



Skills

1.1 – Recruitment problems and skills gaps

1.1.1 Introduction

The National Employers Skills Survey was first Commissioned in 2003 by the Learning and Skills Council (LSC) in partnership with the Sector Skills Development Agency (SSDA) and the Department for Education and Skills (DfES). The 2003 survey involved 72,100 interviews with a representative sample of employers in England, and provided robust estimates of skills deficiencies and workforce development for each of the 47 local LSC areas and for 27 industrial sectors. It also provided detailed information about the extent, causes and implications of England's recruitment problems and skill gaps and also measures employers' training activities. A survey was carried out in 2004 offering similar analysis with a smaller sample size.

The 2005 National Employers Skills Survey (NESS) contained responses from 74,835 businesses in England and analysis of the dataset is presented here. The NESS should be understood as the source for all data tables, graphs and text unless otherwise stated.

This year's dataset allows for direct comparison in a number of areas between Hertfordshire (where 1,602 interviews were achieved), the region made up of Suffolk, Norfolk, Essex, Cambridgeshire, Hertfordshire and Bedfordshire & Luton (also referred to as East of England, EofE, and Eastern Region within this chapter) and England as a whole.

1.1.2 Population Data, Sampling and Weighting.

The NESS is structured using the Inter Departmental Business Register. This is a government database of employers and employment maintained by the Office for National Statistics. The estimates this provides of companies and employees (both sectoral and geographical) inform interview targets and the weighting given to sample responses.

Weighting is not conducted (or, in the absence of reliable population figures, possible) by, for example, occupational employment profile, or the employment profile of trainers, or the proportion of the workforce with skills gaps, so it is here that NESS provides new information and the reliability or otherwise of these findings is subject to the same strengths and limitations as all sample-based data collection. The number of interviews conducted is large (75,000 interviews in total) with a healthy response rate of 43% and the questionnaire has been refined year on year to help improve data collection generally and completion rates. Findings of 50% at a national level have a confidence interval of +/-0.36% at the 95% confidence level (meaning there is a 95% probability that a finding of 50% falls within 0.36% either way of the true figure in the population).

The NESS does not provide any new information on employment structure, nor, because it combines information from different vintages, is it the standard source for sectoral employment information by locality. The Annual Business Inquiry (ABI) is normally used for such purposes. This, like the NESS, is a sample survey informed by the IDBR. However, even this, given very considerable divergences between employee numbers reported through the 2001 Census of Population and the ABI, is not universally accepted as definitive in the Hertfordshire context.



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1.1.3 – Population Data for Hertfordshire, the East of England and England

Table 1, shows the industrial breakdown and size (no. of employees) banding of the responding business units in Hertfordshire. This is after the responses have been grossed up using administrative data (IDBR – see 4.1.2).

Table 1 -Volume of Establishments by Industry	2-4	5-24	25-99	100-199	200-499	500+	Total
Agriculture, Hunting & forestry & Fishing	376	129	9	0	0	0	514
Mining & Quarrying	0	0	0	0	0	0	0
Manufacturing	1239	1134	284	38	51	8	2753
Electricity, Gas and Water Supply	15	0	0	0	0	0	15
Construction	1570	523	111	17	0	0	2221
Wholesale, Retail; Certain Repairing Trades	3582	2948	521	54	39	13	7156
Hotel & Restaurants	931	1036	179	17	8	0	2171
Transport, Storage & Communication	880	528	100	17	20	0	1544
Financial Intermediation	300	385	75	0	0	0	760
Real Estate, Renting & Business	5989	2458	369	74	111	17	9016
Public Administration & Defence	5	15	19	0	0	23	63
Education	197	598	543	97	23	0	1458
Health & Social Work	569	746	261	10	23	0	1609
Other Social & Personal Services	1437	481	174	11	31	0	2134
Total	17090	10980	2645	333	306	61	31415
Source – NESS 2005							



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Table 2 shows the estimates used in this document for the volume of business units by Local Learning and Skills Council in the East of England Region.

Table 2 - Number of Establishments by LLSC - East of England (EofE)	Total	% of EofE Total	% of England Total
Norfolk	23770	15.06%	1.71%
Cambridgeshire	22200	14.06%	1.60%
Suffolk	21400	13.55%	1.54%
Bedfordshire and Luton	15070	9.54%	1.08%
Hertfordshire	31415	19.90%	2.26%
Essex	44030	27.89%	3.17%
East of England	157885		
England	1390155		
Source NESS 2005			

Establishment classification of the Hertfordshire businesses reveals that 91% are 'seeking a profit', 4% are 'charity/voluntary sector' and 4% are either local or central government funded bodies. The final 1% are in a general 'none of the above' classification.

The NESS also gives us the opportunity to look at data by volume of employees. Table 3 shows the baselines used for employee based analysis.

Table 3 - Number of Employees by LLSC - East of England (EofE)	Total	% of EofE Total	% of England Total
Norfolk	315015	14.16%	1.46%
Cambridgeshire	342200	15.38%	1.59%
Suffolk	274840	12.35%	1.28%
Bedfordshire and Luton	227020	10.20%	1.06%
Hertfordshire	478035	21.49%	2.22%
Essex	587730	26.42%	2.73%
East of England	2224840		
England	21504975		
Source NESS 2005			



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1.1.4 Summary Statistics

Table 4 shows the main findings of the NESS.

Individual aspects of this table are discussed in detail in the subsequent sections of this chapter

Skill Shortage Vacancies is a category within Hard to Fill Vacancies. Only businesses with Hard to Fill Vacancies were asked if any of them were due to Skill Shortages.

Table 4 - Headline Data	Hertfordshire	East of England	England
% of establishments with at least one vacancy	17.60%	16.00%	17.30%
% of establishments with at least one hard-to-fill vacancy	7.30%	6.80%	7.30%
% of establishments with a skills shortage vacancy	5.20%	5.20%	5.00%
Number of vacancies	12,221	57,056	573,905
Number of hard-to-fill vacancies	4,028	19,460	203,555
Number of skill-shortage vacancies	3,202	13,356	143,124
Vacancies as a % of employment	2.56%	2.56%	2.67%
Hard-to-fill vacancies as a % of employment	0.84%	0.87%	0.95%
Skill-shortage vacancies as a % of employment	0.67%	0.60%	0.67%
Hard-to-fill vacancies as a % of vacancies	32.96%	34.10%	35.41%
Skill-shortage vacancies as a % of vacancies	26.20%	23.40%	24.94%
% of establishments with skills gaps	13.63%	14.72%	16.44%
Number of skill gaps	18,418	115,094	1,264,956
Skills gaps as a % of employment	24.64%	30.59%	32.95%
% of establishments with a business plan	54%	53%	55%
% of establishments with a training plan	43%	44%	45%
% of establishments with a budget for training expenditure	34%	33%	33%
% of establishments providing training	35%	34%	33%
Average number of days training per trainee	13	14	14
Average number of days training per employee	7	7	8
Source NESS 2005			



1.2 - Recruitment issues

1.2.1 Incidence of Hard to Fill and Skill Shortage Vacancies – Hertfordshire, Regional, National Comparison

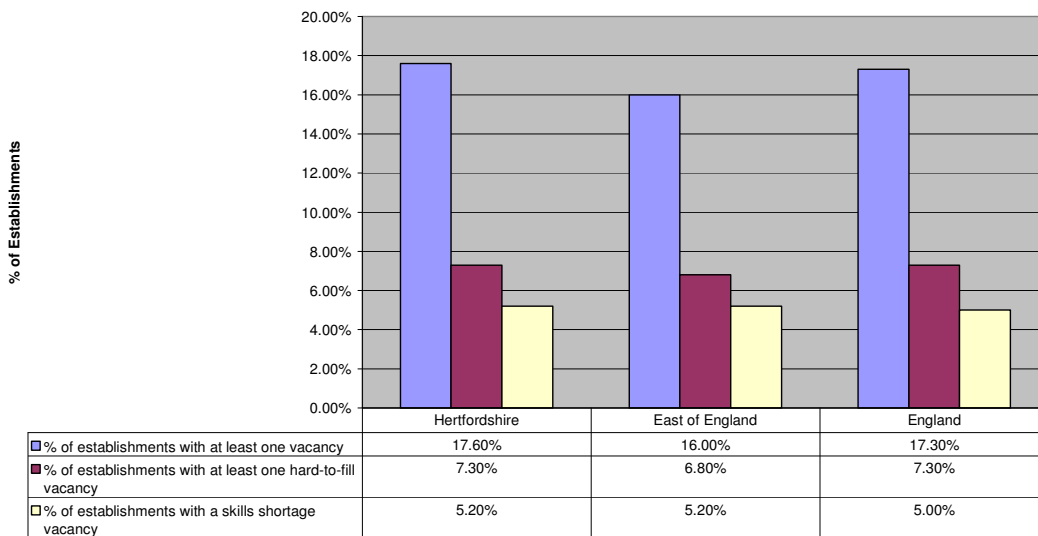
Respondents were asked to identify occupational areas in which they currently had vacancies and then identify those (of the vacancies identified) which are proving hard to fill (HtFVs). Vacancies that are hard to fill due to skills issues are referred to as Skill Shortage Vacancies (SSVs).

At the time of the survey, 17.6% of Hertfordshire’s establishments reported that they had at least one vacancy, 7.3% reporting HtFVs and 3.5% were SSVs.

Graph 1 shows a comparison between the levels of types of vacancy in Hertfordshire, the East of England and England.

