

People power sector report

Human health and social work





223k
 new jobs are
 expected in the sector
 between 2016-2024



Introduction

As Britain prepares itself to broker a new relationship with the EU, the skills gaps and shortages we have grappled with for years look set to increase significantly. This uncertainty is particularly difficult for certain industries who are most heavily reliant on a steady flow of international labour and haven't yet built up the right infrastructure to home-grow the talent they need.

Human health and social work activities is the second largest sector in the country and is set to be the fastest growing from 2016-2024 with an expected increase of more than 223,000 jobs.

According to the recent third NHS workforce trends report, around half the growth in the NHS is among professionally qualified clinical staff, but there is slow growth among the number of midwives, nurses and health visitors, and the number of GPs is falling. These job roles will need to be filled by skilled staff in a sector that relies heavily on the recruitment of people from outside the UK and that is already experiencing issues with the retention of existing staff, particularly in adult social care. And all this in a climate of "substantial rises in activity pressures"¹ and uncertainty surrounding migration policy post-Brexit.

To better understand the skills gaps and shortages currently facing businesses in the human health and social work sector, we spoke to employers about their growth plans, skills and development issues, and factors affecting their ability to succeed.

Employers report that in an environment where jobs are incorrectly perceived as being low skilled, low paid and with little opportunity for professional progression, there is an urgent need for better collaboration between businesses, the education sector and Government to address skills gaps by encouraging more people into health and social work, and helping them stay in the sector.

Employers also recognise that they will need an increasing amount of expert, specialist staff to support growth, and more managers and leaders to keep things running. The Department of Health and Social Care recently embarked on a national recruitment campaign, which could go some way to addressing anticipated vacancies in parts of the sector, but more needs to be done.

1. https://www.health.org.uk/sites/default/files/upload/publications/2019/A%20Critical%20Moment_1.pdf



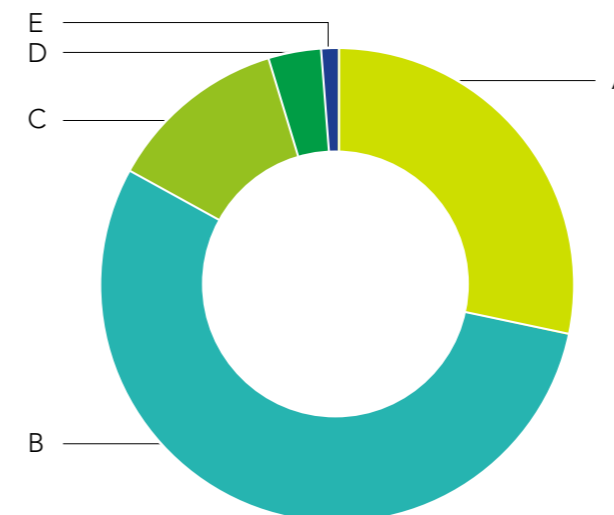
Quantitative findings

1. Will your business grow in the next 12 months?
2. What internal factors might impact upon the productivity of your business over the next three to five years?
3. What external factors might impact upon the ability of your business to grow over the next three to five years?
4. What type of roles are you planning to recruit for in the next three to five years?
5. Do you currently struggle to recruit the skilled staff you need?
6. If yes, which job levels do you struggle to recruit most?
7. If yes, why do you have problems recruiting skilled staff?
8. In the next three to five years do you believe skills gaps in your business are likely to change?
9. What kind of impact do skills gaps have on your business?
10. How effective are the measures you have in place to address skills gaps in your business?
11. If you anticipate having to increase salaries to get the skilled staff you need in the next one to three years, how much do you think you will have to increase salaries by?
12. How do you encourage entrants to the workplace in your business?
13. What kind of training do you offer your staff?
14. What value do your training programmes bring to the business?
15. Currently what percentage of your staff come from the European Union?
16. What measures have you put in place, if any, to mitigate the negative impact of Brexit on your business's ability to recruit skilled people (tick all that apply)?
17. How do you believe that the skills gaps should be tackled in the UK?
18. Which piece of Government policy do you think will be most effective at tackling skills gaps?



1. Will your business grow in the next 12 months?

The employer outlook for growth in 2018/2019 is primarily positive: 83% expect to see either significant or moderate growth in their businesses.

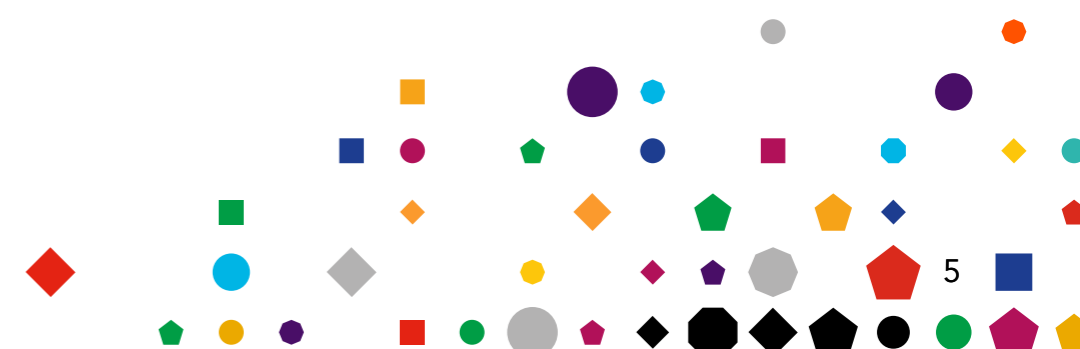


A. We will grow significantly	28%
B. We will grow moderately	55%
C. We will remain the same	11%
D. We will shrink moderately	5%
E. We will shrink significantly	1%
F. Other, please specify	-



