

Sector Skills Needs in the North East: A Summary Matrix Key to Indicators

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Introduction

- 1 The summary matrix *Sector Skills Needs in the North East* presents key statistics to illustrate the nature and scale of skills needs in the North East region by sector and occupation. The matrix presents a consistent set of indicators for each sector. It is designed to allow the needs of different sectors to be easily compared, and to allow these needs to be considered in relation to learning provision, in order to facilitate an understanding of the mismatches which may exist between provision and needs.
- 2 This paper describes the indicators presented in the matrix, and the datasources from which they are drawn. The matrix presents the latest data available, focusing on a relatively small number of key indicators in order to maintain a reasonable level of legibility.
- 3 The sectoral structure of the matrix reflects the footprints of Sector Skills Councils, following the coding system used in the National Employer Skills Survey 2007 (NESS 07), the main datasource on which the matrix is based. Sectors are defined using the Standard Industrial Classification 2003. Those not covered by Sector Skills Councils are not disaggregated. Wherever possible, other datasources have been analysed using the same sector definitions.
- 4 The matrix is presented at regional level, in part to reflect the LSC's regional approach to sector development, but also because analysis of NESS 07 is most robust at this geographical level. NESS 07 involved interviews with a representative sample of around 5,600 establishments in the North East, and offers the most detailed, statistically reliable analysis of any employer survey of its kind. In some small sectors, however, relatively few interviews were completed and analysis relating to these sectors should be used with care.

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Indicators

- 5 The sections below correspond to the sections in the *Sector Skills Needs in the North East* matrix, describing each of the indicators presented.

Unweighted base

Source: National Employer Skills Survey 2007

- 6 This section shows:
- the number of establishments surveyed in each sector; and
 - the number of employees in surveyed establishments.
- 7 This section shows the number of interviews completed in each sector. Data is unrounded. In subsequent sections, NESS 07 data is weighted to reflect the economy as a whole, and numbers are rounded to the nearest 100 to reflect confidentiality restrictions (percentages are calculated using unrounded numbers).

Employers

Source: National Employer Skills Survey 2007

- 8 This section shows:
- the number of establishments in each sector; and
 - the proportion of all establishments in the region which is found in each sector.
- 9 Broadly speaking, establishments are equivalent to individual workplaces, irrespective of whether they are part of a larger company or organisation. The number of establishments in an area does not necessarily reflect the number of employers in the area, since one employer may have two or more workplaces. For example, a bank may have several branches and offices in a city, and each of these is counted separately.
- 10 National Employer Skills Survey data is weighted against the Annual Business Inquiry 2005, and therefore reflects official estimates of employer numbers. An advantage of using NESS 07 is that it includes all agricultural establishments, some of which are excluded from Annual Business Inquiry data.

Employment

Source: National Employer Skills Survey 2007

- 11 This section shows:
- the number of employees in each sector; and
 - the proportion of all employees in the region found in each sector.
- 12 The National Employer Skills Survey measures the number of people in employment, unlike the Annual Business Inquiry which counts the number of

jobs. Employment figures from the National Employer Skills Survey do not include jobs that are currently vacant, which are counted in the Annual Business Inquiry. NESS 07 includes employees in all agricultural establishments, some of which are excluded from Annual Business Inquiry data.

- 13 This measure of employment is workplace-based – in other words, this is a measure of the number of people with jobs in North East workplaces, and not a measure of the number of people living in the region who are in work. Some people working in the North East may live outside the region. Additionally, an individual may hold more than one job (for example, two part-time jobs) in more than one workplace.

