

Sector Skills Needs in the North East: A Summary Matrix



Key to Indicators

Leading learning and skills

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 2005 (NESS 05), the main datasource on which the matrix draws. Sectors not covered by Sector Skills Councils, for which the Sector Skills Development Agency is responsible, have been 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 05 is most robust at this geographical level. NESS 05 involved interviews with a representative sample of more than 4,000 establishments in the North East region, 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 (Appendix 1 shows the number of interviews completed in each sector). Analysis relating to these sectors should be treated with caution.

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.

Employers

Source: National Employer Skills Survey 2005

- 6 This section shows:
 - the number of establishments in each sector; and
 - the proportion of all establishments found in each sector.

- 7 Establishments are individual workplaces, irrespective of whether they are part of a larger company or organisation. The number of workplaces 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.
- 8 National Employer Skills Survey data is weighted against the Annual Business Inquiry 2003, and therefore reflects official estimates of employer numbers. An advantage of using NESS 05 is that it includes all agricultural establishments, some of which are excluded from Annual Business Inquiry data. Data is rounded to the nearest 100.

Employment

Source: National Employer Skills Survey 2005

- 9 This section shows:
 - the number of employees in each sector; and
 - the proportion of all employees found in each sector.
- 10 National Employer Skills Survey data is weighted against the Annual Business Inquiry 2003, and therefore reflects official estimates of employee numbers. An advantage of using NESS 05 is that it includes employees in all agricultural establishments, some of which are excluded from Annual Business Inquiry data. Data is rounded to the nearest 100.
- 11 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.
- 12 This measure of employment is workplace-based – in other words, this is a measure of the number of people with jobs based at North East workplaces, but is not a reflection of the number of North East residents who are in employment. Some jobs may be held by people who live outside the region and commute to work. 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 2005

- 13 This section shows employment in each sector by skills level, using occupations as a proxy for skills.
 - Higher level occupations include Managers & Senior Officials, Professional occupations and Associate Professional & Technical occupations. These occupations are generally believed to require skills at a level broadly equivalent to NVQ Level 4 or above.
 - Intermediate level occupations include Administrative & Secretarial occupations, Personal Services occupations and Sales & Customer Service occupations. These occupations are generally believed to require skills at a level broadly equivalent to NVQ Level 3.

- Craft level occupations include Skilled Trades occupations. These occupations are generally believed to require skills at a level broadly equivalent to NVQ Level 3.
 - Lower level occupations include Process, Plant & Machine Operatives and Elementary occupations. These occupations are generally believed to require skills at a level broadly equivalent to NVQ Level 2.
- 14 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 no 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.
- 15 This section shows employers' perceptions of the occupations of the people they employ. It does not show individuals' own perceptions of their occupations, which may differ from those of their employers. Additionally, 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: Annual Population Survey 2005

- 16 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.
- 17 This is a residence-based measure which reflects the qualifications held by North East residents who are in employment, rather than the qualifications held by people who work in the North East (not all of whom live in the region).
- 18 It should be noted that the Annual Population Survey does not record the highest qualifications held by around 85 per cent of employed people living in the North East. Those whose highest qualifications are known are not likely to be a representative sample of the total population. Strictly speaking, the indicators presented in this section reflect qualification levels among employed people whose qualifications are known, not among all employed people.
- 19 A further difficulty with the Annual Population Survey is the way in which sectors are coded. The survey aggregates some sector codes across several Sector Skills Council footprints. In the analysis presented in the *Sector Skills Needs in the North East* matrix, these codes have been disaggregated on a pro rata basis to reflect employee numbers given in the Annual Business Inquiry. This approach is not ideal, but is necessary to allow an approach to sector coding which is consistent with that used in the National Employer Skills Survey.
- 20 The Annual Population Survey is the best source of information available on qualification levels among employed people. However, the large number of people whose qualifications are not known and the sector coding used in the survey mean that the indicators presented in this section should only be considered indicative.

Projected employment change

Source: Working Futures 2004–2014

- 21 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.
- 22 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.
- 23 Working Futures data is coded using slightly different sector definitions to other datasources, with no distinction between two non-SSC sectors (Business Services and Primary & Secondary Education). Data is rounded to the nearest 100.
- 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 2005

- 25 This section shows:
- the proportion of establishments in each sector reporting one or more vacancies in their establishment in Summer 2005, when the National Employer Skills Survey was conducted
 - the number of vacancies reported in each sector (rounded to the nearest 100)
 - 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 2005

27 This section shows:

- the proportion of establishments in each sector reporting that one or more of their vacancies in Summer 2005 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 (rounded to the nearest 100)
- 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 job may offer unattractive wages, conditions or working hours and there may not be enough applicants to fill it.

