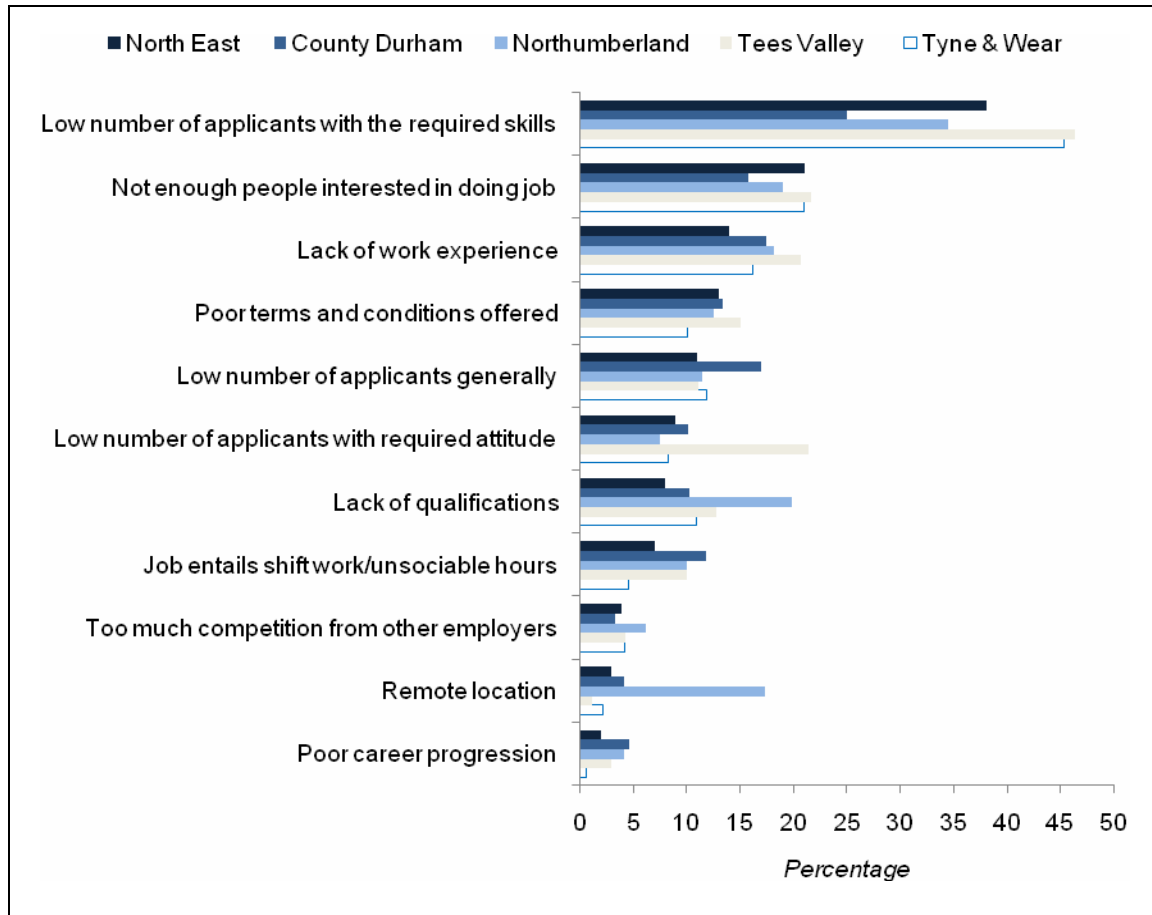
Base: Hard-to-fill vacancy base, unweighted North East = 987, England = 14,595

3.32 Within the region, whilst applicants lacking skills, work experience and/or qualifications remain the most significant reasons for vacancies being hard-to-fill there are a number of areas for which other reasons are particularly important.

- In County Durham, whilst skills issues are significant, in comparison with the region as a whole there is a lower proportion of vacancies where applicants do not have the required skills levels and a higher proportion of vacancies where there are low numbers of applicants generally. This may suggest that the labour market is functioning particularly tightly within County Durham, a position reflected in the general vacancy and recruitment difficulties highlighted earlier.
- For Northumberland, whilst the number of applicants lacking qualifications and work experience is higher than the average for the North East, remote location is an important reason for HtFVs, 17% compared with 3% regionally. This perhaps highlights why the overall number of SSVs as a proportion of HtFVs is lower than the regional average.
- In the Tees Valley skills-related reasons for recruitment difficulties is particularly high. Difficulties with skills, work experience and qualification are factors in 80% of HtFVs. There are also a high proportion of applicants who are without the required attitude.
- In Tyne and Wear there is a particularly high proportion of vacancies that are the result of low numbers of applicants with required skills.



**Figure 11: Reasons for vacancies being hard-to-fill by sub-region, North East, 2007**



Source: NESS07

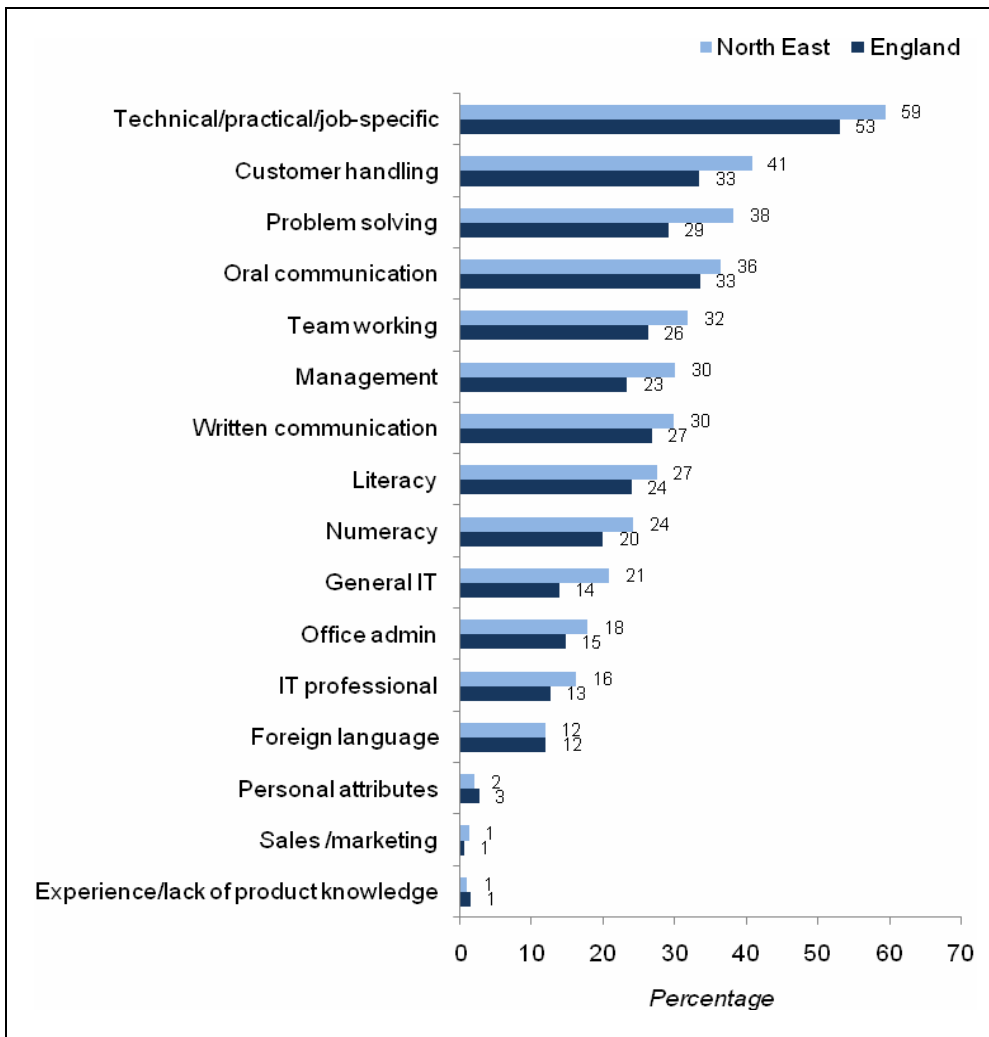
Base: Hard-to-fill vacancy base, unweighted North East = 987



### Skills Lacking in Skills Shortage Vacancies

- 3.33 With skills issues being the primary reason for vacancies being hard-to-fill it is useful to unpick the particular skills establishments are finding difficult to obtain. The NESS series asks establishments which particular skills they had found difficult to obtain where skill-shortage vacancies were reported.
- 3.34 Overall, establishments in the North East reported all skills from technical and job-specific to IT professional, to be more difficult to obtain where SSVs existed than the national average. Technical, practical or job-specific skills are the most frequently cited skills lacking from applicants and factor in nearly 60% of all SSVs, a rate higher than the national average of just over 50%. Other frequently identified skills lacking amongst applicants are oral communication, problem solving and customer handling skills – cited by establishments in over one-third of SSVs.
- 3.35 Poor literacy and numeracy is identified within more SSVs by establishments in the North East than the average for England. However, the survey only identifies where organisations know and are concerned about literacy and numeracy issues and it is very unlikely that all literacy and numeracy skills issues are all accounted for in the survey.

**Figure 12: Skills lacking in connection with skills shortage vacancies**



Source: NESS07

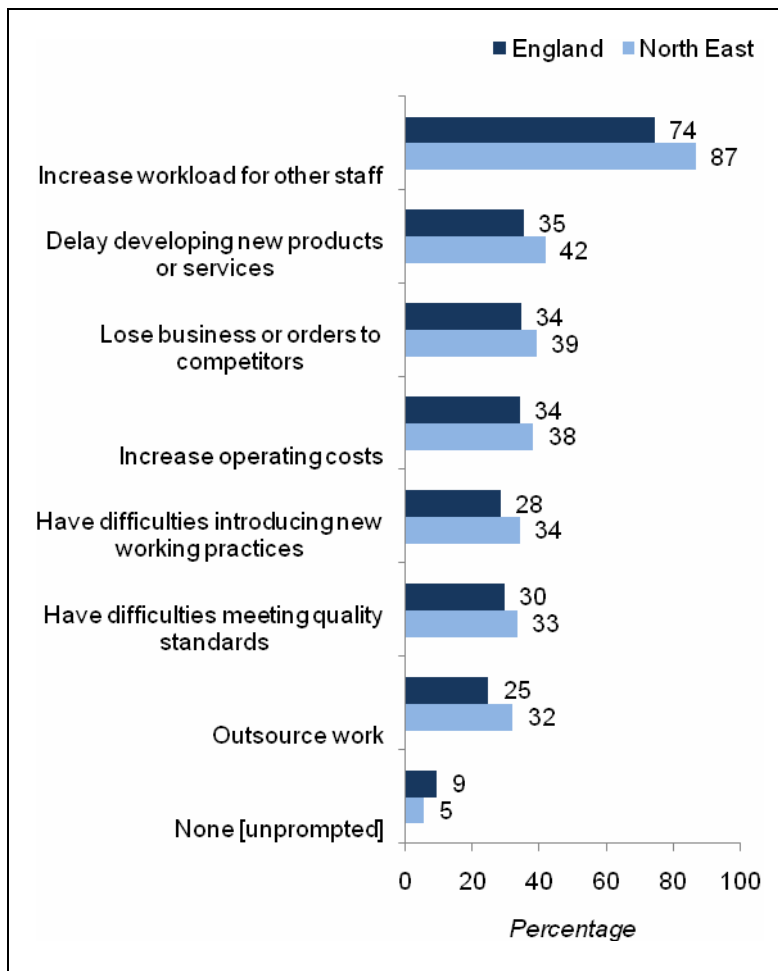
Base: Skills shortage vacancy base, unweighted North East = 631



### Impact of Vacancies and Recruitment Difficulties

- 3.36 Establishments who were experiencing recruitment difficulties were asked about the impact these recruitment problems were having on their business.
- 3.37 Of those establishments reporting recruitment difficulties the overwhelming effect was to increase the workload for other staff – reported by 87% of establishments with vacancies that were hard-to-fill. This is higher than the national average of 74%. Other frequently cited consequences of HtFVs were delays in developing new products, loss of business to other competitors and increasing operating costs. The data also suggests that the level of impact is also generally higher in the North East than the national average.

**Figure 13: Effects of recruitment difficulties, North East & England, 2007**



Source: NESS07

Base: All establishments with hard-to-fill vacancies, unweighted North East = 471

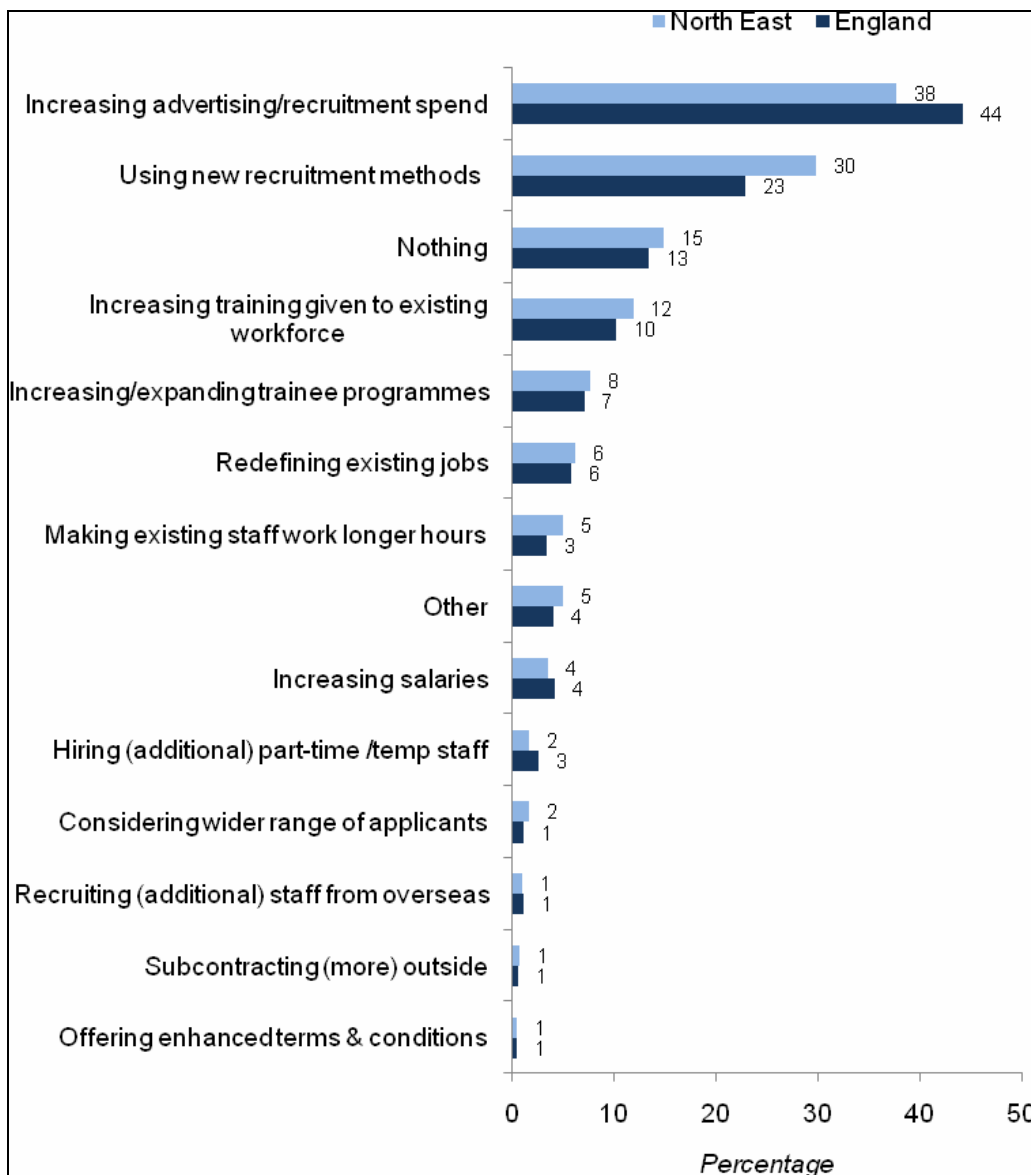
- 3.38 Compared with NESS05 a larger proportion of establishments reported that recruitment difficulties impacted on their business. There has been an increase in establishments mentioning each type of impact (from ‘Increasing workload for other staff’ to ‘Outsourcing work’). This is not in line with the national change from 2005 to 2007 which has largely seen the proportion of establishments reporting each category of impact remain static.



**Response by Establishments**

3.39 The main response by establishments to difficulties in recruitment is to increase advertising and recruitment-spend. However, this response is less frequent by establishments in the North East than the average for England. Using new recruitment methods is also a frequently cited action amongst establishments but is more frequent amongst establishments in the North East (30%) than nationally (23%). Doing nothing is an option that is used by a significant number of establishments both in the region (15%) and nationally (13%) although the proportion is marginally higher in the North East. Approximately 12% of establishments in the North East responded to recruitment difficulties by increasing the training given to the existing workforce.

**Figure 14: Responses to recruitment difficulties, North East & England, 2007**



Source: NESS07.

Base: All establishments with hard-to-fill vacancies, unweighted North East = 471



## 4 Skills Gaps

### Section Summary

- Skills gaps are skills deficiencies observed by establishments amongst their existing workforce. Whilst the majority of establishments surveyed were not affected by skills gaps, 19% of establishments in the North East reported having skills gaps within their workforce. This is the highest proportion of the English regions and higher than the national average of 15%.
- The proportion of establishments in the North East reporting skills gaps has continued to fall with figures decreasing from 26% in 2003, to 21% in 2005 and 19% by 2007. Within the region, rates of skills gaps amongst establishments have also fallen with the Tees Valley seeing the largest fall from 25% of establishments reporting skills gaps in 2005 to 22% by 2007.
- Incidence of skills gaps are weighted towards occupations that are traditionally unskilled or semi-skilled. Elementary and sales occupations have the highest density of skills gaps with 10% of those working in the North East within elementary and 9% within sales occupations being described as lacking proficiency.
- As a proportion of the number in employment, managers, professionals and associate professionals have the fewest skills gaps. However, whilst the figures are small relative to the other occupations there still remains a significant minority who are reported as having skills gaps.
- In terms of the types of skills establishments see as requiring improvement amongst their staff, technical and practical skills are the most prevalent skills missing, a factor in 58% of all skills gaps in the North East, well above the national average of 51%. A lack of literacy and numeracy is identified within a higher proportion of skills gaps in the North East than nationally.
- Unsurprisingly many of the skills felt to be lacking amongst those with skills gaps are those most closely related to their occupation, for example, management skills are a factor in 77% of skills gaps amongst managers in the region. However, looking at the more generic skills highlights that professionals, personal service staff and machine operatives have a greater proportion of their skills gaps attributed, at least in part, to a lack of written communication skills than the average for all occupational groups in the region. With the addition of elementary occupations, this group also has a higher proportion of their skills gaps as a result of a lack of literacy skills than the regional average. A lack of numeracy skills is most acutely felt amongst elementary and sales staff with skills gaps.
- The most significant impact for establishments reporting skills gaps is an increase in workloads for other staff. This is reported by 64% of establishments in the North East with skills gaps, a higher proportion than seen nationally and reflects the larger proportion of establishments reporting skills gaps generally.
- The overwhelming response by establishments in the North East to the skills gaps within their workforce was to either increase training activity or increase the amount spent on training, with three quarters of establishments with skills gaps responding in this way.



## Introduction

- 4.1 This section moves from looking at the recruitment difficulties faced by establishments, examined in section 3, to the skills deficiencies or skills gaps observed by establishments amongst their existing workforce. It focuses on:
- The incidence and distribution of skills gaps within the North East
  - The types of skills that establishments find missing from their staff
  - The reasons for skills gaps and their impact
  - How establishments respond to their perceived skills gaps

## Incidence and Distribution of Skills Gaps

- 4.2 One-fifth of establishments in the North East were experiencing skills gaps within their workforce when surveyed (Table 12). Establishments in the North East are the most likely of any region to have skills gaps, with other regions having incidence of skills gaps between 14% and 15%. This is similar to the pattern for 2005 where the North East had a high level of skills gaps in relation to the other English regions and the national average.
- 4.3 The proportion of establishments in the North East reporting skills gaps has continued to fall with figures decreasing from 26% in 2003, to 21% in 2005 and 19% by 2007. Within the region figures have also decreased. The Tees Valley has seen the largest fall from 25% of establishments reporting skills gaps in 2005 to 22% by 2007.
- 4.4 Just under 62,000 workers are reported by establishments in the region as having skills gaps. This equates to 6% of the total number of staff in employment in the North East and is in line with the national average. Within the region, rates of skills gaps amongst staff for the four sub-regions are fairly representative of the picture for the region as a whole ranging from 5% to 7% of the total number of staff in employment.
- 4.5 The rate of skills gaps amongst workers has remained static both regionally and nationally from 2005 to 2007. Within the region, Tyne and Wear and the Tees Valley have seen no change between 2005 and 2007. The proportion of staff with skills gaps has increased for Northumberland between 2005 and 2007 from 3% to 5% and has decreased from 8% to 5% in County Durham.
- 4.6 It is useful to note here that the survey asks establishments about staff who are not fully proficient and therefore cannot measure skills improvements that may have been made over time by those who are currently 'below proficiency'.



