

**East Midlands Sector Skills Research
Leicestershire LSC Report**

People 1st

1. Introduction

This report is part of a wide-ranging programme of skills research covering all five Learning and Skills Council areas in the East Midlands region.

In relation to each of these Learning and Skills Council areas and the East Midlands region as a whole, a series of detailed reports have been produced that focus on the present and future skill needs of different sectors of the economy. The research outputs include:

- Individual reports for each Sector Skills Council footprint
- A further set of reports covering 39 of the 67 sectors defined by the Working Futures 2 employment forecasts. These sectors have been selected with reference to their importance in terms of numbers employed regionally and at an individual LSC area level and with consideration to the value each report will add to the Sector Skill Council reports.¹

This report focuses on the People 1st Sector footprint within the Leicestershire LSC area. The activities covered by the People 1st Sector footprint are set out in Appendix One.

The analysis contained in this report is entirely based on secondary data and includes use of data from the Working Futures 2 employment forecasts², National Employer Skills Survey 2005, Annual Business Inquiry 2004 and the Census 2001. Information compiled by People 1st Sector Skills Council has also been utilised.

The structure of this report is as follows:

- Current sector structure
- Sub sector analysis
- Workforce profile
- Historical trends
- Forecast employment change
- Drivers of change and key skill issues
- Human resource indicators
- Business and employment matrix

¹ A separate report setting out the full criteria for selection of reports has been produced and is available from Nottinghamshire Learning and Skills Council

² Working Futures: New Projections of Occupational Employment by Sector and Region, 2004, SSDA/LSC/IER/CE

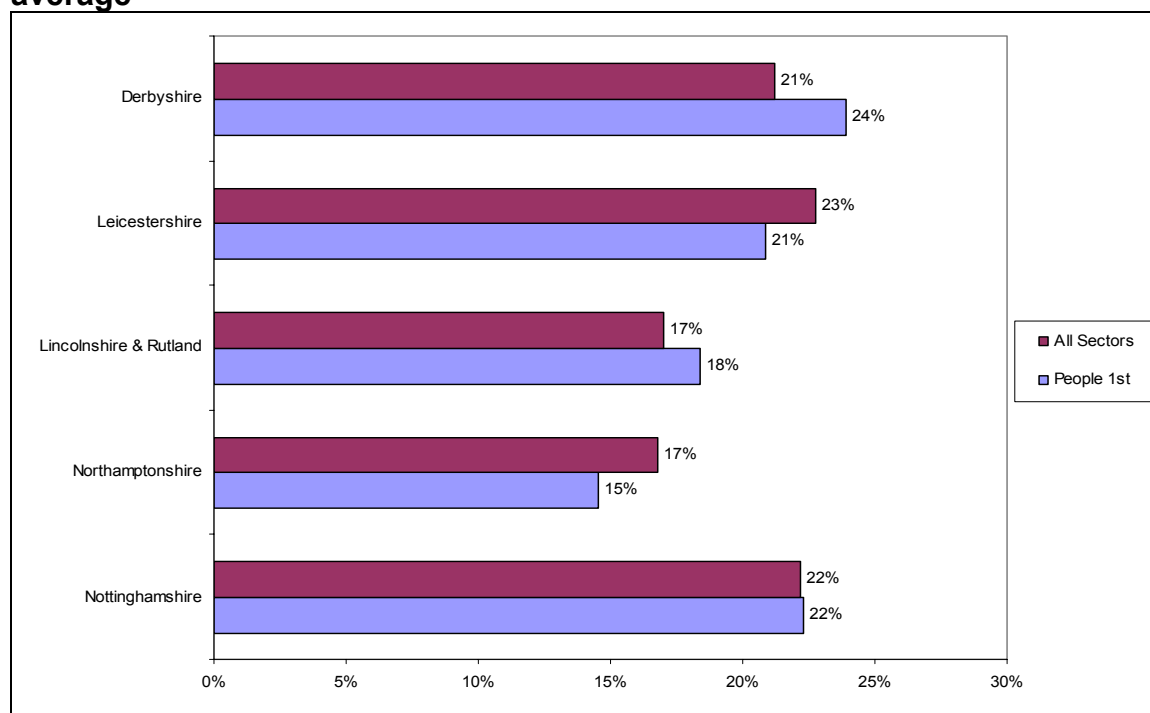
2. Current sector structure

Based on the Annual Business Inquiry 2004 there are an estimated 2,463 employers and 24,050 employees working in the People 1st sector in the Leicestershire LSC area³.

The sector accounts for 7% of all employers in Leicestershire LSC area and 6% of total employment⁴.

Chart 1 sets out the distribution of People 1st employers by LSC area within the East Midlands region and compares this with the distribution of all employers (All sectors)⁵.

Chart 1: Share of total employers by LSC area; People 1st and All sector average



Source: ABI 2004

³ The Annual Business Inquiry figures on employment excludes those self employed and casual labour, so is likely to under-estimate the total number of people working in the sector. Working Futures 2 data which takes account of numbers self employed estimate that the total numbers working in the sector in 2004 was 24,150.

⁴ The Annual Business Inquiry (ABI) estimates for employers cover all UK businesses registered for Value Added Tax (VAT) and/or Pay As you Earn (PAYE).