Hertfordshire has a higher rate of vacancies than the region and England, a similar proportion of HtFVs as England and a higher rate than the region. SSVs are similar across all comparators

Graph 1 - Vacancy Benchmarking - Establishment Based



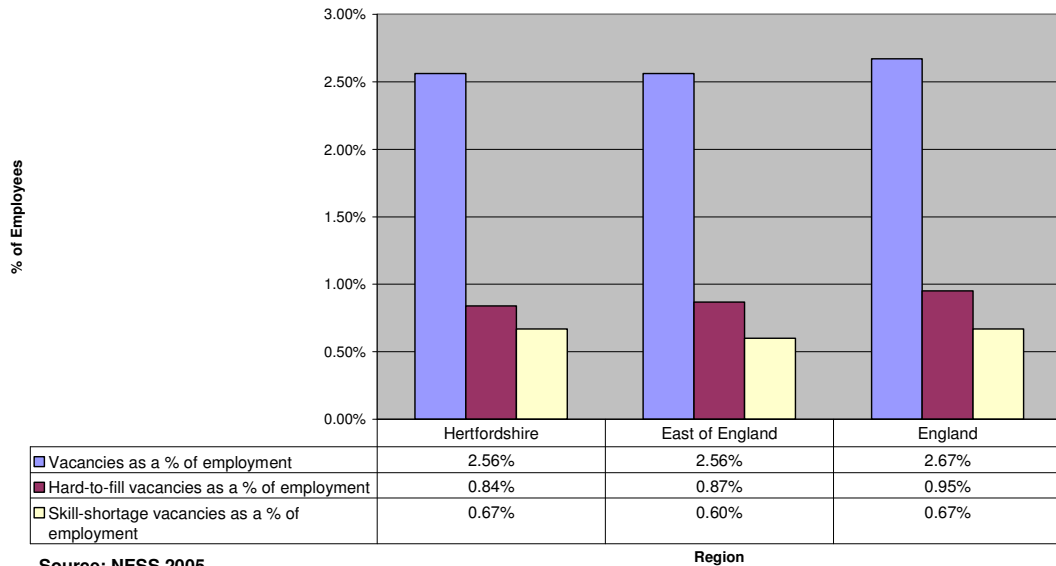
Source: NESS 2005

Region

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Graph 2 shows the volume of vacancies as percentages of total employment. The graph shows that vacancies amount to about 2.5% of the number of employees within the county, region and nation.

Graph 2 - Vacancies as a % of Total Employees



Source: NESS 2005

NESS 2005 shows that Hertfordshire's vacancies account for around a fifth of the East of England total. HtFVs, as a percentage of all vacancies in the region, are reported at 35% and 69% of the HtFVs were considered to be as a result of skills shortages.

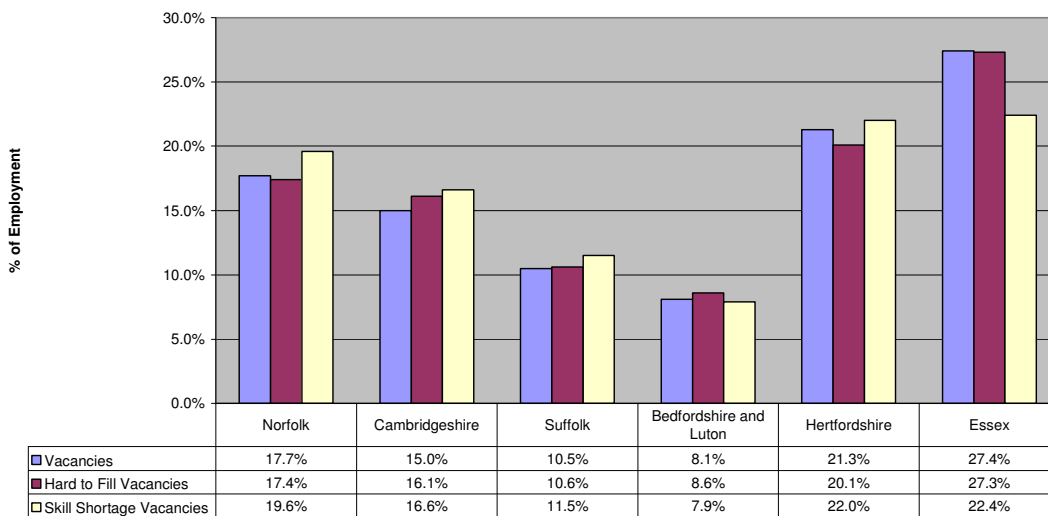


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Graph 3, benchmarks each county's vacancies as a percentage of the vacancies in the Eastern region. The graph shows that Norfolk has the highest relative proportion of SSVs.

The survey reported 57,500 vacancies in the East of England (of which 19,500 were HtFVs and 13,300 were SSVs). Hertfordshire accounts for around a fifth of the vacancies in each category.

**Graph 3 - Vacancies in the East of England
(County proportions of all vacancies)**

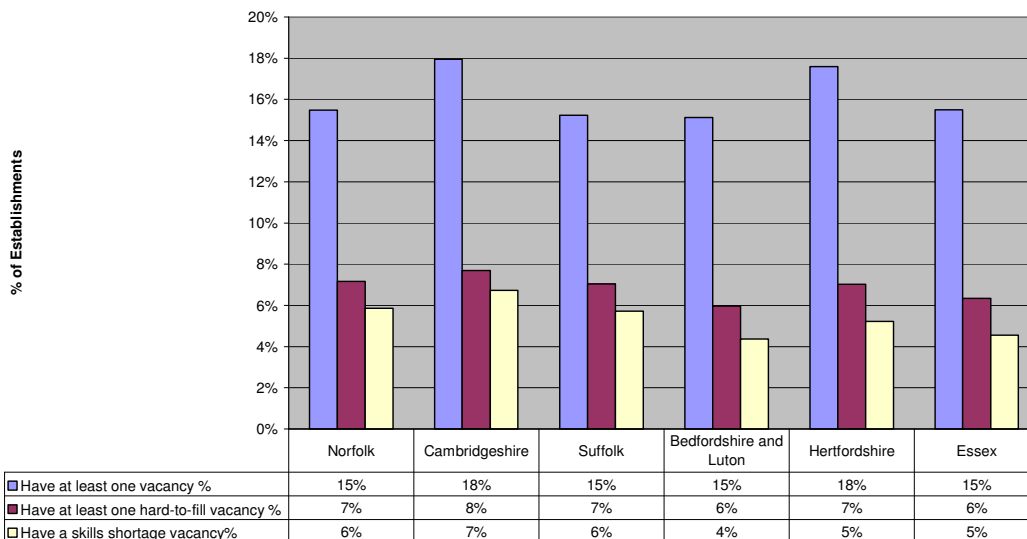


Source: NESS 2005

Local LSC

Graph 4 shows the number of establishments recruiting as a percentage of the establishments in each individual county. The graph indicates that Hertfordshire and Cambridgeshire have a higher proportion of companies recruiting than the other counties in the region.

Graph 4 - Recruitment in the Eastern Region - Establishment and LLSC



Source: NESS

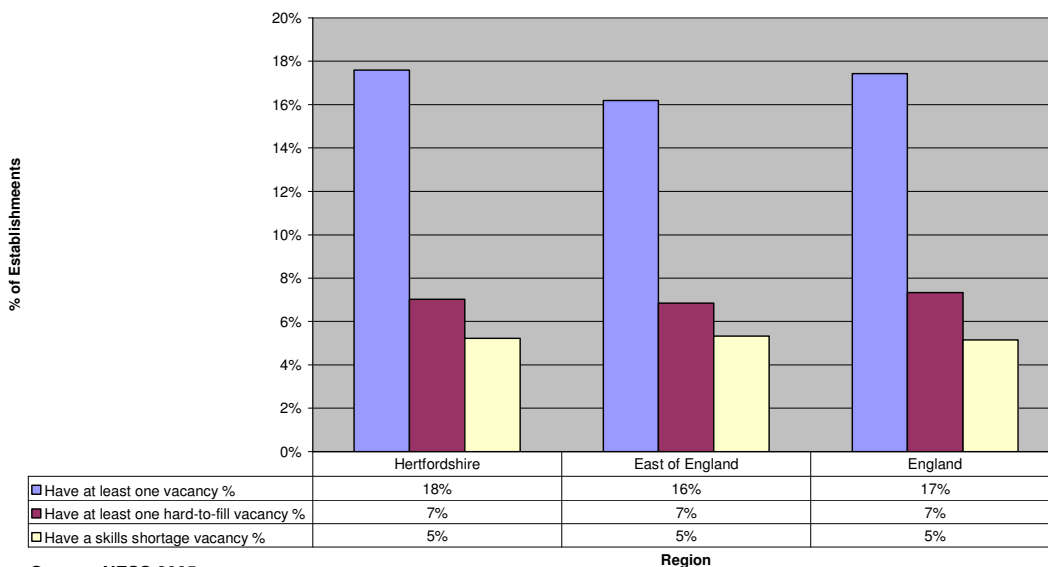
LLSC



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As a comparison between national figures and the region as a whole, Graph 5 shows a higher percentage of Hertfordshire’s businesses recruiting.

Graph 5 - Vacancy Benchmarking Business Unit Based



1.3 - Sector and Industry Dimensions in Hertfordshire

Table 5a - Responses used as denominators to calculate vacancy percentages. Unit Weighting.	Total Businesses	Have at Least one Vacancy	Have at Least one Hard to Fill Vacancy	Have at Least one Skill Shortage Vacancy
Agriculture, Hunting, Forestry & Fishing	514	49	34	34
Manufacturing	2753	433	172	129
Electricity, Gas & Water Supply	15	0	0	0
Construction	2221	248	104	33
Wholesale, Retail, Certain Repair Trades	7156	1084	466	407
Hotels & Restaurants	2171	488	217	92
Transport, Storage & Communication	1544	279	102	102
Financial Intermediation	760	222	77	77
Real Estate, Renting & Business	9016	1439	508	423
Public Administration & Defence	63	59	48	33
Education	1458	372	36	26
Health & Social Work	1609	419	164	123
Other Social & Personal Services	2134	435	278	161
Total	31415	5528	2206	1641
Source NESS 2005				



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Table 5b - Responses used as denominators to calculate vacancy percentages. Employment Weighting.	Total Employees	Number of Vacancies	Number of Hard to Fill Vacancies	Number of Skill Shortage Vacancies
Agriculture, Hunting, Forestry & Fishing	2385	59	46	46
Manufacturing	56974	844	277	204
Electricity, Gas & Water Supply	48	0	0	0
Construction	16621	388	144	59
Wholesale, Retail, Certain Repair Trades	93784	1943	749	601
Hotels & Restaurants	24989	962	304	164
Transport, Storage & Communication	23109	569	200	200
Financial Intermediation	7955	330	82	82
Real Estate, Renting & Business	117238	4635	1548	1438
Public Administration & Defence	28866	245	71	37
Education	55964	860	62	52
Health & Social Work	27268	868	268	156
Other Social & Personal Services	22832	518	278	163
Total	478035	12221	4028	3202
Source NESS 2005				

