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DEMAND FOR HIGHLY-SKILLED STAFF SET TO GROW DURING THE RECOVERY – CBI/EDI SURVEY

Low-skilled jobs expected to decline

Demand for highly-skilled people will intensify during the recovery, and employers fear they will not be able to find people with the skills they need to fill high-level jobs, a new survey reveals today (Monday).

The new report, called *Ready to grow: business priorities for education and skills*, is sponsored by leading qualifications awarding body EDI. The survey was answered by 694 employers, which together employ over 2.4 million people and represent companies of all sizes and sectors.

Half of employers (51%) are concerned they will not be able to fill posts requiring the right graduate level or higher skills in the coming years, and a third (32%) don't believe it will be possible to fill intermediate level jobs, requiring skills equivalent to A level. A third (30%) of employers predict the need for lower-level skills will decrease, while just 17% say it will increase.

Despite the recession, nearly half of employers (45%) say they are already having difficulty recruiting staff with skills in science, technology, engineering and maths (STEM), with manufacturers and science-related businesses having the most difficulty finding highly-skilled people to fill their posts. Even more companies (59%) expect to have difficulty finding STEM-skilled people in the next 3 years.

Richard Lambert, CBI Director-General, said: "Our survey shows businesses want tomorrow's workforce to be at the top of the new government's policy agenda. As we move further into recovery and businesses plan for growth, the demand for people with high-quality skills and qualifications will intensify.

"In the future, people with qualifications in science and maths will be particularly sought after, and firms say it is already hard to find people with the right technical or engineering skills. The new government must make encouraging more young people to study science-related subjects a top priority. Businesses can help by showing that these skills lead to exciting and rewarding careers, helping to tackle the big challenges, such as climate change and energy security.

"Employers across all sectors recognise there is a need to improve the calibre of leadership and management skills, and this is particularly marked in the public sector."

High-level skills needed for the future

Employers were asked which A level subjects boost a young person's job prospects. Most said young people should choose subjects which improved business ability and knowledge of science

and numeracy – namely, business studies (42%), maths (21%), English (13%) and physics or chemistry (9%). The A levels employers rate least in terms of employability are psychology (3%) and sociology (1%).

Studying science to degree level also helps to boost employment prospects. Many employers (42%) do not require a particular degree subject, but a third (34%) say they prefer recruiting people with a STEM-related degree. There is an immediate return to studying STEM at university, with new engineering graduates earning an average of £22,000 and new science graduates earning £21,000. This is more than those entering finance, IT, sales or human resources earn on average, and only graduate managers and lawyers earn more in their first role.

Studying STEM-related subjects opens doors to a range of exciting opportunities, and three-quarters (72%) of employers value what STEM-skilled employees bring to the business. Over two-thirds (69%) value the analytical skills, and nearly two-thirds (61%) the problem-solving skills, which are developed through a rigorous education in STEM.

Companies need more people with STEM qualifications. The sectors which value STEM skills the most are banking, finance & insurance (90%), manufacturing (90%), energy & water (89%) and construction (88%).

Steps business wants the government to take to encourage take up of STEM at school and university include: promoting science and maths in schools (69%); protecting funding for STEM in higher education (52%); and enrolling capable students into all three science subjects as separate GCSEs (42%).

Businesses also say they have a role to play to encourage more young people to study STEM. Most (71%) agree that providing high-quality placements is a good way to do this, and two-thirds (67%) say businesses should engage with schools to help to enthuse pupils about science.

Investment in skills remains strong

Companies recognise the importance of training during the economic downturn, with two-thirds (63%) seeing investment in skills as very important to their strategic objectives and future growth. Even during the fragile recovery period most employers (72%) plan to maintain or increase spending on training and development - only 28% plan to cut training budgets, most plan no change (58%) and some even plan to increase spending (14%).

Employers are concerned about the basic skills of their current workforce. The biggest problem is with IT skills, where two-thirds (66%) of employers report concern. However, half of employers are also troubled by employees' basic literacy (52%) and numeracy (49%) skills.

In the past year alone, a fifth of employers have arranged remedial training for young people they have recruited from school or college, in literacy (18%), numeracy (18%), and IT (22%).

When it comes to the existing workforce, employers are also providing basic training in literacy (22%) and numeracy (18%), with the need for IT training even higher (43%).

Interestingly, more firms this year (48%) than last (39%) say improving leadership and management skills is a key priority for them, and this is even higher for the public sector (73%).