⁵ It should be noted that the figures on all charts in this report have been rounded to the nearest full percentage, but the bars on each chart still reflect any small decimal point differences

Analysis of the spatial distribution of the sector indicates that as a proportion of all People 1st employers within the East Midlands Region those in Leicestershire account for an estimated 21% and of all People 1st employers in England, those in Leicestershire account for 1.6%

In relation to employment, the respective figures are 20% of the regional total and 1.4% of the total for England. (See Table 1 for more details).

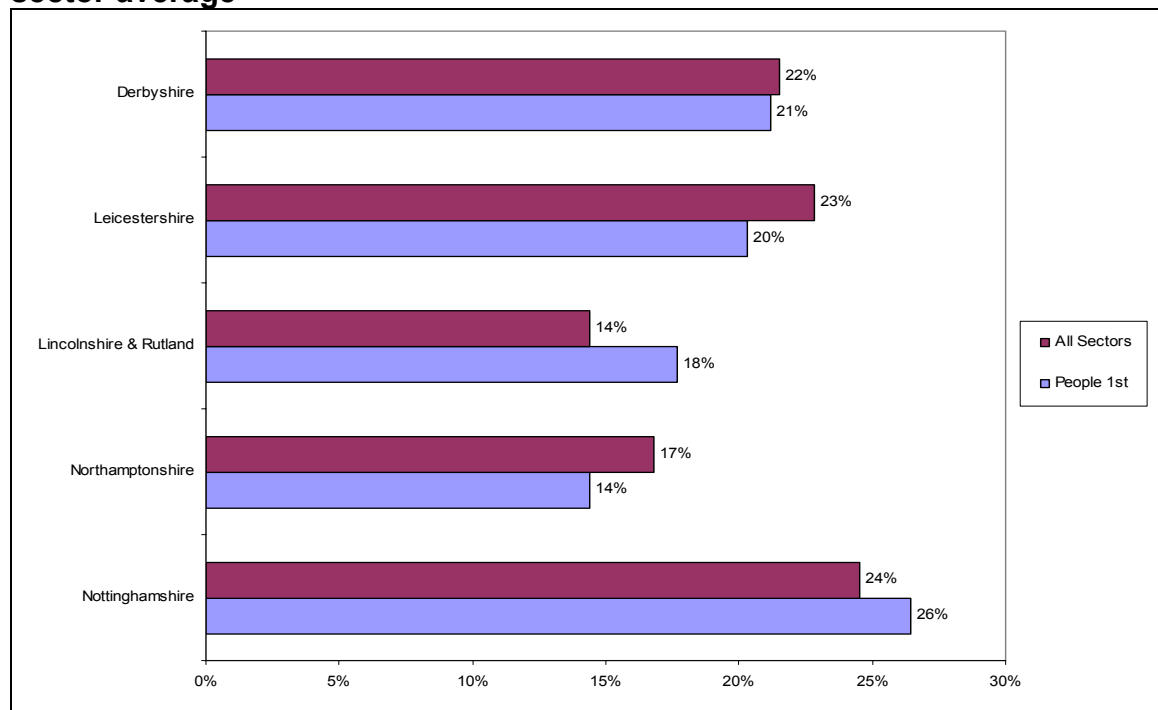
Table 1: Structure of employment and employers within People 1st ; Leicestershire, East Midlands Region, England

	Number (LSC area)	As % of all in LSC area	As % of sector in East Midlands Region	As % of sector in England
Number of employers	2,463	7%	21%	1.6%
Number of employees	24,050	6%	20%	1.4%

Source: ABI 2004

Chart 2 sets out the distribution of People 1st employment by LSC area and compares this with the distribution of total employment (All sectors).