Tables 6a and 6b contain the weighted volume of responses used in some of the **Hertfordshire** based density calculations contained in the following sections. Some calculations use the number of businesses (unit weight) as the base and others use the number of employees (employment weight). Table 6a and 6b have been produced to assist the reader by showing the denominator used in calculating the percentage findings. **Please treat percentages with caution as the base sample size may be small!**

1.3.1 Density of Vacancies in Hertfordshire by Industry

Table 6 - Industry Shares of Employment and Vacancies	% Share of Employment	% Share of Vacancies
Real Estate, Renting & Business	24.5%	37.92%
Wholesale, Retail; Certain Repairing Trades	19.6%	15.90%
Manufacturing	11.9%	6.91%
Education	11.7%	7.04%
Public Administration & Defence	6.0%	2.00%
Health & Social Work	5.7%	7.10%
Hotel & Restaurants	5.2%	7.87%
Transport, Storage & Communication	4.8%	4.66%
Other Social & Personal Services	4.8%	4.24%
Construction	3.5%	3.18%
Financial Intermediation	1.7%	2.70%
Agriculture, Hunting & forestry & Fishing	0.5%	0.48%
Mining & Quarrying	0.0%	0.00%
Electricity, Gas and Water Supply	0.0%	0.00%
Source NESS 2005	Please consult tables 5a and 5b for totals	



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1.3.2 Analysis of Vacancies in Hertfordshire by Industry

Table 6 shows 14 industrial sectors and the volume of employees in each sector as a percentage of all employment in the county.

The NESS 2005 data sample indicates that 25% of employment is in the **Real Estate, Renting and Business Activities** sector with 20% in **Wholesale, Retail and Certain Repairing Trades**.

Both of these sectors have a large share of vacancies possibly indicating a high turnover of jobs or some expansion, encouraging new employment.

Manufacturing provides 12% of employment but has a limited amount of vacancies (6%). The **Education** sector accounts for 11% of employment and 7% of vacancies.

Real Estate, Health and Social Work and **Hotel and Restaurants** reveal a smaller share of employment than their share of vacancies.

1.3.3 Density of Hard to Fill and Skill Shortage Vacancies in Hertfordshire by Industry

Table 7 - Vacancy and Recruitment Issues	Vacancies % of Employment	HtFVs % of Employment	SSVs % of Employment
Agriculture, Hunting & Forestry & Fishing	2.5%	1.9%	1.9%
Mining & Quarrying	0.0%	0.0%	0.0%
Manufacturing	1.5%	0.5%	0.4%
Electricity, Gas and Water Supply	0.0%	0.0%	0.0%
Construction	2.3%	0.9%	0.4%
Wholesale, Retail; Certain Repairing Trades	2.1%	0.8%	0.6%
Hotel & Restaurants	3.9%	1.2%	0.7%
Transport, Storage & Communication	2.5%	0.9%	0.9%
Financial Intermediation	4.1%	1.0%	1.0%
Real Estate, Renting & Business	4.0%	1.3%	1.2%
Public Administration & Defence	0.8%	0.2%	0.1%
Education	1.5%	0.1%	0.1%
Health & Social Work	3.2%	1.0%	0.6%
Other Social & Personal Services	2.3%	0.8%	0.7%
Source NESS 2005	Please consult tables 5a and 5b for totals		

Table 7 shows the vacancy situation broken into HtFVs and SSVs by 14 sectors. The percentages have been calculated by dividing the number of vacancies into the number of people employed in each industry to obtain a figure of 'density'.

Financial Intermediation and **Real Estate, Renting & Business** have the highest density of vacancies with 4.1% and 4.0% respectively. The instances of HtFVs and SSVs are still relatively low at 1% possibly



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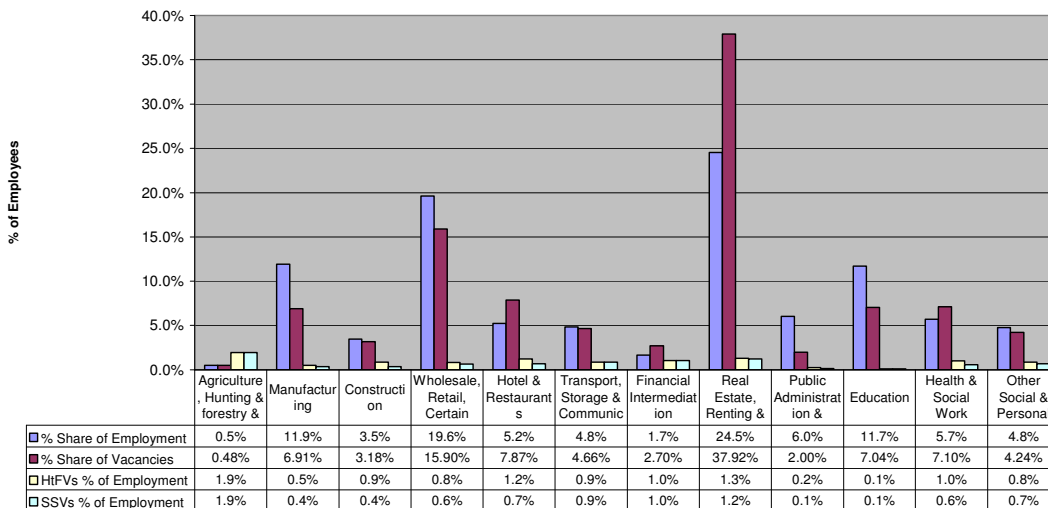
indicating that recruitment is struggling to keep up with a rapid expansion of some businesses within the sector.

Real Estate, Renting & Business, as well as having nearly the highest density of vacancies, has the highest density of HtFVs with 1.3% of which 1.2% are SSVs. The **Hotels and Restaurants** sector has the third highest vacancy rate at 3.9%. The sector has a tradition of high staff turnover and this may go some way to explaining the relatively high level of vacancies within the industry.

Agriculture, Hunting, Forestry and Fishing has 2.95% vacancies of which 1.9% are HtFVs, all of which are attributed to skill shortages

Graph 6a summarises tables 6 and 7.

Graph 6a - Density of Employment and Vacancies in Hertfordshire by Industry Sector



Source: NESS 2005



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1.3.4 Density of Vacancies by Industry in Hertfordshire – Vacancy Based

Table 8 - Industry Shares of Hard to Fill and Skill Shortage Vacancies	HtFVs as a % of all Vacancies	SSVs as a % of all Vacancies
Agriculture, Hunting & Forestry & Fishing	78.7%	78.7%
Mining & Quarrying	0.0%	0.0%
Manufacturing	32.8%	24.2%
Electricity, Gas and Water Supply	0.0%	0.0%
Construction	37.2%	15.1%
Wholesale, Retail; Certain Repairing Trades	38.5%	30.9%
Hotel & Restaurants	31.6%	17.1%
Transport, Storage & Communication	35.2%	35.2%
Financial Intermediation	24.7%	24.7%
Real Estate, Renting & Business	33.4%	31.0%
Public Administration & Defence	28.8%	15.0%
Education	7.2%	6.1%
Health & Social Work	30.9%	18.0%
Other Social & Personal Services	53.6%	31.4%
Source NESS 2005	Please consult tables 5a and 5b for totals	

The density values in Table 8 have been calculated as percentages of the total volume of vacancies in each sector.

Of over 12,200 vacancies, across all industry sectors in Hertfordshire, 33% of them are hard to fill with 79% of the HtFVs reckoned to be due to skill shortages (26% of all vacancies attributed to skill shortages).

Of those sectors offering reasonably robust sample sizes, the highest density of HtFVs can be found in the **Other Social & Personal Services** sector with 54% of vacancies being hard to fill and 31% being skill shortages ones. The **Wholesale, Retail and Certain Repairing Trades** sector has the next highest instance of HtFVs with 39%. This might be indicative of an industry where casual, elementary seasonal work occurs and a transient workforce is employed in some areas. 31% of vacancies are SSVs and the vast majority of vacancies are for '**Sales and Customer Service**' and '**Skilled Trades**'.



1.4 Occupations in Hertfordshire

1.4.1 Density of Occupations in Hertfordshire

Table 9 - Density of Occupations	Hertfordshire	East of England	England
Managers	17.55%	16.23%	16.70%
Professionals	9.51%	9.21%	11.09%
Associate Professionals	7.58%	6.53%	7.81%
Administrative/Clerical	19.76%	14.48%	13.99%
Skilled Trades	6.69%	7.94%	7.18%
Personal Service	6.35%	8.08%	7.51%
Sales/Customer Service	10.32%	11.52%	13.06%
Machine Operatives	5.89%	8.33%	7.37%
Elementary Staff	16.34%	17.69%	15.29%
Source NESS 2005			

Table 9 shows a comparison in the density of occupations between Hertfordshire, the East of England and the nation. **Administration** featured more in Hertfordshire than within the region or the nation. This is in line with prominence the office based sectors reported in the NESS. **Machine Operatives** scored less against the comparators.



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1.4.2 Density of Vacancies in Hertfordshire by Occupation

Table 10 - Density of Occupational Vacancies (% of total employment)	Vacancies % of Total Employment	HtFVs % of Total Employment	SSVs) % of Total Employment
Managers	0.13%	0.04%	0.03%
Professionals	0.27%	0.08%	0.07%
Associate Professionals	0.32%	0.08%	0.06%
Administrative/Clerical	0.53%	0.05%	0.03%
Skilled Trades	0.14%	0.09%	0.07%
Personal Service	0.22%	0.05%	0.02%
Sales/Customer Service	0.26%	0.12%	0.10%
Machine Operatives	0.18%	0.05%	0.05%
Elementary Staff	0.49%	0.28%	0.24%
Hertfordshire Total	2.56%	0.84%	0.67%
Source NESS 2005			

Table 10 shows a breakdown for Hertfordshire, by occupation, of the density of vacancies, HtFVs and SSVs. The vacancies are presented a rate of total employment within the county (total employment is assumed to be 478,035 by the NESS).