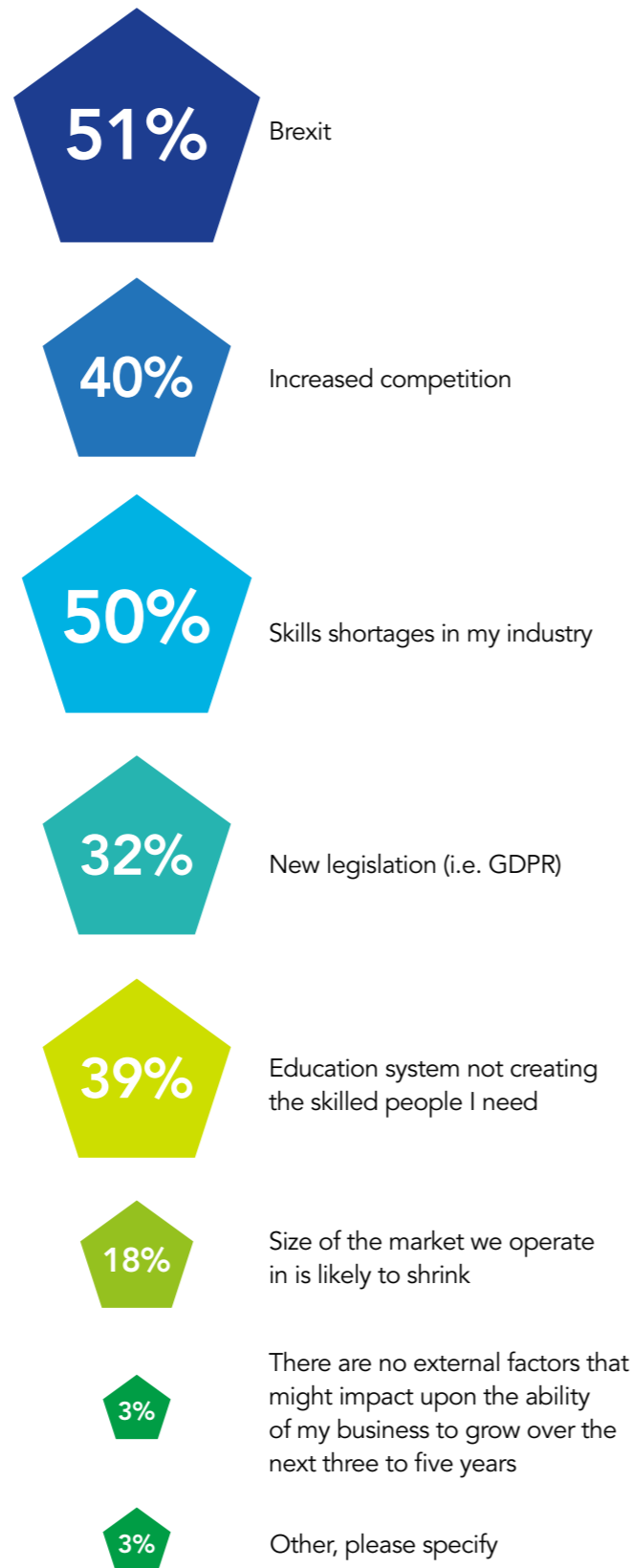
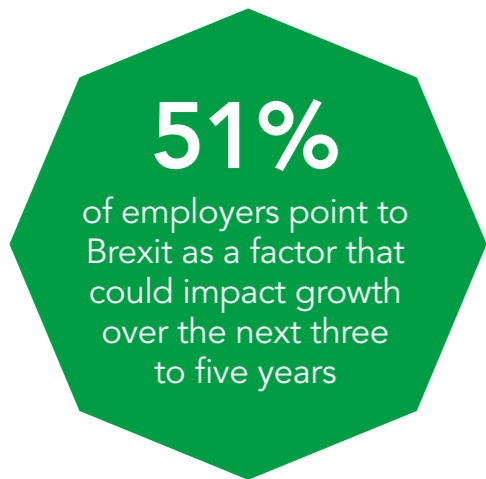
2. What internal factors might impact upon the productivity of your business over the next three to five years?

While the short term outlook is positive, employers are worried about the skills gap in the medium term. Around two thirds (61%) think that they will struggle to recruit the skilled people that they need in the next three to five years, while 44% are also concerned that their existing staff do not have the right skills to support productivity. A third of employers also report that their business lacks effective management and leadership.



3. What external factors might impact on the ability of your business to grow over the next three to five years?

Unsurprisingly for a sector that employs a large number of staff from the EU, Brexit emerges as a significant factor that may impact growth in this sector in the next five years, with around half of employers identifying it as a concern. In perhaps a related note, the same proportion of employers identified skills shortages as a factor in limiting growth in the medium term, and 40% said that they were worried about increased competition and complained that the British education system was not creating the skilled people that the industry requires.



4. What type of roles are you planning to recruit for in the next three to five years?

Employers in this sector are looking for experts: 46% are planning to recruit non-managerial specialists such as engineers, marketers and digital analysts, 43% anticipate a need for managers and 41% will be looking for experienced core staff such as secretaries. Encouragingly, 41% also say that they plan to recruit the next generation of staff through apprenticeships.



41%
Apprentices (on a training scheme)

46%
Specialists (non-managerial) ie: digital analysts, engineers, marketing, IT

41%
Experienced core staff ie: secretaries, security,

43%
Managers

37%
Graduates (on a graduate training scheme)

37%
Team leaders

30%
Entry level roles ie: school/college leavers

32%
Traineeship (on a training scheme)

36%
Senior leaders

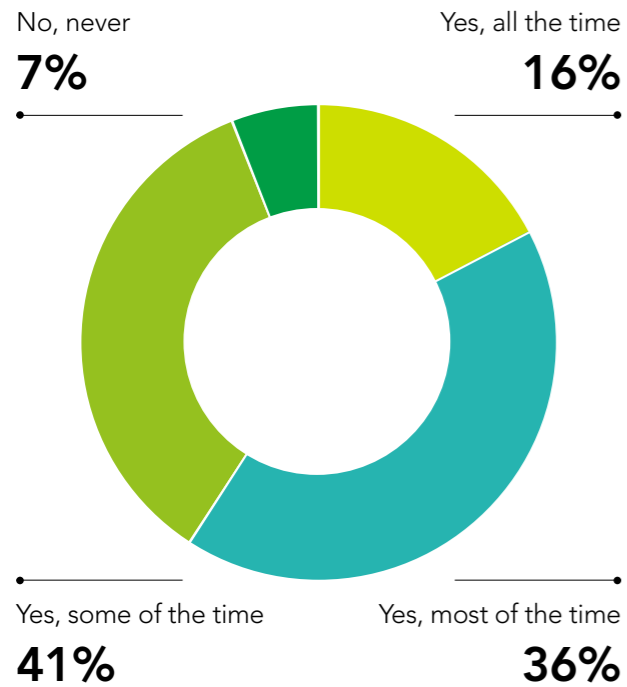
1%
There are no roles I am planning to recruit for in the next three to five years

2%
Other, please specify



5. Do you currently struggle to recruit the skilled staff you need?

A huge 93% of employers admitted that they are currently struggling to recruit staff with the right skillset.



