

## DfE Employer Skills Survey 2019

### Table of contents

1. <a href="#">Introduction</a>	<a href="#">Page 2</a>
2. <a href="#">Key findings</a>	<a href="#">Page 3</a>
3. <a href="#">Recruitment and skills shortage vacancies</a>	<a href="#">Page 7</a>
4. <a href="#">Existing workforce skills gaps</a>	<a href="#">Page 12</a>
5. <a href="#">Training and workforce development</a>	<a href="#">Page 15</a>
6. <a href="#">Apprenticeships</a>	<a href="#">Page 20</a>
7. <a href="#">Entry to work</a>	<a href="#">Page 24</a>
8. <a href="#">Conclusion</a>	<a href="#">Page 28</a>
9. <a href="#">Suggested next steps</a>	<a href="#">Page 29</a>

## 1. Introduction

The Employer Skills Survey is one of the largest business surveys undertaken in the UK, with 81,000 employers participating in 2019. The survey was undertaken between **June and December 2019** and is a source of intelligence for understanding the skills challenges faced by employers, both in terms of their existing workforce and when recruiting, and how they respond to these challenges through investment in training and workforce development. The study reports the experiences of **employers at establishment level**, with interviews conducted with the most senior person at each site with responsibility for human resources and workplace skills. Around 1,260 interviews were successfully completed within Tees Valley, out of a total establishment population of 15,070, which equates to an 8.4% sample size for Tees Valley compared to 4.2% sample size for England overall.

The 2019 survey was broadened to include questions from the previously separate Employer Perspectives Survey which focuses on what drives decisions around recruitment and people development, as well as involvement and experiences with specific programmes such as apprenticeships.

While the findings still provide an important source of labour market intelligence, the Covid-19 outbreak in early 2020 means that the economic landscape has changed significantly since survey fieldwork was conducted. National and local research<sup>1</sup> on the impact of Covid-19 has indicated that certain sectors are likely to experience an increase in demand as a result of Covid-19. The rise in health issues, both physical and mental, could provide an opportunity to expand the already sizable regional health and social care sector, meeting local and national needs through the local skillset. Digitisation, both within businesses and households, can create new opportunities. New technologies can boost productivity, create jobs and encourage innovation and idea sharing and with the underlying digital skills and infrastructure in place, the Tees Valley could benefit from this shift. A shift to ecommerce has also resulted in an increased demand for logistics companies to provide warehouse and delivery services, with requirements for shorter delivery times resulting in a rise in demand for local logistics warehouses. There could be significant opportunities if the workforce is able to meet these demands. The below analysis however highlights some of the existing skills challenges that may impact on this.

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<sup>1</sup> Covid-19 Economic Recovery Action Plan for the Tees Valley

## 2. Key findings

### Recruitment – hard to fill and skills shortage vacancies

- There has been a **rise in percentage of Tees Valley establishments reporting general vacancies**, from 15% in the 2017 survey to 19% in the 2019 survey, whilst nationally the percentage dropped from 20% in 2017 to 17% in 2019.
- Establishments in the **Health and Social Care** industry sector were most likely to report vacancies, followed by the **Education** sector.
- Compared to the last 2017 survey there has been a **large drop in vacancies reported in the Education sector**, from 40% in 2017 to 21% in 2019 (a drop of 19% compared to a 4% fall nationally).
- There is a **lower prevalence of hard to fill<sup>2</sup> vacancies in Tees Valley than nationally**, with 6% of Tees Valley establishments reporting that they had a hard-to-fill vacancy in 2019, compared to 8% nationally.
- **Transport and Storage** establishments were most likely to report a hard to fill vacancy, with this rising from 2% of Transport and Storage establishments in 2017 to 10% in 2019. There has been a **fall in Education establishments reporting a hard to fill vacancy**, with just 1% reporting a hard to fill vacancy in 2019, compared to 16% in 2017.
- 37% of all vacancies that were advertised by Tees Valley establishments, were **hard to fill vacancies**, compared to 36% nationally. This has risen from 32% in 2017, a rise of 4 percentage points compared to a rise of 3 nationally.
- **Poor attitude, motivation and/or personality** was cited as the main cause of a vacancy being hard to fill (62% of businesses, compared to 58% nationally), with **'skills'** being cited by just under half of establishments (45% compared to 60% nationally).
- There is a **lower prevalence of Skills Shortage Vacancies<sup>3</sup> (SSV) in Tees Valley than nationally**, with 4% of Tees Valley establishments reporting a SSV in 2019, compared to 6% nationally.
- As with hard to fill vacancies, **Transport and Storage** establishments are more likely to report a SSV (10% of businesses, compared to 8% nationally). This has risen from 2% of Transport and Storage establishments in 2017, compared to a 1% fall nationally.
- 23% of all vacancies that were advertised by Tees Valley establishments were SSV's, compared to 25% nationally. This has dropped from a high of 29% in 2015, a drop of 6 percentage points compared to a rise of 2 percentage points nationally.
- 71% of all **Transport and Storage** vacancies in Tees Valley were SSV's, compared to 23% nationally. This has risen in Tees Valley from 27% in 2017, a rise of 44 percentage points compared to a drop of 6 nationally. Compared to 2017 SSV's have dropped significantly in **Education, Construction and Manufacturing**.
- SSV are more likely to be in **skilled trade occupations**, with 36% of Tees Valley employers reporting SSV's in skilled trade occupations, compared to 26% nationally.

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<sup>2</sup> A 'hard to fill vacancy' is a vacancy that can be hard to fill for any reason, not just due to a skills shortage

<sup>3</sup> A skill-shortage vacancy is defined as a vacancy which is hard to fill due to applicants lacking the skills, experience or qualifications an employer requires

- **Technical and practical skills** were cited as most difficult to obtain by Tees Valley employers, followed by **People and Personal skills**. The two type of skills which appear more difficult to obtain in Tees Valley than nationally are **basic skills** and **digital skills**.

#### Existing workforce skills gaps

- 14% of Tees Valley establishments report to have **staff not fully proficient**, compared to 13% nationally. This has remained the same since 2017 both locally and nationally.
- **Technical and practical skills** were listed by employers are most likely to need improving within their existing workforce, followed by **people and personal skills** and **self-management skills**.
- For those employers who listed **digital skills** as an existing workforce gap, **basic Microsoft office skills** were cited as most in need of improvement, followed by **specialist software** or **hardware /internal systems skills**.
- 94% of establishments with workforce skills gaps **have taken steps or plan to take steps to improve proficiency or skills of staff with skills gaps**, compared to 90% nationally with 61% of Tees Valley establishments training staff over the last 12 months, which matches the national. However, this has dropped from a high of 70% in 2015, a drop of 9 percentage points compared to a drop of 5 nationally.
- 34% of Tees Valley establishments have **trained staff towards a nationally recognised qualification** in past 12 months, compared to 26% nationally, with the majority training towards a level 2 or 3 qualification. 16% of Tees Valley establishments have arranged or funded training designed to lead to a **recognised vocational qualification** the last 12 months, compared to 11% nationally.
- Establishments in the **Education** and **Health and Social Care** industry sectors are most likely to train their existing staff, with **Managers, Director and Senior Directors** most likely to undertake training, followed by **Administrative and Secretarial** occupations.
- Just under half of all establishments who have provided training over the past 12 months would have provided more training if they could have done. The main barriers to providing further training include having **lack of funds** or **training expertise** and not being able to spare the staff's time.
- Just under half of Tees Valley employers anticipate that **operational skills** and **complex analytical skills** will need developing in their workforce over the next 12 months. 42% anticipate **digital skills** will need developing.

#### Apprenticeships

- 25% of Tees Valley establishments **either have a current apprenticeship or offer an apprenticeship**, compared to 19% nationally.
- 60% of Tees Valley establishments who have hired apprentices in the past three years have **retained them as permanent members of staff**, compared to 62% nationally. The main reason establishments did not retain their apprentices was because the apprentice did not want to stay in the role (42% of business compared to 29% nationally). Just under a quarter (23%) of Tees Valley establishments stated that they didn't retain their apprentice as they were not capable enough, compared to 16% nationally.
- 36% of Tees Valley establishments stated that **they were aware of the introduction of an apprenticeship levy for employers**, compared to 38% nationally.

- 71% of Tees Valley employers who were aware of the apprenticeship levy were also aware they could claim it back to fund apprenticeship training, compared to 68% nationally. However only a quarter of Tees Valley employers were aware that they now need to make a 5% contribution toward the cost of an apprenticeship, compared to 27% nationally.
- Only 5% of Tees Valley employers reported a change to the overall number of apprentices at their business as a result of the recent reforms to apprenticeships, compared to 12% nationally.
- 30% of Tees Valley employers stated that there has been a **change to the proportion of apprenticeship starts since May being undertaken by existing employees** as a result of recent reforms, compared to just 14% nationally, **the highest of any LEP area**.
- 45% of Tees Valley establishments are **aware of Traineeships**, compared to 53% nationally, with only 3% of Tees Valley establishments having had anyone undertaken a traineeship in the last 12 months, which matches the national.

### Entry to work

- 60% of Tees Valley employers cited '**having relevant work experience**' as critical or significant, compared to 62% nationally. Having a **vocational qualification** was deemed slightly more important in Tees Valley than nationally, with 49% of employers stating this as critical or significant compared to 47% nationally.
- 76% of Tees Valley establishments found **16-year-old school leavers very well prepared or well prepared for work**, compared to 56% nationally, the **highest of any LEP area** and across all areas Tees Valley school leavers were deemed to have fewer skills lacking than national.
- 77% of Tees Valley establishments found **17-18-year-old college leavers very well prepared or well prepared for work**, compared to 69% nationally. 79% of Tees Valley establishments found **university or higher education leavers very well prepared or well prepared for work**, compared to 78% nationally.
- 33% of Tees Valley employers have had someone on placement in the last 12 months, compared to 35% nationally.

## Summary of headline indicators<sup>4</sup>:

	Tees Valley			England		
	2015	2017	2019	2015	2017	2019
<b>Recruitment and skill-shortage vacancies (SSVs)</b>						
% of establishments with any vacancies	17%	15%	17%	20%	20%	17%
% of establishments with any hard-to-fill vacancies	7%	6%	6%	8%	8%	8%
% of establishments with SSVs	5%	5%	4%	6%	6%	6%
Number of vacancies	6,200	6,200	6,400	797,400	872,500	811,700
Number of skill-shortage vacancies	1,800	1,700	1,500	180,200	193,800	199,100
% of all vacancies that are SSVs	29%	27%	23%	23%	22%	25%
Number of hard to fill vacancies	2,400	2,000	2,400	262,300	286,800	292,500
% of all vacancies that are hard to fill	38%	32%	37%	33%	33%	36%
<b>Workforce Skills gaps</b>						
Number of existing staff with a skills gap	14,500	10,600	10,000	1,184,700	1,060,000	1,168,000
% of establishments with any existing staff with a skills gap	16%	14%	14%	14%	13%	13%
Number of staff not fully proficient as a % of employment	6%	4%	4%	5%	4%	5%
<b>Training and workforce development</b>						
% of establishments training any staff over the last 12 months	70%	63%	61%	66%	66%	61%
% of establishments providing off-the-job training in the last 12 months	49%	48%	45%	48%	48%	43%
% of workforce trained	68%	66%	60%	63%	62%	60%

**Figure 1: Headline indicators**

Figure 2 contains additional headline indicators results from 2019 only as comparator data for previous years is not available.