This measure shows that the **Administrative/Clerical** occupation has the highest density of vacancies as would befit the current size of the sector although the rate of HtFVs and SSVs within the occupation is amongst the lowest of all the occupations.

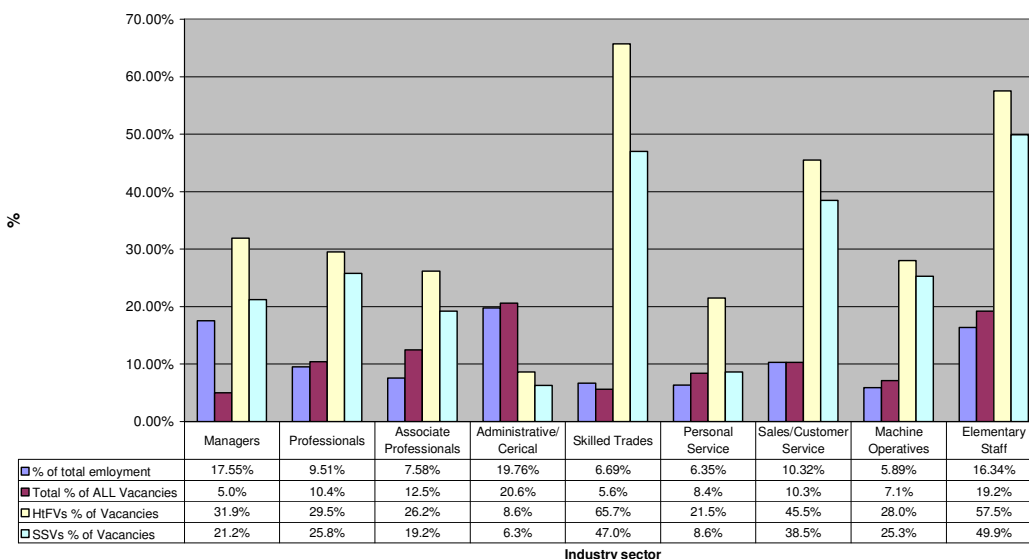
Table 11 - HtFVs and SSVs as a % of Occupational Vacancies	Number of Vacancies in Each Occupation	% of which are HtFVs	% of which are SSVs
Managers	612	31.9%	21.2%
Professionals	1,267	29.5%	25.8%
Associate Professionals	1,525	26.2%	19.2%
Administrative/Clerical	2,514	8.6%	6.3%
Skilled Trades	679	65.7%	47.0%
Personal Service	1,029	21.5%	8.6%
Sales/Customer Service	1,253	45.5%	38.5%
Machine Operatives	863	28.0%	25.3%
Elementary Staff	2,345	57.5%	49.9%
Source NESS 2005			



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Table 11 shows the Hard to Fill and Skill Shortage rate for vacancies within each occupation with Hertfordshire. **Skilled Trades** still has the highest density of HtFVs at 66% with 47% of those HtFVs being down to skill shortages. **Elementary Staff** and **Sales/Customer Services** have the next highest density of HtFVs with **Elementary Staff** having the highest level of SSVs of any occupation surveyed. Graph 6b summarises tables 9 and 11.

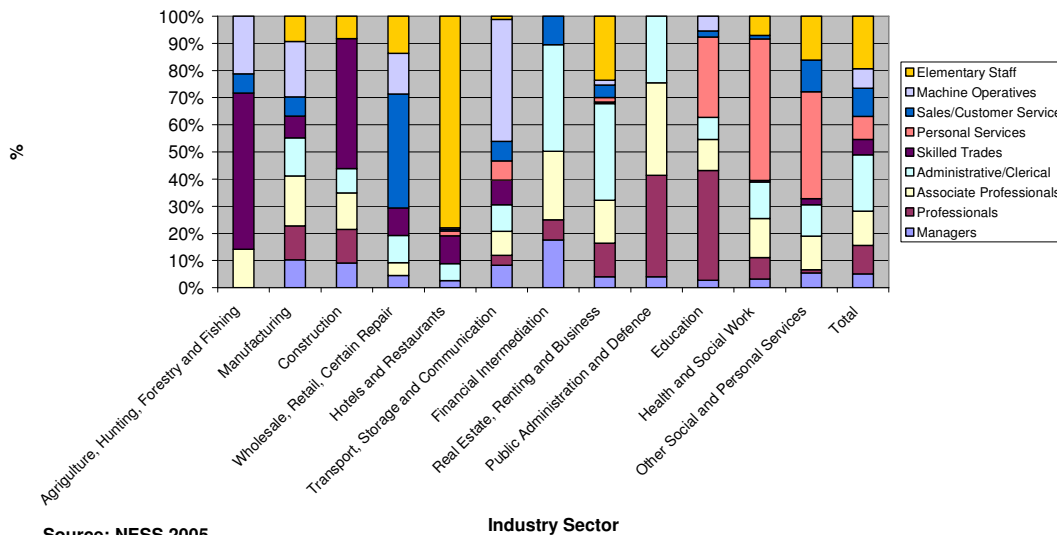
Graph 6b - Distribution of Employment and Vacancies by Occupation



Source: NESS 2005

Graphs 7a, b, c. show the density of occupations vacant in Hertfordshire within the industrial sectors (7a-general vacancies, 7b-HtFVs and 7c-SSVs) within each industrial sector. Each sector has the total vacancies shown as a column equalling 100%. The density of each occupation vacant is shown as a percentage block within each column.

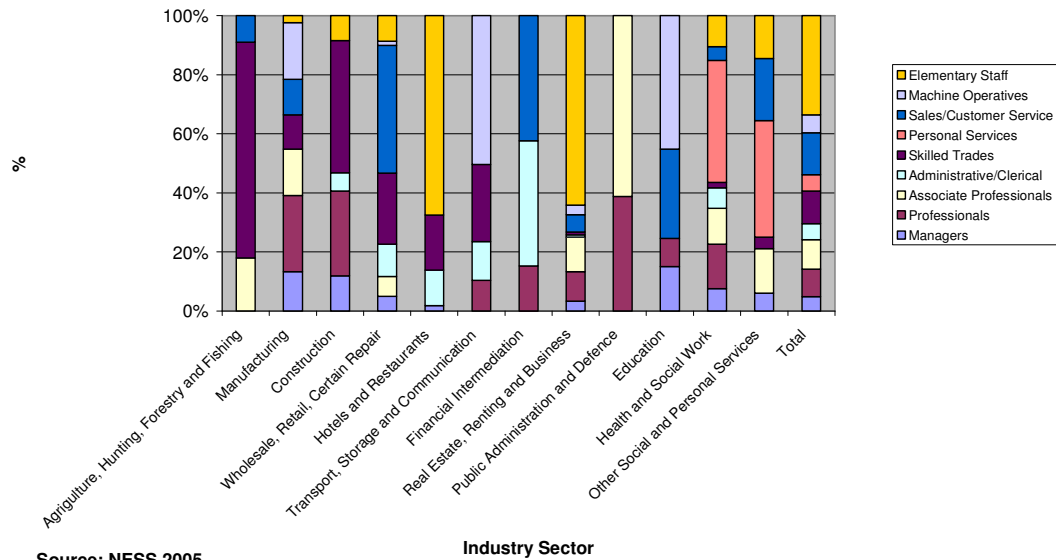
Graph 7a - Density of Occupational Vacancies Within Industrial Sectors



Source: NESS 2005

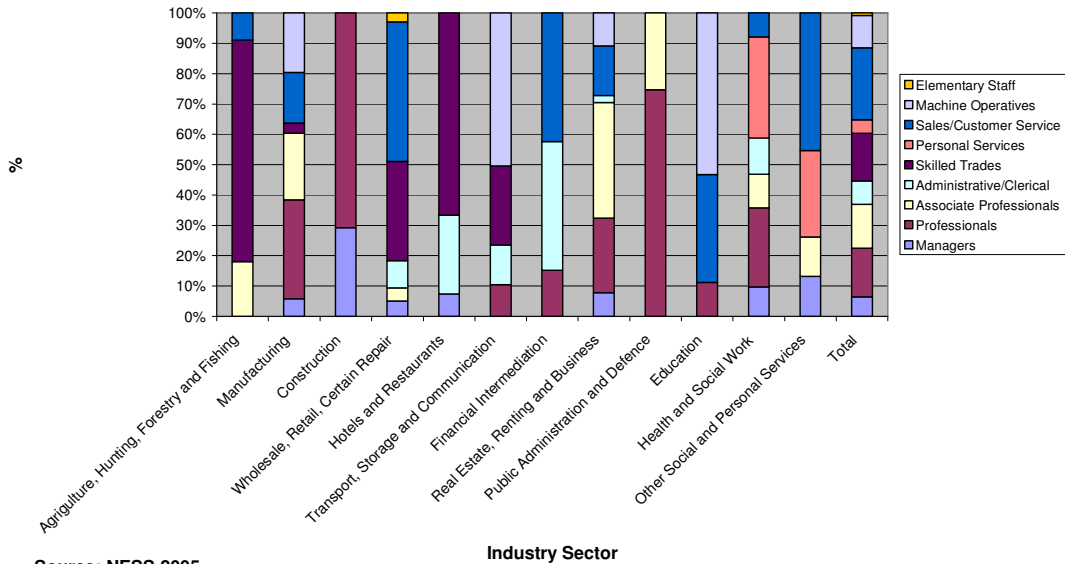
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Graph 7b - Density of Hard to Fill Vacancies Within Industrial Sectors