6. If yes, which job levels do you struggle to recruit most?

Over a third (36%) of employers are currently struggling to recruit the same people they plan to find in the next three to five years, namely non-managerial specialists. However a sizeable proportion (33%) are looking for senior leadership and managers (28%).

Specialists (non-managerial) ie: digital analysts, engineers, marketing, IT	36%
Experienced core staff ie: secretaries, security,	25%
Managers	28%
Senior leaders	33%
Team leaders	19%
Apprentices (on a training scheme)	11%
Entry level roles ie: school/college leavers	9%
Graduates (on a graduate training scheme)	23%
Traineeship (on a training scheme)	10%
There is no job level I struggle to recruit for the most	1%
Other, please specify	—

7. If yes, why do you have problems recruiting skilled staff?

More than half of employers in this sector (55%) cite the high levels of competition for skilled staff as a major reason for recruitment difficulties and perhaps on a related note a third (32%) said that their business could not compete in terms of salary or benefits, while 47% said that the UK education system had a lot to answer for by failing to create the skills needed in the sector.

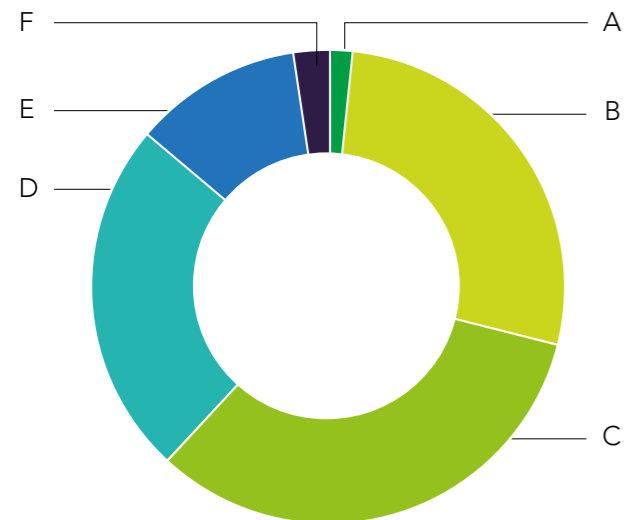
High level of competition for skilled people in the area	55%
UK education system doesn't create the skills we need	47%
We can't compete on salaries/benefits	32%
The location of our business	20%
We aren't able to offer progression opportunities within the business	15%
We don't have the budget to train staff appropriately	22%
Our industry is not desirable	16%
I don't know	1%
Other, please specify	1%

55%
of employers cite the high levels of competition for skilled staff as a major reason for recruitment difficulties



8. In the next three to five years do you believe skills gaps in your business are likely to change?

Employers are evenly divided on the outlook for the sector. 34% believe things will get worse, and 34% think skills gaps will get better!



- A. Get much worse 1%
- B. Get somewhat worse 33%
- C. Stay the same 31%
- D. Get somewhat better 26%
- E. Get much better 8%
- F. There are no skills gaps in my business 1%

9. What kind of impact do skills gaps have on your business?

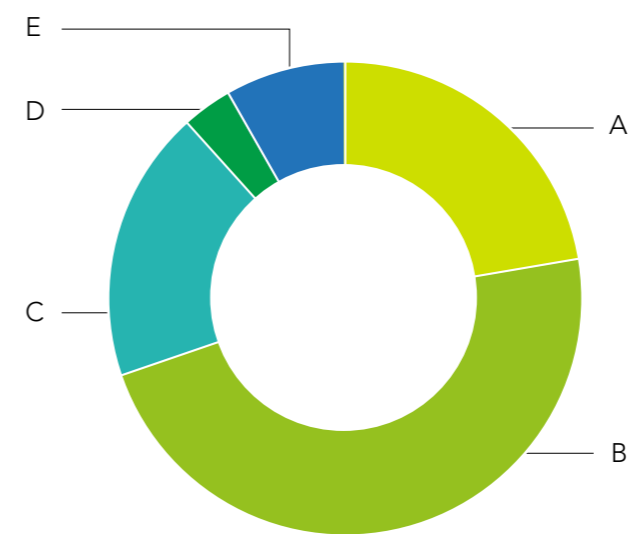
Skills gaps have a direct impact on a business's ability to meet customer demand, according to 53% of employers. They also experience higher operating costs (according to 44%), in part, for example, due to increasing salaries to attract and retain staff. The issue of competition in the market rears its head, with a third of employers saying that skills gaps cause them to lose business to competitors, while 36% are forced to outsource work to another company.



10. How effective are the measures you have in place to address skills gaps in your business?

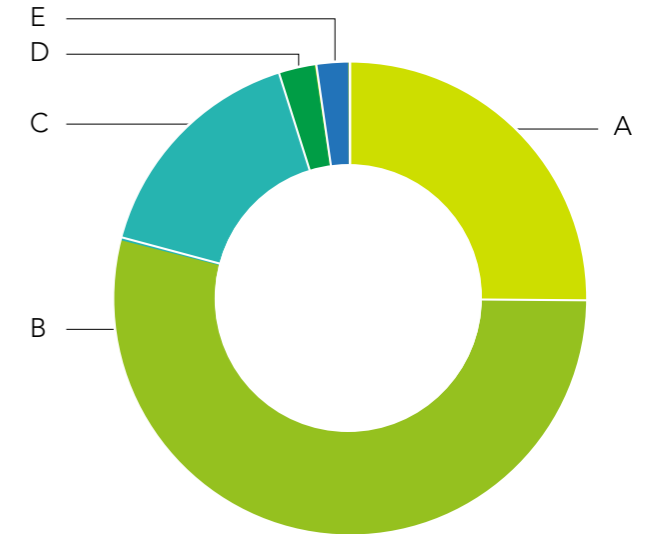
The most effective measures, according to employers in this sector, are the investment in leadership and management training, with 78% reporting this measure is very or somewhat effective in addressing skills gaps. 70% of employers who run a structured talent management programme also say that this type of initiative is an effective way of improving the skills of staff. Interestingly, spending money on recruitment or offering higher salaries (perhaps to attract skilled staff) is reported as less effective – just 59% of employers favour these measures.

