

1 Skills in the UK

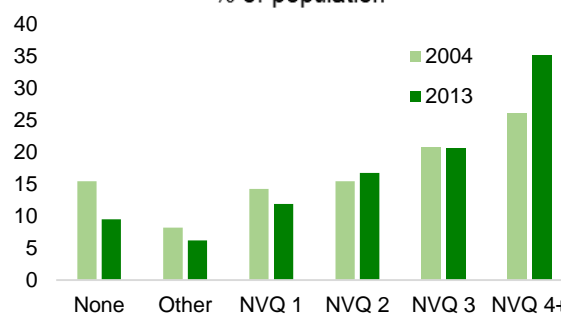
Since 2010, various reviews have taken place to identify how to improve skills in the UK, including, the Wolf Review of Vocational Education, the Richard Review of Apprenticeships and the Perkins Review of Engineering skills. But what is the current situation of skills in the UK, how does the UK compare internationally and what skills are needed in the future?

1.1 How qualified is the UK working age population?

Qualification levels of 16-64 year olds increased between 2004 and 2013, whilst the proportion of people without qualifications declined.

Almost half of 16 to 64 year olds in London (49%) had a qualification equivalent to a degree or above in 2013, the highest proportion of any region in the UK. Scotland and the South East followed with 39% and 38% of people qualified to degree level and above respectively. Northern Ireland had the highest proportion of people aged 16 to 64 with no qualifications (17%), followed by the West Midlands (14%) and the North West (11%).

Highest qualifications of people aged 16-64: UK
% of population



Source: Annual Population Survey

A higher proportion of women than men of working age have degree level qualifications or above. However, it is also the case that a higher proportion of women than men have no qualifications.

1.2 How does the skill level of the UK workforce compare internationally?

The UK was ranked 11th for high skills in 2011 out of 33 countries in the OECD, compared to 12th out of 30 in 2006.¹

Literacy skills in England and Northern Ireland amongst 16 to 65 year olds are average for an OECD country, whilst numeracy skills are lower than the OECD average. England and Northern Ireland rank lower for 16 to 24 year olds in both literacy and numeracy than for 16 to 65 year olds. In both literacy and numeracy, England and Northern Ireland's 16 to 24 year olds only rank above USA, Italy and Cyprus.

The UK had one of the highest proportions of enterprises providing training to their workers in the EU,² despite this falling from 90% in 2005 to 80% in 2010. In 2010, the UK was behind Sweden and Austria (both 87%) in the proportion of enterprises providing training.

OECD rank by mean proficiency (adjusted)

Literacy		Numeracy	
1	Japan	1	Japan
2	Finland	2	Finland
3	Netherlands	3	Sweden
4	Sweden	4	Denmark
5	Australia	5	Netherlands
6	Estonia	6=	Slovakia
7	Norway	6=	Czech Republic
8=	Slovakia	8	Norway
8=	Czech Republic	9=	Estonia
10=	Korea	9=	Austria
10=	Canada	11	Germany
12=	Denmark	12=	Australia
12=	England/N. Ireland	12=	Canada
14=	Germany	14	Korea
14=	Poland	15	Poland
16=	Austria	16	England/N. Ireland
16=	Ireland	17	Ireland
18	USA	18	France
19	France	19	Italy
20	Spain	19	USA
21	Italy	21	Spain
22	Cyprus	22	Cyprus

Source: OECD, Survey of Adult Skills

¹ UKCES, [The Labour Market Story: The State of UK Skills](#), July 2014

² Eurostat

1.3 What skills are lacking?

Skills gaps and shortages are examples of unfulfilled demand for skills. Skills gaps occur when existing employees lack the full skillset required to be proficient in their job. Skills shortages are job vacancies unfilled because candidates do not possess the correct skills.

The UK Commission for Employment and Skills (UKCES) found the main reason why skills gaps exist is employees are new to a role or have not completed training. 30% of employers with skill gaps gave staff lacking motivation as a reason for skill gaps existing.

22% of vacancies in 2013 were skills shortage vacancies, compared to 16% in 2011. 63% of establishments with skills shortage vacancies reported that technical, practical or job specific skills were lacking. Other common skills reported lacking among applicants were planning and organisation (41%), oral communication (41%) and customer handling (40%).

1.4 What skills are going unused?

Although the UK workforce may lack skills in some areas in others skills are not being used. This can be caused by the underuse of employees existing skills by employers, too many people training in certain areas or people having skills which are no longer in demand.

Over half of establishments based in hotels and restaurants, education, health and social work and public administration reported underusing the skills and qualifications of their staff members. The Centre for Economic and Social Inclusion showed an oversupply of training in creative industries, hair and beauty and hospitality in a 2012 report.

1.5 What does the future hold?

An increase in employment is project by 2022³ amongst high level occupations, such as managers and professionals and some low skilled occupations in care, hospitality and leisure. Employment is expected to decline for lower skilled occupations and skilled trades. Skills demand is expected to increase in construction, whilst falling in manufacturing.

Even when employment is expected to fall, there will still be replacement demand – the need to replace those who retire or leave the occupation. For example, despite projections of 500,000 fewer people employed in administrative and secretarial occupations, 1.6 million people are expected to leave by 2022, meaning 1.1 million replacements are needed.

Skills focus is often on the future need of science, technology, engineering and mathematics (STEM) skills. Skill shortages are not forecast in the UK for higher level STEM skills. Although specific sectors may experience shortages in the event of high demand, such as medicine, or specific regions, such as Scotland and the South East.⁴

1.6 What are employers doing?

The proportion of employers offering training, both on and off the job, increased between 2011 and 2013. Over the same period there was also an increase in the proportion of staff who received training over the last 12 months. This was despite a falling number of training days per person trained and a fall in the total amount employers spent on training. UKCES suggest this is the result of employers deliberately trying 'to do more with less'.

James Mirza-Davies, Economic Policy and Statistics

³ UKCES, [Working Futures 2012-2022](#), March 2014

⁴ UKCES, [The Supply and Demand for High-Level STEM Skills](#), November 2013