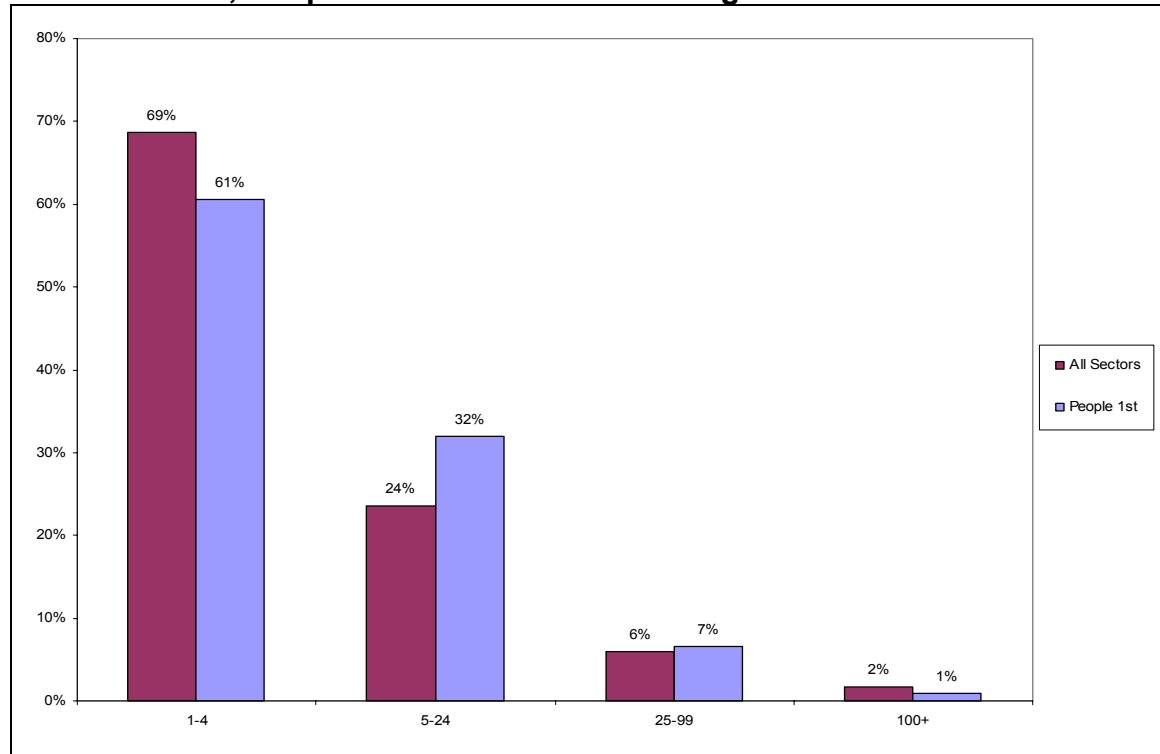
Chart 2: Share of total employment by LSC area; People 1st and All sector average



Source: ABI 2004

Chart 3 outlines the proportion of employers within different employment size bands in Leicestershire and indicates that by comparison with the average for all sectors within Leicestershire, there are relatively high concentrations of small to medium sized employers within the People 1st sector footprint (Those employing between 5-24 employees).

Chart 3: Proportion of employers by employment size band in Leicestershire; People 1st and All sector average



Source: ABI 2004

Table 2 identifies the proportion of employees working in different sized workplaces and highlights the relative concentrations of employment within small to medium sized employers within the People 1st sector footprint (Those employing between 5-24 employees).

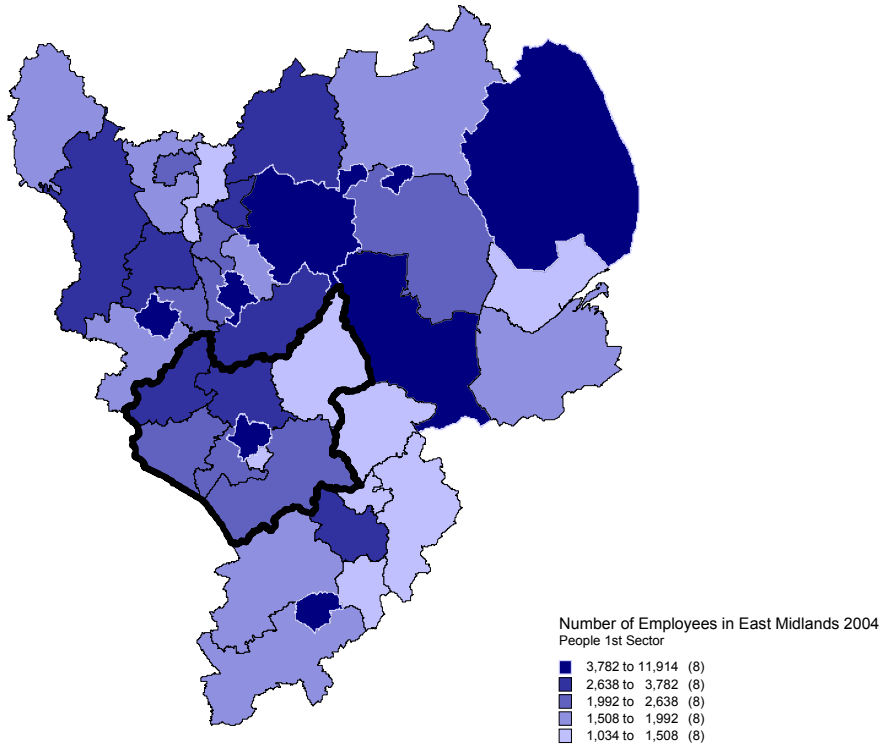
Table 2: Size structure of employment within People 1st ; Number of employees within each employer size band; Leicestershire, East Midlands Region, England

	Number of employees in People 1st (LSC area)	% employees in People 1st (LSC area)	% employees in All sectors in LSC area	% employees in People 1st in East Midlands Region	% employees in People 1st in England
Number of employees (1-4 employees)	3,965	16%	11%	14%	13%
Number of employees (5-24) employees)	8,523	35%	22%	40%	40%
Number of employees (25-99) employees)	7,335	30%	24%	31%	32%
Number of employees (100+) employees)	4,227	18%	43%	14%	16%
All employees	24,050	100%	100%	100%	100%