We have a structured talent management programme



- A. Very effective 22%
- B. Somewhat effective 48%
- C. Not very effective 19%
- D. Not effective at all 3%
- E. We don't have this measure in place 8%

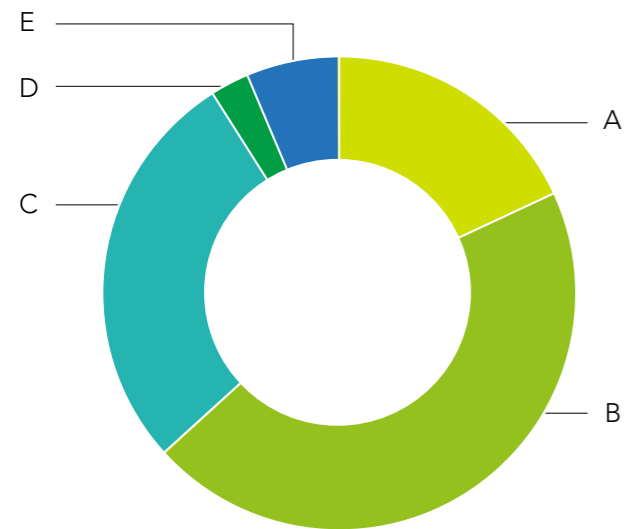
We invest in leadership and management training



- A. Very effective 25%
- B. Somewhat effective 53%
- C. Not very effective 15%
- D. Not effective at all 3%
- E. We don't have this measure in place 4%

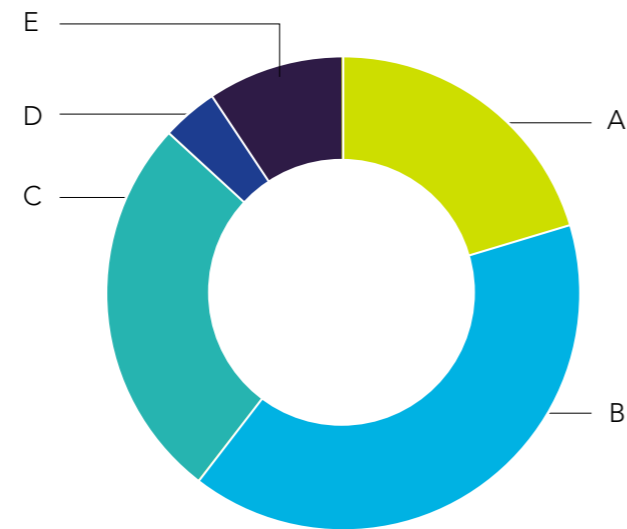


We are increasing recruitment spend



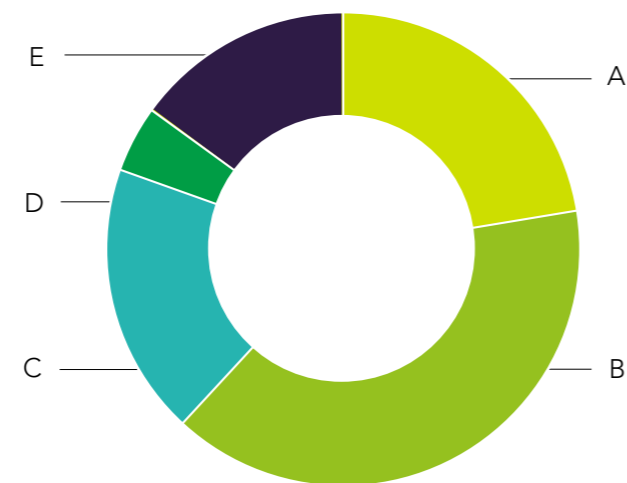
A. Very effective	17%
B. Somewhat effective	42%
C. Not very effective	29%
D. Not effective at all	4%
E. We don't have this measure in place	8%

We are offering higher salaries

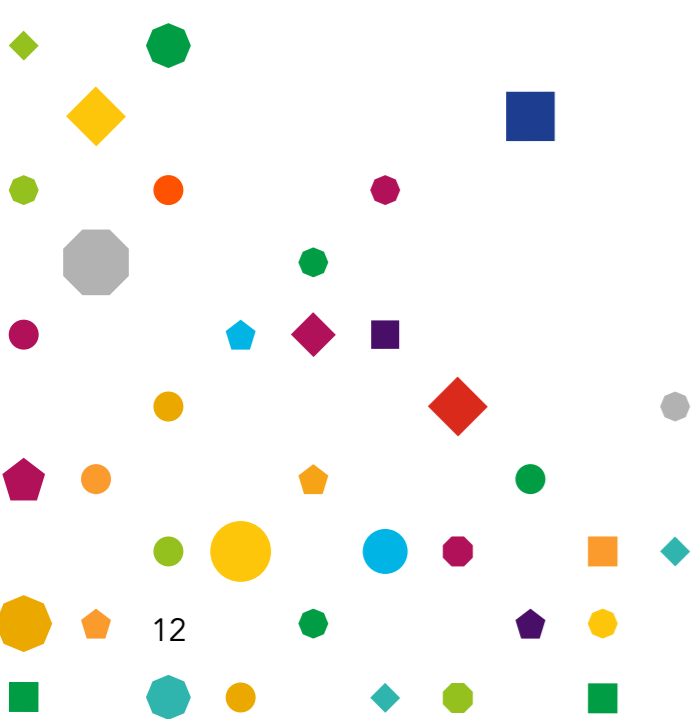


A. Very effective	21%
B. Somewhat effective	38%
C. Not very effective	27%
D. Not effective at all	4%
E. We don't have this measure in place	10%

We recruit staff from overseas



A. Very effective	23%
B. Somewhat effective	38%
C. Not very effective	18%
D. Not effective at all	5%
E. We don't have this measure in place	16%