**Table 12: Skills gaps by sub-region, North East & England, 2005 & 2007**

	% of establishments with any skills gaps		Number of staff not fully proficient (i.e. number of skills gaps)	% of staff reported as having skills gaps	
	2005	2007		2005	2007
Northumberland	16	15	5,300	3	5
Tyne & Wear	22	20	26,250	6	6
County Durham	20	18	8,300	8	5
Tees Valley	25	22	18,500	7	7
North East	21	19	61,950	6	6
England	16	15	1,361,100	6	6

Source: NESS 2005 & 2007

Base: All establishments, unweighted North East = 5,608 in 2007 and 4,115 in 2005.

Skills gap numbers are rounded to the nearest 25.

- 4.7 As Table 13 shows, the proportion of establishments reporting skills gaps increases with business size rising from 9% for those with 2 to 4 staff, to just under one quarter for those with 5 to 24 staff. Figures rise to approximately 40% for those with 25 to 99 or 100 to 199 staff.
- 4.8 The proportion of staff with skills gaps varies less by business size with figures for the region fairly evenly distributed between the different sizes of establishments. However, the proportion for the smallest establishment size (2 to 4 staff) is between 2 and 3 percentage points lower than for other establishments.

**Table 13: Skills gaps by establishment size, North East, 2007**

Establishment size	Unweighted base	% of establishments with skills gaps	Number of skills gaps	% of staff reported as having skills gaps
2-4	146	9	3,050	4
5-24	638	24	13,925	6
25-99	420	41	18,000	7
100-199	64	40	75,000	6
200-499	46	37	10,125	7
500+	-	-	-	-
North East	1,300	19	61,950	6

Source: NESS 2005 & 2007

Base: All skills gaps

Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49. Skills gap numbers are rounded to the nearest 25.



## Occupational Distribution of Skills Gaps

- 4.9 In absolute volume, elementary (15,200) and sales (11,600) occupations in the North East have the largest number of workers who are not fully proficient. Elementary occupations account for 25% and sales 19% of the total number of skills gaps in the North East (Table 14). Associate professionals, personal service and professional occupations have the fewest skills gaps with less than 5,000 workers not fully proficient.
- 4.10 As shown in Table 14 the occupational distribution of skills gaps in the North East has remained broadly consistent with the figures from 2005. However, associate professional and administrative occupations account for a smaller proportion of skills gaps in 2007 compared to 2005. Skilled trades, sales and elementary occupations account for marginally greater proportions of skills gaps in 2007 compared with 2005.

**Table 14: Distribution of skills gaps & employment, North East, 2005 & 2007**

Occupation	% skills gaps		% employment	
	2005	2007	2005	2007
Managers	11	10	15	15
Professionals	6	7	11	14
Associate professionals	11	5	9	10
Admin/clerical	12	9	13	12
Skilled trades	7	10	7	7
Personal services	7	6	9	7
Sales & customer service	15	19	11	12
Machine operatives	9	9	9	8
Elementary	22	25	16	15
Total	100	100	100	100

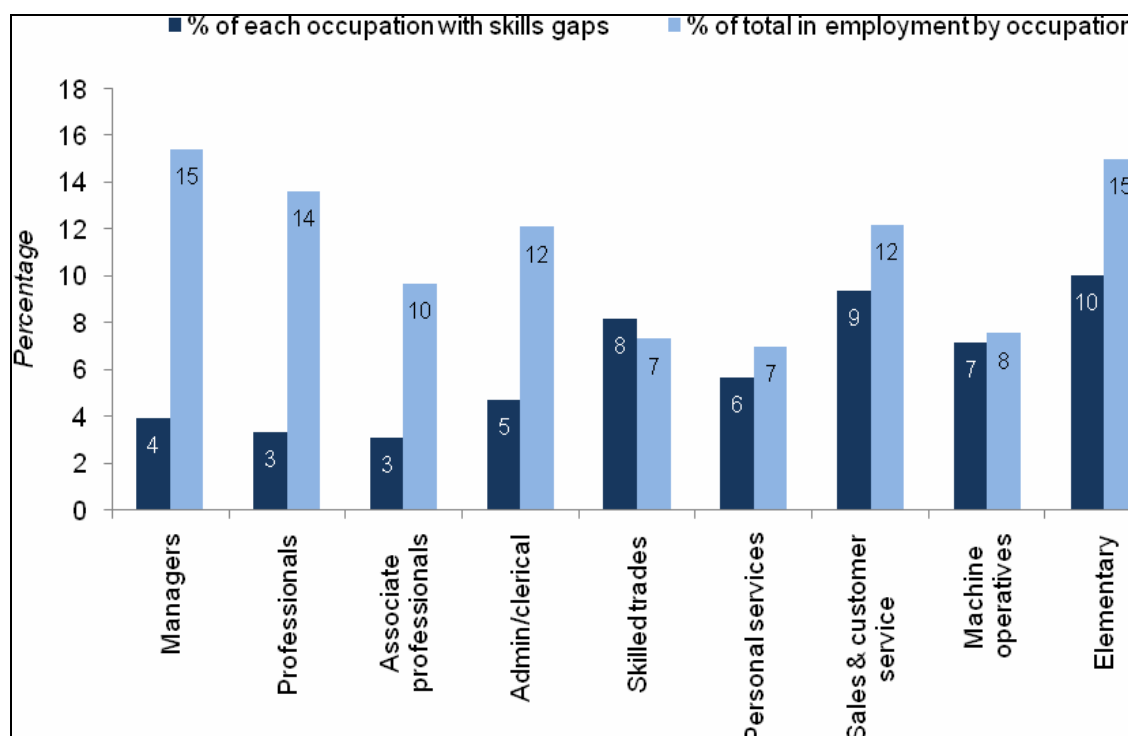
Source: NESS 2005 & 2007

Base: All skills gaps, unweighted North East 2007 = 10,107, 2005 = 8,253

- 4.11 In volume terms, sales and elementary occupations also have the highest density of skills gaps, with 10% of those working within elementary and 9% within sales occupations being described as lacking proficiency in the North East (Figure 15). Eight per cent of those working within skilled trades are also seen as having skills gaps.
- 4.12 As a proportion of the number in employment managers, professionals and associate professionals have the fewest skills gaps. However, whilst the figures are small relative to the other occupations there still remains a significant minority who are reported as having skills gaps. It is also worth remembering here that these are the professions, particularly managers, most likely to have been the person at their establishment participating in the survey and so figures may not be a true reflection of the nature of skills gaps amongst this particular occupational group.



**Figure 15: Proportion of all those working each occupation with skills gaps & distribution of employment by occupation, North East, 2007**



Source: NESS 2007

Base: All in employment, North East = 154,082

## Sectoral Profile of Skills Gaps

- 4.13 Analysis of skills gaps by SSC for the North East is limited due to the low unweighted sample size of establishments reporting skills gaps within each SSC. In the North East 6 of the 25 SSCs have fewer than 25 establishments reporting skills gaps and 13 have a sample of between only 25 and 49 establishments. As a result the analysis for the North East will focus on the 19 available SSCs.
- 4.14 One of the SSCs not included in the analysis is Government Skills. This is an important factor to recognise as nationally Government Skills SSC has the largest proportion of establishments with any skills gap within their workforce (29%) as well as the highest proportion of staff lacking proficiency (10%). However, establishments within Government Skills:
- Are more likely to be larger in size, therefore more likely to experience skills gaps.
  - Are the most likely of all sectors to formally assess whether individual workers have gaps in their skills (91% of establishments in the sector do so compared with 57% of establishments generally).
  - At the national level, has a very small sample size, and on a survey result of 29% (the incidence of skill gaps in the sector) the sampling error at the 95% confidence level is plus or minus 5.8%.
- 4.15 So, it should be noted that it is unlikely that skills gaps within establishments covered by Government Skills or any other SSC not covered by the analysis will be absent in the North East.



- 4.16 Table 15 shows the proportion of establishments reporting skills gaps is generally higher than seen nationally across the majority of SSCs, reflecting the higher rate of skills gaps amongst establishments for the region as a whole. Cogent (chemical, nuclear, oil, gas, petroleum & polymer industries) has the largest proportion of any SSC with establishments reporting skills gaps (one quarter (27%) compared with 18% nationally). Skills gaps are also frequent amongst establishments in:
- Retail (Skillsmart Retail)
  - Hospitality (People 1st)
- 4.17 National data shows that these skills gaps are most frequent within lower skilled occupations such as sales and customer service and elementary occupations. Sales and customer services account for 66% of the total number of skills gaps within Skillsmart Retail and 19% in People 1st. For elementary occupations the figures are 15% and 61% respectively.
- 4.18 In terms of the density of skills gaps amongst SSCs (the proportion of the total number staff reported as having skills gaps) the rate is 10% or greater within:
- IT & telecommunications (e-skills UK)
  - Financial Services
  - Hospitality (People 1st )
  - Building services engineering (Summit Skills)
- 4.19 National data shows for e-skills UK nearly half (48%) of skills gaps are within sales and customer service staff. In Financial Services skills gaps are split amongst managers (22%), administrative (26%) and sales staff (35%). For Summit Skills the overwhelming majority are within skilled trades (61%).
- 4.20 Whilst both Skillsmart Retail and People 1st have the largest shares of skills gaps amongst the SSCs, People 1st has a fairly large share relative to its share of employment – 7% of employment and 12% of skills gaps.



**Table 15: Skills gaps by Sector Skills Council, North East, 2007**

	% of establishments with any skills gaps	Number of workers not fully proficient (i.e. skills gaps)	% of staff reported as having skills gaps	Share of employment	Share of all skills gaps
Asset Skills	15	950	3	3	2
Automotive Skills	18	1,150	6	2	2
Cogent	27	2,325	9	3	4
Construction Skills	17	3,200	6	5	5
Creative & Cultural	17	350	8	0	1
Energy & Utility Skills	-	-	-	-	-
e-skills UK	16	3,750	13	3	6
Financial Services	22	2,925	11	3	5
Goskills	16	925	6	2	1
Government Skills	-	-	-	-	-
Improve	-	-	-	-	-
Lantra	11	675	6	1	1
Lifelong Learning UK	21	2,000	5	4	3
People 1st	23	7,475	10	7	12
Proskills	18	700	5	1	1
SEMTA	24	3,625	6	6	6
Skillfast-UK	-	-	-	-	-
Skills for Care & Development	23	2,725	6	5	4
Skills for Health	23	2,275	3	9	4
Skills for Justice	-	-	-	-	-
Skills for Logistics	14	1,625	7	2	3
SkillsActive	15	900	7	1	1
Skillset	-	-	-	-	-
Skillsmart Retail	19	7,975	8	11	13
SummitSkills	22	1,050	10	1	2
Non-SSC employers	18	8,100	4	22	13
Total	19	61,945	6	100	88

Source: NESS 2007

Base: All skills gaps, unweighted North East = 10,107

Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49

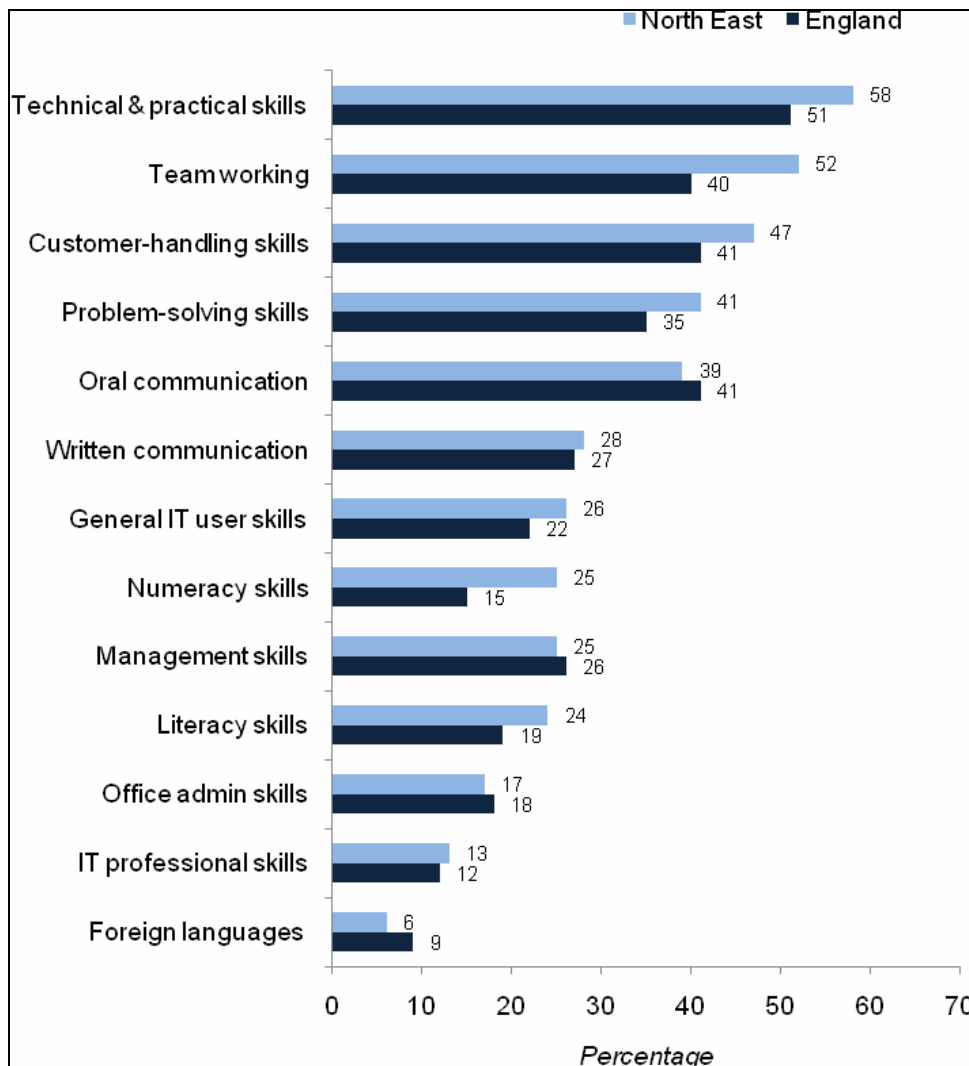
## Skills Requiring Improvement

4.21 Technical and practical skills are the skills most likely to be lacking amongst workers who have been identified as having skills gaps (Figure 16). This is particularly felt in the North East where a lack of technical and practical skills is a factor in 58% of all skills gaps. This figure is well above the national average and, along with the West Midlands, higher than all other English regions. Skills gaps are also higher in the North East in terms of customer handling and team-working.



4.22 A lack of literacy and numeracy skills is identified within 24% and 25% of skills gaps respectively, figures that are higher than the national averages of 19% and 15%. The North East has the third highest level of poor literacy skills and the highest level of poor numeracy skills amongst the English regions. This perhaps reflects the issue of poor literacy and numeracy being identified within more SSVs by establishments in the North East than the average for England and therefore being translated into skills gaps within the workforce. This is in contrast to the position of the North East in 2005 where poor literacy and numeracy skills amongst those with skills gaps were in line with the national average.

**Figure 16: Skills lacked by staff with skills gaps, North East & England, 2007**



Source: NESS 2007

Base: All followed up skills gaps unweighted North East = 8,729, England = 120,592

4.23 Examining the skills establishments feel need improving amongst those staff identified as having a skills gap by occupation unsurprisingly shows that many of the skills lacking are those most closely related to the job (Table 16). For example, management skills are a factor in 77% of skills gaps amongst managers. Technical, practical or job-specific skills are most prevalently lacking within those occupations such as professionals, associate professionals, skilled trades and machine operatives.



4.24 However, looking at the more generic skills, so those that are less occupation-specific highlights:

- Written communication and literacy skills – This skill set is felt to be lacking at a greater proportion than the regional average (27%) amongst professionals (57%), personal service staff (43%) and machine operatives (43%) who have skills gaps. With the addition of elementary occupations, this group also has a higher proportion of their skills gaps attributed, at least in part, to a lack of literacy skills than the regional average.
- Numeracy skills – A lack of numeracy skills is most acutely felt amongst elementary and sales staff with skills gaps.
- Oral communication – Managers (49%), personal service (49%) and elementary occupations (47%) have a greater proportion of their skills gaps attributed, at least in part, than the regional average (39%).

**Table 16: Occupational profile of skills lacked by staff with skills gaps, North East, 2007**

	Managers	Professionals	Associate professionals	Admin/clerical	Skilled trades	Personal service staff	Sales & customer service	Machine operatives	Elementary	North East
Customer handling	29	31	35	53	22	49	77	22	48	47
General IT user	32	55	34	40	9	24	43	9	6	26
IT professional	24	54	19	22	3	12	8	-	4	13
Literacy	12	47	13	17	12	35	17	42	30	24
Management	77	59	33	18	12	24	14	19	13	25
Numeracy	9	16	12	13	11	24	42	19	34	25
Office admin	26	40	22	60	7	12	11	4	4	17
Oral communication	49	30	33	28	25	49	37	40	47	39
Problem solving	34	38	52	36	31	45	54	45	34	41
Team working	58	61	32	50	36	57	63	47	47	52
Technical/practical/ job-specific	33	75	74	56	70	63	59	80	50	58
Written communication	26	57	28	23	21	43	16	43	26	28
Unweighted number of followed up skills gaps	669	665	339	634	959	616	1,783	644	2,420	8,729
Weighted number of followed up skills gaps	5,260	3,990	2,477	5,097	5,430	3,723	11,250	2,917	13,898	54,043

Source: NESS 2007

Base: All followed up skills gaps unweighted North East = 8,729

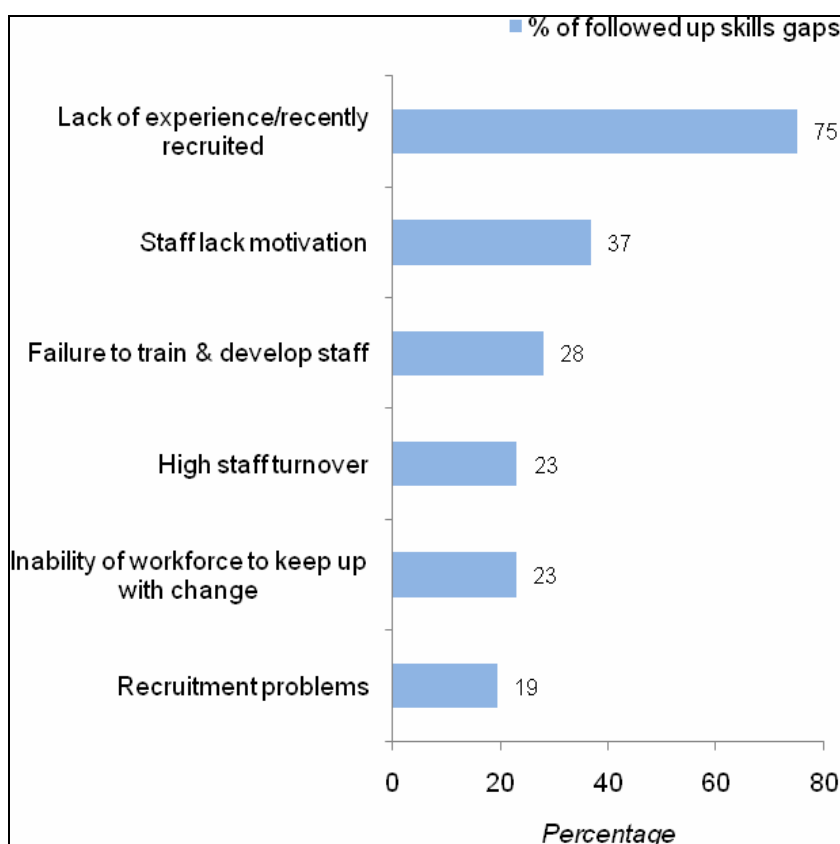
Note: - sample size of reporting followed up skills gaps below 25. Figures in italics show a small followed up skills gap sample size 25-49



## Reasons for Skills Gaps

- 4.25 Establishments were asked to identify the cause of their skills gaps. The following figures are based on the number of skills gaps themselves rather than the number of establishments with skills gaps. Survey respondents were able to give more than one reason for skills gaps and so figures will not sum to zero.
- 4.26 As shown in Figure 17, lack of experience or staff being recently recruited is the most frequently cited reason by establishments for skills gaps and is attributed, at least in part, to three quarters of all skills gaps discussed with establishments in the North East. A lack of staff motivation (37%) and a failure to train and develop staff (28%) are other frequent reasons for skills gaps.