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.

Skills shortages

Source: National Employer Skills Survey 2005

30 This section shows:

- the proportion of establishments in each sector reporting one or more skills-shortage vacancies in Summer 2005, 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 (rounded to the nearest 100)
- 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 2005

33 This section shows:

- the proportion of establishments in each sector reporting skills gaps among their workforce in Summer 2005
- the number of employees in each sector who are not fully proficient in their current job (rounded to the nearest 100)
- the proportion of all employees who are not fully proficient (in all establishments in all sectors) 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 2005

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 2005
- 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 their staff in the year to Summer 2005
- 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 2005 (rounded to the nearest 100)
- 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 2005
- 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 2005
- the density of training towards nationally recognised qualifications among trainees (employees receiving training) and all employees in each sector in the year to Summer 2005

- the proportion of establishments using FE colleges and/or other providers to deliver teaching or training in the year to Summer 2005, as a percentage of all establishments and as a percentage of establishments providing training
 - the amount spent directly on training and development in each sector in the year to Summer 2005 (rounded to the nearest £10)
 - the proportion of all money spent directly on training and development in the year to Summer 2005 (in all establishments in all sectors) in each sector
 - the average amount spent on training and development in each sector per trainee (employees receiving training) and per employee in the year to Summer 2005 (rounded to the nearest £10)
 - the total cost of training and development in each sector, including indirect costs, in the year to Summer 2005 (rounded to the nearest £10)
 - the proportion of training and development costs in all establishments in all sectors in the year to Summer 2005, 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 (rounded to the nearest £10).
- 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 The number of days' training is the number of days training and development arranged or funded 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.
- 41 The density of training density of training towards nationally recognised qualifications is a measure of the number of employees receiving training leading to a nationally recognised qualification as a percentage of all employees receiving training, and of all employees regardless of whether they have received training themselves.
- 42 Direct spending on training and development includes direct expenses only, and not indirect costs such as staff time.
- 43 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 05 survey. Coding differences between the follow-up survey and the main survey means that sectors not covered by Sector Skills Councils, for which the Sector Skills Development Agency is responsible, cannot be disaggregated. Data on total training and development costs for these sectors is therefore not included in the matrix, but is presented in Appendix 2.

Appendix 1: Number of NESS 05 interviews completed in the North East region

Sector Skills Council	Number of establishments interviewed	Number of employees at these establishments
Lantra	182	803
SSDA1 – Primary sector	180	6,168
Proskills	42	1,872
Improve	60	4,308
Skillfast-UK	73	1,448
Cogent	105	6,045
SEMTA	176	9,412
Energy & Utility Skills	59	2,531
Construction Skills	185	4,787
Summit Skills	107	1,576
SSDA2 – Wholesale/retail	140	1,729
Automotive Skills	156	3,434
Skillsmart	491	14,978
People 1st	373	7,172
GoSkills	74	2,284
Skills for Logistics	128	3,839
Financial Services	101	1,443
Asset Skills	108	2,883
e-skills UK	87	1,224
SSDA3 – Business Services	328	7,186
SSDA4 – Other public services	192	10,191
Lifelong Learning UK	120	9,195
Government Skills	13	270
Skills for Justice	27	4,419
Skills for Health	134	4,275
Skills for Care & Development	293	7,471
Skillset	28	138
Creative & Cultural Skills	50	1,129
SkillsActive	103	1,790
North East (total)	4,115	124,000

Appendix 2: Total training and development costs in sectors not covered by Sector Skills Councils, North East

Training and development costs (including indirect costs) among SSDA employers in the North East region	
Total training and development costs	£344,459,010
Share of total North East training and development costs	24.5%
Average training and development costs per trainee	£2,180
Average training and development costs per employee	£1,530

Publication no. LSC-P-NER-070006
Creator Andrew Rowell
Job title Research Adviser
Email andrew.rowell@lsc.gov.uk
Phone 0191 492 6424
Date created 2 January 2007
Document ref. \\tywfp001\site\RONER\Learning Planning and Performance\Research and LMI\Regional Strategic Analysis 2007-08\Sector Skills Needs Matrix 2006\ner-sectorskillsneedsmatrixkeytoindicators-da-27jul2006-v3-0.doc

LSC office Learning and Skills Council North East Region
 Moongate House 5th Avenue Business Park Team Valley
 Gateshead Tyne and Wear NE11 0HF
 T 0845 019 4181 F 0191 491 6159 www.lsc.gov.uk/