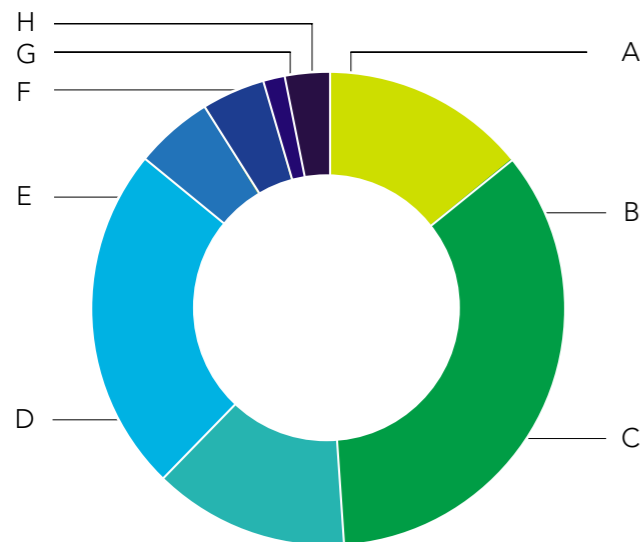


78%
12
 of employers agree investing in staff emerges as the most effective tactic to address the skills gap through leadership and management training



11. If you anticipate having to increase salaries to get the skilled staff you need in the next one to three years, how much do you think you will have to increase salaries by?

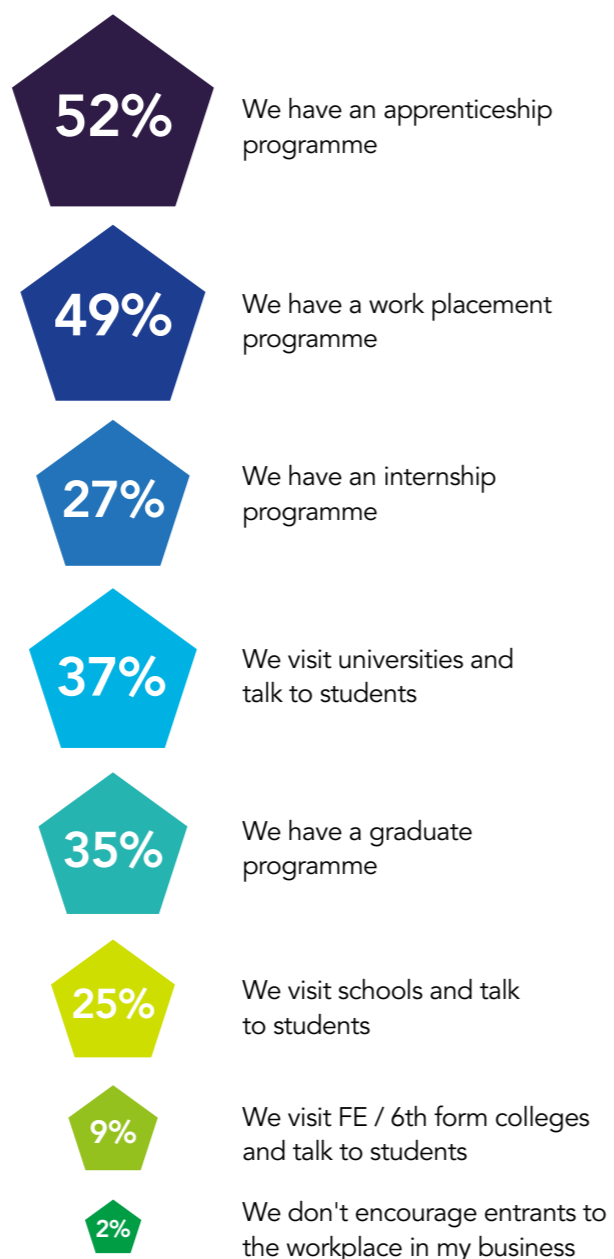
Around three quarters (72%) of employers anticipate increasing salaries by up to 20% in the next one to three years.



- A. 1% – 5% 11%
- B. 6% – 10% 35%
- C. 11% – 20% 26%
- D. 21% – 30% 12%
- E. 31% – 50% 6%
- F. 51% – 75% 6%
- G. 76% – 100% 1%
- H. I do not anticipate having to increase salaries to get the skilled staff I need in the next one to three years 3%

12. How do you encourage entrants to the workplace in your business?

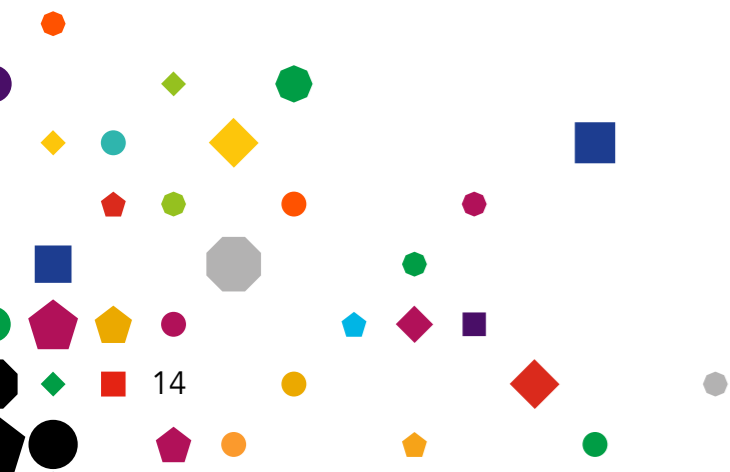
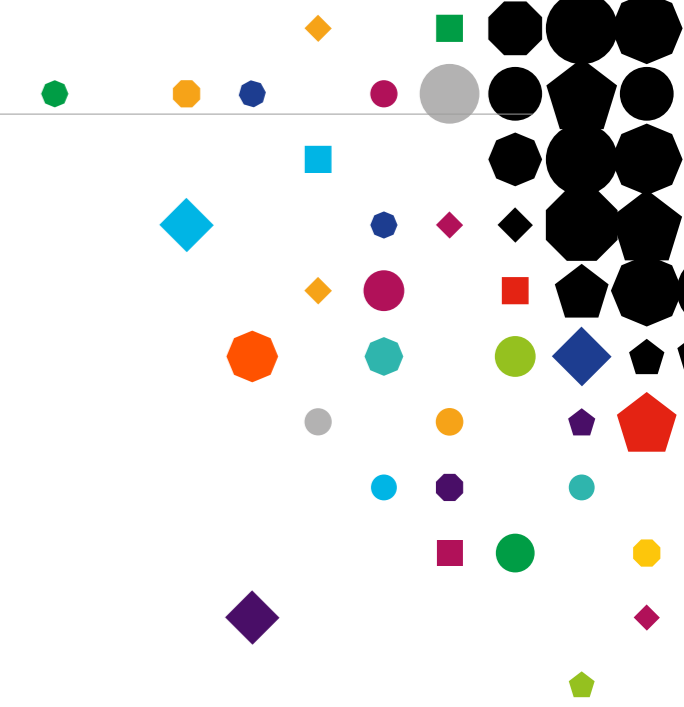
Once again, training and development emerges as a key factor in attracting staff in this sector. Around half of employers have an apprenticeship (52%) or work placement (49%) programme, while more than a third take a direct approach and visit universities to talk to students (37%) or offer a graduate training programme (35%).