Source: ABI 2004

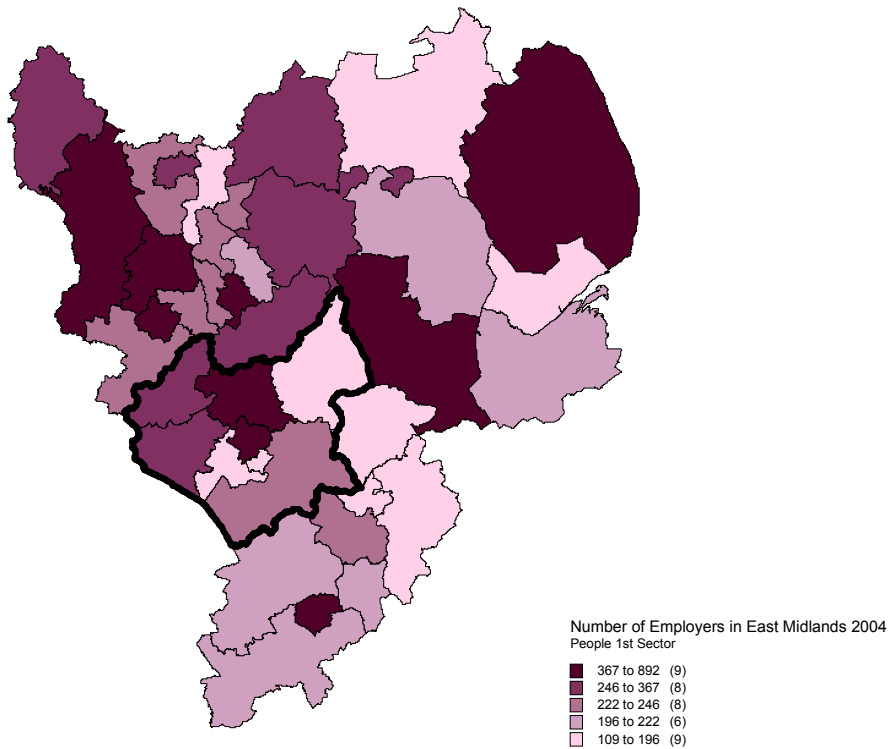
Maps 1 and 2 highlight the spatial concentrations of employees and numbers of businesses in the People 1st Sector within each local authority area within the East Midlands region. Appendix Two contains a key to all local authority names within the East Midlands region.

MAP 1



Source: Annual Business Inquiry 2004

MAP 2



Source: Annual Business Inquiry 2004

3. Sub sector analysis

Total employment within all sectors in Leicestershire represents about 1.8% of the total for England. Given that employment within People 1st within the LSC area represents 1.4% of the total for England, employment in People 1st activities within Leicestershire are somewhat under-represented.

Table 3 provides a breakdown of employment within different People 1st sub-sectors⁶.

The analysis indicates that pubs, bars and restaurants account for an estimated 41% of all employment in People 1st activities in Leicestershire.

Table 3: Number and % of employment by People 1st sub-sector; Leicestershire, East Midlands Region, England

	Number (LSC area)	As % of all in People 1st sector in LSC area	As % of sub-sector in East Midlands Region	As % of sub-sector in England
Contract catering/canteens	2,952	12%	26%	1.3%
Gambling	1,248	5%	23%	1.6%
Hotels	2,967	12%	21%	1.2%
Other short stay accommodation	59	0%	2%	0.2%
Pubs, bars and restaurants	8,537	35%	19%	1.8%
Restaurants	6,208	26%	19%	1.2%
Travel services	2,060	9%	31%	1.8%
Visitor attractions	18	0%	4%	0.3%
Total for People 1st	24,049	100%	20%	1.4%

Source: ABI 2004

Table 4 provides a breakdown of employers within each People 1st sub-sector.

⁶ Appendix One contains SIC definitions for each People 1st sub sector

Table 4: Number and % of employers by People 1st sub-sector; Leicestershire, East Midlands Region, England

	Number (LSC area)	As % of all in People 1st sector in LSC area	As % of sub-sector in East Midlands Region	As % of sub-sector in England
Contract catering/canteens	234	10%	24%	1.4%
Gambling	136	6%	22%	1.5%
Hotels	96	4%	18%	1.0%
Other short stay accommodation	18	1%	11%	0.6%
Pubs, bars and restaurants	916	37%	19%	1.8%
Restaurants	875	36%	23%	1.6%
Travel services	181	7%	26%	1.7%
Visitor attractions	7	0%	15%	1.8%
Total for People 1st	2,463	100%	21%	1.6%

Source: ABI 2004

Table 5 identifies sub regional concentrations of employment within different People 1st sub-sectors, using location quotients. Location quotients use the local share of national employment for the sub-sector or sector and compare it with the local share of national employment overall. The difference gives an indication of whether there is a higher level of employment in the sub-sector/sector than average, or a lower level. In this example, the average for all sectors is 1.0. Therefore, a figure for a sub-sector/sector below 1.0 indicates an under-representation of employment and a figure above 1.0 represents a relative concentration of employment.

The analysis indicates that in relation to Leicestershire LSC as a whole, there are considerable variations in the concentration of employment in different sub-sectors of activity. Table 5 also identifies a number of relative concentrations of employment or 'hot spots' at a local authority area level.