**Figure 17: Main causes of skills gaps, North East, 2007**



Source: NESS 2007

Base: All followed up skills gaps, unweighted North East = 8,729, England = 120,592

- 4.27 The occupations in which these most frequently cited reasons for skills gaps are highest are:
- Lack of experience and a lack of motivation: sales, elementary and administrative occupations
  - Failure to train and develop staff: managers and sales staff
  - High turnover of staff: sales and elementary occupations
  - Recruitment problems: machine operatives and elementary occupations



**Table 17: Main causes of skills gaps by occupation, North East, 2007**

	Managers	Professionals	Associate professionals	Admin/clerical	Skilled trades	Personal service	Sales & customer service	Machine operatives	Elementary
Lack of experience/recently recruited	76	71	62	79	70	71	80	62	78
Staff lack motivation	24	26	20	46	15	26	56	29	41
Failure to train & develop staff	44	5	23	16	21	21	39	30	29
High staff turnover	15	7	-	11	10	-	45	13	32
Inability of workforce to keep up with change	26	27	31	21	19	26	23	28	18
Recruitment problems	13	41	-	15	13	17	9	30	28
Weighted skills gaps followed up	5,260	3,990	2,477	5,097	5,430	3,723	11,250	2,917	13,898
Unweighted skills gaps followed up	669	665	339	634	959	616	1,783	644	2,420

Source: NESS 2007

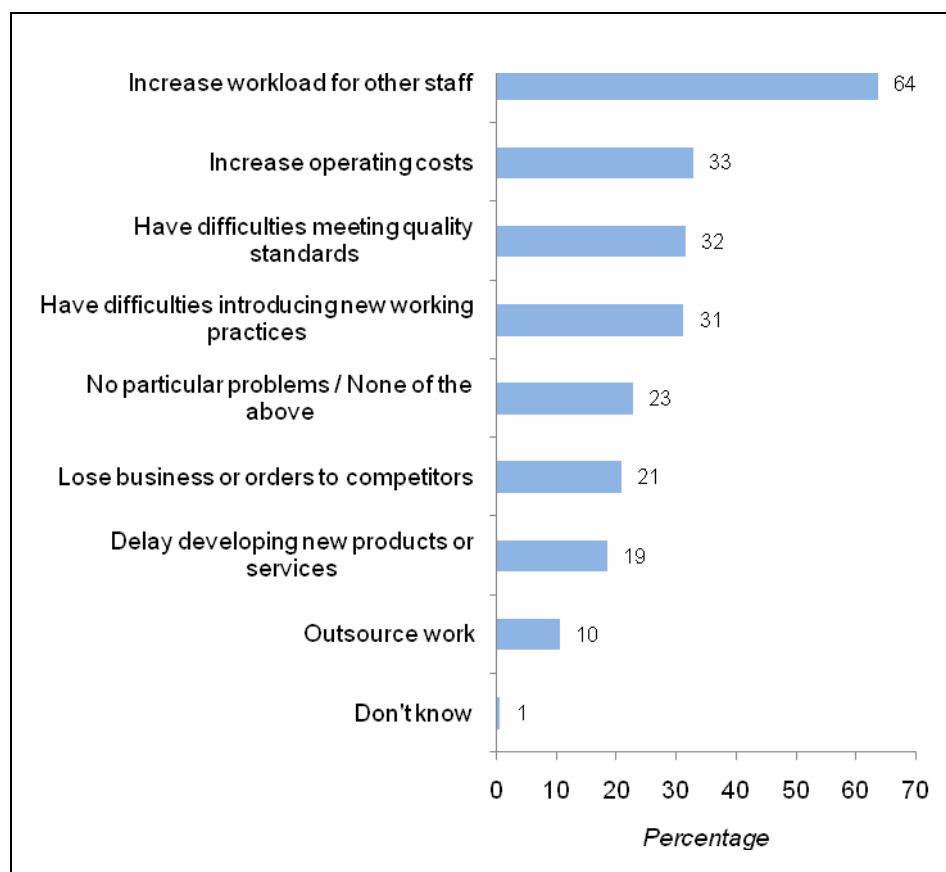
Base: All followed up skills gaps unweighted North East = 8,729

Note: - sample size of reporting followed up skills gaps below 25. Figures in italics show a small followed up skills gap sample size 25-49

## Impact of Skills Gaps

- 4.28 The most significant impact for establishments reporting skills gaps is an increase in the workloads for other staff (Figure 18). This is reported by 64% of establishments in the North East with skills gaps, a proportion that is higher than the national average and which reflects the larger proportion of establishments reporting skills gaps generally.
- 4.29 Increased operating costs, difficulty in meeting quality standards and difficulties in introducing new working practices were identified as impacts of skills gaps amongst approximately one-third of establishments in the region
- 4.30 A further one-fifth of establishments identified that they were likely to lose business to competitors or have delays in developing new products or services as a result of skills gaps within their workforce.
- 4.31 However, a quarter (23%) of establishments in the North East reported that having skills gaps had not caused the business any particular problem. A greater proportion of these establishments responded to skills gaps by 'doing nothing' than those establishments who felt that skills gaps did have an impact on their business. 12% of establishments who identified that they experienced no particular impact as a result of their skills gaps did nothing in response, compared to 6% who perceived an increase in the workload for other staff as an impact of skills gaps. However, the overwhelming response to skills gaps, even by those who identified that the skills gaps did not have an impact is to increase training.
- 4.32 Whilst an establishment may report that skills gaps have no particular impact the survey is unable to identify whether this is actually the case, or whether it is as a result of the establishment not having the processes in place to identify or measure the impact skills gaps may be having. Therefore, establishments may indeed acknowledge that they have skills gaps but be unable to accurately identify the impact they maybe having on their business.



**Figure 18: Impact of skills gaps, North East, 2007**

Source: NESS 2007

Base: All establishment with skills gaps, unweighted North East = 1,323

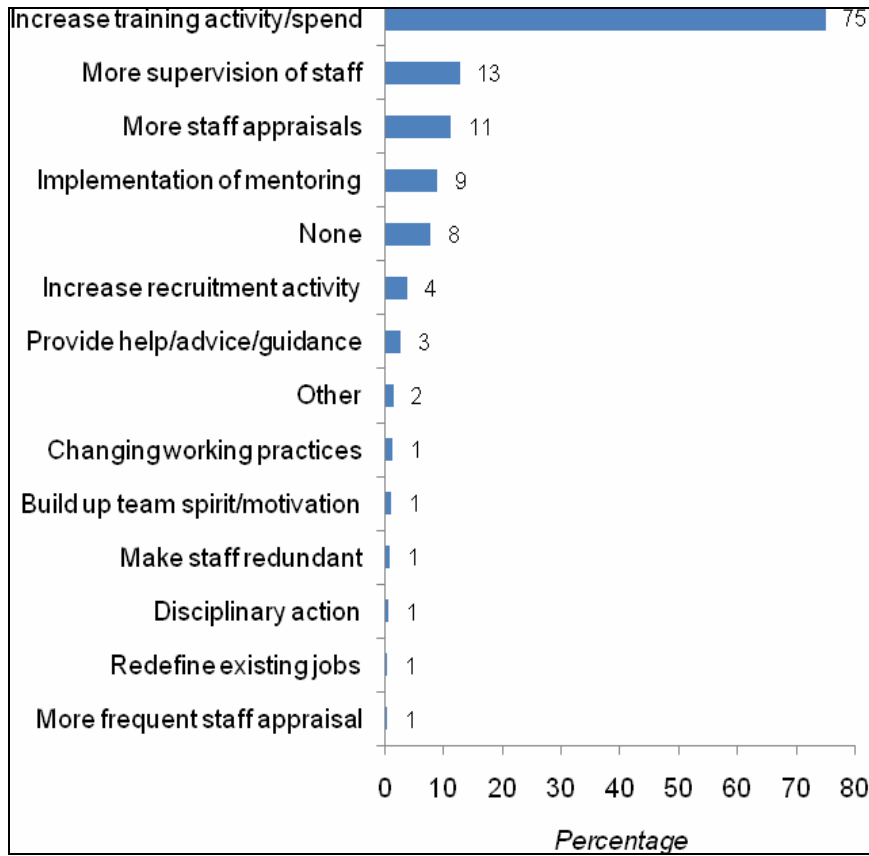
- 4.33 Larger businesses have a greater tendency to report increased workloads for staff and increased operating costs as impacts of skills gaps amongst their workers than smaller sized establishments.
- 4.34 Very small businesses, those with between 2 and 4 staff, are more likely to report delays in developing new products or services or that there is no particular impact than larger businesses.

### Responses to Skills Gaps

- 4.35 The overwhelming response by establishments in the North East to the skills gaps within their workforce was to either increase training activity or increase the amount spent on training, with three quarters of establishments with skills gaps responding in this way. This is marginally higher than the national average of 72%.
- 4.36 Around 13% responded to skills gaps by increasing supervision, 11% introduced more staff appraisals and 9% implemented mentoring or buddying schemes. This pattern of response by establishments mirrors that which is seen nationally.
- 4.37 8% of establishments respond to skills gaps by doing nothing and this is a more frequent response by very small establishments (2 to 4 workers) than larger establishments.



**Figure 19: Responses to skills gaps, North East, 2007**



Source: NESS 2007

Base: All establishment with skills gaps unweighted, North East = 1,323



## 5 Recruitment of 16-24 year olds to Employment and Apprenticeships

### Section Summary

- Overall 40% of establishments in the North East recruited young people (16 to 24) into employment with just over one quarter having recruited a young person under 24 straight from education. Recruitment of young people direct from education is marginally higher in the North East than the national average, 28% compared to 26%. This is in the main due to the higher recruitment levels of 16, 17 to 18 year olds from school or college.
- When recruiting young people more establishments in the North East employed 17-18 year olds from college than graduates from HE or 16 year old school leavers. Of those establishments who had recruited anyone under 24 years old straight from education, 50% had employed 17 to 18 year olds, 37% graduates and 31% 16 year olds.
- The likelihood of recruiting young people increases with establishment size with the smallest establishments, those employing between 2 to 4 workers, being markedly more unlikely to employ young people.
- The overwhelming majority of establishments in the North East who recruit young people reported that the young people they recruited were well or very well prepared for work. Not surprisingly the proportion of establishments reporting a good level of preparedness increases with the age of the recruit from 64% of 16 year olds to 68% of 17-18 year olds and 81% of young graduates.
- Establishments in the North East are more likely to offer Apprenticeships to staff than the national average, 16% of establishments compared with 14% nationally. Approximately 9% had staff actually undertaking an Apprenticeship at any point in the last 12 months to the survey date.
- In terms of young people and Apprenticeships, establishments in the region are more likely than the national average to recruit young people (16 to 24) to Apprenticeships, 8% in the North East compared to 6% nationally.
- North East establishments also take on more young apprentices as a proportion of the workforce than any other region – 11 apprentices per 1,000 staff for 16 to 24 year olds and 8 per 1,000 staff for 16 to 18 year olds.
- Being able to train recruits in their own way of doing things is the most frequently given reason by establishments in the region as to why they offer Apprenticeships.
- The most frequently cited reasons why establishments do not offer Apprenticeships surround issues such as the perceived lack of relevancy of Apprenticeships, staff already being fully trained and/or that the jobs within the establishments not requiring staff to be particularly highly skilled.



## Introduction

- 5.1 This section looks at the recruitment and skills of young people covering:
- The recruitment of young people (16 to 24) by establishments in the North East into their first job on leaving either school, college or university
  - Perceptions by establishments of the work readiness and skills of young people
- 5.2 It also includes analysis of engagement with and attitudes towards Apprenticeships and Advanced Apprenticeships by establishments – a new set of questions for the 2007 NESS.

## Recruitment of Young People into Jobs

- 5.3 Overall 40% of establishments in the North East recruited young people (16 to 24) into employment with just over one quarter having recruited a young person under 24 straight from education (Table 18). Recruitment of young people in the region is marginally higher than the national average, 28% compared to 26% and this is in the main due to higher recruitment levels of 16 year olds and 17- to 18-year-olds amongst the region's establishments.
- 5.4 When recruiting young people more establishments in the North East recruited 17 to 18 year olds from college than graduates from higher education or 16 year old school leavers. Of those establishments who reported they had recruited anyone under 24 years old straight from education, 50% employed 17 to 18 year olds, 37% graduates and 31% 16 year olds.

**Table 18: Proportion of establishments recruiting young people, North East, 2005 & 2007**

	North East		England	
	2005	2007	2005	2007
Any 16- to 24-year-olds recruited at all	-	40	-	40
Any under 24-year-olds recruited straight from education	-	28	-	26
<i>16-year-olds recruited straight from school</i>	8	9	7	7
<i>17- or 18-year-olds recruited straight from school or college</i>	13	14	11	12
<i>Under 24-year-olds recruited straight from HE</i>	8	10	9	10
Unweighted	4,115	5,608	74,835	79,018
Weighted	53,735	56,320	1,390,155	1,451,507

Source: NESS 2005 & 2007

Base: All establishments

Note: - shows not available



- 5.5 Table 19 shows within the region, establishments in Tyne and Wear are most likely to recruit young people straight from education with a greater proportion of establishments than the regional average recruiting young people, whether 16 year olds, 17 to 18 year olds or young graduates. The lowest level of recruitment of young people is by establishments in County Durham. Here, the figure for the recruitment of any young person under the age of 24 straight from education is 5 percentage points below the regional average.

**Table 19: Proportion of establishments recruiting of young people by sub-region, North East, 2007**

	County Durham	Northumberland	Tees Valley	Tyne & Wear	North East
Any under 24 direct from education	23	24	28	30	28
16 year olds recruited straight from school	8	7	8	9	9
17-18 year olds recruited straight from college	12	11	16	14	14
Under 24 recruited straight from HE	6	9	10	13	10
Unweighted establishments	1,089	865	1,351	2,303	5,608
Weighted establishments	10,802	8,505	13,361	23,001	56,320

Source: NESS 2007

Base: All establishments

- 5.6 The likelihood of recruiting young people increases with establishment size, with the smallest establishments, those with 2 to 4 staff, markedly unlikely to recruit young people (Table 20). Looking at the figures for recruitment of any under-24 year olds from education the proportion of establishments in the region recruiting rises from 13% amongst those with 2 to 4 staff to 68% of establishments with 200 to 499 staff.

**Table 20: Recruitment of young people by establishment size, North East, 2007**

Establishment size	Unweighted establishments	Any under-24 recruited straight from education	16 year-olds recruited straight from school	17-18 year-olds recruited straight from college	Under 24 recruited straight from HE
2-4	5,608	13	4	5	4
5-24	1,649	34	11	16	11
25-99	2,690	58	18	35	26
100-199	992	74	20	42	42
200-499	156	68	27	47	46
500+	93	-	-	-	-
Total	28	28	9	14	10

Source: NESS 2007

Base: All establishments

Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49



- 5.7 In terms of recruitment by sector (Table 21), the most popular sectors for the recruitment of people by establishments in the North East under the age of 24 from education are as follows:
- Garage (Automotive Skills)
  - Hospitality & catering (People 1st)
  - Leisure and sports (Skills Active)
  - Building services engineering (Summit Skills)
  - Chemical, nuclear, oil, gas, petroleum & polymer industries (Cogent)
- 5.8 The most frequent recruiters of 16 year olds straight from school are establishments within the garage, building and engineering and leisure and sports sectors.
- 5.9 Leisure and sports and hospitality and catering industries are most likely to recruit 17 to 18 year olds straight from college/school. Recruitment of 17 to 18 year olds by establishments within SEMTA SSC (science, engineering, aerospace and manufacturing technologies) is also high relative to other industries.
- 5.10 The sectors with the highest percentage of establishments recruiting graduates are:
- IT, telecommunications and contact centres (e-skills UK)
  - Community based learning, FE, HE and library & information industries (Lifelong Learning UK)
  - Creative and cultural industries (Creative & Cultural Skills)
  - Chemical, nuclear, oil, gas, petroleum & polymer industries (Cogent)



**Table 21: Recruitment of young people by Sector Skills Council, North East, 2007**

	Any aged under-24 direct from education	16 year olds direct from school	17 or 18 year olds direct from college	Under-24 direct from HE
Asset Skills	24	5	7	9
Automotive Skills	34	18	16	3
Cogent	33	10	16	13
ConstructionSkills	27	9	14	8
Creative & Cultural	19	1	4	14
Energy & Utility Skills				
e-skills UK	26	2	11	18
Financial Services	24	8	12	7
Goskills				
Government Skills	-	-	-	-
Improve	-	-	-	-
Lantra	9	4	5	2
Lifelong Learning UK	26	5	10	15
People 1st	34	12	22	10
Proskills	22	2	8	12
SEMTA	30	11	18	11
Skillfast-UK				
Skills for Care & Development	23	3	10	8
Skills for Health	27	5	13	11
Skills for Justice	-	-	-	-
Skills for Logistics	18	3	13	7
SkillsActive	34	14	25	10
Skillset	-	-	-	-
Skillsmart Retail	28	12	16	9
SummitSkills	33	14	16	6
Non-SSC employers	31	8	11	15
North East	28	9	14	10

Source: NESS 2007

Base: All establishments unweighted North East = 5,608

Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49

### Preparedness for Work

- 5.11 The overwhelming majority of establishments in the North East who recruit young people reported that the young people they recruited were well or very well prepared for work. Perhaps not surprisingly the proportion of establishments reporting a good level of preparedness increases with the age of the recruit from 64% of 16 year olds to 68% of 17-18 year olds and 81% of young graduates (Table 22).
- 5.12 Whilst the majority of establishments are satisfied with the preparedness of their young recruits, more establishments in the North East report that the young people they recruit are poorly or very poorly prepared for work than the national average.



**Table 22: Preparedness of young recruits, North East & England, 2007**

	16 year olds		17-18 year olds		Under-24 from HE	
	North East	England	North East	England	North East	England
Well or very well prepared	64	67	68	74	81	85
Poorly or very poorly prepared	33	27	29	21	15	10
Unweighted establishments	594	7,641	989	13,109	714	11,255
Weighted establishments	4,863	104,500	7,736	180,404	5,762	152,357

Source: NESS 2007

Base: All establishments recruiting young people

5.13 Within the region the analysis of establishments in Table 23 shows:

- Establishments in County Durham are most likely to find 16 year old recruits well or very well prepared for work. This contrasts with the picture for 17 to 18 year olds and young graduates where fewer establishments in this sub-region find recruits in these age groups well or very well prepared.
- The Tees Valley has the largest proportion of its establishments finding recruits aged 17 to 18 as well as young graduates well or very well prepared.

**Table 23: Preparedness of young recruits by sub-region, North East, 2007**

	16 year olds		17-18 year olds		Under 24 from HE	
	Well or very well prepared	Poorly or very poorly prepared	Well or very well prepared	Poorly or very poorly prepared	Well or very well prepared	Poorly or very poorly prepared
County Durham	73	26	66	32	80	17
Northumberland	62	34	67	29	82	14
Tees Valley	62	35	71	26	86	12
Tyne & Wear	61	35	67	31	74	17
North East	64	33	68	29	81	15

Source: NESS 2007

Base: All establishments



### Ways in which young people are poorly prepared for work

- 5.14 Establishments that felt young people they had recruited were poorly or very poorly prepared for work cited a number of reasons (Table 24) for this view:
- For those establishments who had recruited 16 year olds from school and felt that they were poorly or very poorly prepared oral communication skills, poor attitude to work, lack of life and/or experience of the working world and lack of motivation were the most frequently cited missing skills.
  - With the addition of time keeping skills these were also the most frequently cited skills that were lacking amongst 17 and 18 year olds.
  - For young graduates technical or job specific skills were the most frequently mentioned missing skills (21%) followed by a lack of life and/or experience of the working world, oral communication and social skills.
  - Oral communication skills were the most frequently mentioned missing skills across all three age bands.
  - A lack of life and or experience of the working world is also commonly mentioned.
  - A lack of literacy and/or numeracy skills were observed by relatively few establishments, 10% and 9% respectively for both 16 year olds and 17-18 year olds. For young graduates the proportion of establishments making this criticism was very small at 5% and 3% respectively.



**Table 24: Skills lacking amongst young recruits who were observed to be poorly or very poorly prepared for work, North East, 2007**

	16 year olds	17-18 year olds	Young graduates
Oral communication skills	21	16	14
Poor attitude to work	18	14	9
Lack of life/work experience	17	20	19
Lack of motivation	16	17	7
Numeracy skills	10	10	5
Social skills	10	9	12
Time keeping skills	9	14	8
Poor attitude	9	11	5
Literacy skills	9	9	3
Technical/job specific skills	9	8	21
Initiative	8	4	7
Poor education	8	8	2
Common sense	6	4	2
Customer service skills	5	7	3
Experience (inc. business)	5	7	8
Other	4	1	2
Written communication skills	4	3	2
Confidence	4	3	2
Responsibility	3	1	2
Organisational skills	3	*	4
Team working skills	2	1	1
Interview skills	2	1	0
Working long hours	1	4	3
Basic IT/computer skills	1	3	0
Discipline (unspec.)	1	3	3
No particular reason	1	1	3
Personal appearance	1	1	0
Office/admin skills	*	1	4
Weighted establishment base	1,598	2,238	887
Unweighted establishment base	205	259	102

Source: NESS 2007

Base: All establishments that have recruited each group of young person who say some of the recruits were poorly/very poorly prepared.

Note: A '\*' denotes a finding of less than 0.5% and greater than 0.