	Tees Valley	England
<b>Apprenticeships</b>		
% of establishments with a current apprentice	14%	11%
% of establishments that have or offer apprenticeships	25%	19%
% of establishments that are aware and have good knowledge of apprenticeships / have or offer apprenticeships	59%	54%
<b>Entry to Work</b>		
<b>Proportion citing that candidates having the following is either a critical or significant factor when recruiting:</b>		
Particular level of academic achievement (e.g. GCSEs, A levels or a degree)	40%	42%
Maths and English GCSE to at least level 2 or GCSE A -C	50%	52%
Relevant vocational qualification	49%	47%
Relevant work experience	60%	62%
Degree or degree-equivalent qualification	19%	20%

**Figure 2: Headline indicators available for 2019 only**

<sup>4</sup> Figures have been rounded to the nearest 100.

### 3. Recruitment and skills shortage vacancies

Please note - within this section the sectoral breakdown excludes number for Public Services, Financial Services and Information & Communication in Tees Valley as the number of respondents was too low to report.

#### General Vacancies

Overall, 17% of establishments in Tees Valley reported a general vacancy in 2019, a rise from the 15% reported in 2017, whilst nationally the percentage dropped from 20% in 2017 to 17% in 2019. Figure 3 below shows that overall vacancies were highest in Health and Social work (32% compared to 31% nationally) and Education (21% compared to 27% nationally). Figure 4 shows the large drop in Education establishments reporting any vacancy from 2017 to 2019, with 21% of education establishments reporting a vacancy in 2019, compared to 40% in 2017, a drop of 19% compared to a 4% drop nationally.

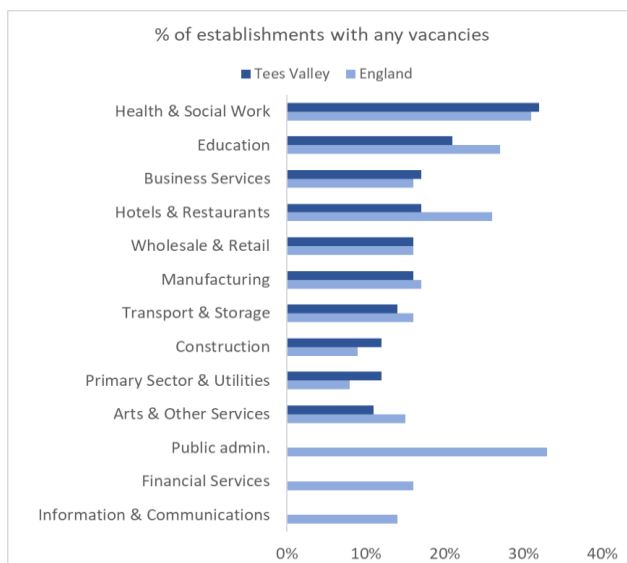


Figure 3: Establishments with any vacancy – Tees Valley & England

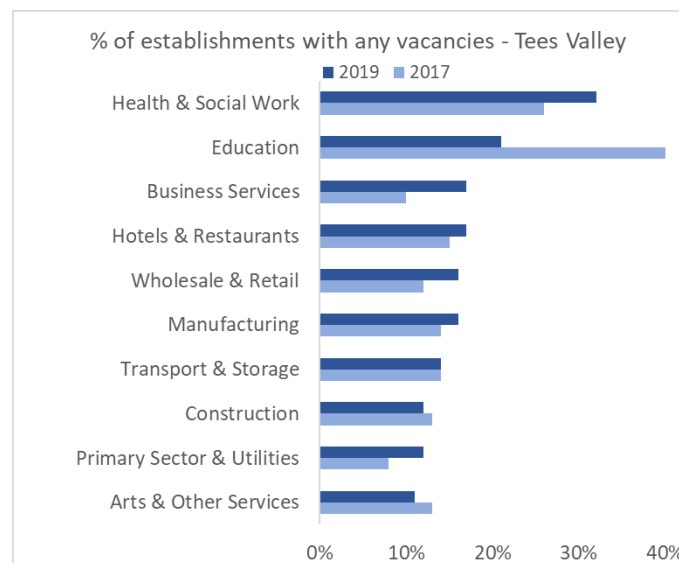


Figure 4 - Establishments with any vacancy – Tees Valley 2017 & 2019

Figure 5 provides an age breakdown of those recruited over the past 12 months.

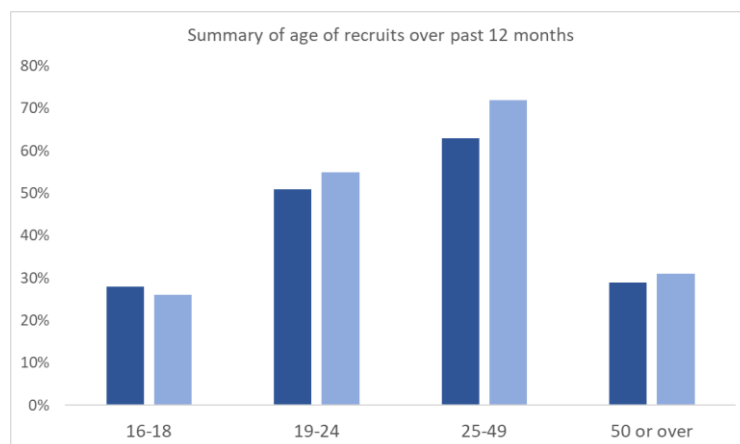


Figure 5 – Age breakdown of those recruited over past 12 months

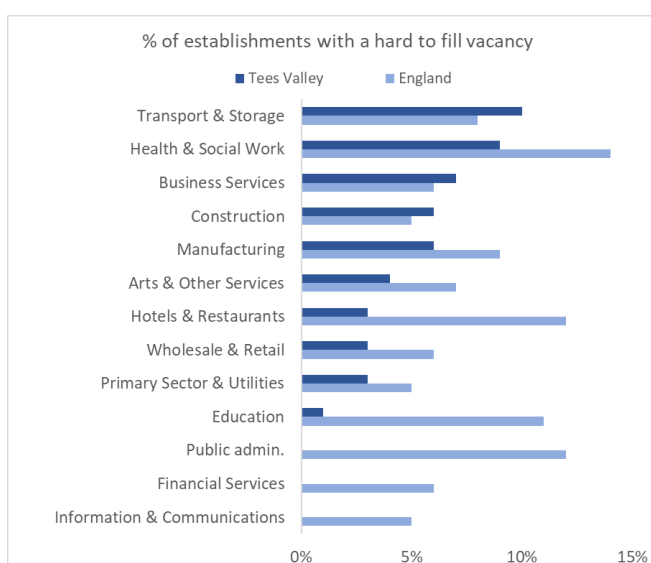
63% of Tees Valley establishments who have recruited over the past 12 months have recruited someone aged 25-49, compared to 72% nationally. Tees Valley has a slightly

higher percentage of establishments who have recruited 16-18-year olds over the past 12 months, at 28% compared to 26% nationally.

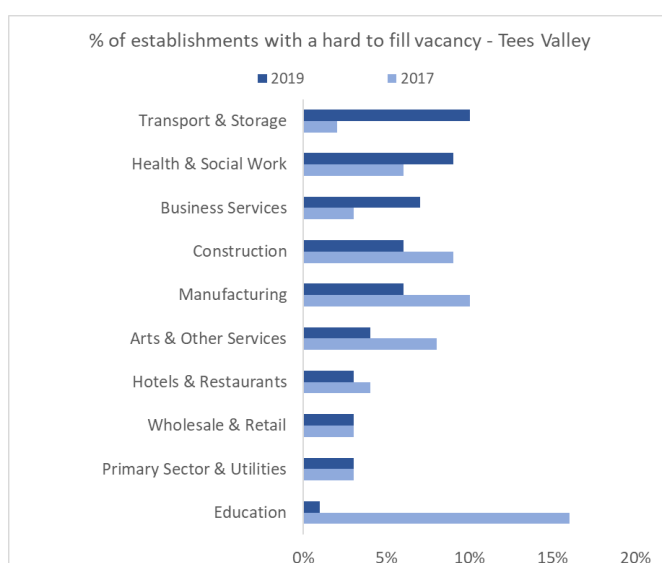
### **Hard to Fill Vacancies**

A 'hard to fill vacancy' is a vacancy that can be hard to fill for any reason, not just due to a skills shortage. 6% of Tees Valley establishments reported that they had a 'hard-to-fill' vacancy, compared to 8% nationally, which has remained the same compared to 2017 both locally and nationally.

10% of Transport and Storage establishments reported that they had a hard to fill vacancy, compared to 8% nationally, with this rising from just 2% in 2017, compared to a 1% fall nationally. Just 1% of Education establishments reported a hard to fill vacancy, compared to 11% nationally. This has dropped from 16% of Tees Valley education establishments in 2017, whilst nationally the percentage remained the same.



**Figure 6: % Establishments with a hard to fill vacancy – Tees Valley & England**



**Figure 7 -% Establishments with a hard to fill vacancy – Tees Valley 2017 & 2019**

37% of all vacancies that were advertised by Tees Valley establishments, were hard to fill vacancies, compared to 36% nationally. This has risen from 32% in 2017, a rise of 4 percentage points compared to a rise of 3 nationally.

Figure 8 illustrates the main causes which employers listed for having a hard to fill vacancy. 62% of Tees Valley employers stated that poor attitude, motivation and/or personality was the cause of a vacancy being hard to fill, compared to 58% nationally. 45% of Tees Valley employers stated 'skills' as a reason, lower however than the 60% reported nationally. 17% stated qualifications were the cause, compared to 26% nationally, and 38% stated lack of work experience as a cause compared to 46% nationally.



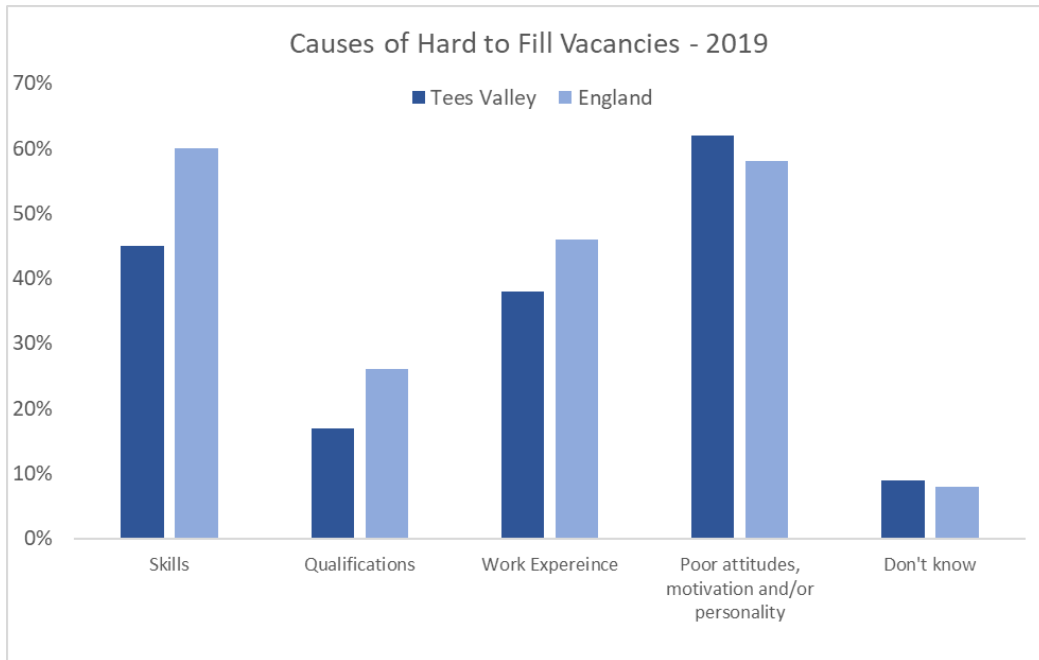


Figure 8: Main causes of having a hard-to-fill vacancy

**Skills-Shortage Vacancies (SSV)**

A skill-shortage vacancy is defined as a vacancy which is hard to fill due to applicants lacking the skills, experience or qualifications an employer requires. 4% of Tees Valley establishments reported a SSV in 2019, compared to 6% nationally. This has dropped slightly from 5% in 2017, while nationally the percentage has remained the same.