Source: NESS 2005

Graph 7c - Density of Skill Shortage Vacancies Within Industrial Sectors



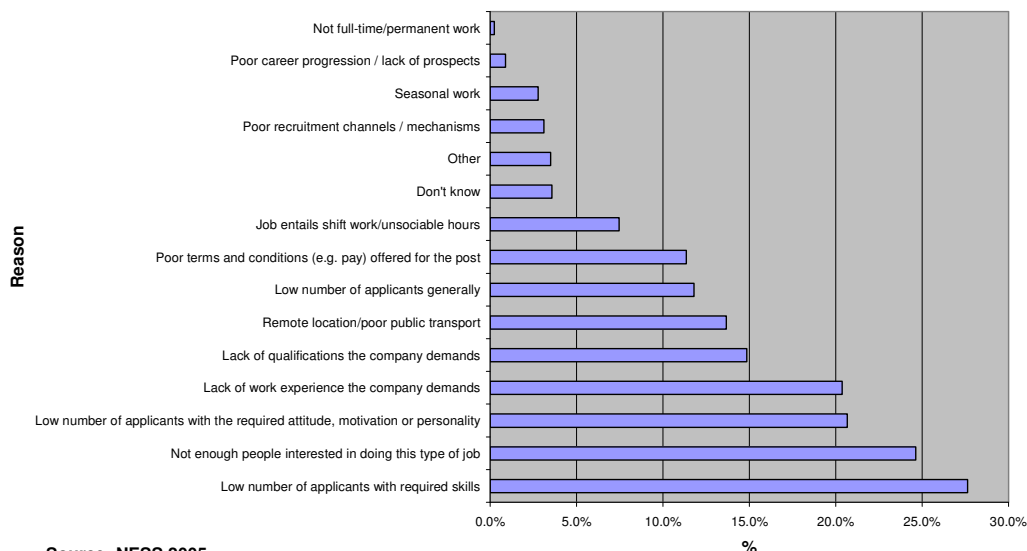
Source: NESS 2005

1.5 - Reasons for Hard to Fill Vacancies in Hertfordshire and the Impact on Business

1.5.1 Reasons for Hard to Fill Vacancies

Graphs 8a, 8b and Graph 9 show a graphic representation of the responses given by employers who gave a reason for HtFVs and SSVs. The number of responses for this question is low and therefore offers indicative information only. 50 % of the responses to the questions forming the data for graphs 8a and 8b came from the **Real Estate, Renting and Business** and the **Wholesale Retail and Certain Repair** sectors possibly indicating more the nature of current requirements in these sectors rather than a guide to opinion in Hertfordshire.

Graph 8a - Reasons for Hard to Fill Vacancies in Hertfordshire

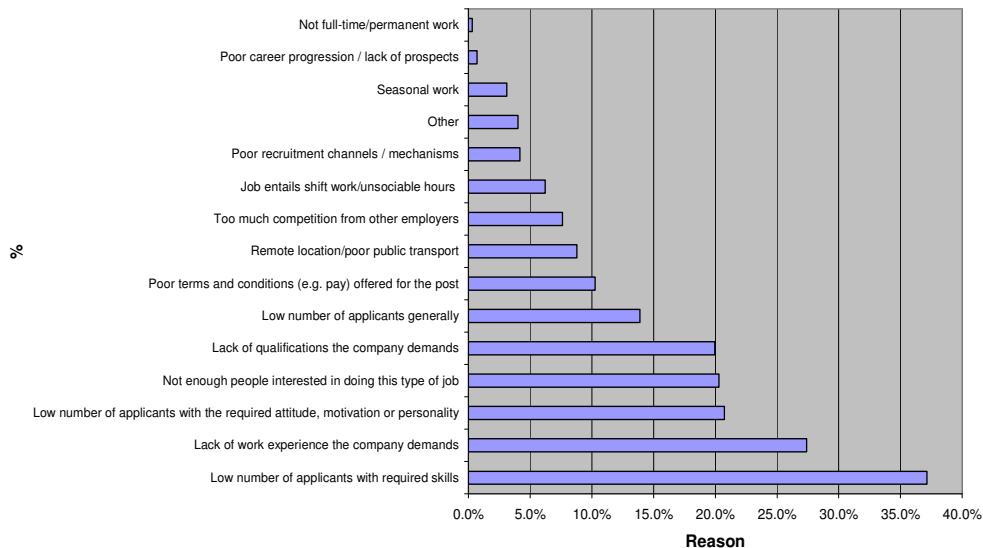


From Graph 8a it is apparent that employers do not consider major employment conditions such as **location, terms and conditions, pay** etc. to be the main reasons that they have vacancies which are hard to fill.

The major factor reported in vacancies remaining hard to fill is, not surprisingly, a perceived **lack of required skills**. Concerns relating to a **lack of qualifications** do not feature as highly as a **lack of experience** and **issues with attitude and motivation**. The next highest responses were **not enough people wanting to do this type of job** then **low volume of applicants**.

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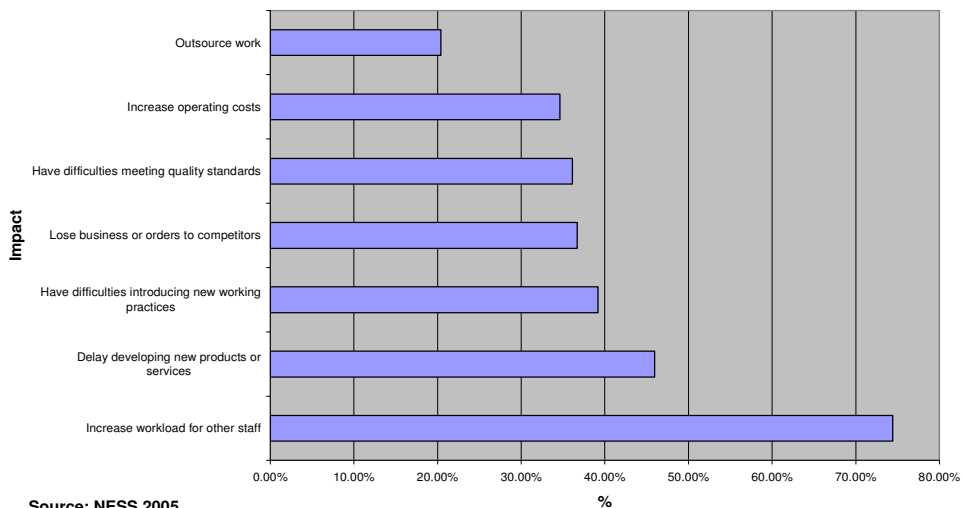
Graph 8b - Reasons for Skill Shortage Vacancies in Hertfordshire



Graph 8b shows the reasons employers give for having Skill Shortages Vacancies. A **lack of required skills** is the highest consideration with a **lack of experience** and **issues with attitude and motivation** next. Again, a **lack of qualifications** does not feature as strongly indicating that in the industry sectors of the main responses other skills are required and missing in applicants

1.5.2 The Impact of Recruitment Problems in Hertfordshire

Graph 9 - Impact of HtFVs in Hertfordshire



Source: NESS 2005

From Graph 9, the main impact of HtFVs on business is the **increased workload for other staff**. Analysis (detailed in a subsequent section) indicates that businesses are training staff enabling them to react to HtFVs. The relatively low level of work being outsourced would indicate that the training of existing is effective or the cost of outsourcing outweighs the costs of increasing the workload of existing staff and also outweighs increasing existing operating costs.



Learning and Skills Council Hertfordshire, June 2006

1.6 – Skills Gaps

1.6.1 Density of Skills Gaps – Comparison – Hertfordshire, East of England, England

As indicated in section 1.5, skills shortages exist when employers find it difficult or are unable to fill vacancies for an occupation at current levels of remuneration and conditions of employment, and reasonably accessible locations. Alongside the problems of Skills Shortage Vacancies employers are reporting existing staff have skills that need improving.

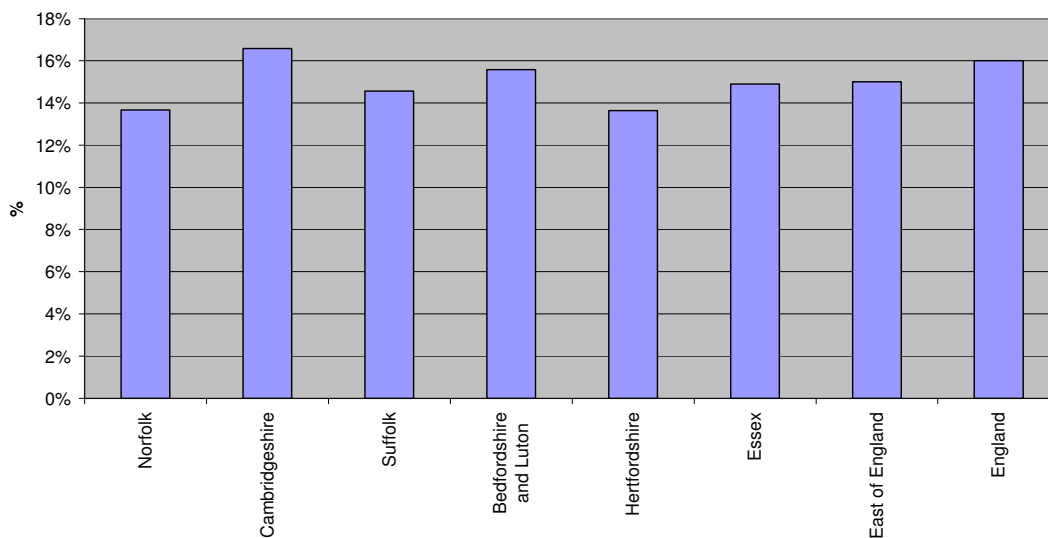
Table 12 - Skills that need improving –Employer’s responses	Hertfordshire	East of England	England
General IT user skills	34.36%	30.50%	27.06%
IT professional skills	25.07%	19.22%	16.41%
Oral communication skills	49.46%	46.34%	40.68%
Written communication skills	33.58%	31.94%	27.95%
Customer handling skills	50.36%	51.57%	46.45%
Team working skills	49.63%	46.42%	41.73%
Foreign language skills	13.51%	9.55%	7.87%
Problem solving skills	50.31%	47.62%	41.55%
Management skills	43.37%	32.84%	30.15%
Numeracy skills	20.74%	19.25%	17.90%
Literacy skills	27.87%	23.23%	19.04%
Technical, practical or job-specific skills	48.37%	50.53%	49.47%
Office / admin skills	38.83%	28.78%	25.31%
Source NESS 2005			

Table 12 shows employer’s responses regarding the types of skills needing improvement. Those who responded were not restricted in the number of answers they gave.