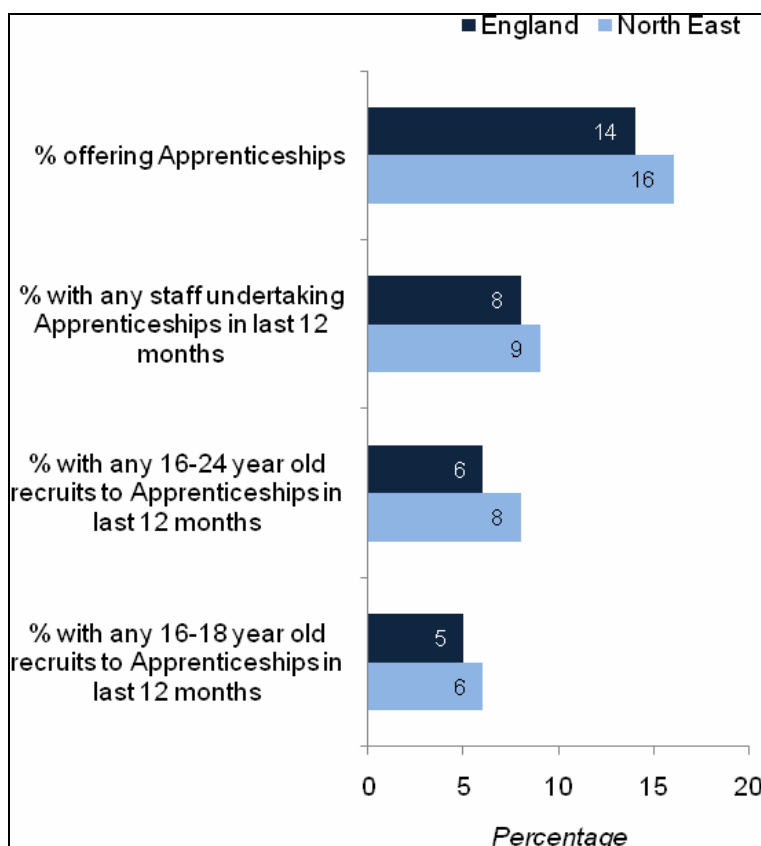
## Apprenticeships

- 5.15 The 2007 NESS saw the introduction of a new set of questions relating to the use by employers of Apprenticeships and Advanced Apprenticeships (referred to generically as Apprenticeships throughout this section) with a focus on those for which employers or a training provider working on their behalf had received government funding.
- 5.16 The following analysis examines the use of Apprenticeship programmes by establishments in the North East, looking at the recruitment of young people into Apprenticeships and the reasons for establishments either offering or not offering Apprenticeships.

### Apprenticeship profile

- 5.17 Sixteen per cent establishments in the North East offer Apprenticeships to staff, a higher proportion than the national average of 14%. Approximately 9% had staff actually undertaking an Apprenticeship at any point in the last 12 months to the survey date (Figure 20).
- 5.18 In terms of young people and Apprenticeships, establishments in the region are more likely than the national average to recruit young people (16 to 24) to Apprenticeships, 8% in the North East compared to 6% nationally.

**Figure 20: Engagement with Apprenticeships, North East & England, 2007**



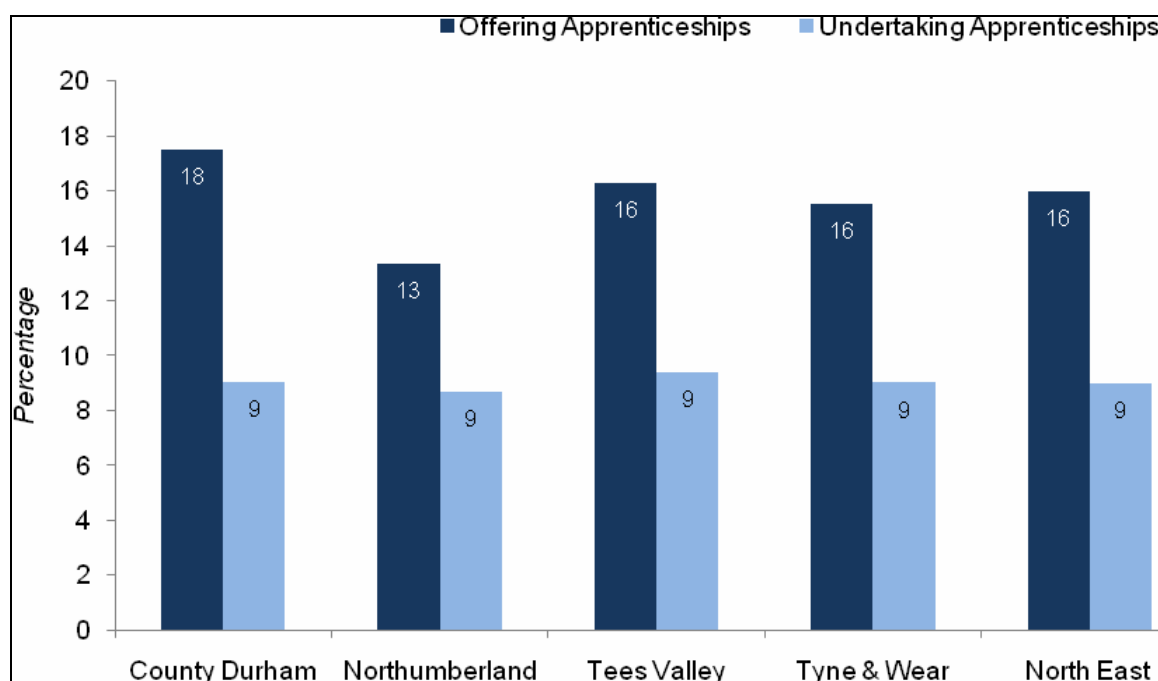
Source: NESS 2007

Base: All establishments, unweighted North East = 5,608, England = 79,018



- 5.19 Establishments in the North East recruit more 16 to 18 year olds to Apprenticeships as a proportion of the total number of young people (16 to 24) recruited to the Apprenticeship programmes, 72% compared to 62% nationally. The North East has the largest proportion of 16 to 18 year old Apprentices of the English regions.
- 5.20 Establishments in the region also take on more young apprentices as a proportion of the workforce than any other region – 11 apprentices per 1,000 staff for 16 to 24 year olds and 8 per 1,000 staff for 16 to 18 year olds.
- 5.21 Figure 21 looks at Apprenticeships within the region and shows County Durham has the largest proportion of establishments offering Apprenticeships, 18% compared to 16% regionally and 14% nationally. Northumberland has the smallest proportion offering Apprenticeships. In terms of those establishments with staff who have undertaken an Apprenticeship in the last 12 months there is no variation across the sub-regions.
- 5.22 The proportion of establishments with any 16 to 24 or 16 to 18 year old recruits to Apprenticeships in the 12 months to the survey does not significantly differ across the sub-regions.

**Figure 21: Apprenticeships by sub-region, North East, 2007**



Source: NESS 2007

Base: All establishments

- 5.23 The likelihood of establishments offering Apprenticeships and having staff undertaking Apprenticeships increases with establishment size (Table 25). The proportion of establishments with staff undertaking Apprenticeships rises from 6% in establishments with 2 to 4 workers to 30% for those with 200 to 499 workers.



**Table 25: Apprenticeships by establishment size, North East, 2007**

<b>Establishment size</b>	<b>Unweighted establishments</b>	<b>Weighted establishments</b>	<b>% of establishments offering</b>	<b>% of establishments with staff undertaking</b>
2-4	1,649	26,750	11	6
5-24	2,690	22,375	17	10
25-99	992	5,675	26	18
100-199	156	850	30	22
200-499	93	450	36	30
500+	28	200		
<b>North East</b>	<b>5,608</b>	<b>56,325</b>	<b>16</b>	<b>9</b>

Source: NESS 2007

Base: All establishments

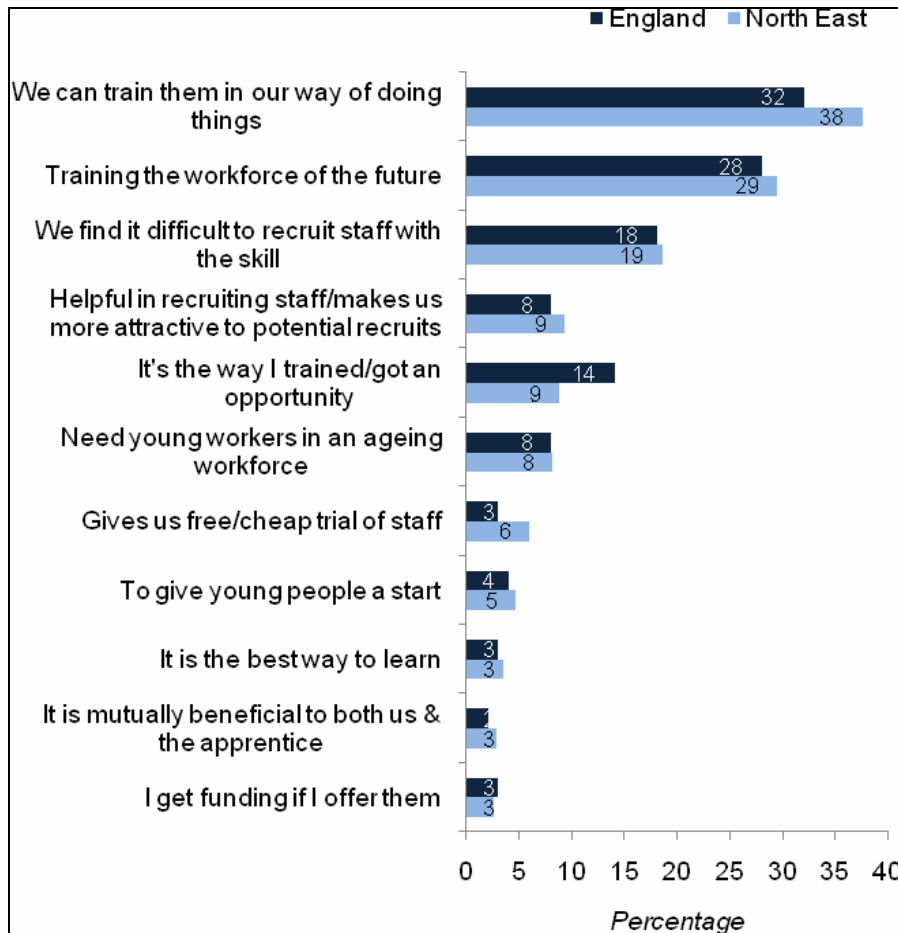
- 5.24 Information on Apprenticeships by SSC in the North East is restricted due to sample sizes. Only 12 of the 25 SSCs have a large enough sample size of 25 or more establishments reporting that they are offering Apprenticeships and only 9 SSCs have 25 or more establishments with any staff undertaking Apprenticeships. As a result, SSC level information for the North East will not be included.
- 5.25 However, it may be useful to summarise the position of Apprenticeships within SSCs nationally as it is unlikely that there will be any large variation at regional level. The national report suggests establishments in sectors relating to manufacturing and construction are those most likely to offer Apprenticeships: SummitSkills (44%), Automotive Skills (33%), SEMTA (20%) and Construction Skills (19%). Establishments in these sectors are also the most likely to have actually had staff on Apprenticeships in the past 12 months and to have recruited young people to start Apprenticeships.

### Reasons for offering apprenticeships

- 5.26 Being able to train recruits in their own way of doing things is the most frequently given reason by establishments in the North East as to why they offer Apprenticeships (Figure 22). A greater proportion of establishments in the North East (38%) cite this reason than the national average (32%). However, in general, the proportions of establishments in the region reporting each reason for offering Apprenticeships are in line with the national averages.
- 5.27 Providing training for their future workforce is also commonly cited reason for offering Apprenticeships (29%). Difficulties in recruiting staff with the right skills (skills shortage vacancies) or a lack of skills amongst their existing workforce (skills gaps) are factors in the decision to offer Apprenticeships by 18% of establishments in the region.
- 5.28 Apprenticeships being the way in which the survey respondent within the establishment was trained or the way they gained their opportunity is less frequently cited by establishments in the North East than the average for England as a whole.



**Figure 22: Reasons for offering Apprenticeships, North East & England, 2007**



Source: NESS 2007

Base: All establishments offering Apprenticeships. North East unweighted = 1,016. England unweighted = 12,669

**Reasons for not offering apprenticeships**

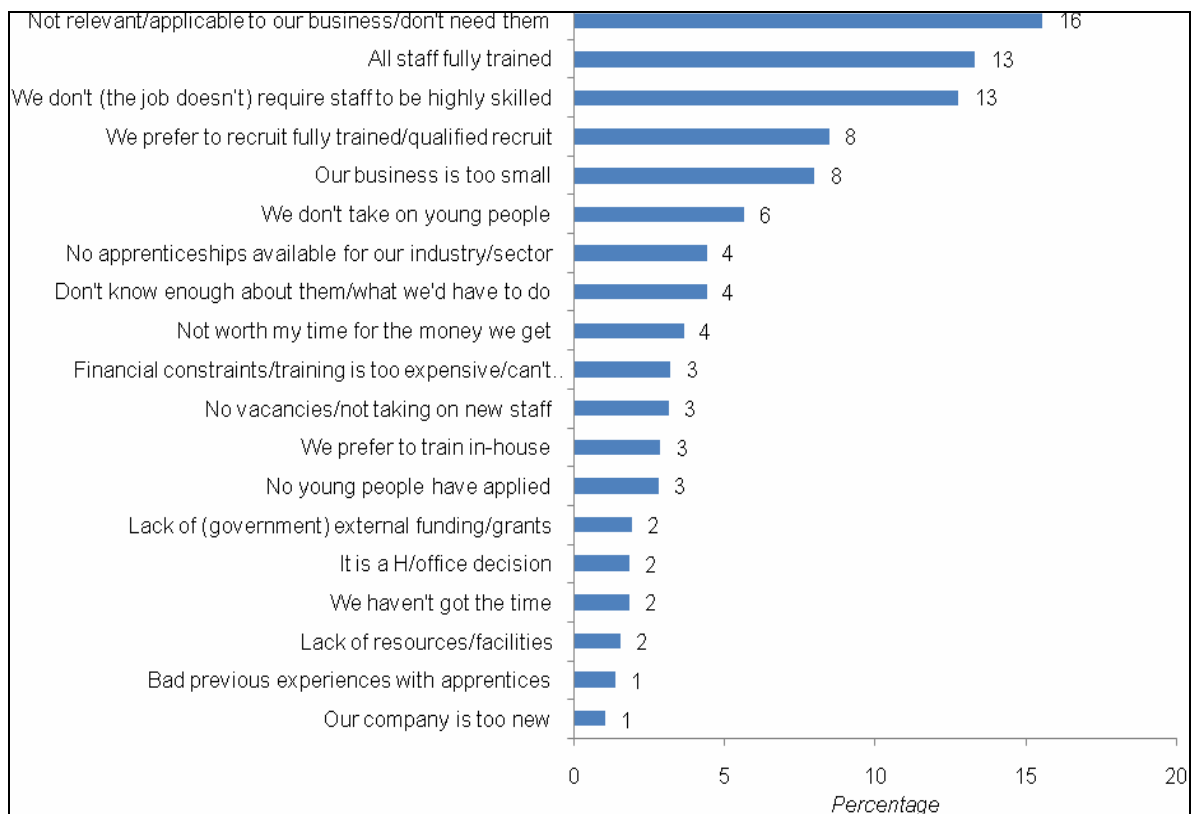
5.29 The most frequently cited reasons why establishments in the North East do not offer Apprenticeships surround issues such as the perceived lack of relevancy of Apprenticeships, staff already being fully trained and/or that the jobs within the establishments not requiring staff to be particularly highly skilled (Figure 23). Apprenticeships seen as either not being relevant, not applicable to the business or in general not required may suggest a number of action points such as:

- The need to make businesses better aware of the potential benefits of Apprenticeships and how they may be relevant to their business. Whilst few cite that they do not know enough about Apprenticeships it is possible that those who report a lack of relevancy of Apprenticeships are least likely to have clear information on them;
- Apprenticeships may need to be made to seem more applicable for certain businesses.



- 5.30 A business feeling that they are 'too small' is also cited as a reason for not offering Apprenticeships (8% of establishments). Of those establishments that cite business size as a factor for not offering Apprenticeships, 80% are particularly small business with between 2 and 4 employees. However, smaller establishments actually recruit a larger number of Apprentices relative to the number of people they employ than larger establishments. 16 to 24 year olds recruited to Apprenticeships account for 1.9% of the total number of employees in businesses with 2 to 4 employees compared to 1.1% in businesses with 100 to 199 and 200 to 499 and 0.3% in businesses with 500 or more employees. It is likely that small businesses would benefit from further communication of the benefits of Apprenticeships.
- 5.31 Funding is not seen by establishments in the region as a key reason for not offering Apprenticeships with issues such as lack of public funding, internal resources/facilities or a lack of time mentioned by relatively few establishments. It is possible that this may move up the chain for some once existing major reasons such as business relevancy are overcome.

**Figure 23: Reasons for not offering Apprenticeships, North East, 2007**



Source: NESS 2007

Base: All establishments not offering Apprenticeships. North East unweighted = 4,517.



## 6 Training and Workforce Development

### Section Summary

- Seventy per cent of establishments in the North East had provided training in the 12 months prior to the NESS07 survey date, a proportion higher than the national average of 67% and the highest of the English regions. This is in the main due to the high proportions of establishments that provide both on-and-off-the-job training in the region. Within the region the propensity to train staff is highest in the Tees Valley and Tyne and Wear.
- Establishments in the North East trained a total of 689,225 staff in the 12 months to the 2007 survey date. This equates to 68% of the workforce, a figure that is marginally down on the results for 2005 (70%), but still makes workers in the North East the most likely to receive training by comparison to the other English regions.
- The propensity to train rises with establishment size with as establishment size grows and there is a notable difference between those establishments with 2 to 4 staff and those with 5 or more staff with the proportion providing training rising from 54% to 82% for those with 5 or more staff.
- Looking at the occupations in which people are trained professionals and managers receive the most training. In total around 156,000 managers and professionals received off-the-job training in the 12 months prior to the survey date, accounting for 38% of the total amount of off-the-job training received by workers in the North East. Looking at the volume of training received in each occupation in relation to the number employed shows professionals and personal service occupations are most likely to receive off-the-job training.
- Sales and elementary staff receive the largest amount of on-the-job training in absolute volume with around 89,000 sales and 82,000 elementary staff receiving on-the-job training in the North East in the last 12 months.
- Public service sectors tend to see the largest proportion of establishments providing training. 85% of establishments in Skills for Health, 93% in Lifelong Learning UK and 95% in Skills for Care and Development provided training (of any kind).
- Establishments in the North East funded or arranged a total of approximately 13 million days of training in the 12 months prior to the survey date. This equates to 13 days per worker in the North East, the highest number of days of the English regions and higher than the national average of 10 days per worker.
- Of the total number of establishments who had provided training in the 12 months to the NESS07 survey date, just under one third (32%) had used further education (FE) colleges to provide teaching or training.



## Introduction

6.1 The provision and support by establishments of training and development is a central input to the improvement of skills amongst staff. The NESS seeks to provide information on the training behaviour of employers which is explored in this section as follows:

- How many and which establishments are providing training
- How many workers are being provided for and what are their characteristics
- The type of training taking place
- The infrastructure and assessment processes in place
- Expenditure on training
- Reasons for not providing training
- Barriers to not providing more training
- Engagement and satisfaction with external training providers
- Rating of government support for training
- Awareness of Train to Gain

6.2 Reference is made throughout the section to training being delivered on and off-the-job. The definitions given to respondents for these terms were:

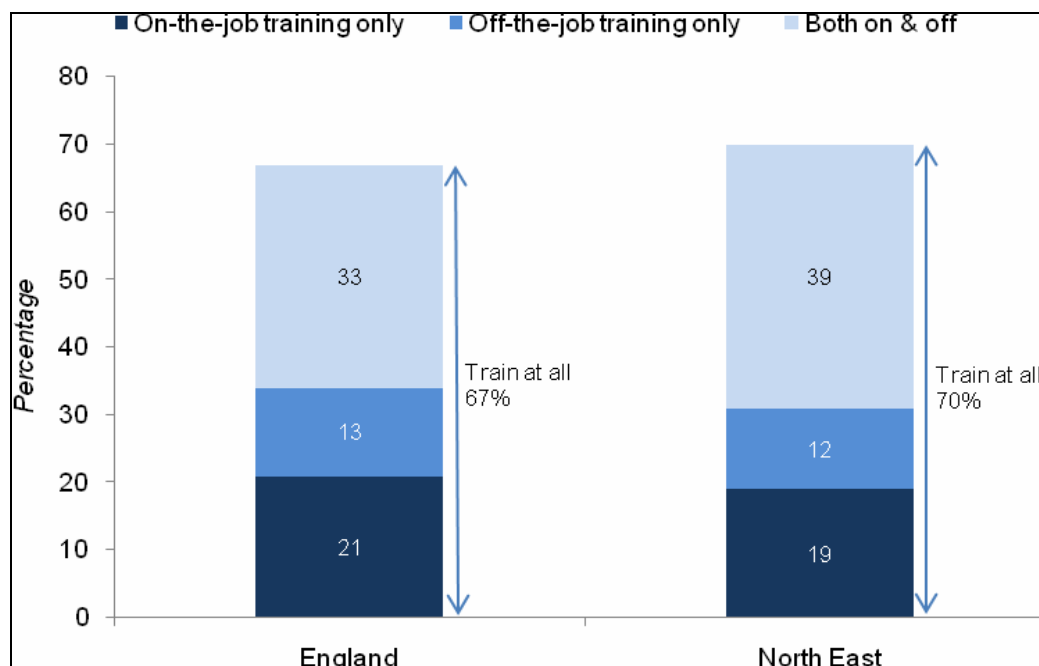
- Off-the-job training and development takes place away from the individual's immediate work position, whether on the employer's premises or elsewhere
- On-the-job and informal training and development is any other training and development activities that would be recognised as training by staff, not the sort of learning by experience which could take place all the time

## Provision of Training

6.3 As shown by Figure 24, 70% of establishments in the North East had provided training in the 12 months to the NESS07 survey date, a proportion higher than the national average of 67% and the highest of the English regions. This is in the main due to the high proportions of establishments that provide both on-and-off-the-job training in the region. Figure 24 (looking at whether the training provided was either on-the-job, off-the-job or both) shows 39% of establishments in the region provide both on-and off-the-job training for their staff compared with 33% nationally – the highest level of the English regions.