13. What kind of training do you offer your staff?

Apprenticeships are the most popular type of on-the-job training for staff in this sector, offered by half of employers, closely followed by accredited, in-house training programmes, and traineeships, utilised by around 40% of employers. Interestingly, around 1 in 5 employers also offer academic learning opportunities such as supporting staff through a degree, masters or MBA.

Apprenticeships	49%
In-house training programmes accredited by an awarding organisation (i.e City & Guilds)	41%
Traineeships	39%
Leadership and management	34%
Unaccredited in-house training programmes i.e. anti-bribery,	28%
Degree	22%
Masters / MBA	18%
License to practice i.e. construction, dentist	11%
We don't offer any training for our staff	3%
Other, please specify	—



58%
of employers report better staff loyalty and retention with training programmes offering huge benefits



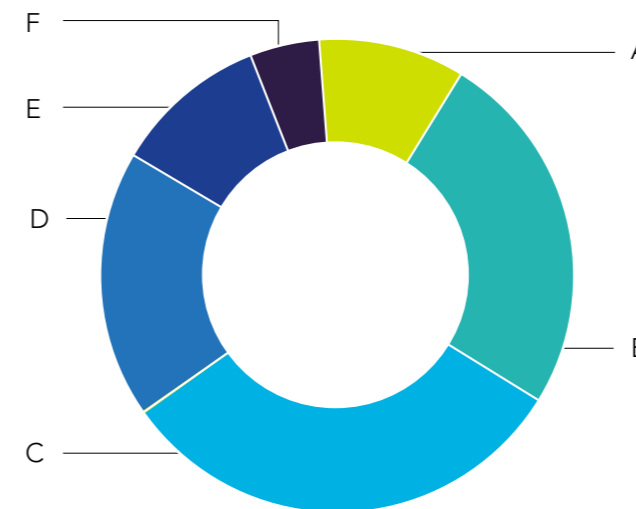
14. What value do your training programmes bring to the business?

Training programmes offer huge benefits to the existing workforce. 58% of employers report better staff loyalty and retention, while 56% say that staff engagement improves. It has a positive effect on business operations, too, with more than half of employers reporting higher productivity as a direct result of training programmes.

Staff loyalty and retention	57%
Improved productivity	42%
Higher productivity	55%
Staff engagement	56%
Better customer service	41%
Increased staff well-being	41%
Reduced staff turnover	34%
Attraction of new talent	33%
Our training programme(s) bring no value to the business	3%
Other, please specify	1%

15. Currently what percentage of your staff come from the European Union?

92% of employers in this sector employ staff from the European Union, with 17% employing more than half of their workforce from the EU.



A. None	8%
B. 1% - 10%	26%
C. 11% - 24%	35%
D. 25% - 49%	14%
E. 50% - 74%	12%
F. 75% - 100%	5%
G. I don't know	-

92%
of employers have staff from the European Union



16. What measures have you put in place, if any, to mitigate the negative impact of Brexit on your business's ability to recruit skilled people (tick all that apply)?

Employers in this sector appear to recognise that they may not have as much access to staff in the EU after Brexit. 37% are taking steps to make their business more attractive to UK workers (such as by improving pay, benefits or training opportunities), while 35% are considering employing additional staff from outside the EU. Almost a third (30%) are also increasing the number of apprenticeships offered within the business.



We are going to upskill our current workforce	31%
We are taking steps to make our business more attractive to UK workers (e.g. improving pay and benefits, improving training and progression opportunities)	37%
We are increasing our apprenticeship numbers	30%
We are considering employing more international staff (from outside of the EU)	35%
We are taking steps to make our business more attractive to international workers (e.g. improving pay and benefits, improving training and progression opportunities)	32%
We are engaging more with schools to increase local recruitment	23%
We have not put any measures in place to mitigate the negative impact of Brexit on my business' ability to recruit skilled people	12%
We will have to outsource work	24%
I will redeploy staff from other parts of the business	17%
Greater automation	20%
We are considering relocating our business	17%
Other, please specify	1%

17. How do you believe that the skills gaps should be tackled in the UK?

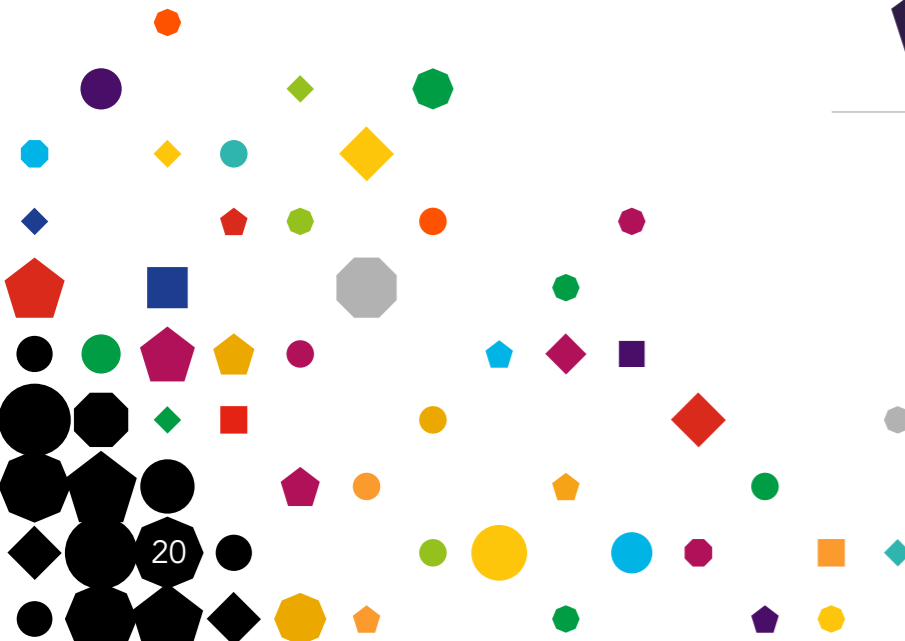
There is a need for better collaboration between businesses, the education sector and Government, according to almost two-thirds (61%) of employers in this sector, and 48% explicitly say that educational institutions need to be better aligned to the needs of business. 54% say that the answer lies in greater investment in staff training.