Occupational structure

Source: National Employer Skills Survey 2007

- 14 This section shows employment in each sector by skills level, using occupations as a proxy for skills.
- Higher level occupations include Managers and Senior Officials, Professional occupations and Associate Professional and Technical occupations. These occupations are generally believed to require skills at a level broadly equivalent to Level 4 and higher qualifications.
 - Intermediate level occupations include Administrative and Secretarial occupations, Personal Service occupations and Sales and Customer Service occupations. These occupations are generally believed to require skills at a level broadly equivalent to Level 3 qualifications.
 - Craft level occupations include Skilled Trades occupations. These occupations are generally believed to require skills at a level broadly equivalent to Level 3 qualifications.
 - Lower level occupations include Process, Plant and Machine Operatives and Elementary occupations. These occupations are generally believed to require skills at a level broadly equivalent to Level 2 qualifications.
- 15 Occupations are defined by the Standard Occupational Classification 2000. The hierarchy of occupations by skills level used in the matrix was first developed in the 1990s by the National Skills Task Force.
- 16 The use of occupations as a proxy for skills is not intended to imply that all people working in a particular occupation require a qualification at the level generally associated with it. Many jobs require not formal qualification at all, while a qualification at a level above or below that generally associated with an occupation may be required by, and appropriate for, some people doing that job.
- 17 This section shows employers' perceptions of the occupations of the people they employ (informed by prompt cards which give examples of the specific jobs in each occupation). It does not show individuals' own perceptions of their occupations, which may differ from those of their employers.

- 18 This is a workplace-based measure of employment. It reflects the occupations of people who work in the North East, not all of whom live in the region.

Qualification levels

Source: Labour Force Survey Q3 2006

- 19 This section shows:
- qualification levels among employees in each sector; and
 - the proportion of employees in each sector who are not qualified to Level 2.
- 20 This is a residence-based measure which reflects the qualifications held by North East residents who are in employment (not all of whom work in the region), rather than the qualifications held by people who work in the North East (not all of whom live in the region).
- 21 The Labour Force Survey is based on a relatively small sample, which is weighted against population estimates. Data is coded against the Standard Industrial Classification 1992, and sector definitions differ slightly from those in the National Employer Skills Survey. While the Labour Force Survey is the most robust source of information on qualification levels among employed people available to inform the matrix, the indicators presented in this section should only be considered indicative.

Projected employment change

Source: Working Futures 2004–2014

- 22 This section shows:
- projected employment change in each sector between 2004 and 2014; and
 - net recruitment demand in each sector over this period, by skills level.
- 23 Net recruitment demand reflects the number of new recruits required in each sector between 2004 and 2014. This is the sum of *expansion demand* (the number of new jobs created by economic growth, or the number of jobs lost due to economic decline – i.e. projected employment change) and *replacement demand* (the number of vacancies arising due to retirements and other losses from the workforce. Replacement demand is significant, even in those sectors in which employment is projected to decline).
- 24 This is a workplace-based measure, which reflects the job opportunities expected to become available in workplaces located in the North East. Not all of these opportunities will necessarily be taken by North East residents.

Recruitment demand

Source: National Employer Skills Survey 2007

25 This section shows:

- the proportion of establishments in each sector reporting one or more vacancies in their establishment in summer 2007, when the National Employer Skills Survey was conducted
- the number of vacancies reported in each sector
- the proportion of all vacancies (in all establishments in all sectors) found in each sector; and
- the density of vacancies for occupations at different skills levels in each sector.

26 The density of vacancies is a measure of the number of vacancies in a sector or occupation as a percentage of employment in that sector or occupation.

Recruitment difficulties

Source: National Employer Skills Survey 2007

27 This section shows:

- the proportion of establishments in each sector reporting that one or more of their vacancies in summer 2007 was hard to fill, as a percentage of all establishments and as a percentage of establishments with vacancies
- the number of hard-to-fill vacancies reported in each sector
- the proportion of all hard-to-fill vacancies (in all establishments in all sectors) found in each sector; and
- the density of hard-to-fill vacancies at different skills levels in each sector.

28 Hard-to-fill vacancies are a standard measure of recruitment difficulties. Vacancies may be hard to fill for a number of reasons, not all of which are related to skills. For example, the vacant job may offer unattractive wages, conditions or working hours to attract applicants.