**Figure 24: Training provision by establishments, North East & England, 2007**



Source: NESS 2007

Base: All establishments, unweighted North East = 5,608, England = 79,018

6.4 Table 26 shows there has been little change between 2005 and 2007 in the proportion of establishments in the North East providing training. Nationally there has been an increase in the proportion of establishments providing on-the-job training only.

**Table 26: Trends in training provision by establishments, North East & England, 2005 & 2007**

	North East		England	
	2005	2007	2005	2007
Train at all	71	70	65	67
On-the-job training only	19	19	19	21
Off-the-job training only	12	12	13	13
Both on & off	40	39	33	33
Unweighted establishments	4,115	5,608	74,835	79,018

Source: NESS 2005 & 2007

Base: All establishments

6.5 Within the region the propensity to train staff is highest in the Tees Valley and Tyne and Wear (Table 27). These two areas have a higher proportion of establishments providing both off and on-the-job training and training on-the-job only. They have fewer establishments providing solely off-the-job training. Both the Tees Valley and Tyne and Wear have a marginally smaller proportion of their establishments employing between 2 and 4 employees and a marginally higher proportion employing between 5 and 24 and 25 and 99 employees. As shown in section 6.2.1 the likelihood of training rises with establishment size, particularly when looking at the difference between establishments that employ 2 to 4 employees and those that employ 5 or more employees. As a result, it is possible that establishment size within the Tees Valley and Tyne and Wear plays a part in their greater propensity for training.



**Table 27: Training provision by sub-region, North East, 2007**

	Unweighted establishments	Train both off and on-the-job	Train off-the-job only	Train on-the-job only	Train at all	Do not train
County Durham	1,089	36	13	18	67	33
Northumberland	865	36	15	17	68	32
Tees Valley	1,351	39	11	21	71	29
Tyne & Wear	2,303	42	11	19	72	28
North East	5,608	39	12	19	70	30

Source: NESS 2007

Base: All establishments

- 6.6 In terms of the number of staff trained, establishments in the North East reported they had trained a total of 689,225 staff in the 12 months to the 2007 survey date. This equates to 68% of the workforce, a figure that is marginally down on the results for 2005 (70%), but still makes workers in the North East the most likely to train in comparison to the other English regions.

### Establishment size

- 6.7 The propensity to train rises with establishment size with a notable difference between those establishments with 2 to 4 staff and those with 5 or more staff with the proportion providing training rising from 54% to 82% for those with 5 or more staff (Table 28).

**Table 28: Training provision by establishment size, North East, 2007**

	2-4	5-24	25-99	100-199	200-499	500+	Total
Any training	54	82	95	97	98	84	70
Do not train	46	18	5	-	-	-	30
Weighted establishments	26,762	22,374	5,683	850	458	193	56,320
Unweighted establishments	1,649	2,690	992	156	93	28	5,608

Source: NESS 2007

Base: All establishments

Note: - sample size of reporting establishments below 25. Figures in italics show a small establishment sample size 25-49

- 6.8 Establishments with 25 to 99 and 5 to 24 workers train the most staff, together accounting for just short of half the total number of staff trained. The smallest establishments train the fewest people both in absolute volume terms and as a proportion of their workforce.



**Occupations**

6.9 This section of the analysis looks at training provision in the North East by occupation examining position of off-the-job training followed by on-the-job training in the 12 months prior to the NESS07 survey date.

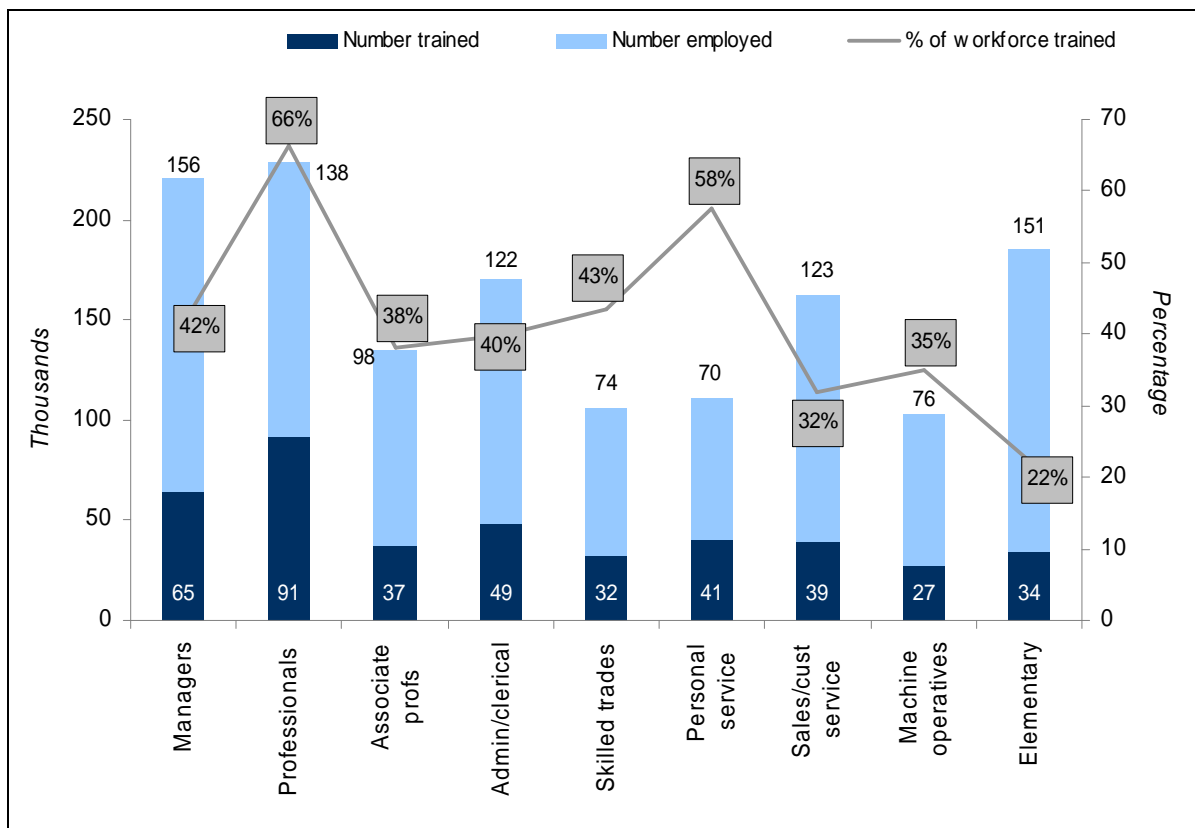
**Off-the-job training**

6.10 In absolute volume terms professional occupations and managers receive the most off-the-job training compared to any other occupational group. Figure 25 shows in total 156,000 managers and professionals received off-the-job training in the 12 months to the survey date, accounting for 38% of the total amount of off-the-job training received by workers in the North East. It is possible that this may be attributable in part to the continued professional development (CPD) requirements of many professional occupational groups for the maintenance of professional memberships.

6.11 Administrative and personal service staff receive larger volumes of off-the-job training, accounting for a further 22% of the total amount of training received.

6.12 Looking at the volume of training received in each occupation in relation to the number in employment shows professionals and personal service occupations are most likely to receive off-the-job training. Two thirds (66%) of professionals and 58% of personal service staff had received training. This compares to only 22% of those working in elementary occupations who whilst being one of the largest groups in employment terms, receive the least amount of training.

**Figure 25: Off-the-job training by occupation, North East, 2007**



Source: NESS 2007

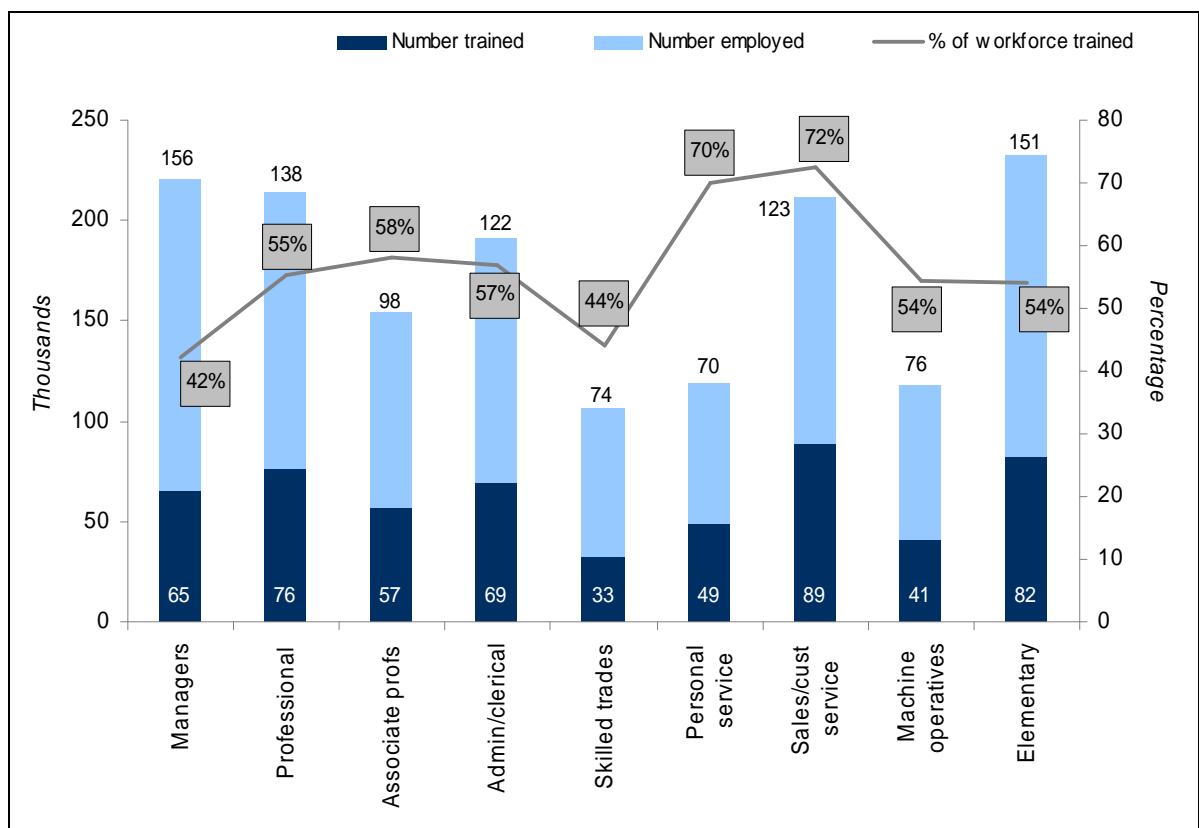
Base: All establishments, unweighted = 5,608



**On-the-job training**

- 6.13 Looking at on-the-job training, Figure 26 shows sales and elementary staff receive the largest amount of training in terms of absolute volume with around 89,000 sales and 82,000 elementary staff receiving on-the-job training in the 12 months to the NESS07 survey date.
- 6.14 Whilst personal service and machine operatives received the least amount of training in volume terms, as a proportion to the number of people employed these occupational groups received a fairly large amount of on-the-job training with 70% and 54% of staff trained respectively. Sales and customer service staff received the most training at 74% of the workforce. Managers and skilled trades received the least amount of on-the-job training relative to their workforce size.

**Figure 26: On-the-job training by occupation, North East, 2007**

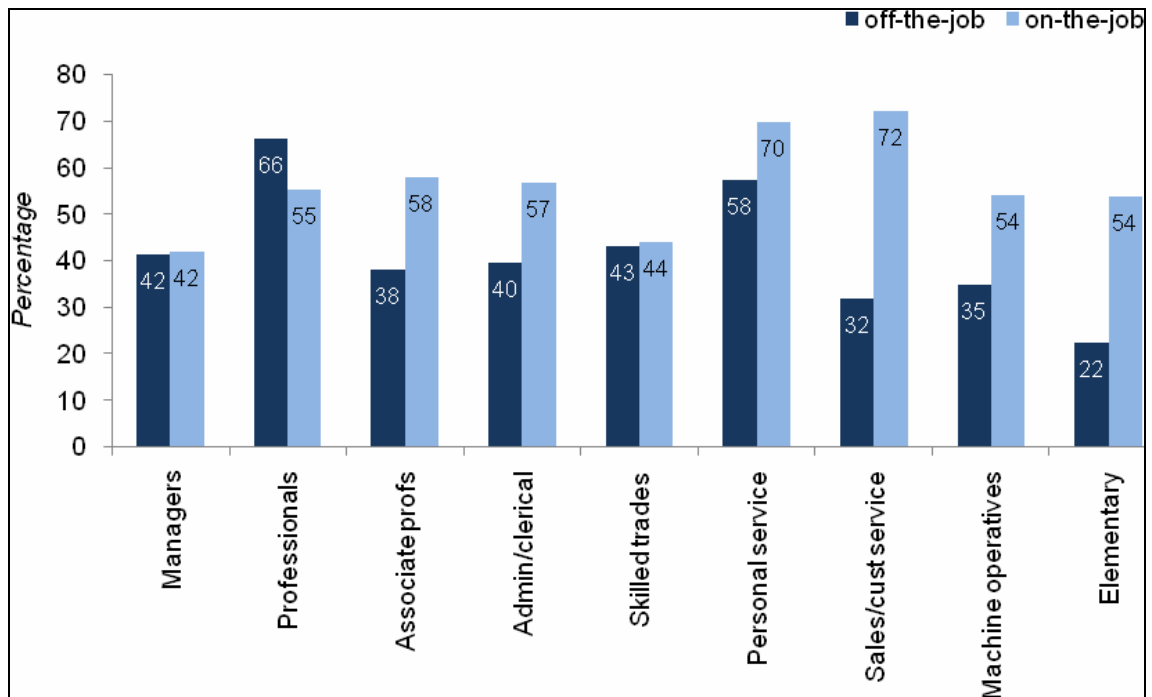


Source: NESS 2007  
 Base: All establishments, unweighted = 5,608

- 6.15 Comparing the proportion of the workforce in each occupational group who had received off-the-job training to the proportion receiving on-the-job training shows the lower skilled occupations such as sales, machine operatives and elementary staff are far more likely to receive on-the-job training than off-the-job (Figure 27).



**Figure 27: Proportion of workforce trained off-the-job and on-the-job by occupation, North East, 2007**



Source: NESS 2007

Base: All establishments, unweighted = 5,608



## Sectors

- 6.16 The North East (in a similar pattern to that observed nationally) sees primarily public-service sectors with the largest proportion of establishments providing training. The vast majority (86%) of establishments in Skills for Health, 93% in Lifelong Learning UK and 95% in Skills for Care and Development provided training (of any kind) in the 12 months to the NESS07 survey date (Table 29). Other public service related SSCs such as Government Skills and Skills for Justice are not included in the analysis due to small sample sizes but, as seen nationally, are also likely to have a large volume of establishments training staff.
- 6.17 There are a number of sectors in addition to those related to public service that have a greater proportion of their establishments training staff than the average for the region.
- Manufacturing and engineering - SSCs such as Improve (food & drink manufacturing), SEMTA (science, engineering, aerospace and manufacturing technologies) and Cogent (chemical, nuclear, oil, gas, petroleum & polymer industries)
  - Property and building services - Asset Skills (property, housing, cleaning and facilities management) and Summit Skills (electro-technical, heating, ventilating, air conditioning, refrigeration and plumbing)
  - Financial services
  - Energy and utility (electricity, gas, waste management & water industries) – figures for this industry are fairly small and so should be treated with some caution
  - Leisure, outdoor and playwork - Skills Active SSC of which some will be publicly funded
- 6.18 The SSCs with the fewest establishments training staff are Skillfast UK (apparel, textiles, footwear and related industries), Lantra (environmental & land-based industries) and Goskills (passenger transport). These SSCs have fewer than 60% of their establishments training staff.
- 6.19 A similar pattern emerges when examining the number of staff trained in each SSC by the number in employment. Staff are most likely to receive training in public service-orientated sectors. Table 29 shows 92% of staff in Skills for Care and Development establishments in the North East had received training in the 12 months prior to the NESS07 survey date and 74% of those in Skills for Health. Asset Skills and Financial Services too have proportions of staff higher than the regional average in receipt of training. Interestingly, whilst e-skills UK (IT, telecommunications and contact centres) and Skillsmart Retail (retail sector) had a below average proportion of establishments providing training, as a proportion of the number in employment staff training is relatively high.
- 6.20 Less than half of staff were trained in Automotive Skills (retail motor industry), Lantra (environmental & land-based industries), Proskills (process & manufacturing: coatings, extractives, glass, building products and printing) and Skillfast-UK (apparel, textiles, footwear and related industries).



**Table 29: Number of staff trained by SSC, North East, 2007**

	Number trained	Number employed	% of establishments providing any training in last 12 months	% of workforce trained
Asset Skills	23,375	29,725	76	79
Automotive Skills	8,875	19,325	60	46
Cogent	14,075	25,450	72	55
ConstructionSkills	35,175	54,100	65	65
Creative & Cultural	2,350	4,650	69	50
Energy & Utility Skills	8,600	13,100	81	66
e-skills UK	24,275	29,350	68	83
Financial Services	19,775	27,375	83	72
Goskills	8,575	15,125	58	57
Improve	9,500	15,125	77	63
Lantra	4,575	10,800	45	42
Lifelong Learning UK	27,125	42,400	93	64
People 1st	45,550	71,425	64	64
Proskills	3,925	13,425	66	29
SEMTA	37,275	64,375	74	58
Skillfast-UK	1,700	6,575	44	26
Skills for Care & Development	43,750	47,550	95	92
Skills for Health	65,675	89,300	86	74
Skills for Logistics	11,400	22,350	62	51
SkillsActive	8,000	13,500	73	59
Skillsmart Retail	74,375	106,150	64	70
SummitSkills	5,675	10,900	73	52
Non-SSC employers	152,734	223,016	77	68
Total	689,225	1,008,075	70	66

Source: NESS 2007

Base: All establishments, unweighted = 5,608

Note: - shows SSCs where the sample size of establishments reporting training is less than 25. Government Skills, Skillset and Skills for Justice are not included as these SSCs have sample size of establishments reporting training is less than 25. Energy & Utility Skills has a sample size between 25 & 49 establishments and so should be treated as a small sample size. Figures in italics show sectors where sample size is between 25 and 49 establishments and so should be treated as a small sample size. Figures for the number trained and the number of staff have been rounded to the nearest 25.

## The Nature of Training Activity

- 6.21 Establishments in the North East funded or arranged a total of approximately 13 million days of training in the 12 months prior to the NESS07 survey date. This equates to 13 days per worker in the North East, the highest number of days of the English regions and higher than the national average of 10 days per worker.
- 6.22 Figures have increased from 2005 to 2007 with the average number of training days per worker rising from 8 in 2005 to the present level of 13 (Table 30). The average number of training days per trainee has also risen sharply from 12 in 2005 to 20 in 2007.



**Table 30: Days training funded by establishments, North East & England, 2005 & 2007**

	England		North East	
	2005	2007	2005	2007
Days training per capita	8	10	8	13
Days training per trainee	12	16	12	20
Days off-the-job training per off-the-job trainee	6	7	6	9
Days on-the-job training per on-the-job trainee	11	14	10	17
Unweighted establishments	74,835	79,018	4,115	5,608
Weighted establishments	1,390,155	1,451,507	53,735	56,320

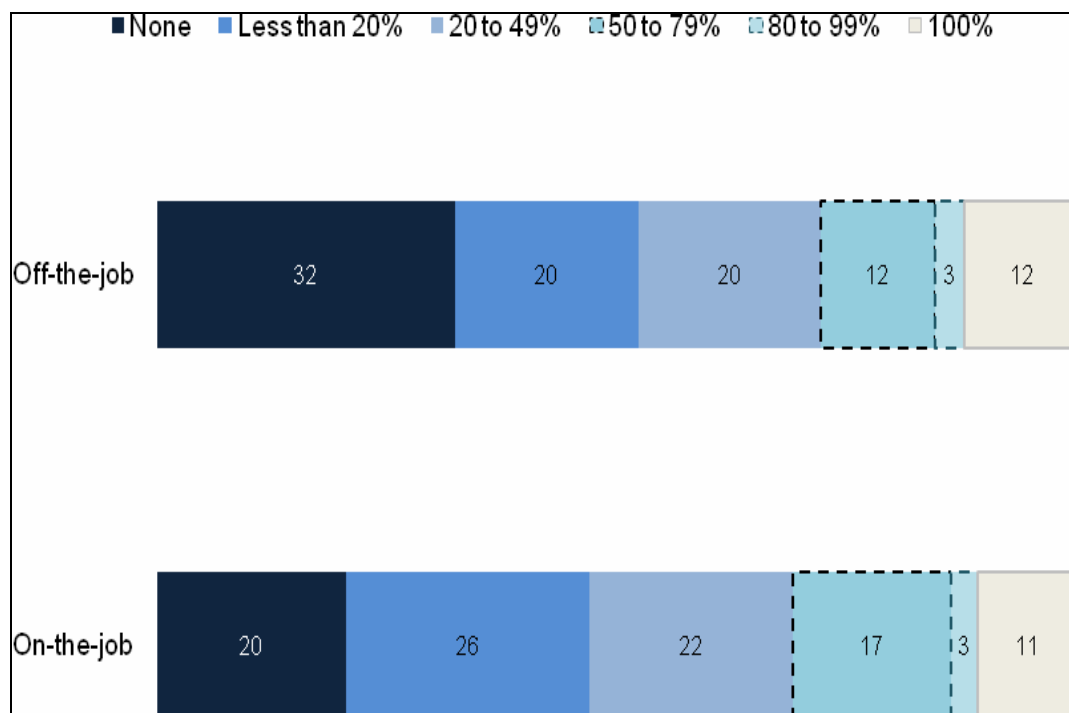
Source: NESS 2007

Base: All establishments

### Health & safety & induction training

- 6.23 Whilst health and safety and induction training are important in enabling both the safe functioning of workplaces and the integration of workers, these types of training do little for either skills development or enhancing productivity. There may of course be some impact on productivity as a result of improved health and safety and/or good induction processes but this type of training is in the main delivered as a result of legislative requirement.
- 6.24 A comparatively small proportion of establishments in the region (12% of off-the-job and 11% of on-the-job), reported that they were providing training that was solely health and safety or induction related (Figure 28). This suggests that for most establishments skills development is a factor in training. Indeed, nearly one-third of establishments reported that none of their off-the-job training involved health and safety or induction. However, this proportion falls to only one-fifth of establishments when looking at on-the-job-training – training that is more likely to contain either health and safety or induction.
- 6.25 For the majority of establishments health and safety or induction played a part in the training their staff undertook. Looking at off-the-job training nearly half (48%) of establishments reported that this non-productive training accounted for between half and all of their total training. For on-the-job the proportion rises to 53% of establishments.