8% of Transport and Storage establishments reported a SSV, compared to 6% nationally. This has risen from just 2% of Tees Valley establishments in 2017, a rise of 6% compared to no change nationally. Just 1% of Tees Valley education establishments reported a SSV in 2019, compared to 15% in 2017, this drop of 14 percentage points compares to a drop of 1 nationally. This compares to 8% of education establishments nationally (7% in 2017).

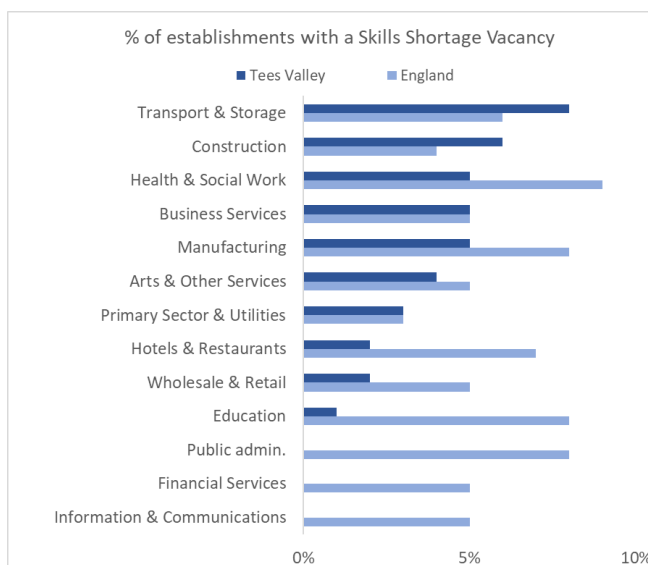


Figure 9: % Establishments with a SSV – Tees Valley & England

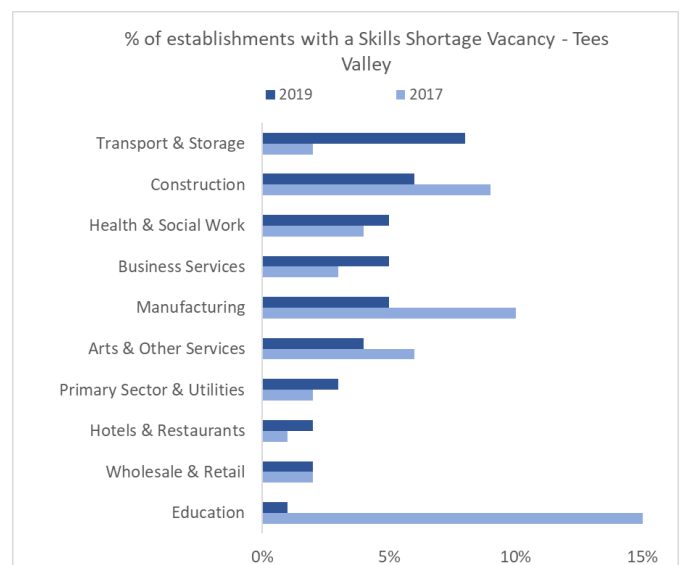


Figure 10 - % Establishments with a SSV – Tees Valley 2017 & 2019

23% of all vacancies that are were advertised by Tees Valley establishments were SSV's compared to 25% nationally. This has dropped from a high of 29% in 2015, a drop of 6 percentage points compared to a rise of 2 percentage points nationally.

71% of all Transport and Storage vacancies in Tees Valley were skills shortage vacancies, compared to 23% nationally. This has risen in Tees Valley from 27% in 2017, a rise of 44 percentage points compared to a drop of 4 nationally. Compared to 2017 SSV's have dropped significantly in Education, Construction and Manufacturing, with Education dropping from 43% of vacancies in 2017 to 4% in 2019, Construction dropping from 64% to 39% and Manufacturing dropping from 38% to 16%.

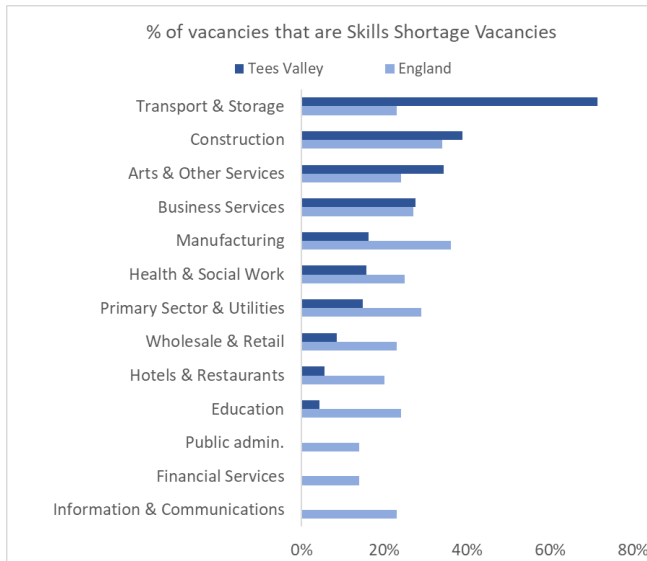


Figure 11: % vacancies that ate SSVs – Tees Valley & England

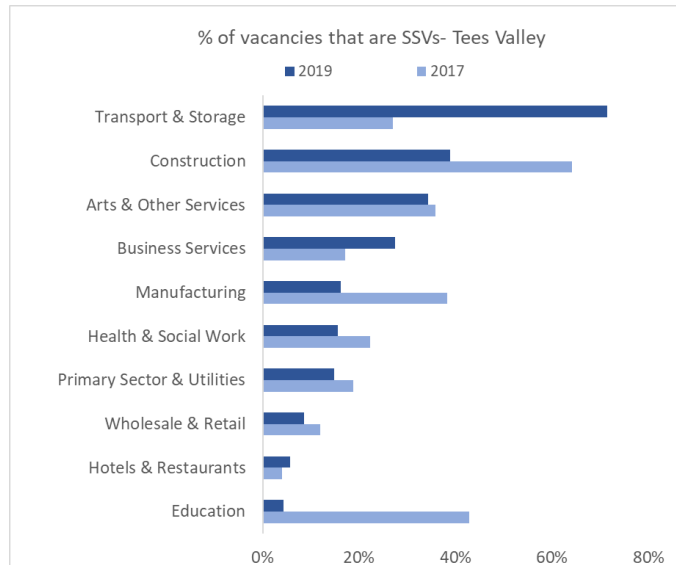


Figure 12 – 5 vacancies that are SSVs – Tees Valley 2015 & 2019

Figure 13 provides a breakdown of the incidence of skill-shortage vacancies by occupation. Of those employers reporting a skills shortage vacancy, 36% of Tees Valley employers reported SSV's in skilled trade occupations, compared to 26% nationally.

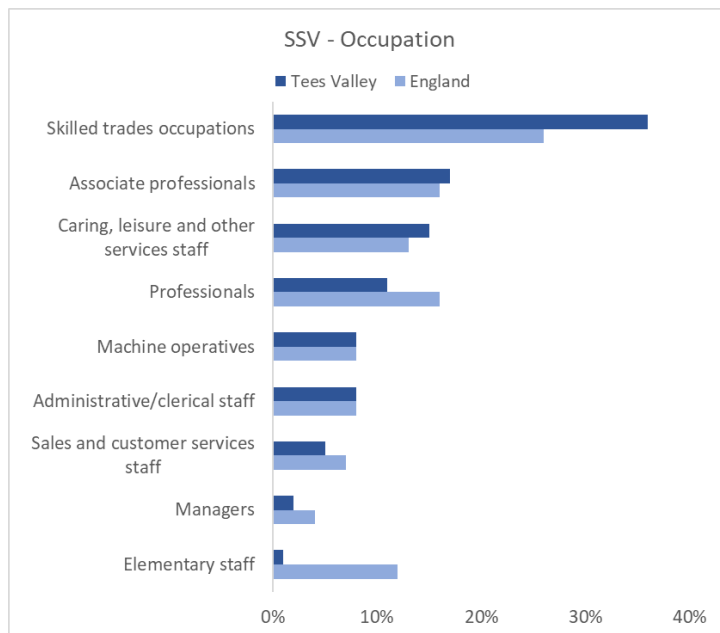
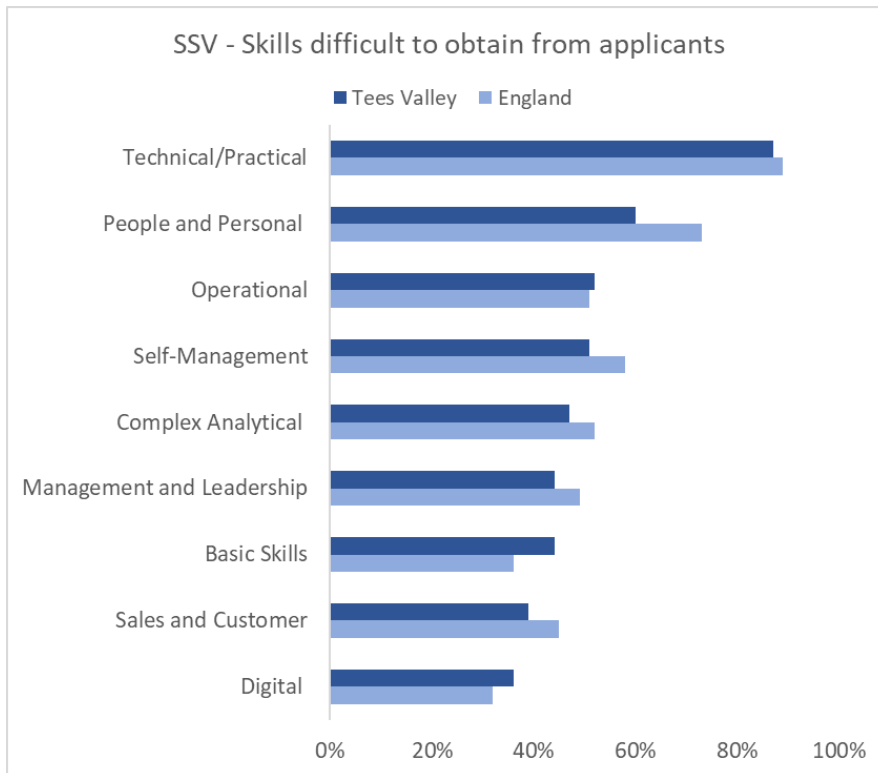


Figure 13: SSV by broad occupation group

Of those employers who experienced skills shortage vacancies, Figure 14 provides a breakdown of the type of skills found difficult to obtain from applicants.