Support for business is key

Companies agree that improvements are needed in the provision of government-funded training. Most (75%) want the government to take immediate steps to cut red tape, with both large and small firms saying there is too much bureaucracy involved in accessing funding. Half of employers (49%) say support should be provided for intermediate and higher skills, rather than just basic skills, revealing a troubling mismatch that exists between employers' skills needs and the public support which is currently available.

The skills system presents employers with an 'alphabet soup' of different organisations and programmes. The Sector Skills Councils (SSCs) network plays an important role, but the survey found that employers' awareness of SSCs remains low.

Two-fifths (41%) of employers don't know their SSC, only a third (37%) said their SSC represented their needs well, and a quarter of firms were dissatisfied.

Most firms (90%) use external training providers to deliver at least some of their training, with an average of 43% of training delivered externally. Private providers are the preferred choice for most employers (82%), with further education (FE) colleges used by a third (37%) and universities by a quarter (27%).

Most employers are satisfied with private training providers and, although satisfaction levels do vary, universities and FE colleges perform well.

Nigel Snook, EDI Chief Executive, said:

"This year's CBI/EDI Education and Skills Survey highlights the importance of creating a clear strategy for vocational education and training which links the development of basic employment skills all the way through to the achievement of high level technical, professional and managerial qualifications.

"The transition from school, college or university to the world of work is still one of the most challenging stages in many people's lives. Despite the fact that employers and government invest considerable sums of money and effort in this area, the survey demonstrates there is still work to do to more effectively harness these resources.

"In particular, there is clear evidence that more practical, experience-based teaching programmes better suit the learning styles of many young people, especially those who are likely to continue their education and development through vocational opportunities.

"The findings also suggest that there would be real benefits from improving the guidance given to young people on the options available to them, and simplifying the contribution of employers to work experience and apprenticeship programmes."

Business needs support for apprenticeships

The survey shows that employers remain committed to providing apprenticeships, despite the recent recession. Over half of employers in our survey (54%) are currently involved, although participation is lower among SMEs. A fair proportion of firms (14%) plan to get involved with apprenticeships in the future.

Across the sectors, the highest provision is in construction (78%) and manufacturing (56%). There is a need to expand involvement in the science, technology and IT sectors, currently only 33% of these firms offer apprenticeships.

In the survey, employers suggest how more businesses could be encouraged to take part in apprenticeships:

- Over half (56%) say incentive payments for taking on and training apprentices
- Nearly half (46%) want red tape surrounding apprenticeships to be cut
- Two-fifths (41%) suggest supporting larger firms to train more apprentices than they need for the benefit of SMEs in their sector
- Nearly two-fifths (39%) want qualifications to be more relevant to businesses' needs

Top business priorities for the new government

The survey asked employers to name their top priority for the new government on education and skills. The majority of employers want the government to ensure all young people leave school (70%) or university (81%) equipped with the employability skills they need to succeed in the workplace. These include the ability to communicate, work in a team, solve problems and apply basic knowledge learned at school, such as literacy, numeracy and IT, in a real world setting.

Asked how satisfied they were with school and college leavers' employability skills, two-thirds (68%) of employers were dissatisfied with levels of business and customer awareness, over half (57%) were unhappy with self-management skills, and over two-fifths (44%) with young recruits' ability to solve problems.

Other key business priorities for schools and colleges include:

- Improving basic literacy and numeracy (63%)
- Raising overall education standards (46%)
- Providing high quality vocational options for students (42%)

In higher education, employers want the government to:

- Increase the quantity and quality of STEM graduates (42%)
- Encourage universities to provide more workforce training (37%)
- Support high-quality research and teaching (31%)

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Note to Editors:

The CBI is the UK's leading business organisation, speaking for some 240,000 businesses that together employ around a third of the private sector workforce. With offices across the UK as well as representation in Brussels, Washington, Beijing and Delhi the CBI communicates the British business voice around the world.

EDI is a leading awarding body specialising in vocational qualifications and work-based learning, working in partnership with employers, further education colleges and private training providers. EDI is fully engaged with the changes in the vocational landscape and overall skills debate, and therefore well placed to offer advice, guidance and support to employers.

Media Contacts:

CBI Press Office on 020 7395 8239 or out of hours pager on 07623 977854.

EDI, Kerry Dobb, Communications Manager, on 02476 516574, email: kerrydobb@ediplc.com