Table 5: Sub regional concentrations of employment within People 1st sub sectors within Leicestershire

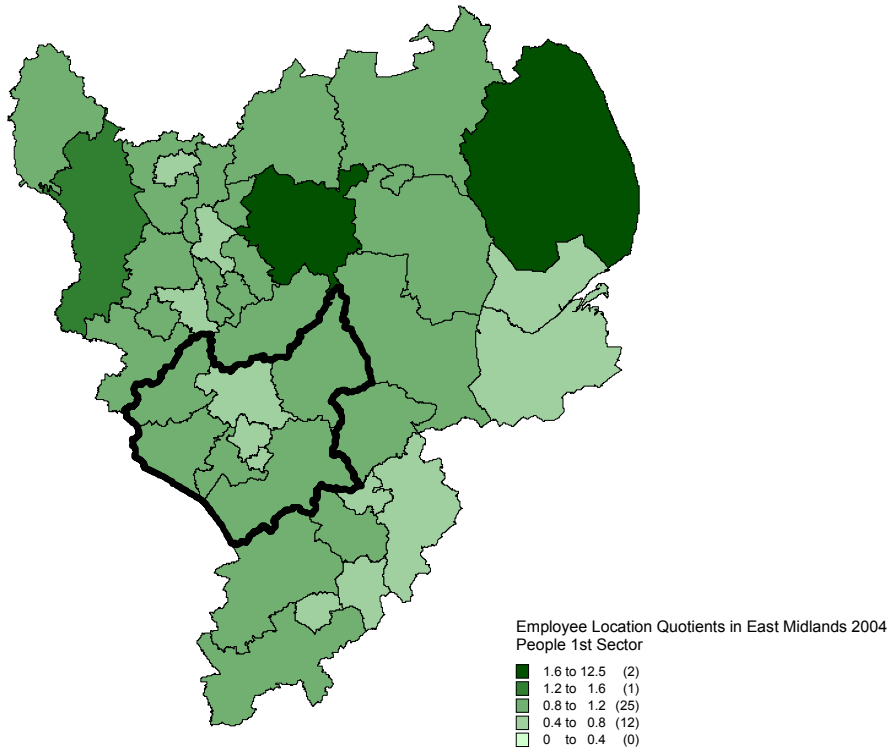
Sub-sector	Location Quotients for People 1st sub-sectors in Leicestershire ⁷	Sub regional 'hot spots'
Contract catering/canteens	0.72	North West Leicestershire (2.38)
Gambling	0.88	Oadby and Wigston (3.16)
Hotels	0.66	Melton (1.49)
Other short stay accommodation	0.11	
Pubs, bars and restaurants	0.96	Harborough (1.42)
Restaurants	0.65	
Travel services	1.01	Harborough (2.47)
Visitor attractions	0.19	
Total for People 1st	0.77	
Total for All Sectors	1.00	

Source: ABI 2004

⁷ The share of employment in England within each sub sector or sector in Leicestershire by comparison with the share of employment in England in Leicestershire of all sectors.

MAP 3

Map 3 identifies spatial differences in location quotients for the People 1st sector for each local authority area in the East Midlands region.