**Figure 14: SSV – Skills difficult to obtain from applicants**

87% of Tees Valley employers found technical or practical skills difficult to obtain, compared to 89% nationally. The two type of skills which appear more difficult to obtain in Tees Valley than nationally are basic skills and digital skills, with 44% of Tees Valley employers stating they found basic skills difficult to obtain, compared to 36% nationally and 36% of Tees Valley employers stating they found digital skills difficult to obtain compared to 32% nationally.

#### 4. Existing workforce skills gaps

14% of Tees Valley establishments report to have staff not fully proficient, compared to 13% nationally. This has remained the same since 2017 both locally and nationally but has dropped from the 16% reported in the 2015 survey.

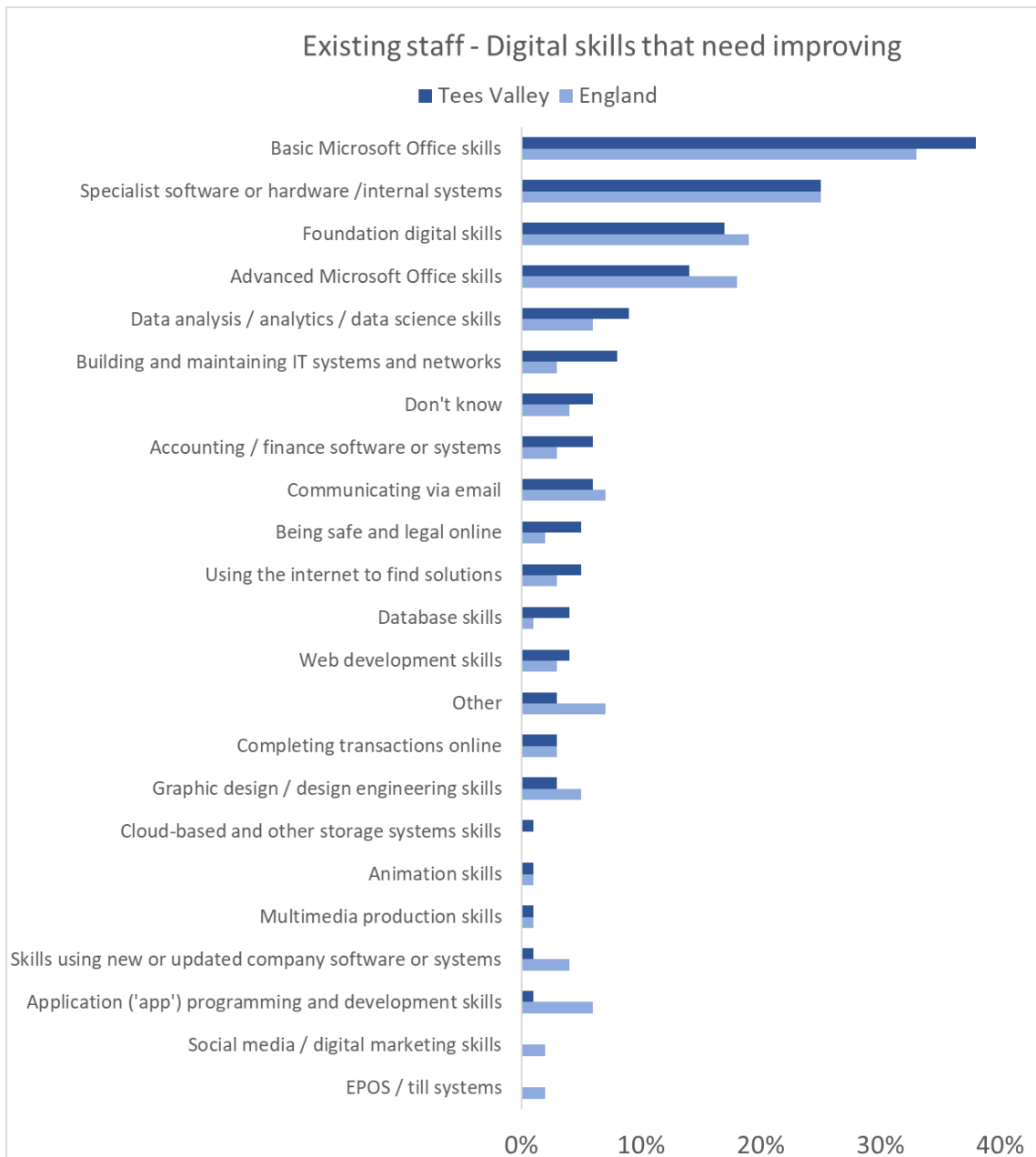
For those employers experiencing skills gaps in their existing workforce, Figure 15 provides a breakdown of the skills that were identified as ‘needing to be improved’



**Figure 15: Existing workforce skills gaps – skills that need improving**

Of all the existing Tees Valley workforce with skills gaps 92% need to improve their technical or practical skills (90% nationally), whilst 82% need to improve their people and personal skills (83% nationally). 60% need to improve their operational skills, compared to 56% nationally. 41% need to improve their digital skills, compared to 38% nationally.

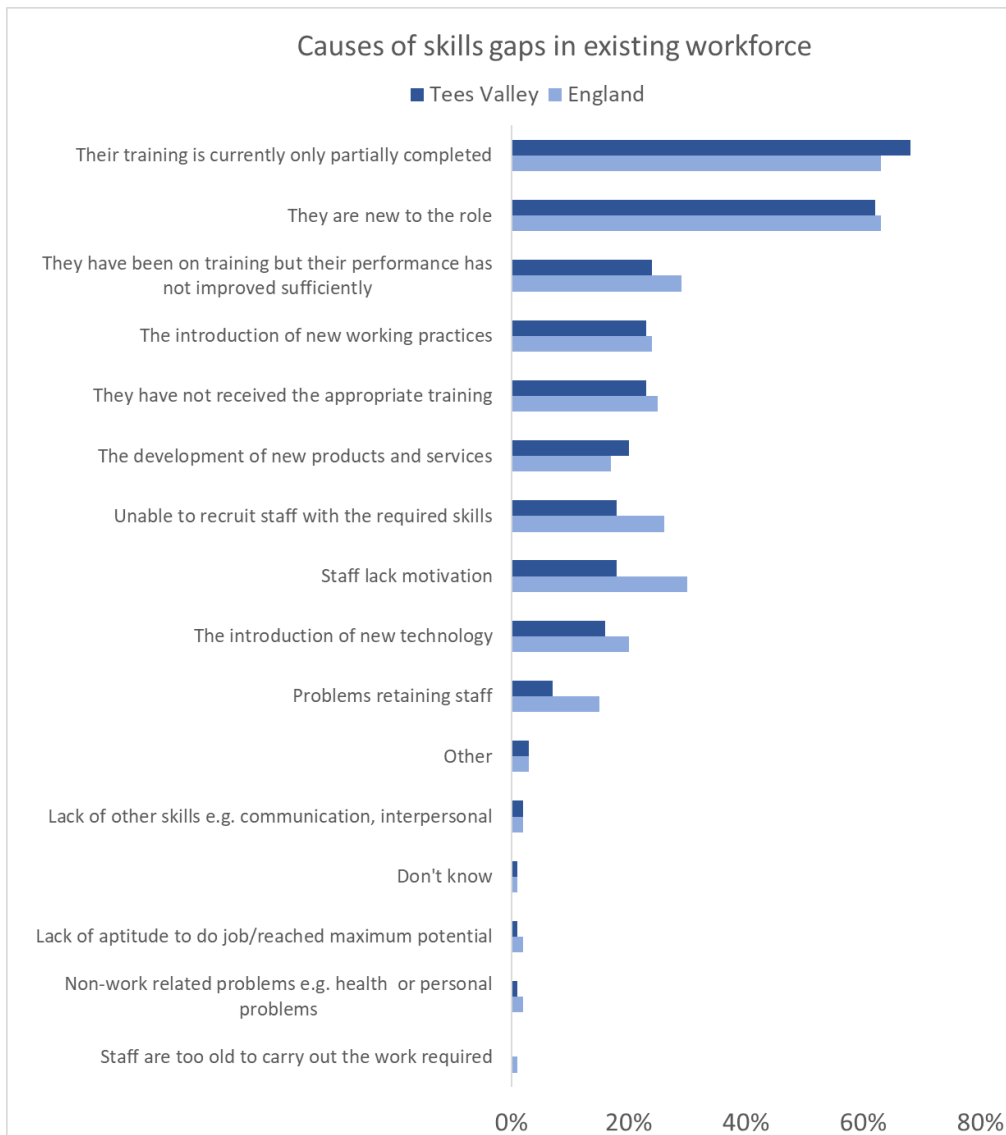
For all those existing staff who lack digital skills figure 16 breaks down the type of digital skills that need improving.



**Figure 16: Existing workforce skills gaps – IT skills that need improving**

38% of staff who lack digital skills need to improve their basic Microsoft Office skills, compared to 33% nationally. A quarter of staff who lack digital skills need to improve their specialist software or hardware /internal systems skills, both locally and nationally. 9% of staff who lack digital skills need to improve their Data analysis / analytics / data science skills compare to 6% nationally.

Figure 17 shows the causes of skills gaps in the existing workforce with 68% due to their training only being partially completed (63% nationally) and 62% as they are new to the role (63% nationally).



**Figure 17: Causes of skills gaps in existing workforce**

6% of Tees Valley employers have recruited, or tried to recruit, workers who are non-UK nationals in order to overcome skills gaps among current employees, this is compared to 13% nationally.

## 5. Training and workforce development

94% of establishments with workforce skills gaps have taken steps or plan to take steps to improve proficiency or skills of staff with skills gaps, compared to 90% nationally.

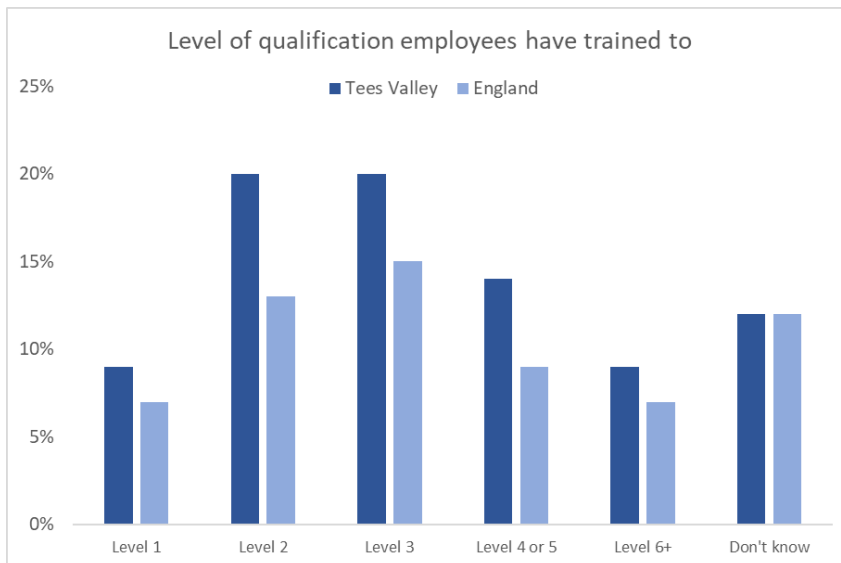
Figure 18 shows the actions taken by employers to overcome lack of proficiency among existing staff. 68% of Tees Valley employers have increased their training activity/spend or increased/expanded trainee programmes, this is compared to 65% nationally. 58% have more supervision of staff (56% nationally). 58% have more supervision of staff (56% nationally).