**Figure 28: Proportion of training that has been health & safety or induction. North East, 2007**

Source: NESS 2007

Base: All establishments providing each type of training.

Note: For simplicity, the proportions answering 'don't know' (c. 5 per cent in each case) are not shown.

### Training towards qualifications

- 6.26 Of the 689,225 workers in the North East who had received training in the 12 months to the NESS07 survey date, 17% had trained towards a nationally recognised qualification in the 12 months prior to the survey date. This is the highest proportion of the English regions and markedly higher than the national average of 11%.
- 6.27 Of those members of staff undertaking training towards a nationally recognised qualification 58% were training towards a National Vocational Qualification (NVQ) – a total of 101,400 employees and equivalent to 10% of the total workforce, a proportion that is the highest of the English regions and higher than the 6% seen nationally.
- 6.28 Just over one quarter (26%) of employers were training at least one member of staff towards an NVQ or had done so in the 12 months prior to the survey. This compares against 17% nationally.
- 6.29 Level 2 and 3 training remains the training most frequently offered by establishments. Of the establishments training at least one member of staff towards and NVQ in the North East:
- 9% have staff training towards Level 1 in the 12 months prior to the NESS07 survey date
  - 50% have staff training towards Level 2
  - 48% Level 3
  - 12% Level 4
- 6.30 These proportions are comparable to the national picture.



## Training Infrastructure

- 6.31 This section reports on the training infrastructure of establishments in the region examining the propensity of establishments to have business plans, training plans, training budgets and expenditure.

### Business plans, training plans & budgets

- 6.32 The outline of the North East in terms of establishment training infrastructures is similar to the national picture. Table 31 shows nearly three-fifths (58%) of businesses in the region have formal business plans in place that specify objectives for the coming year. Just over half have a training plan, a higher proportion than the national average and a rise on the figures for 2005. 37% have a budget for training expenditure and this is also higher than the national average and a rise on figures for 2005.

**Table 31: Establishments with a formal written business plan, training plan and budget for training expenditure, North East & England, 2005 & 2007**

	North East		England	
	2005	2007	2005	2007
Have a formal business plan specifying objectives for the coming year	55	58	55	57
Have a training plan specifying in advance the level and type of training workers will need in coming year	48	52	45	48
Have a budget for training expenditure	35	37	33	35
Unweighted establishments	4,115	5,608	74,835	79,018
Weighted establishments	53,735	56,320	1,390,155	1,451,507

Source: NESS 2005 & 2007

Base: All establishments

- 6.33 The propensity to have a training infrastructure in place, whether a business plan, training plan or a budget for training expenditure, increases with business size. The proportion of establishments with a business plan rises from 45% of establishments with between 2 to 4 staff to 92% of establishments with 200 to 499 staff (Table 32).



**Table 32: Establishments with a formal written business plan, training plan and budget for training expenditure, North East, 2007**

	2-4	5-24	25-99	100-199	200-499	500+	Total
Have business plan that specifies the objectives for the coming year	45	65	83	87	92	-	58
Have training plan that specifies in advance the level and type of training workers will need in the coming year	35	64	82	83	93	-	52
Have a budget for training expenditure	22	42	69	82	94	-	37
Unweighed establishments	1,649	2,690	992	156	93	-	5,608
Weighted establishments	26,762	22,374	5,684	851	458	-	56,322

Source: NESS 2007

Base: All establishments

Note: - shows where the sample size of establishments reporting training is less than 25

### Training expenditure

- 6.34 As in 2005 a follow up survey was conducted amongst establishments who reported during the main NESS07 survey that they had funded or arranged training in the previous 12 months to measure their expenditure on training. Information on training expenditure was collected from a 643 establishments in the North East and information in this section relates to total expenditure.
- 6.35 Expenditure on training by establishments in the North East was estimated to be at £2,015 million in the 12 months to the 2007 survey date (Table 33). This equates to 5% of the total expenditure nationally and reflects the share of employment seen in the region.
- 6.36 The region has seen the largest increase in expenditure on training from the 2005 survey – an increase of 44% and the largest increase of the English regions.
- 6.37 The North East also has one of the highest spends on training per employee at £2,000 per employee. It is possible that this may reflect the slight skew towards larger establishments in the region which are more likely to provide training opportunities.



**Table 33: Training expenditure by establishments, all regions & England, 2007**

	Unweighted base	Weighted base	Total	% change in expenditure from 05	% of total expenditure	% of all employment	Training spend per employee
Eastern	802	108,886	£3,747m	-	10	10	£1,625
East Midlands	642	81,282	£2,470m	+1%	6	8	£1,350
London	1,077	153,870	£8,055m	+39%	21	18	£2,075
North East	643	39,504	£2,015m	+44%	5	5	£2,000
North West	820	121,778	£5,655m	+17%	15	13	£1,950
South East	1031	172,487	£6,113m	+1%	16	16	£1,700
South West	794	110,505	£3,478m	+24%	9	10	£1,600
West Midlands	636	95,930	£3,654m	+29%	9	10	£1,575
Yorkshire & the Humber	745	89,847	£3,461m	+1%	9	10	£1,575
<b>England</b>	<b>7,190</b>	<b>974,091</b>	<b>£38,648m</b>	<b>+16%</b>			<b>£1,736</b>

Source: NESS 2007

Base: All establishments reporting they had funded or arranged training

6.38 Establishments in the North East spend a greater proportion of their training budgets on off-the-job training than the national average at 55% compared to 47% nationally (Table 34). This is also the highest proportion of off-the-job spending of the English regions.

**Table 34: Off-and-on-the-job training expenditure, all regions & England, 2007**

	Training expenditure			% of training spend in region accounted for by off-the-job training
	Total	Off-the-job training	On-the-job training	
Eastern	£3,747m	£2,000m	£1,746m	53
East Midlands	£2,470m	£1,169m	£1,301m	47
London	£8,055m	£3,757m	£4,298m	47
North East	£2,015m	£1,110m	£905m	55
North West	£5,655m	£2,594m	£3,060m	46
South East	£6,113m	£2,501m	£3,612m	41
South West	£3,478m	£1,767m	£1,711m	51
West Midlands	£3,654m	£1,686m	£1,786m	51
Yorkshire & the Humber	£3,461m	£1,590m	£1,871m	46
<b>England</b>	<b>£38,648m</b>	<b>£18,358m</b>	<b>£20,290m</b>	<b>47</b>

Source: NESS 2007

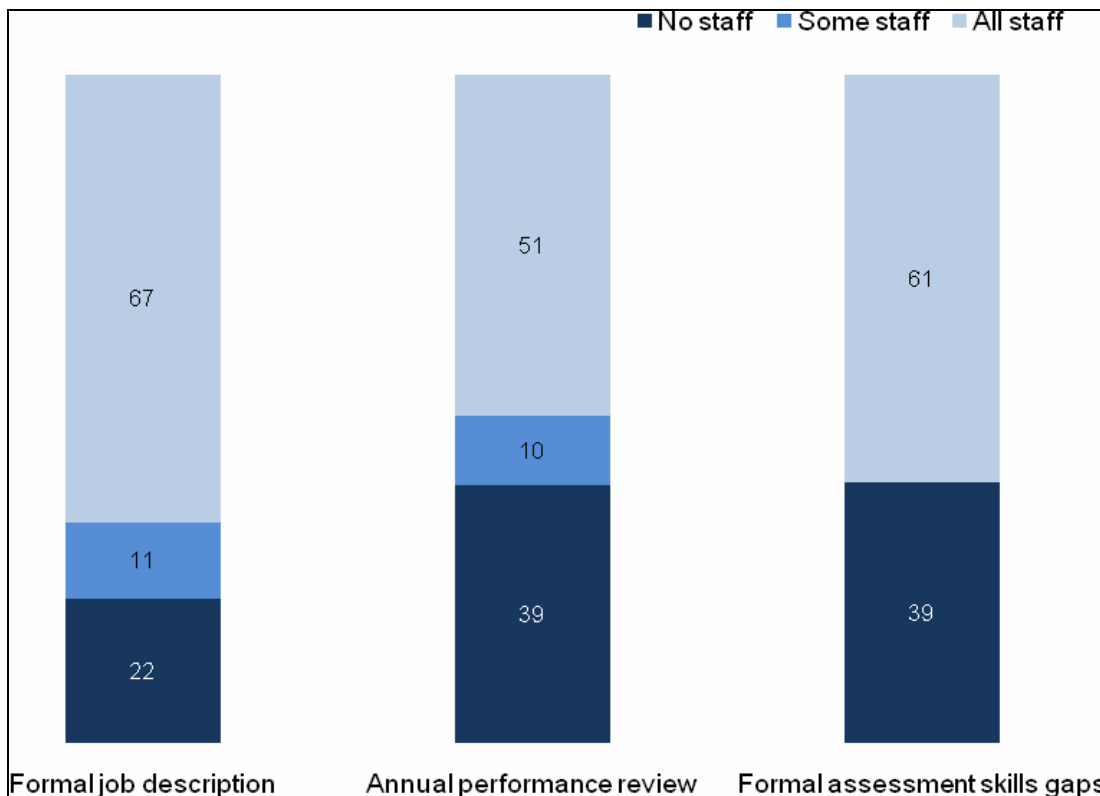
Base: All establishments reporting they had funded or arranged training



### Assessment Infrastructure

- 6.39 This section looks at the human resource practices of establishments in the North East examining the propensity for establishments to use job descriptions, annual performance reviews and assessments of skills needs.
- 6.40 Figure 29 shows the majority of establishments in the region have some form of assessment process in place. Two thirds (67%) of establishments in the North East have job descriptions for all of their staff and just over half have annual performance reviews for all of their staff. Just over three in five (61%) utilise formal assessment processes to establish whether individual workers have gaps in their skills. These proportions are in line with the national average although the North East does have a greater proportion of establishments who assess skills gaps, 61% as opposed to 57% nationally.

**Figure 29: Proportion of establishments with job descriptions & annual performance reviews, North East, 2007**



Source: NESS 2007

Base: All establishments

Notes: Employers were asked what percentage of staff had a formal APR and/or had a job description. In terms of assessing skills gaps, they were simply asked whether they did so or not. It is possible that those stating that they did not assess skills gaps were indicating that they did not do so for all staff, as a matter of routine, rather than that they never assess skills gaps (of individuals). It is also possible that those who said that they did assess skills gaps did not do so universally.

- 6.41 As with the likelihood of having business plans, training plans and training budgets, the propensity for establishments to have in place formal assessment processes increases with business size. The proportion of establishments where all staff have job descriptions rises from 51% amongst those with 2 to 4 staff to 80% for those with 200 and 499 staff. The same is true for the use of annual performance reviews with figures rising from 34% to 83% and 45% to 95% respectively for the proportion of those who formally assess skills gaps.



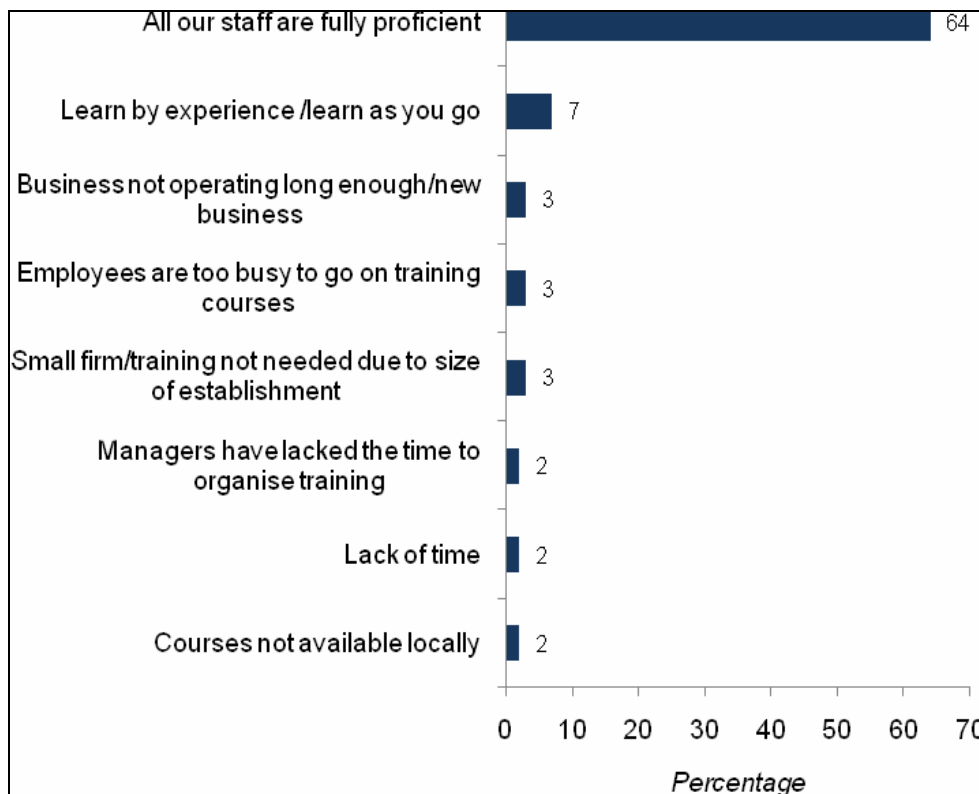
**Assessing the impact of training**

- 6.42 Of those establishments who had funded or arranged training in the 12 months to the 2007 NESS survey date, 69% reported that they formally assessed the impact of training at least some of the time.
- 6.43 The likelihood of assessing the impact of training rises with establishment size. For those with 2 to 4 workers 59% formally assess the impact of training. This rises to 89% of those with 200 to 499 workers.

**Reasons for Not Providing Training**

- 6.44 Having examined those establishments who do train, the attention of this section is turned to look at those establishments who do not provide training and the reasons why this occurs.
- 6.45 Approximately 30% of establishments in the North East do not provide training for their staff. Of those, an overwhelming majority of 64% cited this was because their staff were already fully proficient (Figure 30). Nearly all (96%) of those employers reporting that their staff are fully proficient also report that they have no skills gaps. Approximately 7% reported that staff learn by experience/as they go. These figures mirror those for England as a whole.

**Figure 30: Reasons for non-training, North East, 2007.**



Source: NESS 2007

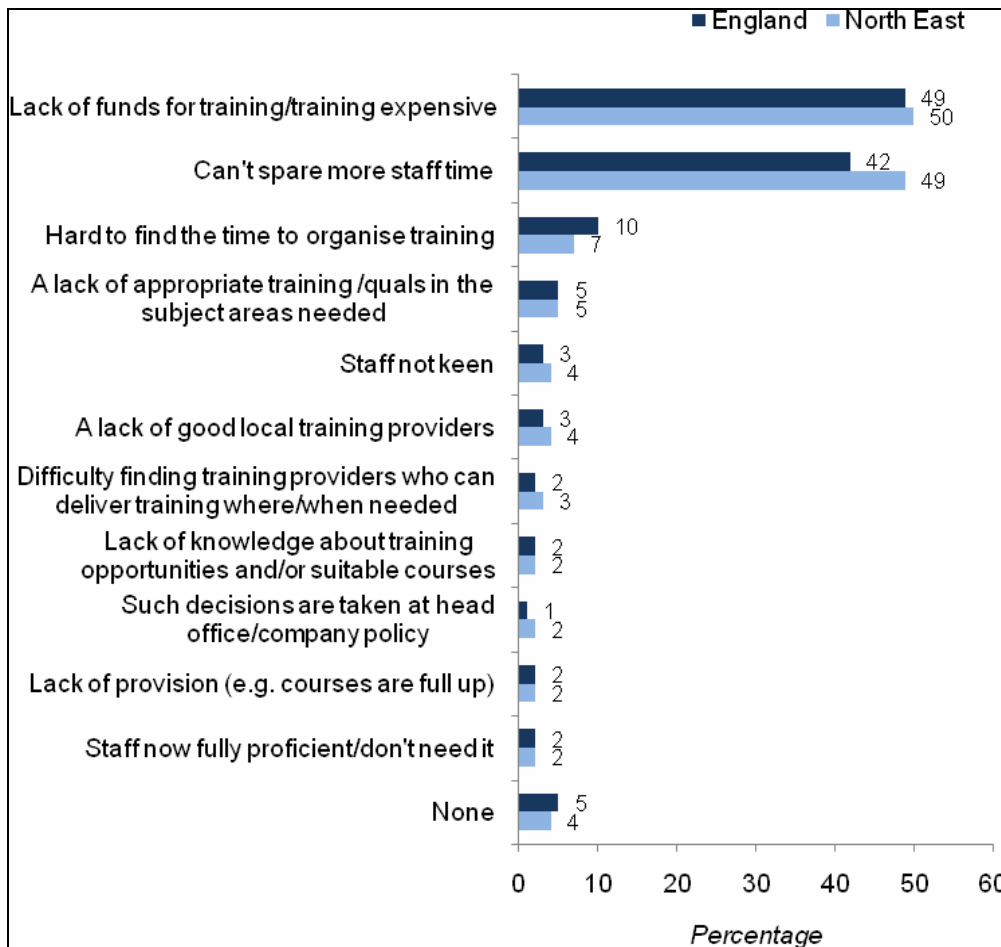
Base: All establishments that do not train unweighted North East = 1,304



### Barriers to providing more training

6.46 Of the total number of establishments that had provided training for their staff just under half (48%) reported that they would have liked to provide more training (Figure 31). A lack of funds for training/the overall expense of training was the primary factor for these establishments in not providing more training. Pressure on time availability of staff is also a significant factor reported by 42% of establishments, but a lower proportion than seen nationally. Further time pressure issues in terms of the time required to organise training is a factor for around 7% of establishments who would have likely to provide more training.

**Figure 31: Barriers to not providing more training, North East & England, 2007**



Source: NESS 2007

Base: All establishments that would like to have provided more training in the 12 months to the survey date, unweighted North East = 2,031, England = 12,924

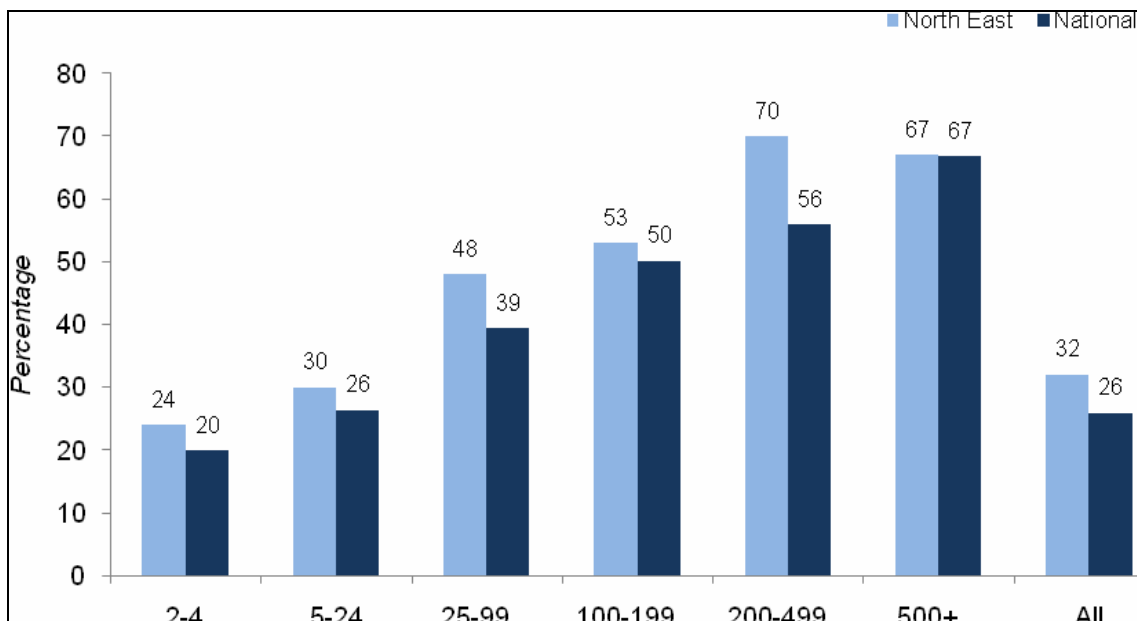


## Engagement and Satisfaction with Further Education Colleges (FE) and Other Providers

### Use of further education colleges

- 6.47 Of the total number of establishments in the North East who had provided training in the 12 months to the NESS07 survey date, just under one third (32%) had used further education (FE) colleges to provide teaching or training.
- 6.48 The use of FE colleges for either teaching or training does vary by the size of the business with the smallest businesses least likely to use FE colleges. As Figure 32 shows only 24% of establishments with between 2 to 4 workers had used FE colleges in the 12 months to the NESS07 survey date compared to 70% of establishments with 200 to 499 workers. Figures are on the whole comparable to the national picture although a greater proportion of employers in the North East with 25 to 99 staff and 200 to 499 staff use FE colleges than the national average.