18. Which piece of Government policy do you think will be most effective at tackling skills gaps?

Most employers in this sector, 23%, favour a new careers strategy from the Government to tackle skills gaps. While 18% think the apprenticeship levy will be the most useful, around the same amount don't believe that any Government policy is effective at tackling skills gaps.

18%
of employers favour the apprenticeship levy will be most useful to tackle the skills gap



of employers look to favour the new careers strategy from the Government as the most effective policy to tackle the skills gap.

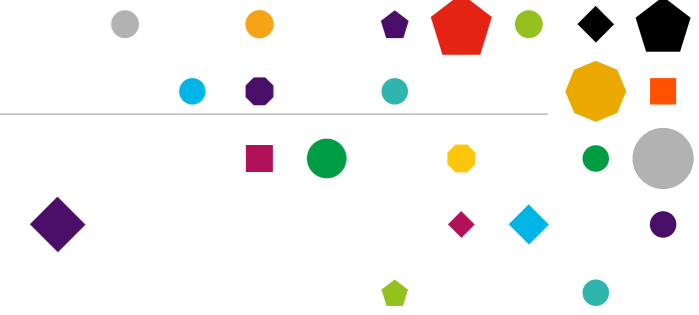
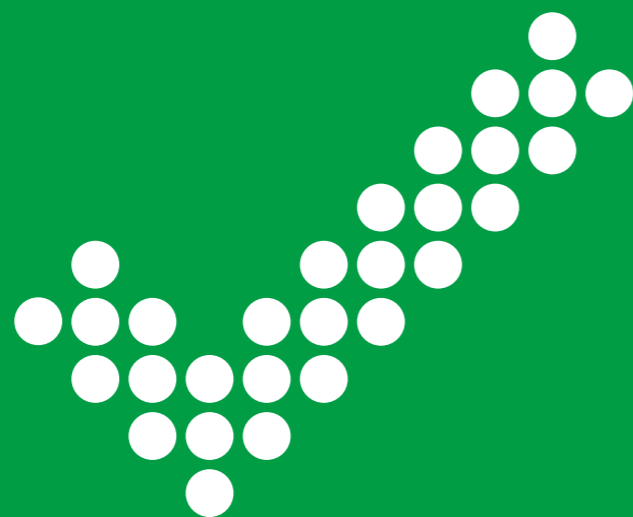


Recommendations

Our research has shown that UK employers are facing significant challenges as a result of skills gaps and skills shortages. Brexit is on the horizon and remains a largely unknown quantity, productivity is lagging behind other developed nations and there is a very real threat that skills gaps could significantly impact the UK's ability to perform on a global scale. Added to this, increased digitalisation, AI and automation are also playing their roles in contributing to the current state of flux.

We have set out nine recommendations for Government, employers and the education sector which address the concerns raised in this report. We believe these will help to create a skills system that is fit-for-purpose and can support a thriving UK economy, both now and in the future.

The statistics given in our recommendations are from employers across all industries.



1. Careers education, information, advice and guidance (CEIAG) needs to be redesigned for the modern world

Despite just 19% of our respondents telling us that they believed the careers strategy was the most effective way to tackle skills gaps, there is clear evidence to show that a lack of co-ordinated careers advice and guidance is hampering young people's chances of securing a successful career. This in turn contributes to the skills shortages faced by 9/10 employers who responded to this research.

We need to rethink the way that CEIAG is delivered to young people today. Generation Z are digital natives who are adept at consuming data on smart phones and devices. Making greater use of digital channels will democratise access to information about careers, with young people from all areas of the country and all walks of life able to access the same information from the same sources whilst also making sharing of information more efficient for employers and Government alike

2. T Levels could help to reduce skills gaps and provide a good route into work for young people if they are better promoted and embedded

T Levels are, in theory, a positive policy intervention that, if implemented correctly, could support young people into meaningful careers with real progression whilst at the same time helping to reduce the skills shortages many industries are facing. However, Government must recognise that it's a real risk for young people to choose to study an untested qualification that is not widely understood by employers. We know from recent research with AELP that just 17% of employers have a good understanding of T Levels. Our research echoed these findings with just 8% of employers stating T Levels were an effective skills policy intervention.

The Government will need to invest heavily to promote T Levels to young people and their parents so that they achieve the desired take up. There is also more work to be done to distinguish them from apprenticeships and make it clear to employers why both routes into work are valid and needed. Finally, what distinguishes

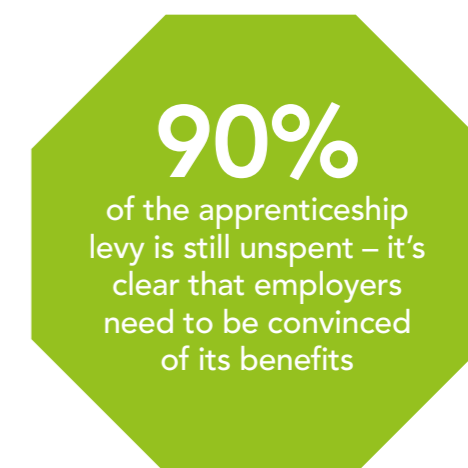
T Levels from other qualifications is the industry placement so it is essential Government provides enough financial support and guidance to ensure employers and providers can successfully deliver this essential element of the programme

3. Make the most of the apprenticeship levy to build a talented home-grown workforce and upskill employees at all levels

Brexit could create huge skills challenges particularly in sectors such as accommodation and food services, construction and retail.

The apprenticeship levy is an effective tool for developing home-grown talent and enabling people to progress through the workforce. However, with 90% of the levy still unspent it's clear that employers need to be convinced of its benefits. Employers should look at their talent development plans and see where the levy can be used to support reskilling and upskilling, as well as entry level recruitment.