**Figure 18: Actions taken to overcome lack of proficiency among staff**

61% of Tees Valley establishments have trained any staff over the last 12 months, which matches the national. 84% of this training was job specific training (85% nationally), with 71% being health and safety/first aid training (which matches the national), and 36% management training (32% nationally).

34% of Tees Valley establishments have trained staff towards a nationally recognised qualification in past 12 months, compared to 26% nationally. For those employees who have received training towards a nationally recognised qualification figure 19 breaks down the level of qualification they have trained to with Tees Valley training employees above the national level in all levels of qualifications.



**Figure 19: Nationally recognised qualification - Level of qualification employees trained to**

58% of Tees Valley employers who have provided training have provided online training or e-learning (56% nationally), whilst 42% have provided other self-learning where the employee does the learning at a time of their own choosing (which matches the national).

16% of Tees Valley establishments have arranged or funded training designed to lead to a recognised vocational qualification the last 12 months, compared to 11% nationally.

Figure 20 provides a breakdown by industry sector of those establishments who have offered training to their existing staff over the past 12 months.

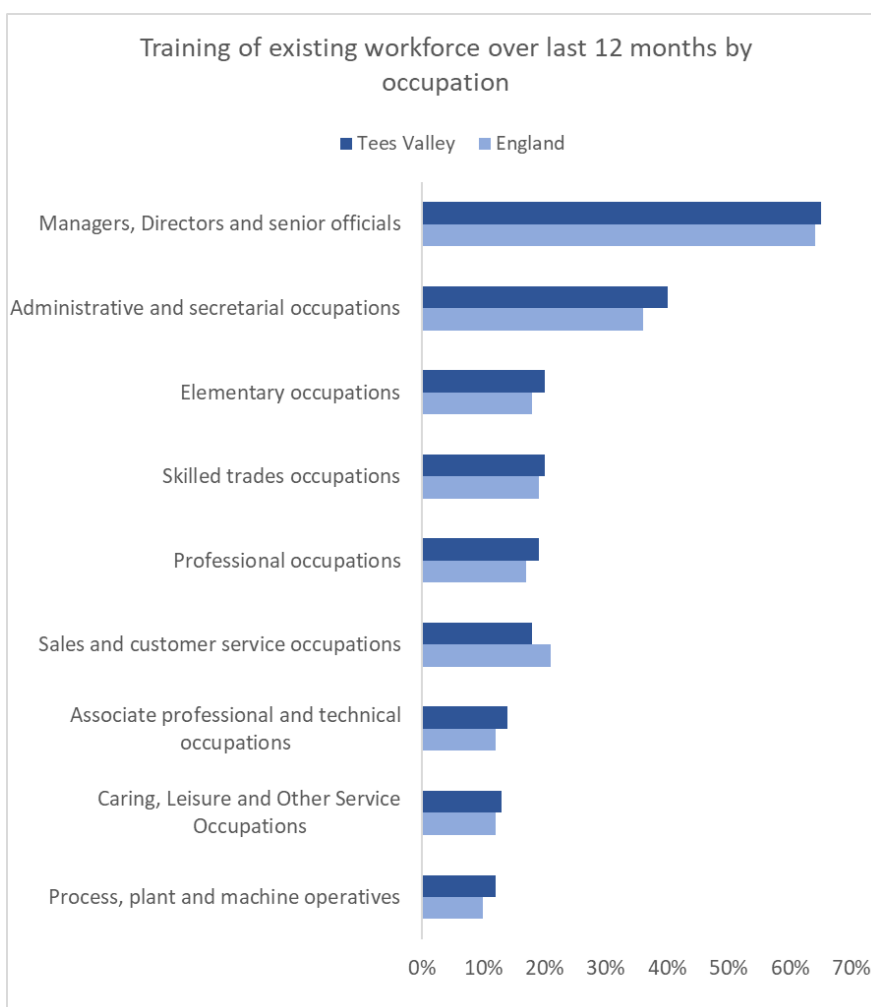


**Figure 20: % of establishments providing training to existing staff over last 12 months by industry sector**



83% of training provided to existing staff over the past 12 months was provided to Education businesses, compared to 88% nationally. This is followed by 82% to Health and Social Work businesses, compared to 84% nationally. 73% was provided to Business Services establishments in Tees Valley, higher than the 62% seen nationally. Tees Valley is lower than national for the percentage of training provided to the Primary & Utilities sector, Hotels & Restaurants and Wholesale & Retail sectors.

Figure 21 provides a breakdown of the percentage of establishments providing training to existing staff over past 12 months by occupation.



**Figure 21: % of establishments providing training to existing staff over last 12 months by occupation**

65% of Tees Valley establishments who provided training over the past 12 months, provided training to Managers, Directors and senior officials, compared to 64% nationally. Whilst 40% provided training to administrative and secretarial occupations, compared to 36% nationally.

Figure 22 provides a breakdown of the types of training sources used for external training over the past 12 months.



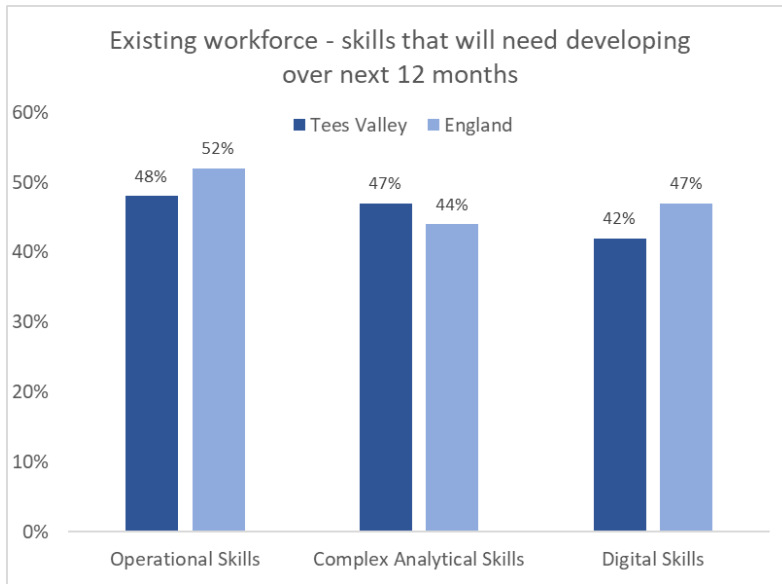
**Figure 22: External training sources used in past 12 months**

63% of external training delivered to Tees Valley employees was delivered by ‘Other Commercial organisation’ e.g. consultants or private training providers, compared to 77% nationally. 34% was delivered by FE colleges, compared to 23% nationally.

44% of Tees Valley establishments who have provided training over the past 12 months would have provided more training if they could have done, which matches the national. The main barriers to providing further training include having lack of funds or training expertise at 49% (48% nationally), and not being able to spare the staff’s time at 48%, (49% nationally).

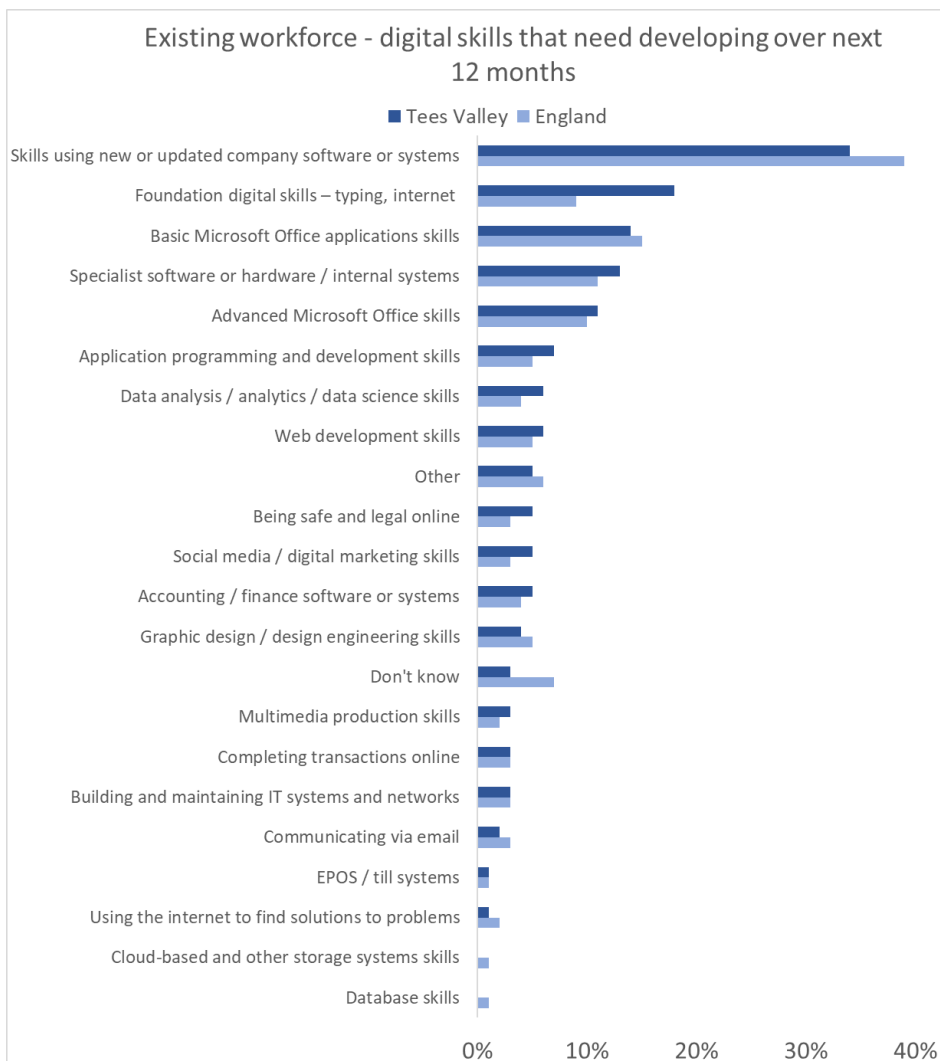
17% of Tees Valley establishments have worked with other employers to develop skills or expertise in their workforce, compared to 15% nationally.

Figure 23 shows the skills that employers have identified as requiring development over the next 12 months. 48% of Tees Valley employers anticipate that operational skills will need developing in their workforce over the next 12 months, compared to 52% nationally. 47% anticipate complex analytical skills will need developing, compared to 44% nationally, and 42% anticipate digital skills will need developing, compared to 47% nationally.



**Figure 23: Skills that will need developing in existing workforce over next 12 months**

Of the digital skills identified as requiring development over the next 12 months, figure 24 provides a further breakdown of the type of digital skills.