**Figure 32: Use of FE colleges by size of business, North East, 2007**



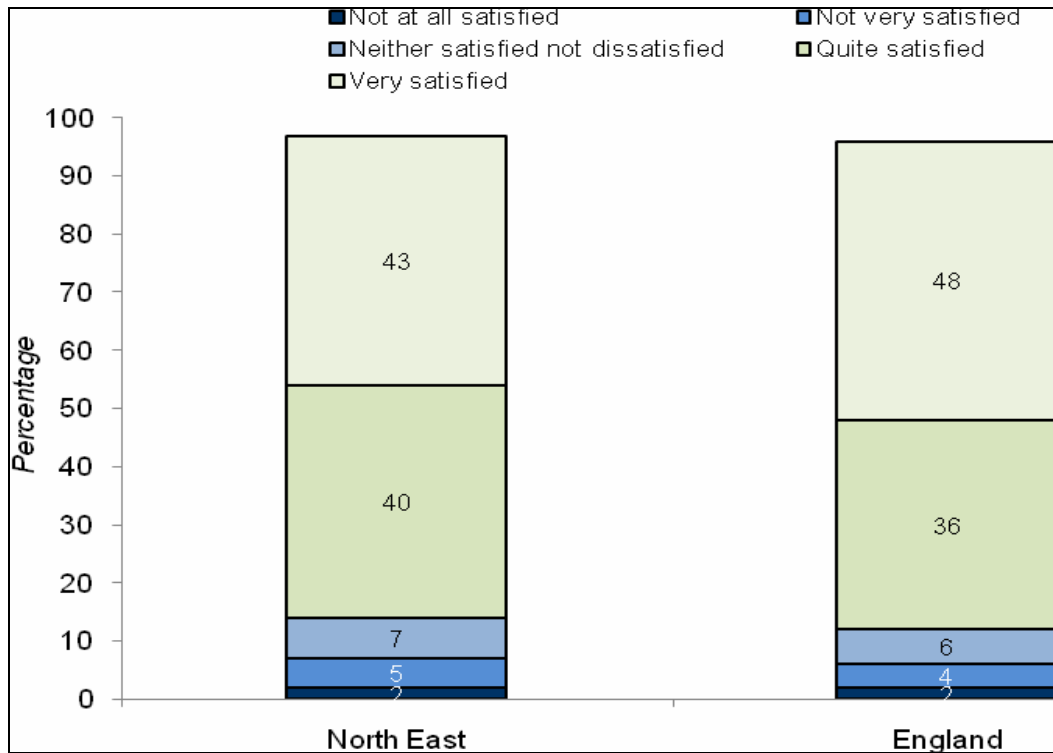
Source: NESS 2007

Base: All establishments providing training in the 12 months to the survey date, unweighted North East = 4,267

- 6.49 In terms of the satisfaction of the FE provision, Figure 33 shows the overwhelming majority of establishments using FE colleges were satisfied with the quality of teaching or training services provided by FE colleges – 83% were either very or quite satisfied both regionally and nationally. This figure varies little with the size of the establishment with 80% of the smallest businesses with 2 to 4 workers either quite or very satisfied with the quality of FE provision.



**Figure 33: Satisfaction with FE teaching & training quality, North East & England, 2007**



Source: NESS 2007

Base: All establishments providing training in the 12 months to the survey date, unweighted North East = 4,267  
 England = 58,600

**Barriers to engaging with further education colleges**

6.50 Despite the excellent level of satisfaction amongst those establishments who do use FE colleges for teaching or training, the majority of establishments in the region (68%) continue not to use FE for their training activities. The smaller the establishment, the more likely they are not to use FE – 75% of businesses with between 2 to 4 workers compared to 68% for all establishments in the region.



6.51 The lack of relevancy of courses and the preference to train staff in-house are the two most frequently cited reasons by establishments in the North East for not using FE for training activities (Figure 34). Lack of relevancy is most frequently reported by smaller establishments and the preference of training in-house by the larger establishments. A lack of relevancy in the courses FE colleges provide is also most commonly cited by employers in the following industries:

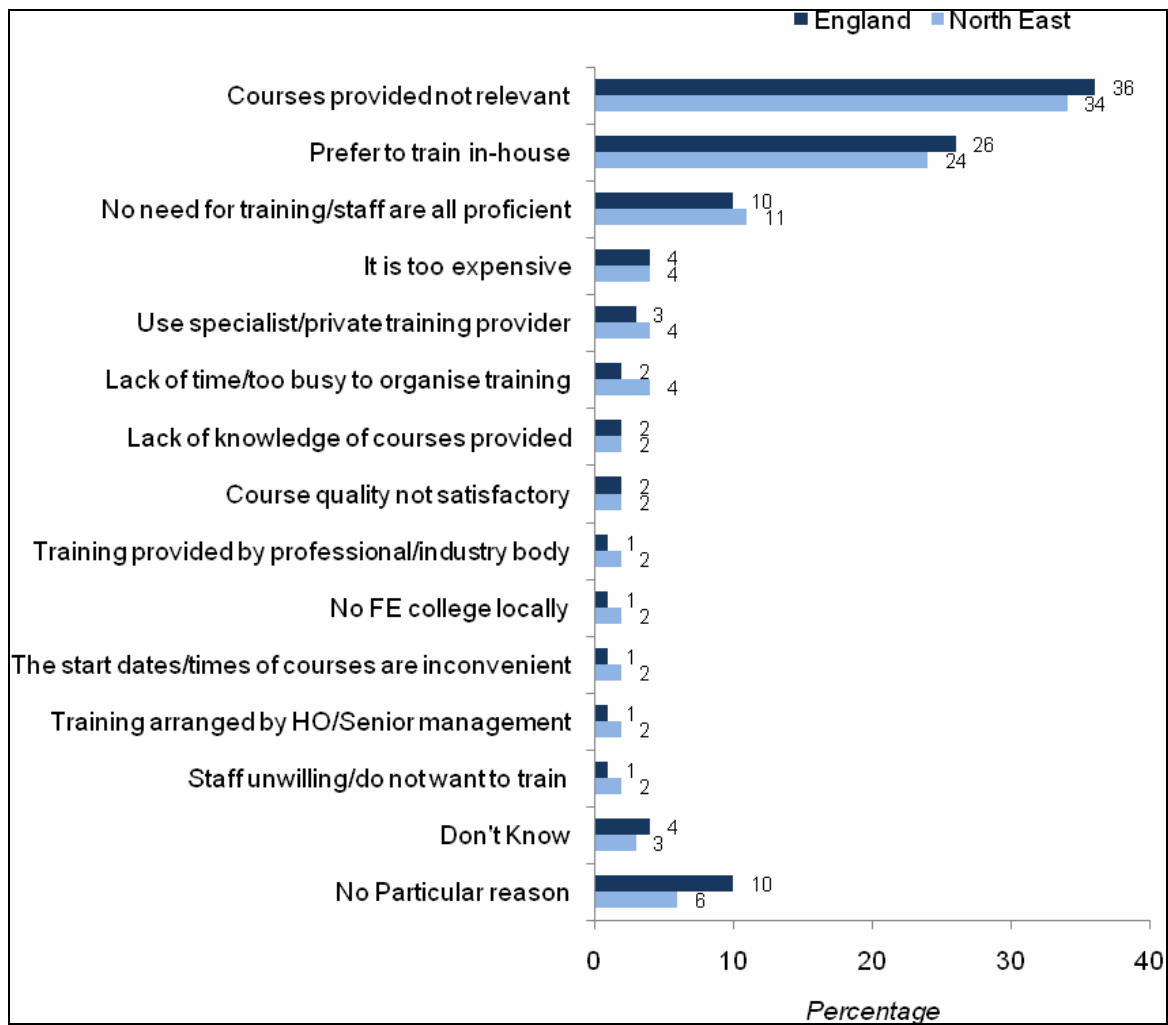
- SummitSkills – building service engineering
- Construction Skills – Construction industries
- Proskills – Process & manufacturing (coatings, extractives, glass, building products and printing)
- Skills for Logistics – Freight logistics & warehousing industries
- Creative and Cultural Industries
- e-skills UK – IT, telecommunications and contact centres
- Financial Services SSC – Financial industries
- Skillfast UK – Apparel, textiles, footwear and related industries
- Lantra – Environmental & land-based industries

6.52 Between 40% and 60% of employers amongst these industry groups who do not use FE colleges for their training/teaching activities cite a lack of relevancy of courses provided.

6.53 The view that there is no need for training or that their staff are already fully proficient is reported by approximately 1 in 10 establishments who do not use FE.



**Figure 34: Reasons for not using FE colleges for teaching or training, North East & England, 2007**



Source: NESS 2007

Base: All establishments not using FE for training/teaching activities in the 12 months to the survey date, unweighted North East = 2,760, England = 40,492



### Use of other training providers

- 6.54 Of the total number of establishments in the region who had provided training in the 12 months to the NESS07 survey date, over half (56%) had used other training providers for example, external consultants or private training providers, to provide teaching or training. The use of other forms of training providers rises with business size from 47% amongst the smallest businesses with 2 to 4 workers to 84% of businesses with 200 to 499 workers.
- 6.55 In terms of the satisfaction with the teaching or training of other training providers over 90% were either quite or very satisfied. This is higher than that for FE colleges at 83%.
- 6.56 The proportion of establishments who are 'very satisfied' with the quality of teaching or training provided is higher amongst the smaller establishments – those with less than 100 workers.
- 6.57 Approximately 10% of establishments who trained their staff in the 12 months to the survey date used universities to provide teaching or training. The use of universities is strongly centred around larger establishments with 52% of establishments with 200 to 499 staff who had trained their staff in the 12 months prior to the survey using universities compared to 10% of those establishments with between 2 to 4 staff.

### Government Support for Training

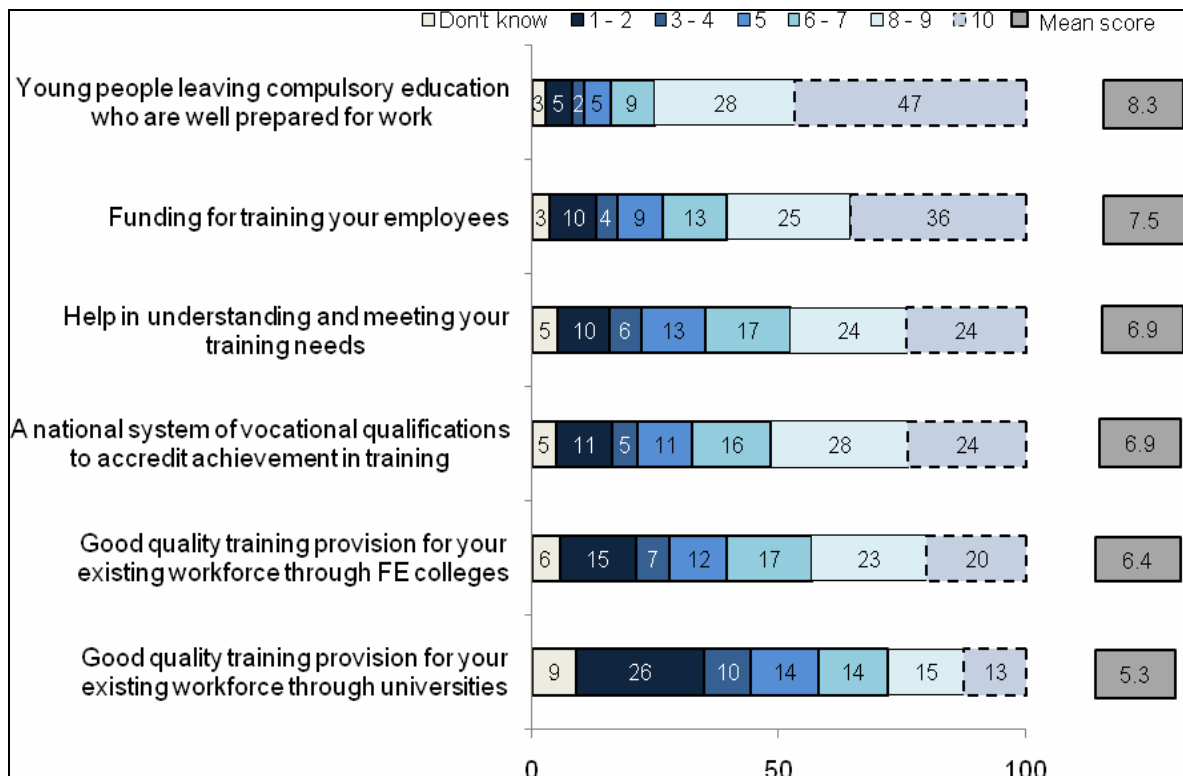
- 6.58 In a new set of questions for the 2007 NESS establishments were asked about their attitudes to areas in which government might provide support to employers in developing their workforce. The following six areas of support were discussed:
- Young people leaving compulsory education who are well prepared for work
  - Funding for training staff
  - Help in understanding and meeting training needs
  - Good quality training provision for their existing workforce through FE colleges
  - Good quality training provision for their existing workforce through universities
  - A national system of vocational qualifications to accredit achievement in training
- 6.59 Establishments were asked how important they thought it was that the government provides this support, and how successful they thought the government was at doing so, giving scores from 1 ("not at all important" / "the government is doing extremely badly") to 10 ("essential" / "the government is doing an excellent job"). Comparing these measures gives an indication of how well the performance of government is in line with the importance employers attach to these areas of support.



6.60 In general almost all of the 6 areas of government support were rated as important by establishments in the region (Figure 35). Specifically establishments reported the following:

- Establishments considered the ability for young people to leave compulsory education prepared for work the most important area for government support. Nearly half (47%) of establishments in the region rated this area as 'essential' (10 out of 10) and overall, this area received the highest overall score of 8.3 out of 10.
- Funding for training staff was rated by just over 60% of establishments in the North East as being an 8, 9 or essential mode of support for government.
- Help in understanding and meeting training needs was reported as essential by just under one quarter of establishments. A further 24% rated this area of support between an 8 and 9.
- Again, just under one quarter of establishments rated a national system of vocational qualifications to accredit achievement in learning as essential. Teamed with 8 and 9 ratings this figure rises to 52% of establishments in the region.
- Fewer establishments felt that good quality training provision through FE colleges was essential and this likely reflects the lack of use of FE by 68% of those establishments who train. However, over half of establishments rate this area of support at 8 or more.
- Good quality training provision through universities rated as least essential by establishments with only 42% rating it at a 6 or more. One quarter rate this area of support at between a 1 and 2. Given the greater likelihood of the use of universities for teaching or training amongst larger establishments, it is likely that those who do rate this area of support as essential are larger employers (section 6.8.3).

**Figure 35: Establishment importance rating of areas of government support, North East, 2007**



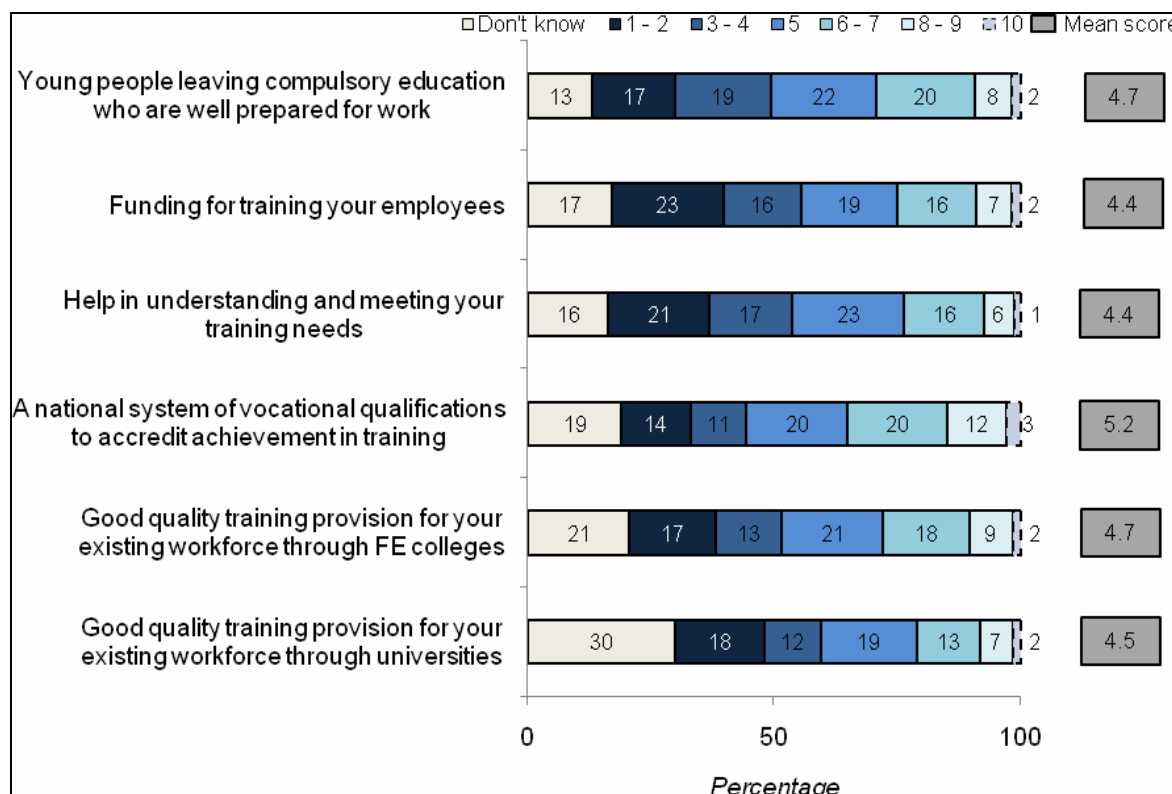
Source: NESS 2007

Base: All establishments, unweighted North East = 5,608



- 6.61 The provision of a national system of vocational qualifications to accredit achievement in training was the area of support establishments in the North East rated most highly in terms of Government performance (Figure 36). This area of support had an overall mean score of 5.2.
- 6.62 The provision by Government of funding for training staff and of help understanding and meeting training needs were considered to be the weakest areas of Government performance. These areas rated an average score of 4.4.

**Figure 36: Establishment performance rating of areas of government support, North East, 2007**



Source: NESS 2007  
 Base: All establishments, unweighted 5,608

**Train to Gain**

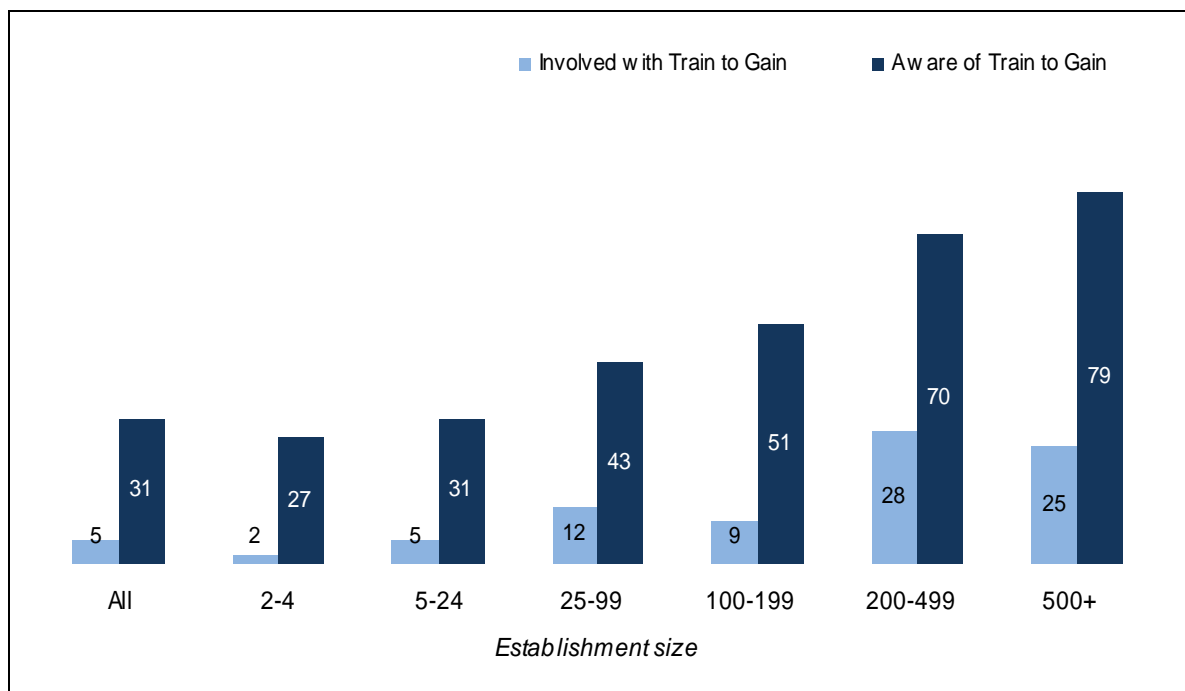
- 6.63 NESS, for the first time in 2007, asked establishments about their awareness and involvement with Train to Gain. It is important to note that interviews with establishment were conducted before the launch of the “Our Future. It’s in our hands” marketing campaign which is likely to have had a subsequent impact on awareness of Train to Gain amongst employers.
- 6.64 Of the total number of establishments in the North East 31% reported that they were aware of Train to Gain and 5% reported that they had had some involvement with Train to Gain in the 12 months to the NESS07 survey date (‘involvement’ includes all having any contact with a Skills Broker). These proportions are slightly higher than those seen for England as a whole.