Source: Annual Business Inquiry 2004

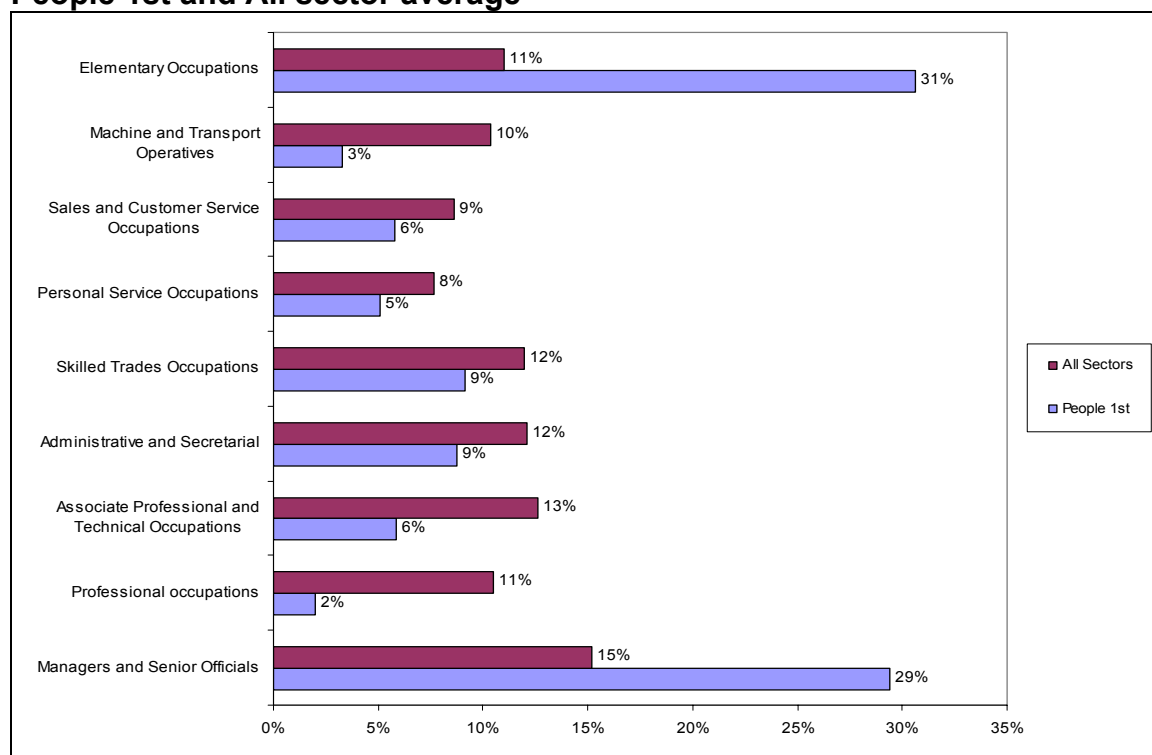
4. Workforce profile

This section examines the profile of those working within the People 1st sector in Leicestershire in relation to occupations, employment status, ethnicity, age and attainment level.

Chart 4 sets out the occupational structure and indicates that by comparison with the average for all sectors:

- A somewhat higher proportion of those employed in the People 1st sector work in elementary and managerial occupations
- A lower proportion work in all other occupational areas, but especially machine and transport operative and professional occupations

Chart 4: Occupational structure of employment within Leicestershire; People 1st and All sector average



Source: Working Futures 2

Table 6 indicates that by comparison with the average for all sectors within the Leicestershire LSC area⁸:

- Part time work is more prevalent within People 1st

⁸ The employment data relating to the workforce profile in terms of part time and full time employees, self-employment and gender is drawn from Working Futures 2 and are estimates. At an individual LSC area level these figures need to be treated with caution

- There are more females in the workforce

Table 6: People 1st workforce profile summary; Leicestershire, East Midlands, England

	People 1st			Average for all sectors in LSC area
	LSC area	Regional average	Average for England	
% part time employees ⁹	55%	58%	51%	28%
% full time employees ¹⁰	38%	35%	43%	60%
% self-employed ¹¹	6%	6%	6%	12%
% male ¹²	44%	43%	44%	54%
% female ¹³	56%	57%	56%	46%
% Non-White employees ¹⁴	12%	8%	11%	12% ¹⁵
% employed whose highest qualification is NVQ Level 4 or above ¹⁶	9%	9%	13%	18%
% employed whose highest qualification is NVQ Level 3	13%	12%	12%	8%
% employed whose highest qualification is NVQ Level 2	27%	27%	26%	21%
% employed whose highest qualification is NVQ Level 1	20%	21%	19%	21%
% employed with no qualifications	25%	26%	24%	24%
Other qualifications/Not known	6%	6%	6%	8%
% employed aged 16-17 ¹⁷	8%	8%	6%	2%
% employed aged 18-24	25%	24%	22%	12%
% employed aged 25-44	40%	40%	44%	50%
% employed aged 45+	26%	28%	28%	36%

⁹ Working Futures 2

¹⁰ Working Futures 2

¹¹ Working Futures 2

¹² Working Futures 2

¹³ Working Futures 2

¹⁴ Census 2001. All Census data utilised is workplace based

¹⁵ In relation to ethnicity, qualifications and age, the average for all sectors has been derived from the average for all SSC footprints

¹⁶ All attainment level data has been derived from Census 2001.

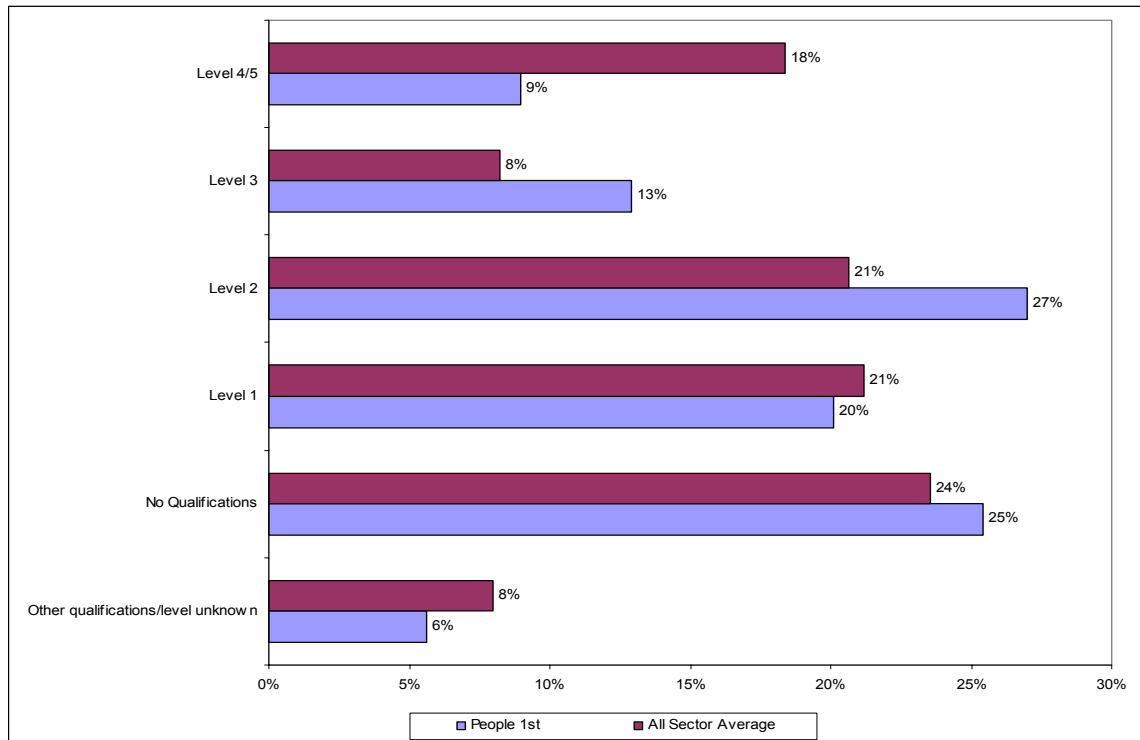
¹⁷ All age data has been derived from the Census 2001