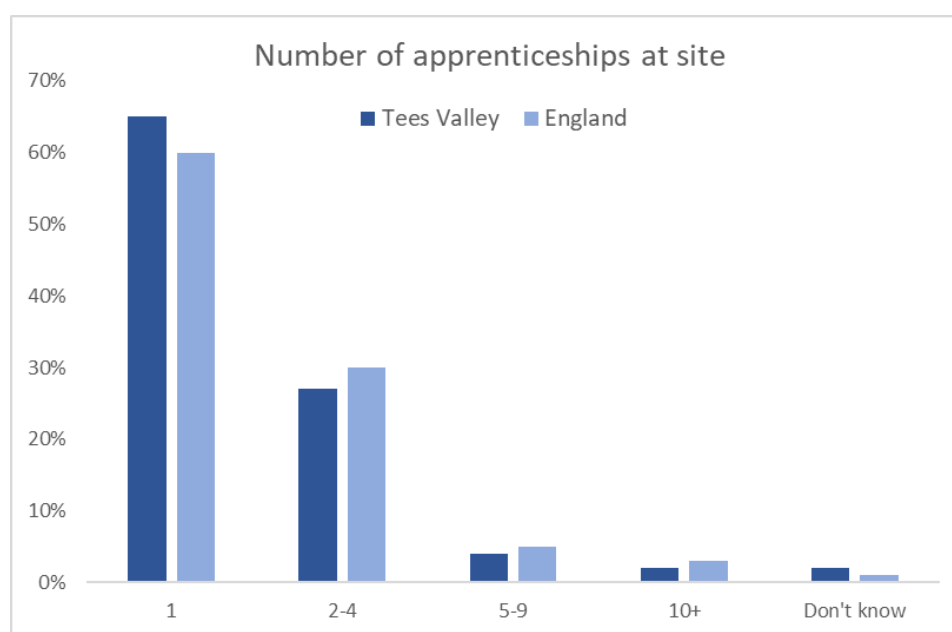
**Figure 24: Digital skills that will need developing in existing workforce over next 12 months**

34% of employers who anticipate a need for new digital skills in next 12 months, anticipate needing 'Skills using new or updated company software or systems', compared to 39% nationally. 18% anticipate requiring foundation digital skills, such as turning on devices, typing, changing passwords and connecting to the internet. compared to 9% nationally.

41% of Tees Valley employers expect that new legislative or regulatory requirements will result in existing employees requiring new skills (42% nationally), whilst 15% expect the UK's decision to leave the EU to result in employees requiring new skills (18% nationally).

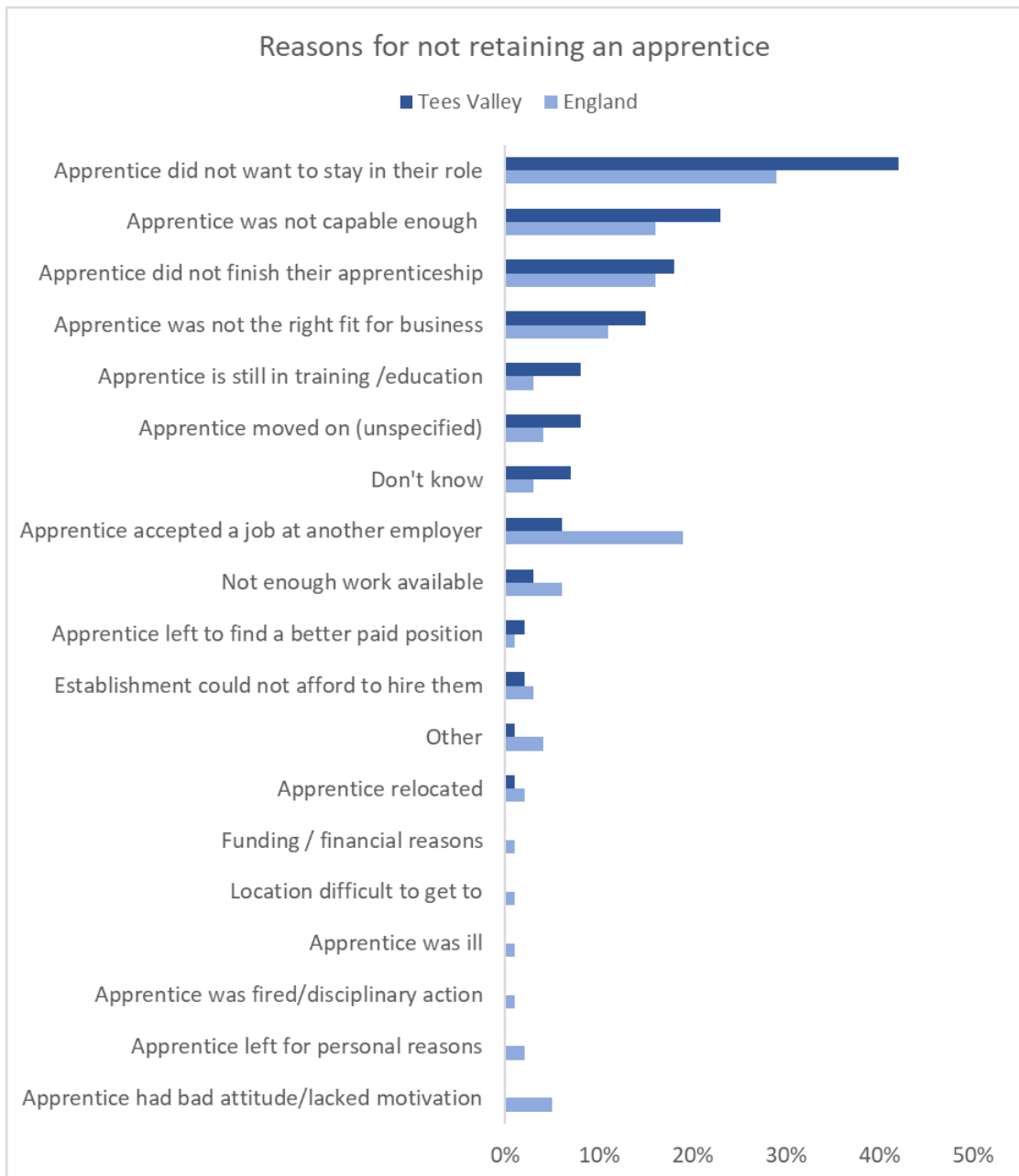
## 6. Apprenticeships

14% of Tees Valley establishments have a current apprentice, compared to 11% nationally, with figure 25 showing that the majority (65%) have only one apprentice. 25% of Tees Valley establishments either have a current apprenticeship or offer an apprenticeship, compared to 19% nationally.



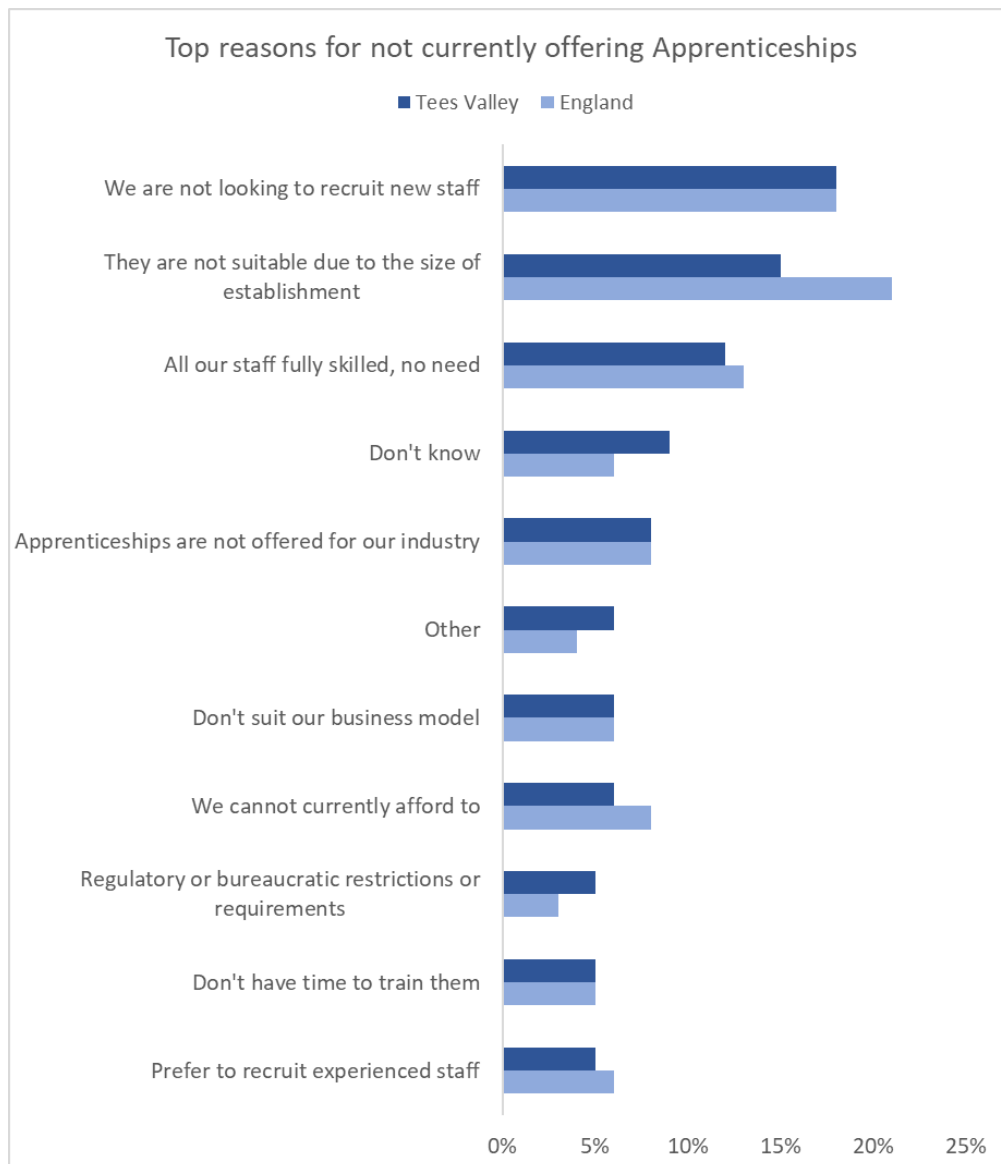
**Figure 25: Number of apprenticeships at site**

60% of Tees Valley establishments who have hired apprentices in the past three years have retained them as permanent members of staff, compared to 62% nationally. For those who didn't retain their apprentice figure 26 provides a breakdown of the reasons why, with 42% stating that the apprentice did not want to stay in the role (compared to 29% nationally). 23% of Tees Valley establishments stated that they didn't retain their apprentice as they were not capable enough, compared to 16% nationally.



**Figure 26: Reasons for not retaining apprentices**

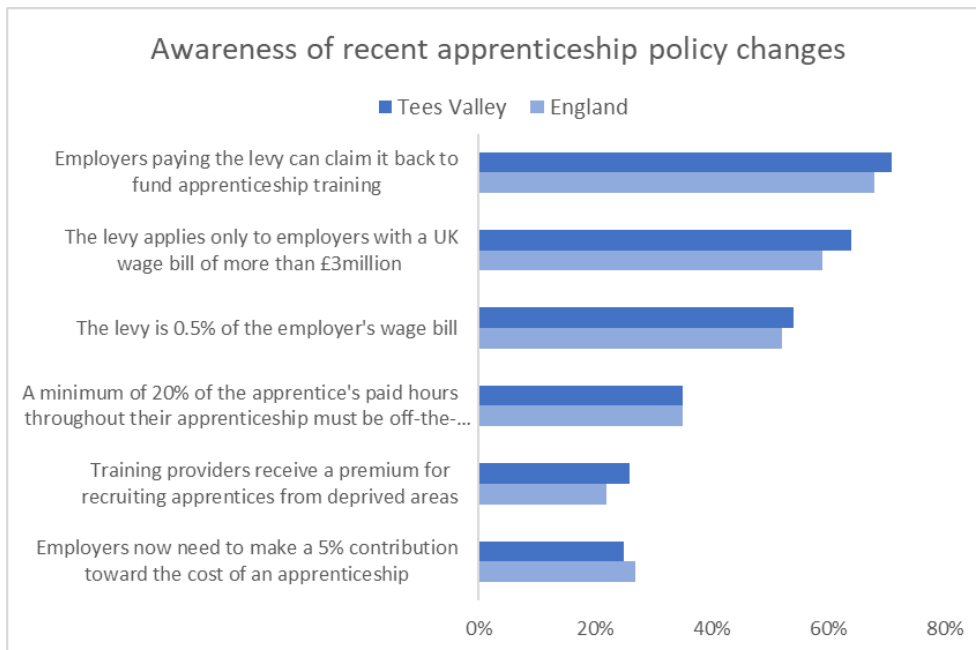
Of those establishments that do not offer a formal apprenticeship at their site, figure 27 provides a breakdown of the top reasons cited for not offering a formal apprenticeship.