From table 12, problems with **Literacy, written and oral communication** are more prominent in Hertfordshire than they are at the regional and national levels.

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Graph 10 - Skills Gaps - Regional Comparison



Source: NESS 2005

LLSC

Graph 10 shows a comparison between the percentages of businesses reporting skills gaps in each county within the Eastern Region and the nation. Hertfordshire and Norfolk businesses are reporting the lowest incidences of skills gaps in the Eastern Region, lower than the regional and National averages.

Table 13- % of Employees reporting their own Skills Gaps	Frequency
Norfolk	6%
Cambridgeshire	5%
Suffolk	4%
Bedfordshire and Luton	7%
Hertfordshire	4%
Essex	6%
Source NESS 2005	

Table 13 shows the percentage of employees within the Eastern Region reporting their own skills gaps. The highest response was in Luton and Bedfordshire where 7% of employees have reported they are not proficient in some aspects of their role. Hertfordshire and Suffolk polled the lowest with 4%.

1.6.2 Skills Gaps in Hertfordshire by Industrial Sector

Graph 11 presents the level of skills gaps within the industrial sectors in the context of employment density.

Hotels & Restaurants and **Construction**, despite both sectors relatively low share of employment within the county, have the largest proportion of skills gaps as a percentage of employment and these sectors show the largest proportion of employers reporting skills gaps.

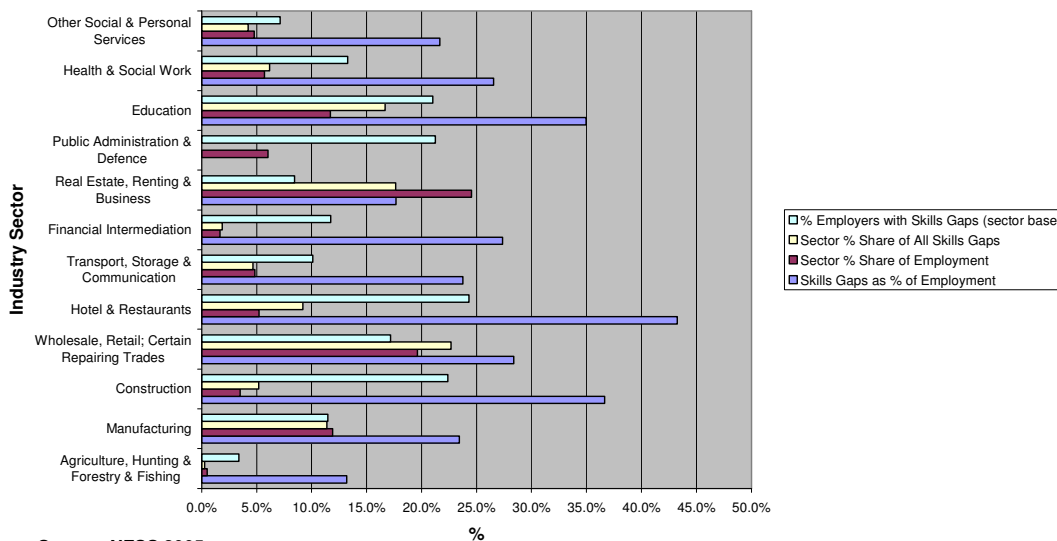
The **Hotel and Restaurant** industry has a tradition of transient and seasonal work offering some explanation for this result.

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ECITB reports that the **Construction** industry has concerns that the skills of an ageing workforce will be lost as the new intake into the sector is shrinking. If these concerns are proven then the level of skills gaps will widen.

Only **Real Estate, Renting and Business** has indicated a lower density of skills gaps compared to the sector's share of employment this, combined with the sector's relatively high level of reported Hard to Fill and Skills Shortage vacancies, possibly indicate high employer expectations of job applicants.

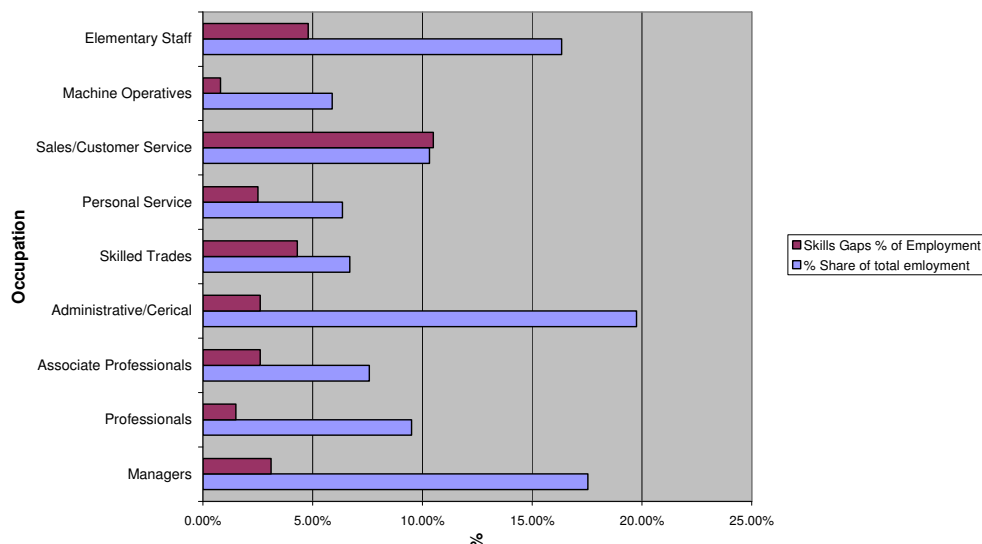
Graph 11 - Skills Gaps in Hertfordshire by Industry Sector



Source: NESS 2005

1.6.3 Occupational Characteristics of Skills Gaps in Hertfordshire

Graph 12 - Density of Skills Gaps by Occupation in Hertfordshire



Source: NESS 2005



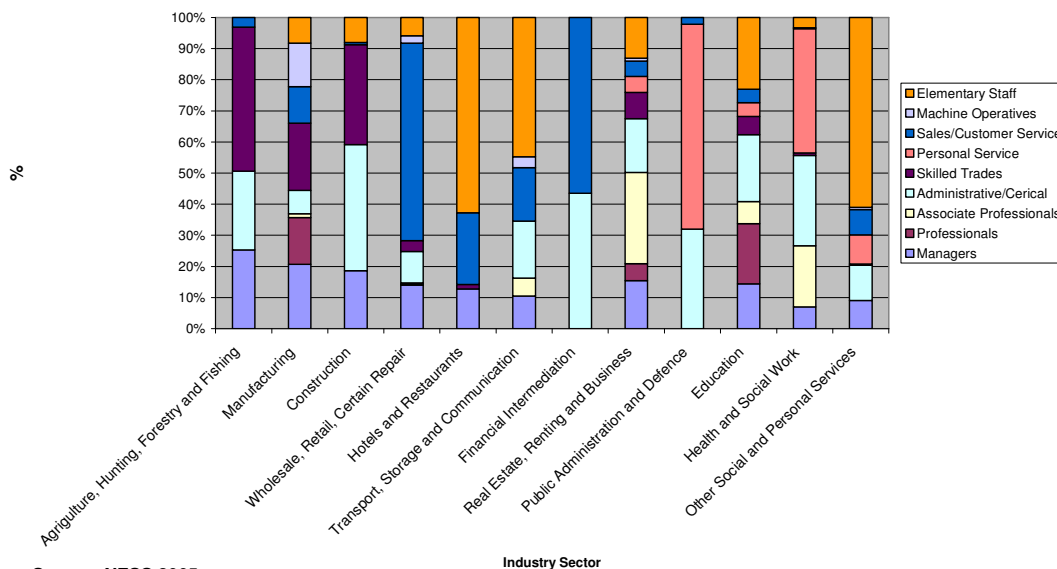
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Graph 12 shows the density of skills gaps in each occupational group in relation to the total occupational density.

Sales and Customer Service reported the highest incidence of skills gaps within an occupational group.

As expected, **Professional** staff reported a low level of skills gaps compared to the prominence of the occupation. No sector, other than **Sales and Customer Service**, has skills gaps outweighing the prominence of the sector.

Graph 13 - Occupational Analysis of Staff 'Not Proficient'



Source: NESS 2005

Graph 13 offers a sector based picture of the occupations within Hertfordshire where staff are not proficient¹.

The **Manufacturing** sector is showing lack of proficiency in Managers and Skilled Trades and **Construction** has skills gaps in Skilled Trades and Admin/Clerical. The **Retail** sector has staff not proficient in Sales and Customer Service. Most sectors have proficiency issues in a broad spectrum of occupations. **Hotels and Restaurants, Financial Intermediation, Public Administration and Defence** have reported the majority of the sector's proficiency issues in narrow fields with the **Hotels and Restaurants** sector reporting the main issue being with **Elementary Staff**.

1.6.4 Impact of Skills Gaps on Businesses in Hertfordshire – (Establishment Based)

This section deals with the impact of the skills gaps of existing staff. This is a different issue to the problems caused by an inability to attract a workforce causing hard to fill vacancies. Both major and minor impacts on business have been assessed

To put the findings presented on Graph 9 into context, the additional workload on existing staff polled over 70% when considered as an impact of recruitment problems, whereas it polled 80% when

¹ The total number of staff NOT proficient is also known as the total number of SKILLS GAPS. Where an establishment does not know how many staff in a certain occupation are proficient then, they are classified as fully proficient in that occupation (this to avoid skill gaps in other occupations being lost in the analysis).