29 The density of hard-to-fill vacancies is a measure of the number of hard-to-fill vacancies in a sector or occupation as a proportion of all vacancies in that sector or occupation.

Skills shortages

Source: National Employer Skills Survey 2007

30 This section shows:

- the proportion of establishments in each sector reporting one or more skills-shortage vacancies in summer 2007, as a percentage of all establishments, as a percentage of establishments with vacancies and as a percentage of establishments with hard-to-fill vacancies

- the number of skills-shortage vacancies reported in each sector
 - the proportion of all skills-shortage vacancies (in all establishments in all sectors) found in each sector; and
 - the density of skills-shortage vacancies at different skills levels in each sector.
- 31 Skills-shortage vacancies are those vacancies which employers report are hard to fill because of a lack of applicants with the required skills, qualifications or experience. They are a standard measure of skills shortages in the external labour market, and are a subset of hard-to-fill vacancies.
- 32 The density of skills-shortage vacancies is a measure of the number of skills-shortage vacancies in a sector or occupation as a proportion of all hard-to-fill vacancies in that sector or occupation.

Skills gaps

Source: National Employer Skills Survey 2007

- 33 This section shows:
- the proportion of establishments in each sector reporting skills gaps among their workforce in summer 2007
 - the number of employees in each sector who are not fully proficient in their current job
 - the proportion of all employees who are not fully proficient (in all establishments in all sectors) which is found in each sector; and
 - the density of skills gaps at different skills levels in each sector.
- 34 Skills gaps exist where employers believe that one or more of their existing employees is not fully proficient in their current job.
- 35 The density of skills gaps is a measure of the number of employees who are not fully proficient as a percentage of all employees.
- 36 This is a workplace-based measure – in other words, a measure of skills gaps among people who work in the North East, not all of whom live in the region.

Training and development

Source: National Employer Skills Survey 2007

- 37 This section shows:
- the proportion of establishments in each sector which arranged or funded any training for at least one member of staff in the year to summer 2007
 - the proportion of establishments in each sector which arranged or funded off-the-job and on-the-job training for at least one member of staff in the year to summer 2007

- the proportion of establishments in each sector which arranged or funded training for staff at different skills levels
- the number of employees in each sector receiving training in the year to summer 2007
- the density of training in each sector
- the average number of days' training received by trainees (employees receiving training) in each sector in the year to summer 2007
- the average number of days' training received among all employees in each sector in the year to summer 2005, regardless of whether or not they actually received training
- the proportion of establishments in each sector which arranged or funded training leading to a nationally recognised qualification for at least one member of staff in the year to summer 2007
- the proportion of establishments using FE colleges, universities or other providers to deliver teaching or training in the year to summer 2007, as a percentage of all establishments and as a percentage of establishments providing training
- the proportion of establishments providing training, which would have liked to deliver more training in the year to summer 2007
- the total cost of training and development in each sector, including indirect costs, in the year to summer 2007
- the proportion of total training and development costs in all sectors in the year to summer 2007, including indirect costs, which was attributed to each sector; and
- the average cost of training and development in each sector, including indirect costs, per trainee (employees receiving training) and per employee.

38 Off-the-job training is training which is delivered away from the individual's immediate work position. On-the-job training is delivered at the immediate work position, and includes activities recognised as training by the individual, but not the sort of learning by experience that could take place all the time.

39 The density of training is a measure of the number of employees receiving training as a percentage of all employees.

40 Data on the number of employees in each occupation who received training is not available.

41 The number of days' training is the number of days' training and development arranged or funding for each member of staff receiving training, expressed as an average for all employees receiving training, and for all employees regardless of whether they have received training themselves.

42 Total training and development costs include indirect costs such as staff time. Data on total training and development costs was collected in a follow-up survey to the main NESS 07 survey. Average costs have been calculated against estimates of employee and trainee numbers in this follow-up survey. Because it was based on a smaller sample, these estimates differ from those in the main survey.

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