**Figure 27: Top reasons for currently offering apprenticeship**

18% of employers are not looking to recruit new staff, which matched the national. 15% state that they are not suitable due to the size of the business (21% nationally), whilst 12% state their staff are fully skilled and therefore there is no need (13% nationally). 5% of establishments state that regulatory or bureaucratic restrictions or requirements have stopped them for offering an apprenticeship (3% nationally).

59% of Tees Valley establishments are aware and have good knowledge of apprenticeships / have or offer apprenticeships, compared to 54% nationally. 36% of Tees Valley establishments stated that they were aware of the introduction of an apprenticeship levy for employers, compared to 38% nationally. Figure 28 illustrates the findings of several key questions concerning the awareness of recent policy changes.



**Figure 28: Awareness of recent apprenticeship policy changes**

71% of Tees Valley employers who were aware of the apprenticeship levy were also aware they could claim it back to fund apprenticeship training, compared to 68% nationally. However only a quarter of Tees Valley employers were aware that they now need to make a 5% contribution toward the cost of an apprenticeship, compared to 27% nationally.

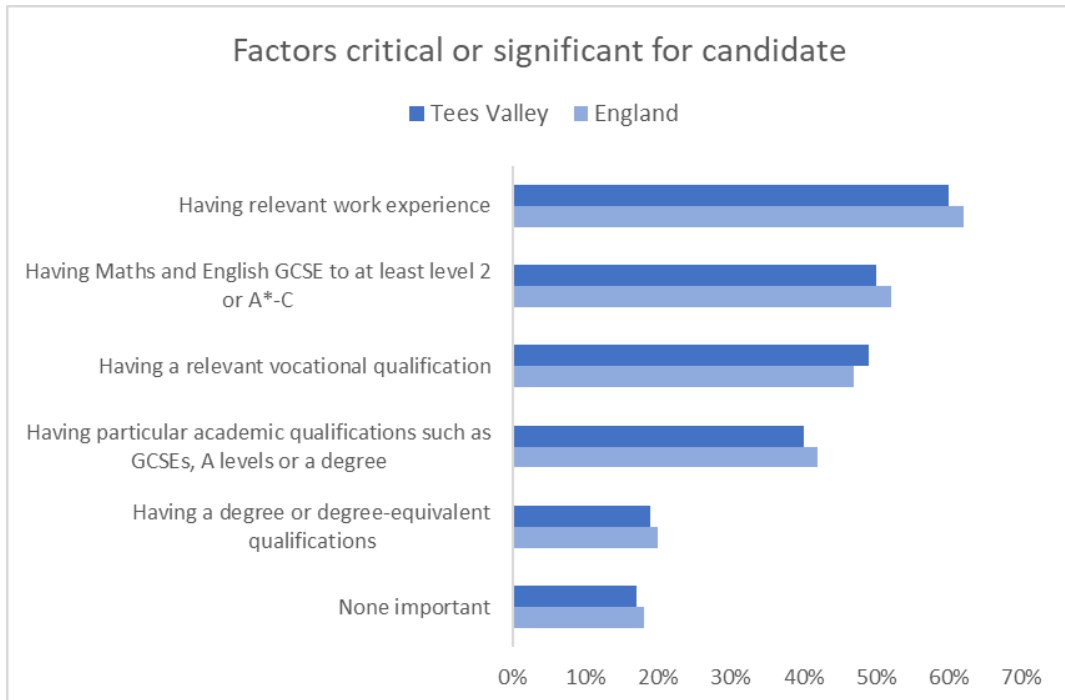
Only 5% of Tees Valley employers reported a change to the overall number of apprentices at their business as a result of the recent reforms to apprenticeships, compared to 12% nationally. 30% of Tees Valley employers stated that there has been a change to the proportion of apprenticeship starts since May being undertaken by existing employees as a result of recent reforms, compared to just 14% nationally, the highest of any LEP area.

31% of all Tees Valley establishments plan to offer an apprenticeship in the future, which matches the national.

45% of Tees Valley establishments are aware of Traineeships, compared to 53% nationally, with only 3% of Tees Valley establishments having had anyone undertaken a traineeship in the last 12 months, which matches the national.

## 7. Entry to work

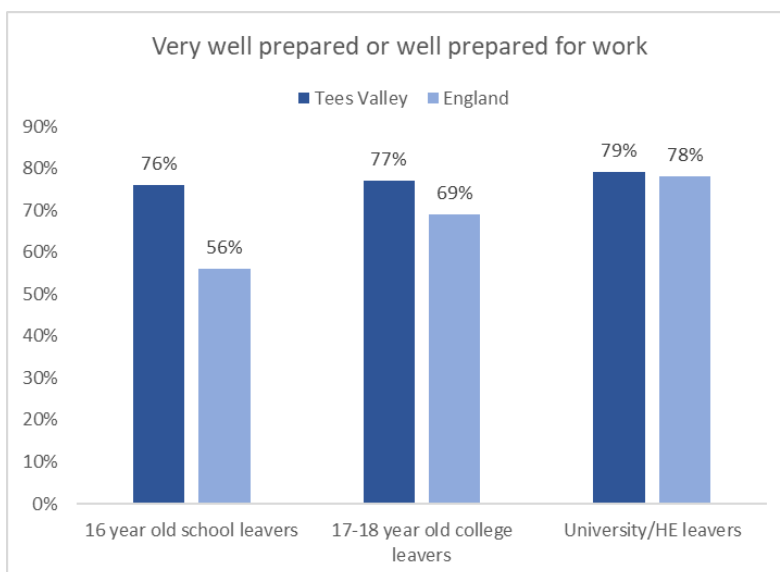
As part of the survey establishments were asked how important they found certain factors in candidates. Figure 29 shows which factors employers found either critical or significant in a potential candidate.



**Figure 29: Factors critical or significant for candidate**

60% of Tees Valley employers cited ‘having relevant work experience’ as critical or significant, compared to 62% nationally. Having a vocational qualification was deemed slightly more important in Tees Valley than nationally, with 49% of employers stating this as critical or significant compared to 47% nationally.

76% of Tees Valley establishments found 16-year-old school leavers very well prepared or well prepared for work, compared to 56% nationally, the highest of any LEP area.

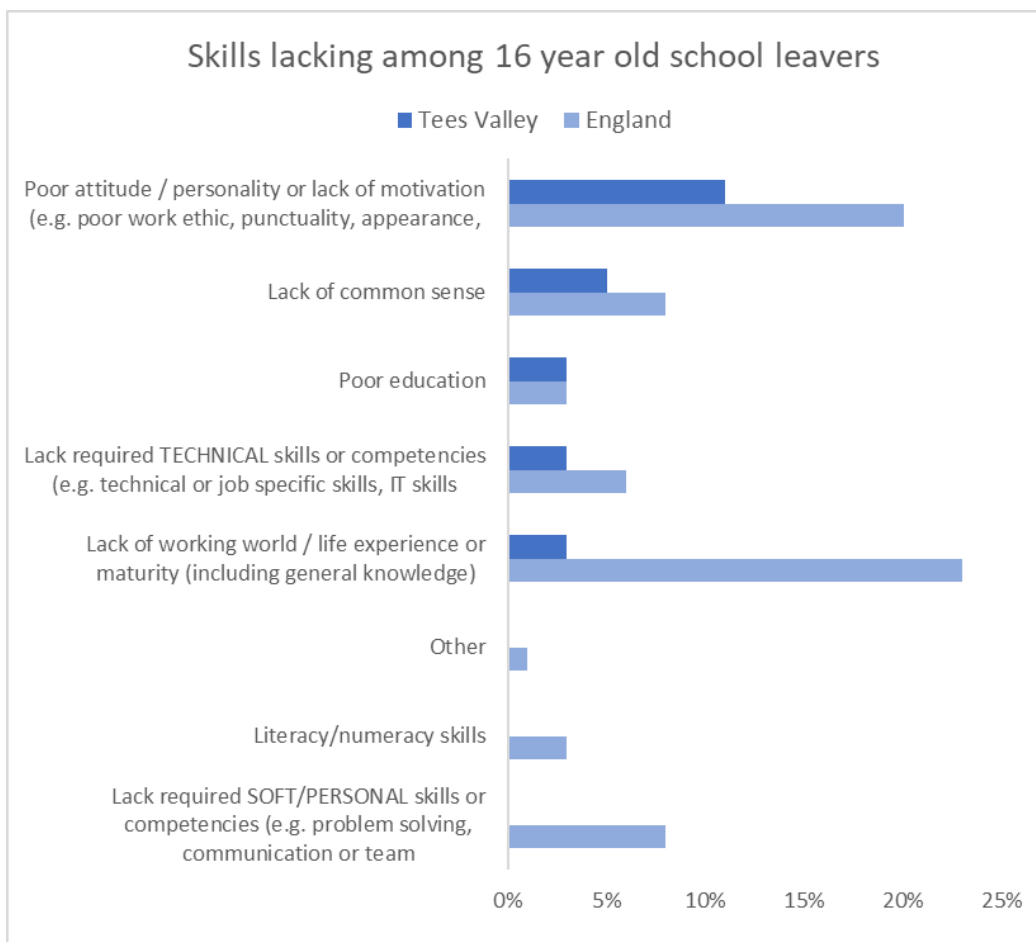


**Figure 30: Employers found very well or well prepared for work**



77% of Tees Valley establishments found 17-18-year-old college leavers very well prepared or well prepared for work, compared to 69% nationally. 79% of Tees Valley establishments found university or higher education leavers very well prepared or well prepared for work, compared to 78% nationally.

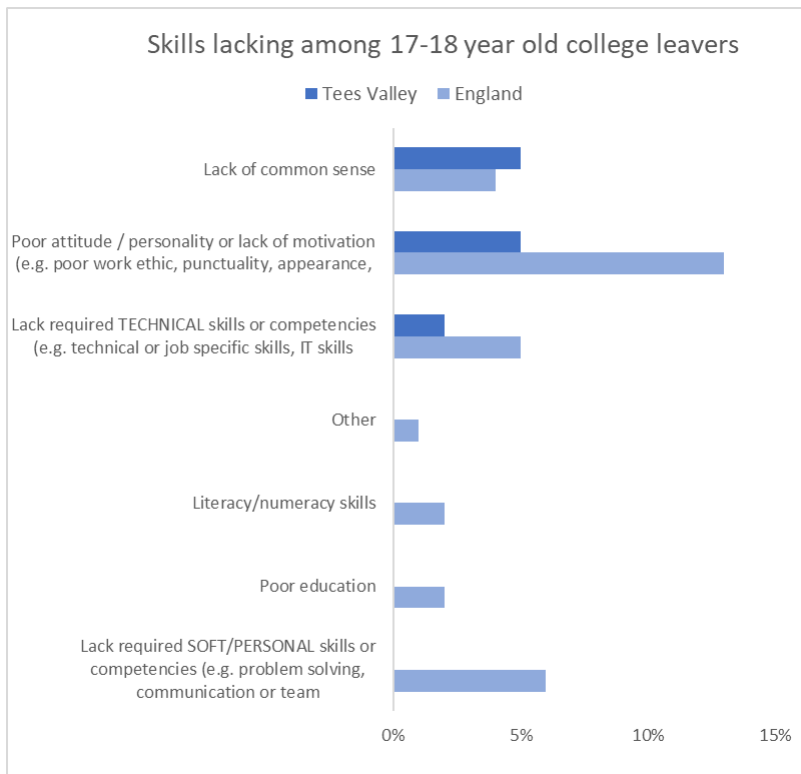
Of those who found skills lacking in 16 year old school leavers, figure 31 provides a breakdown of the skills found lacking.