It is estimated that 12% of all People 1st workers within Leicestershire are classified as Non-White, which compares with an England average of 11%. The average for all sectors in the Leicestershire LSC area is 12%.

Examination of the existing age profile of the workforce can help highlight a number of potential recruitment, retention and succession issues employers may need to address. Within People 1st the proportion of those aged 45 or more within Leicestershire is 26%. This compares with an average for all sectors in the LSC area of 36%.

In relation to workforce attainment levels, Table 6 and Chart 5 indicate that while it is estimated that 25% of the People 1st workforce within Leicestershire have no qualifications, the average for all sectors in the LSC area is 24%. At the other end of the spectrum, while an estimated 9% of the People 1st workforce in Leicestershire has attained an NVQ Level 4 or above qualification, the respective average for all Sector Skill Councils in Leicestershire is 18%.

Chart 5: Proportion of Leicestershire workforce by highest qualification; People 1st and All sector average



Source: Census of Population 2001

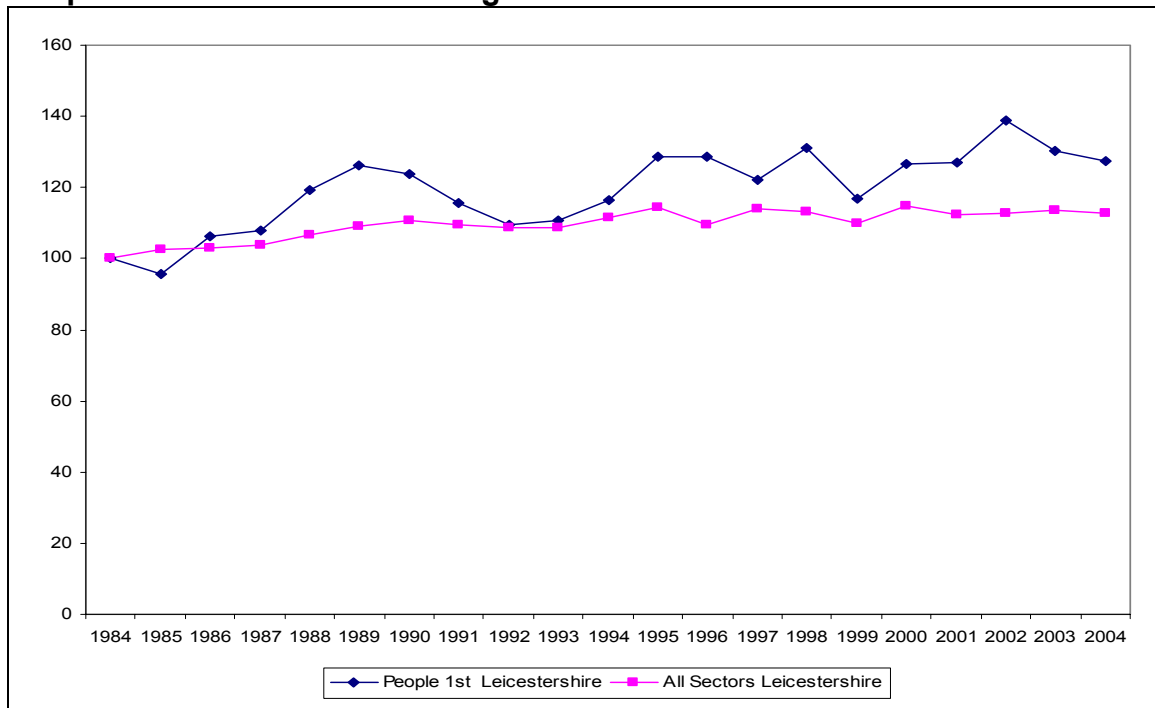
5. Historical trends

Table 7 identifies employment trends over the period 1984-2004. The analysis indicates that:

- Over the whole period 1984-2004 numbers employed within People 1st in Leicestershire changed by an estimated 5,200, or +27%. This compares with +37% for the sector in the East Midlands Region and +40% within England. The average for all sectors within Leicestershire over this period was +13%.
- Over the more recent period 1994-2004 numbers employed within People 1st in Leicestershire changed by an estimated 2,050, or +9%. This compares with +13% for the sector in the East Midlands Region and +29% within England. The average for all sectors within Leicestershire over this period was +1%.