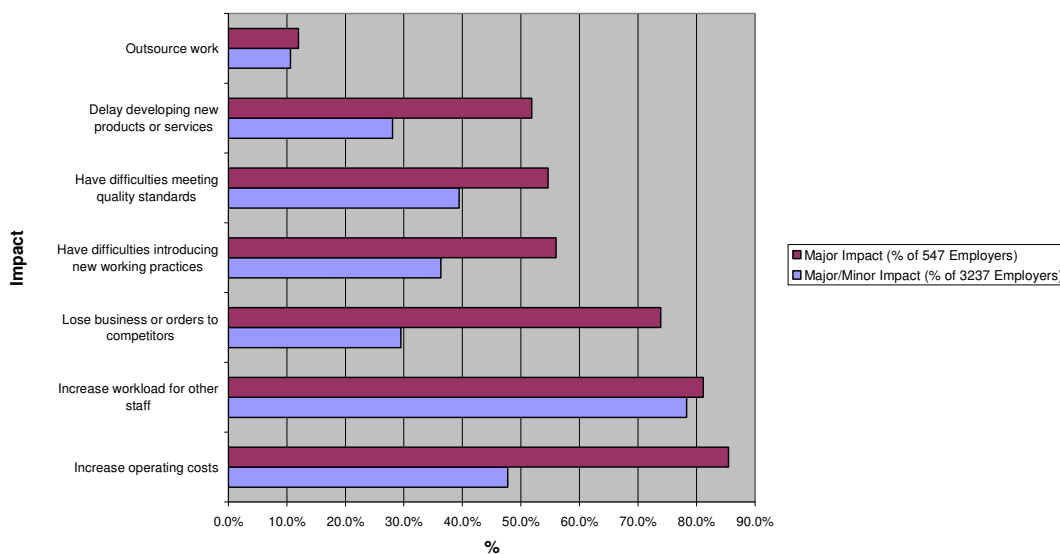
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considered as an impact of skills shortages on business indicating that proficiency levels are acceptable in other staff but recruiting staff with adequate skills is difficult.

Graph 14 shows the results for issues relating to internal skills gaps. These are more condensed and will possibly affect the long term success of the business with **increased operating costs** the **threat of losing business or orders to competitors** becoming issues.

The need to **outsource work** is considered a last resort with companies absorbing an **Increase in operating costs** rather than taking this option (although **introducing new working practices** is seen as problematic).

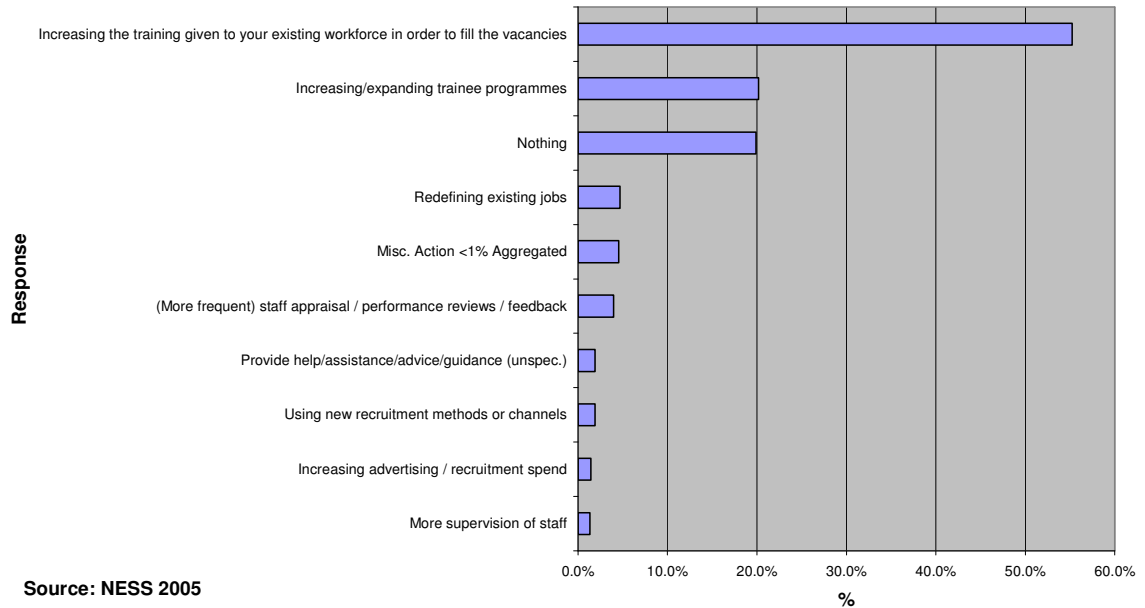
Graph 14 - Impact of Skills Gaps on Business



Source: NESS 2005

1.6.5 The Response of Businesses in Hertfordshire to Skills Gaps

Graph 15 - Business Responses to Skills Gaps in Hertfordshire



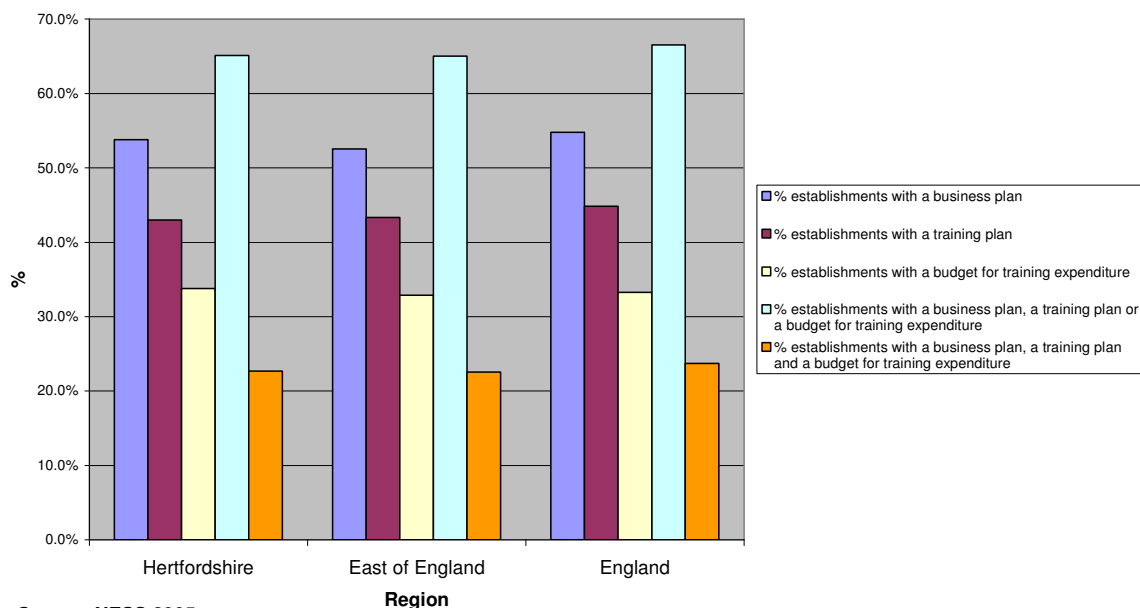
The actions taken by business as a result of skills gaps are shown on Graph 15. Employers in Hertfordshire state that **training the existing workforce** is the highest priority, with an **increase or expansion of trainee programmes** and **do nothing** next. **Increasing recruitment** both in terms of **advertising** and **using new recruitment methods** is seen as a low priority.

1.7 – Training Activity

1.7.1 Planned Activity – Summary

Graph 16 show Hertfordshire’s establishments benchmarked against the Region and against the England position with regard to planned activity across the business.

Graph 16 - Planned Training Activity as a % of All Businesses



Source: NESS 2005

Instances of establishments with a business plan polled similar responses between Hertfordshire, the East of England and England, as a whole. Businesses in the county reported a lower incidence of having a training plan that specifies the level and type of training that staff need for the coming year. This would indicate that although businesses in the county are willing to train staff and recognise that training existing staff is sensible, many establishments do not have a formal procedure in place.

County/Regional/National comparisons poll similar results across each question asked with regard training activity.

When asked why they did not provide training the highest polling response was that the **staff are fully proficient**, followed by **Managers do not have the time to arrange training** and **staff are too busy to attend training**

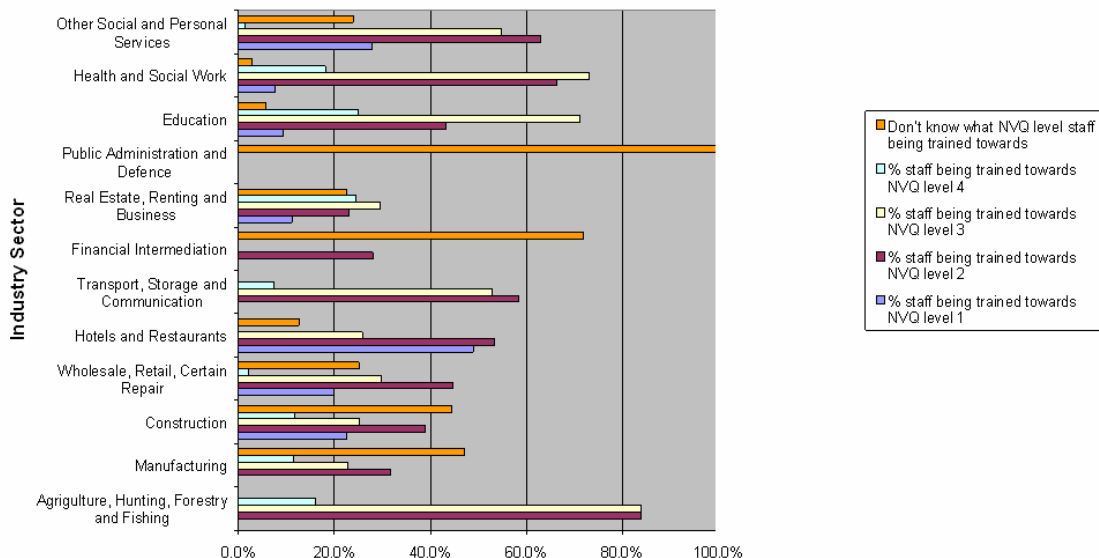
Table 14 - Type of Training	Seeking a profit	Charity / voluntary sector	Local government financed body	Central government financed body	None of the above/ Other
Train both off and on-the-job	9064	616	716	340	203
Train off-the-job only	4584	191	29	44	5
Train on-the-job only	4688	100	76	19	46
Do not train	10351	252	0	0	92
Source NESS 2005					



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Table 14 shows the classification of companies in Hertfordshire (weighted by unit) and the type of training offered to staff. Those businesses classified as **seeking a profit** who do not train could be those who only employ a professional, ready trained workforce

Graph 17 - Hertfordshire Businesses with Staff Training Towards NVQ



Source: NESS 2005

Graph 17 shows the Level of NVQ training that businesses have arranged for staff. Level 2 and 3 training features prominently in many sectors.