**Figure 31: Skills lacking among 16 year old school leavers**

Across all areas Tees Valley school leavers were deemed to have fewer skills lacking than national. 11% of employers reported 'Poor attitude / personality or lack of motivation (e.g. poor work ethic, punctuality, appearance)' compared to 20% nationally.

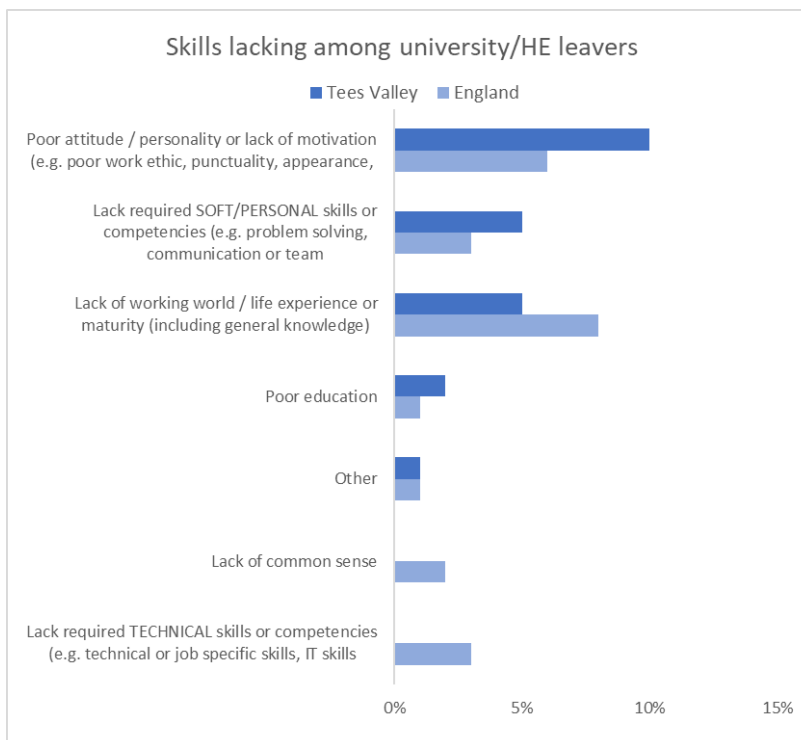
Of those who found skills lacking in 17-18-year-old college leavers, figure 32 provides a breakdown of the skills found lacking.



**Figure 32: Skills lacking among 17-18 year old college leavers**

Tees Valley school leavers were deemed to have fewer skills lacking than national in most areas. 5% of employers reported a lack of common sense, compared to 4% nationally. 5% were also stated to have a poor attitude or lack of motivation, compared to 13% nationally.

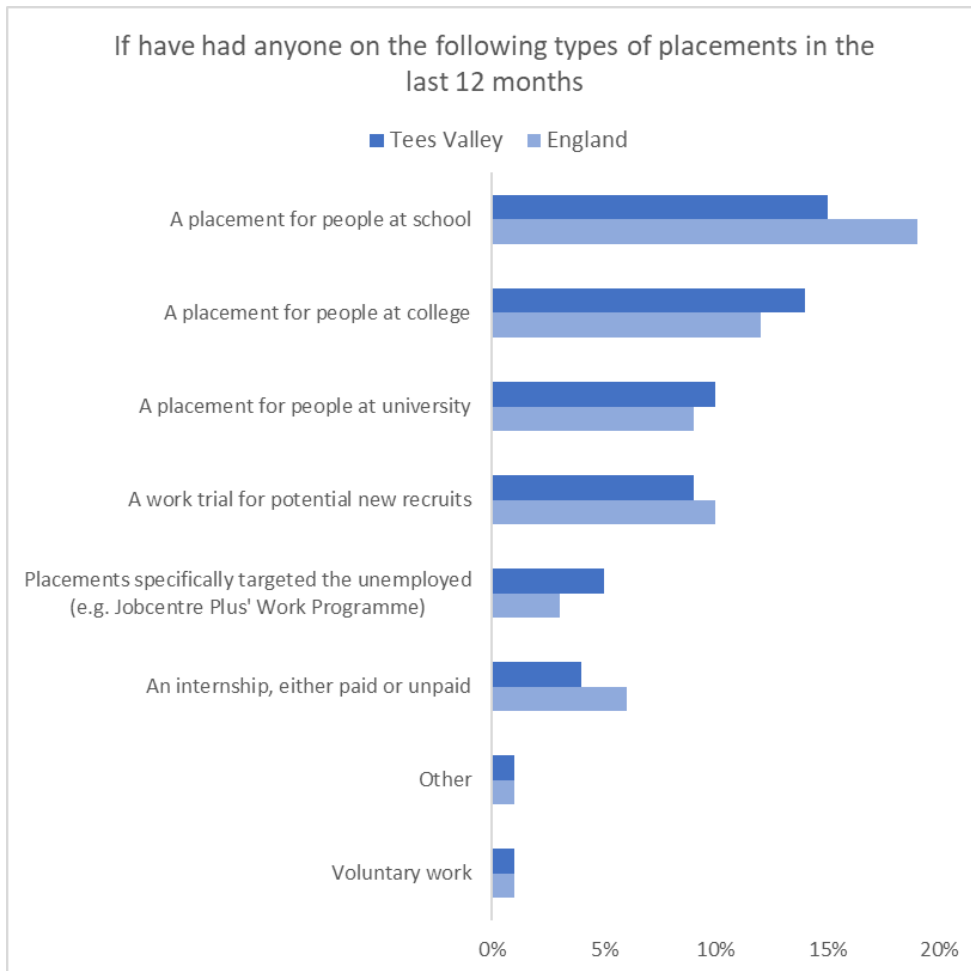
Of those who found skills lacking in university or HE leavers, figure 33 provides a breakdown of the skills found lacking.



**Figure 33: Skills lacking among University/HE leavers**

10% of employers reported that university/HE leavers were deemed to have a poor attitude or lack of motivation, compared to 6% nationally. 5% reported a lack of personal skills such as problem solving, compared to 3% nationally. 5% reported a lack of working/life experience, compared to 8% nationally.

33% of Tees Valley employers have had someone on placement in the last 12 months, compared to 35% nationally. Figure 34 provides a breakdown of the types of placements.



**Figure 34: Types of placement over last 12 months**

15% of Tees Valley employers have had a placement for people at school in the last 12 months, compared to 19% nationally. 14% have had a placement for people at college, compared to 12% nationally and 10% have had a placement for people at university, compared to 9% nationally. 5% have had placements specifically targeted at the unemployed (e.g. Jobcentre Plus' Work Programme), compared to 3% nationally.

## 8. Conclusion

Whilst the number of business reporting overall vacancies has risen since the last survey, the number of establishments reporting skills shortage vacancies as well as existing workforce skills gaps has dropped.

The number of Tees Valley establishments reporting a hard to fill vacancy has remained the same since the last survey, however the percentage of all vacancies that are hard to fill has risen since the last survey. This suggests that a smaller cohort of business are finding a larger number of vacancies harder to fill. Skills shortage vacancies have also dropped since the last survey which indicates that establishments are finding vacancies harder to fill for reasons other than skills shortages.

Hard to fill and skills shortage vacancies are more prevalent in Transport and Storage establishments whilst skills shortage vacancies have dropped significantly for Education, Construction and Manufacturing businesses. National and local research on the impact of Covid-19 has indicated that certain sectors are likely to experience a rise in demand as a result of Covid-19. This includes increased demand for ecommerce and consequently demand for transportation and storage facilities. Projections to 2024 made before Covid-19 anticipated that large goods vehicle drivers, van drivers and business sales executives would be the most demanded occupations within Transport and Storage and that the current Tees Valley skills supply was not sufficient to meet this anticipated demand<sup>5</sup>. Local evidence shows high furlough rates for transport and storage business, with businesses also reporting that social distancing was a barrier to business activity which is negatively affecting the sector.

Tees Valley establishments are most likely to report skills shortage vacancies in skilled trade occupations with technical and practical skills cited as most difficult to obtain, followed by people and personal skills. Research into the impact of Covid-19 has also indicated that those in skilled trade occupations face increased risks driven by the furloughing of construction and manufacturing jobs.

Tees Valley establishments are slightly more likely than national to report existing staff not fully proficient, with this dropping slightly since 2015. As with skills shortage vacancies technical and practical skills were listed by employers are most likely to need improving within their existing workforce, followed by people and personal skills and self-management skills. Most establishments are taking steps to improve the proficiency of existing staff, but the number of establishments providing workforce development has dropped since the last survey. Establishments in the Education and Health and Social Care industry sectors are most likely to train their existing staff, with Managers, Director and Senior Directors most likely to undertake training, followed by Administrative and Secretarial occupations.

As a result of lockdown measures, the pandemic has increased demand for digital services which keep people connected and allow them to access essential services including home working. 78% of people believe that the pandemic has increased the need for digital skills, with 52% of the workforce lacking essential digital skills for work according to Lloyds Bank's Digital Index. Just under half of Tees Valley employers anticipate that operational skills, complex analytical skills and digital skills will need developing in their workforce over the next 12 months.

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<sup>5</sup> EMSI Tees Valley Skills Supply analysis

Tees Valley establishments are more likely to offer an apprenticeship than national but slightly less likely to retain their apprentice as a permanent member of staff. Most establishments both locally and nationally are unaware of the introduction of an apprenticeship levy for employers. Of those that were aware a third stated that there has been a change to the proportion of apprenticeship starts being undertaken by existing employees as a result of recent reforms, compared to just 14% nationally, the highest of any LEP area. Less than half of Tees Valley business are aware of traineeships, compared to just over half nationally, with only 3% of establishments having had anyone undertaken a traineeship in the last 12 months, both locally and nationally.

Most Tees Valley establishments list relevant work experience as critical or significant when looking for applicants, whilst having a vocational qualification was deemed slightly more important in Tees Valley than nationally.

As expected, the preparedness for work of applicants rose with the age and experience of the applicant. Over three quarters of Tees Valley establishments found 16-year-old school leavers very well prepared or well prepared for work, the highest of any LEP area, and across all areas Tees Valley school leavers were deemed to have fewer skills lacking than national. Tees Valley business were also more likely than national to find college and university leavers very well prepared or well prepared for work.

## **9. Suggested next steps**

- The issues raised in this report will be discussed and addressed through the existing Tees Valley Skills Routeways and Business Engagement workstreams. These workstreams will in turn feed into the Tees Valley Education, Employment and Skills Partnership Board, which has taken on the role and function of the Tees Valley Skills Advisory Panel.
- These workstreams will be tasked with setting up any actions in relation to the issues raised in this report and reporting progress against these actions.
- The findings of this report will also be fed into the 2020 update of the Tees Valley Economic Assessment.