6.65 Figure 37 shows the likelihood of awareness of or involvement with Train to Gain is heavily dependent on business size. Of those establishments with 2 to 4 workers only 27% are aware of Train to Gain and only 2% involved with the programme. This compares 70% of those with 200 to 499 workers having awareness of Train to Gain and 28% being involved.

6.66 Proportions are generally comparable to the national averages. However, establishments in the North East with 200 to 499 (70% in the North East and 52% nationally) and 500 or more staff (79% in the North East and 52% nationally) are more likely to be aware of Train to Gain than the national average. Establishments with 200 to 499 staff are also more likely to be involved with Train to Gain (28% in the North East and 18% nationally). Those establishments with 100 to 199 staff are less likely than the national average to be involved with Train to Gain.

**Figure 37: Awareness of & involvement with Train to Gain by establishment size, North East, 2007**



Source: NESS 2007  
 Base: All establishments, unweighted 5,608



## 7 Skills Priorities in the North East

### Level 2 & Level 3 Skills

- 7.1 One of the main skills issues facing the North East, as with many other regions and the country as a whole, is the demand and supply imbalance of craft and technical skills.
- 7.2 The NESS07 survey suggests that skills play a significant part in the recruitment problems for skilled trade occupations, often requiring Level 2/3 skills and increasingly Level 4 skills, where 35% of vacancies are as a result of skills shortage compared to a regional average for all occupations of 20% (Table 10).
- 7.3 Comparing the distribution of vacancies with the distribution of employment across the different occupations in the region shows that vacancies amongst technical and skilled occupations (associate professionals and skilled trades) are particularly high. The same can also be said for personal service occupations which often require Level 2 and increasingly Level 3 skills (Figure 7).
- 7.4 Lower occupational groups in terms of skills requirements, account for a large proportion of the skills gaps amongst the region's workers. One quarter of the total number of skills gaps in the North East are within elementary occupations (Table 14). Elementary occupations also have the highest density of skills gaps with 10% of those working within elementary occupations being described as lacking proficiency in the North East. 8% of those working within skilled trades are also seen as having skills gaps (Figure 15).
- 7.5 Poor basic skills are also a factor in many lower skilled occupations. Elementary occupations, personal service staff, machine operatives and professionals have a higher proportion of their skills gaps attributed, at least in part, to a lack of literacy skills than the regional average. A lack of numeracy skills is most acutely felt amongst elementary and sales staff with skills gaps. Managers, personal service and elementary occupations have a greater proportion of their skills gaps attributed, at least in part, to a lack of oral communication skills than the regional average (Figure 16).
- 7.6 This suggests that there is a need for increased take-up of basic skills, Level 2 and Level 3 qualifications within the North East. However, with nearly one quarter of those establishments in the North East who had skills gaps amongst their workforce identifying that they experienced no particular problems as a result of those skills gaps, there are significant challenges in encouraging businesses to raise the skills levels of their staff. This is a particular task for the Train to Gain programme. However, currently less than one-third of establishments in the North East are aware of Train to Gain and only 5% reported that they had had some involvement with Train to Gain in the 12 months to the NESS07 survey date ('involvement' includes all having any contact with a Skills Broker). The 2007 NESS is the first of the NESS surveys to interview establishments about their awareness and involvement with Train to Gain and these interviews were conducted before the launch of the "Our Future. It's in our hands" marketing campaign. It will be important to monitor the success and impact of this programme amongst employers in future years of the NESS surveys.



## Priority Sectors

7.7 This section examines the NESS07 data for the priority sectors identified in the Regional Economic Strategy in the North East. The North East region has 7 priority sectors outlined as follows:

- Energy
- Food and Drink
- Commercial Creative
- Chemical and Pharmaceuticals
- Automotive
- Financial Intermediation and Business Services (including KIBS – knowledge intensive business sectors)
- Health and Social Care

7.8 The NESS data available of the 7 priority sectors for analysis is patchy due to the small sample sizes. Fewer than 25 establishments were interviewed in the Energy and Automotive sectors and so results for these 2 sectors will not be included. Results for the Food and Drink and Chemicals and Pharmaceutical industries are based on samples of between 25 and 49 establishment interviews and so should be treated with caution.

## Vacancies & recruitment difficulties

7.9 Financial Intermediation and Business Services is the largest of the priority sectors in the North East both in terms of the number of establishments and the number of people the establishments employ. By this nature, in absolute volume terms, this sector has the largest number of vacancies, HtFVs and SSVs. The sector accounts for 21% of the total number of vacancies in the North East. Vacancies and recruitment difficulties as a result of skills shortage are particularly significant for this sector. For those vacancies that are hard-to-fill, 86% are as a result of skills shortage, significantly higher than both the overall average for the region (66%) and for England as a whole (71%).

7.10 Food and Drink and Chemical and Pharmaceutical sectors have a higher proportion of establishments that the regional average reporting at least one vacancy, 22% in each sector compared to 18% regionally. The Chemical and Pharmaceutical sector also has the highest proportion of the priority sectors with establishments reporting at least one HtFV or SSV. As a proportion of the total number in employment the number of vacancies is actually very small in both of these sectors. However, for establishments in the Chemical and Pharmaceutical sector what vacancies they do have are particularly hard-to-fill, 42% of vacancies being HtFVs compared to 30% for the region as a whole. 29% of vacancies and nearly 70% of HtFVs in this industry are as a result of skills shortage.



- 7.11 The Commercial Creative sector whilst having a vacancy and recruitment profile similar to the overall picture for the region in terms of the proportion of establishments with at least one vacancy or SSV and relatively few with HtFVs, the HtFVs they do have are particularly hard-to-fill as a result of skills shortage. Nearly three-quarters of HtFVs in this industry are as a result of skills shortage compared to an overall regional average of 66% and a national average of 71%. It also has a fairly large number of vacancies as a proportion of the total number employed in the sector at 3% compared to 2.3% for the region as a whole.
- 7.12 For the Health and Social Care sector, whilst a fairly large proportion of vacancies are HtFVs, relatively few are as a result of skills shortage. SSVs account for only 14% of all vacancies compared to 20% for the region as a whole. SSVs also account for less than 40% of HtFVs compared to 66% for the region suggesting that there are other factors than skills that play a role in reasons for vacancies. Indeed, analysis of the causes of HtFVs for the Health and Social Care sector shows a lack of people interested in the job and unsociable hours the most frequently cited reasons by establishments for vacancies being hard-to-fill.



Table 35: North East Priority Sectors Profile, 2007

	Food & Drink	Commercial Creative	Chemicals & Pharmaceuticals	Financial Intermediation & Business Services (inc KIBS)	Health & Social care	North East	England
<b>Recruitment &amp; Vacancies</b>							
Total employment	14,695	44,378	13,513	164,850	91,280	1,008,085	22,259,634
Number of vacancies	75	850	100	5,000	1,575	23,400	619,675
Number of HtFVs	25	150	50	1,800	600	6,975	183,475
Number of SSVs	25	100	25	1,525	225	4,600	130,000
% with at least 1 vacancy	22	17	22	20	20	18	18
% with at least 1 HtFVs	5	4	15	9	8	7	7
% with at least 1 SSVs	5	4	11	7	3	5	5
Vacancies as a proportion of all employment	0.6	1.9	0.8	3.0	1.7	2.3	2.8
HtFVs as a proportion of vacancies	24	17	42	36	38	30	30
SSVs as a proportion of vacancies	15	12	29	31	14	20	21
SSVs as a proportion of HtFVs	64	73	68	86	38	66	71
<b>Skills Gaps</b>							
% of establishments reporting skills gaps	32	19	24	17	24	19	15
% of staff with skills gaps	17	6	3	7	3	6	6
<b>Training</b>							
% of establishments training staff in last 12 months	81	75	78	78	86	70	67
% of establishments with a business plan	54	65	58	67	65	58	57
% of establishments with a training plan	57	55	50	54	71	52	48
% of establishments with a budget for training	38	43	60	44	51	37	35
% of employees trained in last 12 months	67	53	66	73	76	68	63
Unweighted establishments	47	392	36	838	240	5,608	79,018

Source: NESS 2007

Base: All establishments

Note: Vacancies numbers are rounded to the nearest 25



### Skills gaps

7.13 The Food and Drink sector has the highest proportion of establishments reporting skills gaps and the highest proportion of staff with skills gaps of the priority sectors in the region. The Chemical and Pharmaceutical and Health and Social Care sectors also have a higher proportion of establishments reporting skills gaps than the average for the region as a whole. However, these sectors have relatively few staff, as a proportion of the total number in employment, with skills gaps. Financial Intermediation and Business Services sector has the lowest proportion of establishments reporting skills gaps.

### Training

7.14 All of the priority sectors in the North East have a larger proportion of establishments training staff in the 12 months to the survey date than the regional and national average. Of those, Health and Social Care has the highest proportion training staff.

7.15 Business planning is most frequent amongst establishments in the Financial Intermediation and Business Services, Health and Social Care and Commercial Creative sectors.

7.16 Training plans are most frequent amongst establishments in Health and Social Care at 71% compared to 52% regionally. The Chemical and Pharmaceutical sector also has a greater proportion of its establishments with training plans than the regional average.

7.17 Health and Social Care and Financial Intermediation trained the most staff as a proportion of all in employment in each sector in the 12 months to the survey date of the priority sectors, 76% and 73% respectively compared to a regional average of 68%.



## 8 Annexe A – List of Sectors

### Sector Skills Councils

Asset Skills - Property, housing, cleaning and facilities management  
 Automotive Skills – Retail motor industry  
 Cogent – Chemical, nuclear, oil, gas, petroleum & polymer industries  
 Construction Skills – Construction industries  
 Creative and Cultural Industries  
 Energy & Utility Skills – Electricity, gas, waste management & water industries  
 e-skills UK – IT, telecommunications and contact centres  
 Financial Services SSC – Financial industries  
 Go Skills – Passenger transport  
 Government Skills  
 Improve – Food & drink manufacturing  
 Lantra – Environmental & land-based industries  
 Lifelong Learning UK – Community based learning, FE, HE and library & information industries  
 People 1st – Tourism & hospitality  
 Proskills – Process & manufacturing (coatings, extractives, glass, building products and printing)  
 SEMTA – Science, engineering, aerospace and manufacturing technologies  
 SkillsActive – Active, leisure, outdoor and playwork  
 Skillfast UK – Apparel, textiles, footwear and related industries  
 Skills for Care – Social care sector  
 Skills for Health – NHS, independent & voluntary health organisations  
 Skills for Justice – Justice sector  
 Skills for Logistics – Freight logistics & warehousing industries  
 Skillset – Audio visual industries  
 Skillsmart Retail – Retail sector  
 SummitSkills – Electro-technical, heating, ventilating, air conditioning, re Fridgeration and plumbing.

### Priority Sectors

Energy  
 Food and Drink  
 Commercial Creative  
 Chemical and Pharmaceuticals  
 Automotive  
 Financial Intermediation and Business Services (including KIBS – knowledge intensive business sectors)  
 Health and Social Care



## 9 Annexe B – Technical guide

9.1 This section provides further details on the key aspects of the survey methodology employed for the National Employers Skills Survey 2007 (NESS07).

### Sampling

9.2 The sample design was complex, being set against a three-dimensional grid defined by sector of business activity and size of establishment within local Learning and Skills Council (local LSC) area. In summary, the key elements of the design were as follows:

- An initial target of 75,000 interviews were distributed across each of the 9 English regions in proportion to the number of establishments within that region.
- Within each region, interviews were then distributed by LSC area in proportion to the number of establishments within each local area.
- Within each local LSC area, half of the target number of interviews was distributed across each of 28 sectors (defined using the sector skill council (SSC) footprints) in proportion to the number of establishments within the sector, and the remaining half was distributed evenly across each sector. Full details of the nature and coverage of the SSC sectors are provided in Annex D.
- Targets within each sector were then calculated against six size bands, in proportion to the number of people working in establishments of that size.
- This distributed the 75,000 interviews across more than 7,500 cells (i.e. a matrix of 6 size bands crossed by 28 sectors within 47 local LSCs).
- Boosts took place in LSC Northampton and LSC Lincolnshire & Rutland (both in the East Midlands region). Boosts were also undertaken across the South East and London regions. These brought the total sample size up to 78,777.

9.3 Sample was drawn from Experian, the established sample list supplier who also provided sample for NESS03, NESS04 and NESS05 (and for all previous national employer skill surveys).

9.4 The targets set as described above were subject to a final check against the available Experian sample. Where the target number of interviews exceeded the available sample, the target was adjusted accordingly. Otherwise, targets were allowed to stand, and detailed instructions issued for how target interviews were to be 'replaced' should there not be sufficient sample to achieve them.



## Survey fieldwork

- 9.5 A total of 79,018 interviews were conducted nationally by telephone using computer-aided telephone interviewing (CATI) technology.
- 9.6 Fieldwork across the regions was undertaken by three research agencies, as follows:

Agency	Regions
BMG	East Midlands
	South East
	South West
	West Midlands
IFF Research	London
	North East
GfK NOP	Eastern
	North West
	Yorkshire and the Humber

- 9.7 Interviews were conducted with 'the most senior person at the site who [had] responsibility for human resource and personnel issues'. To assist the interviewing process, if the establishment had been interviewed on NESS04 or NESS05 the respondent contacted in the previous survey was targeted, though even if the person was still employed at the establishment we still checked that they were the most appropriate person to speak to.
- 9.8 Fieldwork took place from April to July 2007.

## Industry coding

- 9.9 Allocating each establishment to sector was done using the following method. Using the four- and sometimes five-digit Standard Industrial Classification (SIC) supplied for each record from the Experian database, a description of business activity was read out to each respondent. If they agreed that this description matched the main activity undertaken at the establishment then the SIC on Experian's database was assumed to be correct. If the respondent felt the description did not correspond to their main business activity at the site, a verbatim response was collected. At the analysis stage this was coded to a four-digit SIC, and this used as the basis for allocation into sector.



## Occupational coding

9.10 The occupational data collected in the survey were collected both pre-coded and verbatim. The former included the occupational breakdown of employment (question D1 to D1c) where respondents were asked how many of their workforce fell into each of the nine major (one-digit) Standard Occupation Classification (SOC) 2000 categories (managers through to elementary occupations). However, on vacancy measures (for example the occupations in which vacancies exist – question C2) this information was collected verbatim. This was then coded at the analysis stage to a three-digit level SOC where possible, if not two- or one-digit level.

## Design of the questionnaire

9.11 The questionnaire for the survey was developed by IFF Research in conjunction with the Project Steering Group, and revised following a pilot exercise. Although the questionnaire drew heavily on previous NESS questionnaires to maximise comparability, a number of new question areas were introduced covering:

- Awareness and involvement in Train to Gain (E25 and E26)
- The desired role and effectiveness of government in regard to education, training and qualifications (E27 and E28)
- Involvement in apprenticeships (E28ai to E33)

## Grossing-up

9.12 Data for the survey were grossed up to population estimates of establishments (some 1.45 million establishments nationally) and to the population of employees (22.3 million nationally). These population estimates were derived from the 2006 Inter-Departmental Business Register (IDBR).

9.13 The grossing-up procedure on which this report has been based was undertaken at regional level. (Grossing-up allowing local LSC level analysis was also undertaken and this has been provided in an SPSS file supplied to the LSC.) Within each region the grossing-up took place on a 28-sector and 5-size band interlocking grid (i.e. 140 cells). There were instances where within a region no interviews were conducted in cells where the IDBR indicated that establishments existed. There were also instances where a low number of interviews were conducted in relation to the population of that cell, which would have resulted in high relative weights being applied to these establishments. In both instances, cells were merged. This was done both within an industry (i.e. merging size bands) and across industries (i.e. within a size band merging different across sectors).



## Sampling Error and Statistical Confidence

9.14 Sampling error for the survey results overall is shown in Table 36. Figures have been based on a survey result of 50 per cent (the 'worst' case in terms of statistical reliability), and have used a 95 per cent confidence level. Where the table indicates that a survey result based on all respondents has a sampling error of +/- 0.34 per cent, this should be interpreted as follows: 'for a question asked of all respondents where the survey result is 50 per cent, we are 95 per cent confident that the true figure lies within the range 49.64 per cent to 50.34 per cent'. As a note the calculation of sampling error has taken into account the finite population correction factor to account for cases where we are measuring a significant portion of the population universe (i.e. even if two sample sizes are the same, the sampling error will be lower if in one case a far higher proportion of the population was covered).

**Table 36: Sampling error (at the confidence 95% level) associated with findings of 50%**

	Number of interviews	(Maximum) Standard Error ( $\pm\%$ )		Number of interviews	(Maximum) Standard Error ( $\pm\%$ )
<b>Overall</b>	<b>79,018</b>	<b>0.34</b>	<b>By sector</b>		
			Lantra	3,481	1.62
<b>By region</b>			Cogent	1,807	2.15
Eastern	8,454	1.04	Proskills UK	2,071	2.02
East Midlands	7,612	1.09	Improve Ltd	1,146	2.67
London	12,077	0.87	Skillfast-UK	1,865	2.14
North East	5,608	1.24	SEMTA	3,335	1.63
North West	8,838	1.02	Energy & Utility Skills	467	4.41
South East	12,219	0.86	ConstructionSkills	4,843	1.36
South West	8,454	1.04	SummitSkills	1,913	2.13
West Midlands	8,047	1.06	Automotive Skills	3,258	1.63
Yorkshire and the Humber	7,709	1.08	Skillsmart Retail	8,092	1.04
<b>By size of establishment</b>			People 1st	5,782	1.23
2 to 4	24,084	0.62	Go Skills	1,430	2.37
5 to 24	36,778	0.49	Skills for Logistics	2,353	1.88
25 to 99	13,830	0.78	Financial Services Skills Council	2,213	1.94
100 to 199	2,424	1.85	Asset Skills	3,220	1.61
200 to 499	1,407	2.42	e-skills UK	2,844	1.69
500+	495	4.10	Government Skills	222	6.00
			Skills for Justice	299	5.04
			Lifelong Learning UK	2,385	1.74
			Skills for Health	2,416	1.77
			Skills for Care & Development	3,971	1.35
			Skillset	1,275	2.3
			Creative & Cultural Skills	2,621	1.61
			SkillsActive	2,076	1.77
			Non-SSC employers	13,633	0.71



## 10 Glossary

<b>National Employers Skills Survey 2007 (NESS07)</b>	The survey on which this report is based. It involved 79,018 interviews with employers in England, and covered issues relating to recruitment and recruitment difficulties, skills gaps and training activity.
<b>Cost of Training 2007</b>	This was a follow-up to the main NESS07 study and involved re-contacting 7,190 employers that trained and that indicated they were willing to take part in further research. Training expenditure data were collected via a datasheet. Section 7 of this report discusses findings from this element of the study.
<b>National Employers Skills Survey 2005 (NESS05)</b>	The survey involved 74,835 interviews with employers in England, and covered issues relating to vacancies, hard-to-fill vacancies, skills gaps and training activity.
<b>National Employers Skills Survey 2004 (NESS04)</b>	The survey involved 27,172 interviews with employers in England, and covered issues relating to vacancies, hard-to-fill vacancies, skills gaps and training activity. It also looked at product market strategy.
<b>National Employers Skills Survey 2003 (NESS03)</b>	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.
<b>Employers Skills Survey 2001 (ESS2001)</b>	This involved around 27,000 interviews with employers in England, and covered all establishments with more than one employee.
<b>Employers Skills Survey 1999 (ESS1999)</b>	This involved also around 27,000 interviews with employers in England, though this study excluded establishments with less than five employees.
<b>Hard-to-fill vacancies (HtFVs)</b>	Those vacancies classified by respondents as hard-to-fill.
<b>Skill-shortage vacancies (SSVs)</b>	These are defined as hard-to-fill vacancies where at least one of the following causes were cited spontaneously (at C5a) or on prompting (at C6b): low number of applicants with the required skills, lack of work experience the company demands or lack of qualifications the company demands.
<b>Density of vacancies</b>	Vacancies expressed as a percentage of employment.
<b>Skills gaps</b>	These are said to exist at an establishment when the employer indicates that staff at the establishment are not fully proficient at their jobs. The number of skills gaps refers to the number of staff not fully proficient.



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<b>Establishment-based measures</b>	These are survey results which are based on the proportion of employers responding in a particular way (e.g. the proportion of employers providing training for their staff).
<b>Employee-based measures</b>	These are survey results which are based on the number of employees (e.g. the proportion of employees for whom training has been provided).
<b>Weighting</b>	Weighting of the survey data was undertaken to ensure that the survey results are representative of the population of employers. The weighting process involved grossing up the survey results to population estimates on an establishment and employee basis separately.
<b>Unweighted base</b>	This refers to the number of respondents on which a survey result is based.



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