1.7.2 Training in Hertfordshire by Industrial Sector

Table 15 - % Establishments Within the Sector	Business Plan	Training Plan	Training Budget	Provided Training
Agriculture, Hunting, Forestry and Fishing	54.5%	34.5%	12.8%	52.2%
Manufacturing	48.0%	35.3%	18.6%	29.4%
Electricity, Gas and Water Supply	100.0%	100.0%	100.0%	100.0%
Construction	42.7%	32.7%	20.3%	19.9%
Wholesale, Retail, Certain Repair	47.2%	36.8%	26.4%	25.2%
Hotels and Restaurants	45.4%	44.8%	29.1%	35.7%
Transport, Storage and Communication	57.7%	44.2%	38.2%	25.4%
Financial Intermediation	69.4%	62.0%	66.2%	43.1%
Real Estate, Renting and Business	56.8%	41.8%	35.3%	37.4%
Public Administration and Defence	100.0%	97.3%	100.0%	97.3%
Education	78.5%	73.4%	78.6%	69.8%
Health and Social Work	68.8%	68.9%	52.3%	58.0%
Other Social and Personal Services	52.1%	39.3%	33.7%	33.8%
Total	53.8%	43.0%	33.8%	34.8%
Source NESS 2005				



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Table 15 shows the extent of training and formal training procedures by sector. The table has been ranked by the rate of training provided by sector. The rates have been calculated as a percentage of the total amount of businesses in each sector. **Electricity, Gas and Water Supply** and **Public Administration and Defence** have very low base rates and the returns should be treated with caution.

It is apparent that the sectors with a tendency to a more migratory or seasonal workforce **Hotels and Restaurants, Wholesale, Retail, Certain Repair** and **Construction** are less likely to have a training budget. These industries seem less likely to have a business plan.

1.8.1 Hertfordshire businesses Recruiting Young People - Investigating Young People's Skills – Are they prepared for Work?

Table 16 - Whether recruited anyone aged under 24 direct from school, college or university in last 12 months	Yes
Agriculture, Hunting, Forestry and Fishing	16%
Manufacturing	24%
Electricity, Gas and Water Supply	5%
Construction	15%
Wholesale, Retail, Certain Repair	23%
Hotels and Restaurants	31%
Transport, Storage and Communication	13%
Financial Intermediation	18%
Real Estate, Renting and Business	18%
Public Administration and Defence	13%
Education	37%
Health and Social Work	23%
Other Social and Personal Services	27%
Total	27%
Source NESS 2005	

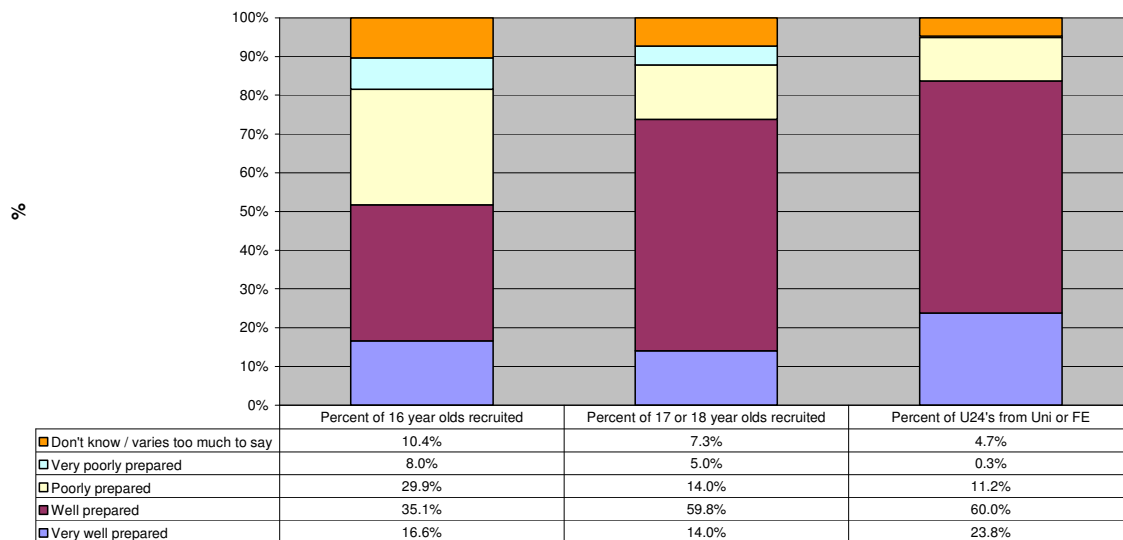
Table 16 shows the percentage of businesses, by sector that in the last 12 months, have employed young people aged between 16-24 years old. Over 30% of businesses in **Education** and **Hotels and Restaurants** have done this. The lowest percentage is within **Electricity, Gas and water Supply**.

Graphs 18-21 show the response of Hertfordshire businesses when asked how well prepared for work young people aged 16-24 leaving school, FE and University were. It is apparent that that the older age group were the most prepared possibly having gained life experience as well as formal education. Young people leaving FE were considered as **well prepared** as those leaving university but not as **very well prepared** as those who left school.



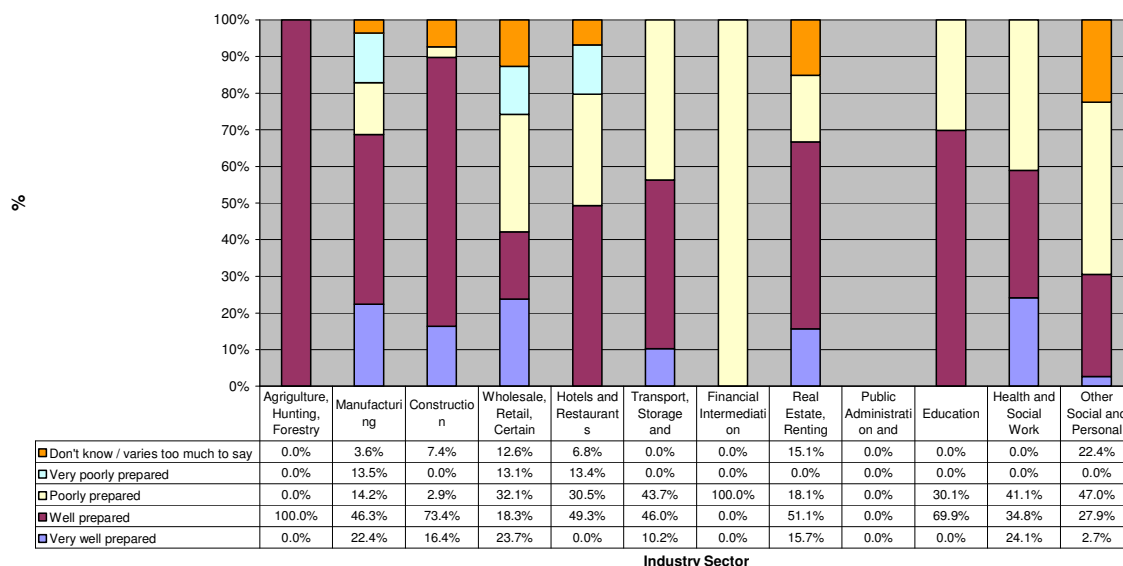
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**Graph 18 - Hertfordshire Businesses Employing Young People at 16-24 Leaving School, FE, University
How Well Prepared For Work Are They?**



Source: NESS 2005

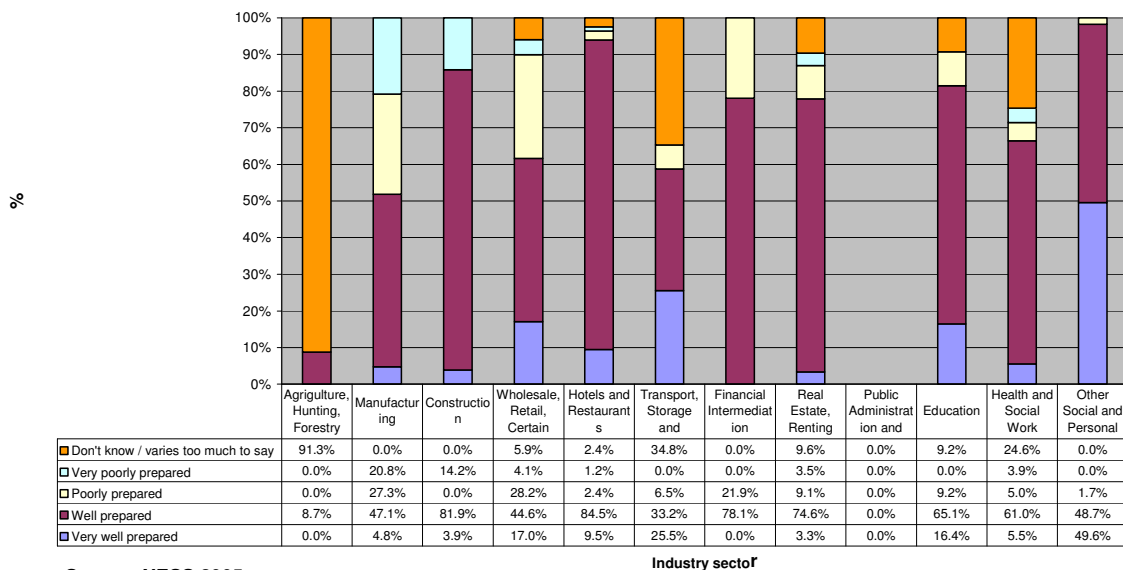
**Graph 19 - Businesses Employing 16 Year Old School Leavers -
How Well Prepared For Work Are They?**



Source: NESS 2005

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Graph 20 - Businesses Employing 17 Year Old School Leavers - How Well Prepared For Work Are They?



Graph 21 - Businesses Employing Under 24 Year Old Uni or FE Leavers - How Well Prepared For Work Are They?