Employers need greater support and advice from Government to help them recognise the benefits of apprenticeships and better understand how to access the system. Some thought should also be given to simplifying the current system, as employers have told us they find its complexity off-putting.



4. Government should consider widening the apprenticeship levy to meet employer needs

Whilst the apprenticeship levy was the most popular of the current Government initiatives to tackle skills shortages, still only a fifth (21%) of our respondents stated that it was the most effective piece of policy.

There has been a significant amount of media coverage since the launch of the apprenticeship levy focusing on the fact that the new system does not fully meet the needs of employers.

Government must be willing to listen to employers to make sure that the new-system genuinely works for them. There is appetite from across industry to broaden the scope of the levy and Government must work with employers to understand how they want to use their levy to support skills development in their organisations. This may require employers to provide evidence of investment in apprenticeships to unlock some use of levy for other reskilling/upskilling programmes.

5. Investing in training and development activity can have a significant impact on business performance

Our findings show that high-quality training programmes could help to tackle skills shortages by not only upskilling employees to do roles but also by encouraging current staff to stay with the business. Almost half (46%) of our respondents told us that their training programmes helped increase staff loyalty and retention.

Our findings also demonstrate that training helps to improve productivity within businesses (45% of employers agreed).

However, despite this proven business benefit, Britain has some of the lowest levels of employer investment in skills development in Europe with only Greece, Poland and Romania providing less employer-funded training. It is encouraging that almost half of respondents to the survey (45%) recognised that employers themselves need to invest more in training to help address skills gaps and Government and the education sector can play their part by demonstrating the value of skills investment through evidence-based case studies.



6. Employers should consider investing in quality on-boarding and engagement programmes

As noted in the research 9/10 employers experienced problems with skills gaps, hanging onto the people that you have already managed to recruit will help to mitigate some of these issues.

It is estimated that on average one third of new employees leave within the first six months of taking up a new role¹. Recruitment is expensive and laborious so having a comprehensive programme to pre-board, welcome and support new recruits into a business will mean that employers retain much more of the talent that they have invested so much time and effort in attracting.

Employers should consider allocating a buddy for new hires whilst they settle in, potentially elongating their on-boarding process to as long as a year and ensuring that staff have adequate access to any necessary training and advice needed to do their jobs effectively.

7. Effective leaders and managers will be essential to help businesses navigate Brexit and in the post-Brexit world

Employers cited Brexit as the single most concerning external factor facing their business, with almost half (46%) of respondents stating it would impact their productivity in the coming years. This is coupled with other skilled labour immigration constraints, all of which require UK Plc to look inwards for recruitment and staff development.

Having effective leaders and managers in place during this tumultuous time will be critical in helping businesses navigate change and transition from a pre-Brexit to post-Brexit world. Yet employers told us that leader and manager posts were most difficult to fill with almost half (47%) stating that they struggled to recruit these roles.

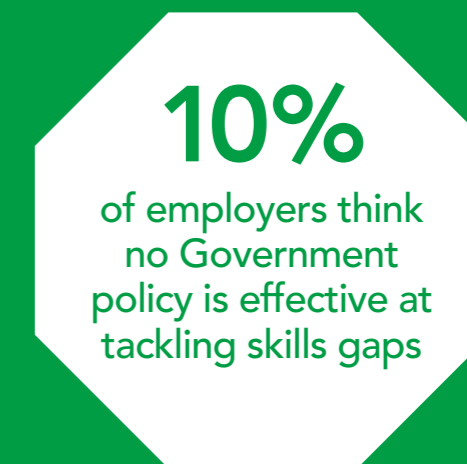
Only a quarter of respondents (27%) told us that they were planning to upskill their current workforce to mitigate the impact of Brexit and just a third (34%) told us that they offered leadership and management training.

Employers who aren't already doing so, should consider putting in place a talent management programme to identify future managers and leaders within their own organisations. Through the use of diagnostics tools they can identify talent within organisations and begin to develop it. This in turn will help with staff retention and engagement.

8. Training and development activity needs to be linked to business performance and its effectiveness constantly measured and evaluated

There was a clear mismatch between how effective employers believed their activity to develop skills was, with 77% stating that their talent management planning and management and leadership training activity was effective or very effective, with the incredibly high level of skills gaps and shortages that they were experiencing.

HR budgets and activity need to be seen as vital to business performance and HR departments must constantly measure their outcomes in terms of productivity and business performance



9. An independent body is needed to have oversight of UK skills policy and make sure it meets current and future skills needs

Employers were less than enthusiastic about any existing policy interventions; our research showed that 10% of employers think no Government policy is effective at tackling skills gaps.

Even less (8%) felt T Levels would be effective and just 14% of respondents felt the National Retraining Schemes would be the most effective way of tackling skills gaps

Part of the issue is that skills policy is currently developed in different places and in silos, resulting in disjointed policy that is not as effective as it could be at meeting UK skills needs now and in the future. Government often also lacks the required level of buy-in from employers when implementing policy (as has been seen with the apprenticeship levy.)

We believe a Skills Policy Institute should be created with representatives from across policy makers, education/training and industry to take a holistic view of existing skills policy and look at how it can be most effectively implemented now and in the next 5 to 10 years.



Methodology

We worked with economic modellers Emsi to map the UK jobs market and identify occupation changes over the next six years. All jobs and industries throughout this analysis use either 1-digit or 4-digit Standard Occupation Classification (SOC) and Standard Industry Classification (SIC) codes.

We also worked with researchers Censuswide and polled 1,000 employers to understand their first-hand experience of the labour market, get their thoughts about what they believe the future holds for their business over the next three to five years and how well equipped they feel they are to meet the challenges of today and tomorrow. Research was undertaken in March/ April 2018.

Methodology for employer research carried out by Censuswide

The research was conducted via online survey by Censuswide, with 1,006 UK C-Suite level personnel in UK between 05/04/2018 – 30/04/2018. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

Methodology for economic modelling carried out by Emsi

Emsi labour market data is created from a collection of nine Government sources, which they combine to provide multi-layered cross-checking. This includes:

Business Register Employment Survey (BRES); Workforce Jobs Series (WJS); Working Futures (WF); Annual Survey of Hours and Earnings (ASHE); Labour Force Survey (LFS); Annual Population Survey (APS); Mid-Year Population Estimates; Subnational Population Projections; Annual Business Inquiry (ABI).