Chart 6 outlines the year on year changes over the period 1984-2004. It shows how the growth/decline in employment in the People 1st sector compares with the growth/decline in employment across all sectors. It maps the change in employment, with the figure for both sets of data being indexed to 100 in 1984.

Chart 6: Historical employment trends in Leicestershire 1984-2004; People 1st and All sector average



Source: Working Futures 2;

Note: Both the People 1st and All sector average have been indexed to 100 in 1984

**Table 7: People 1st employment trends summary 1984, 1994, 2004;
Leicestershire, East Midlands, England**

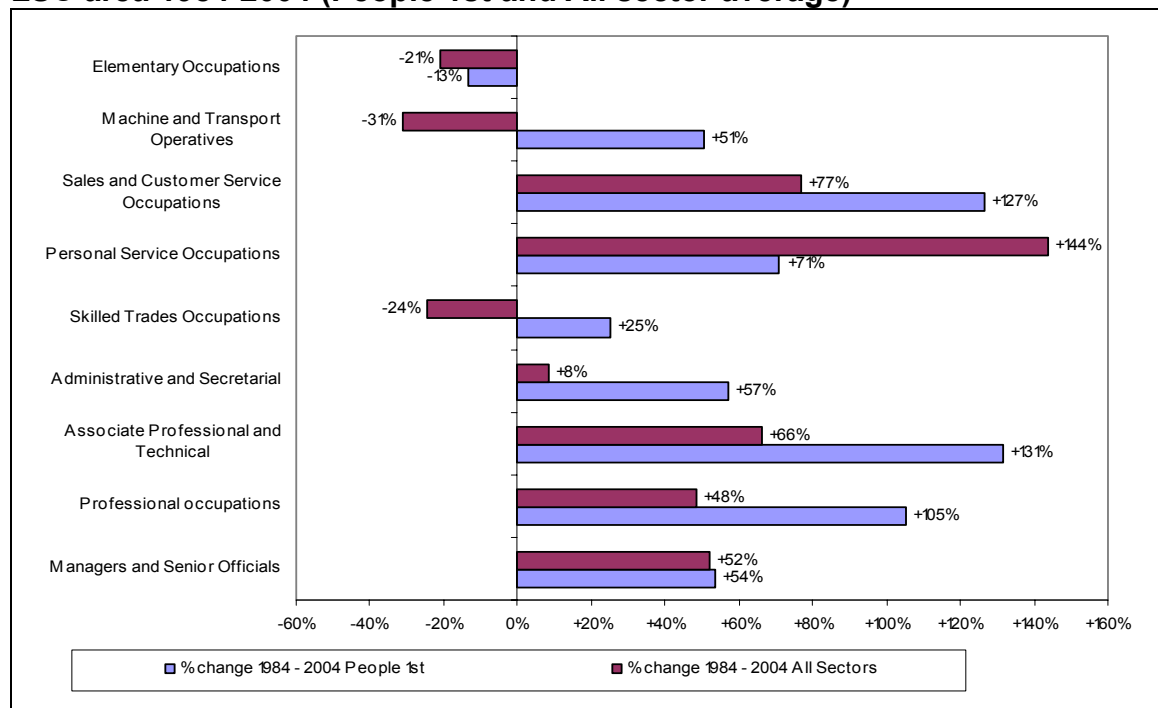
	LSC area Numbers	LSC area %	Regional average	Average for England	Average for all sectors in LSC area
Change in numbers employed 1984-1994	3,150	+17%	+21%	+9%	+12%
Change in numbers employed 1994-2004	2,050	+9%	+13%	+29%	+1%
Change in numbers employed 1984-2004	5,200	+27%	+37%	+40%	+13%

Source: Working Futures 2

Note: Numbers have been rounded to the nearest 50

Chart 7 sets out changes in employment by occupation and indicates that the rate of growth in a number of occupational areas within People 1st in Leicestershire, including sales and customer service, skilled trades, administrative and secretarial, associate professional and technical and professional, has exceeded the average rate of growth of occupations across all sectors in the LSC area.

**Chart 7: % change in numbers employed by broad occupation within
LSC area 1984-2004 (People 1st and All sector average)**



Source: Working Futures 2

6. Forecast employment change

Table 8 and Chart 8 provide a summary of forecast employment change over the period 2004-2014.

Table 8: People 1st employment forecast summary; 2004-2014

	People 1st				Average for all sectors in LSC area (%)
	Leicestershire area (Numbers)	Leicestershire area (%)	Regional average (%)	Average for England (%)	
Change in total numbers employed	500	+2%	+1%	+8%	+2%
Expected change part time employees	150	+1%	-3%	+3%	+9%
Change full time employees	1,550	+17%	+21%	+24%	+1%
Change in numbers self employed	-1,200	-76%	-71%	-63%	-8%
Change in numbers of males	-150	-1%	+4%	+11%	+1%
Change in numbers of females	650	+5%	-1%	+5%	+3%
Net requirement (Total numbers)	10,000	N/A	N/A	N/A	169,000
Replacement demand (Total numbers)	9,000	N/A	N/A	N/A	161,000

Source: Working Futures 2

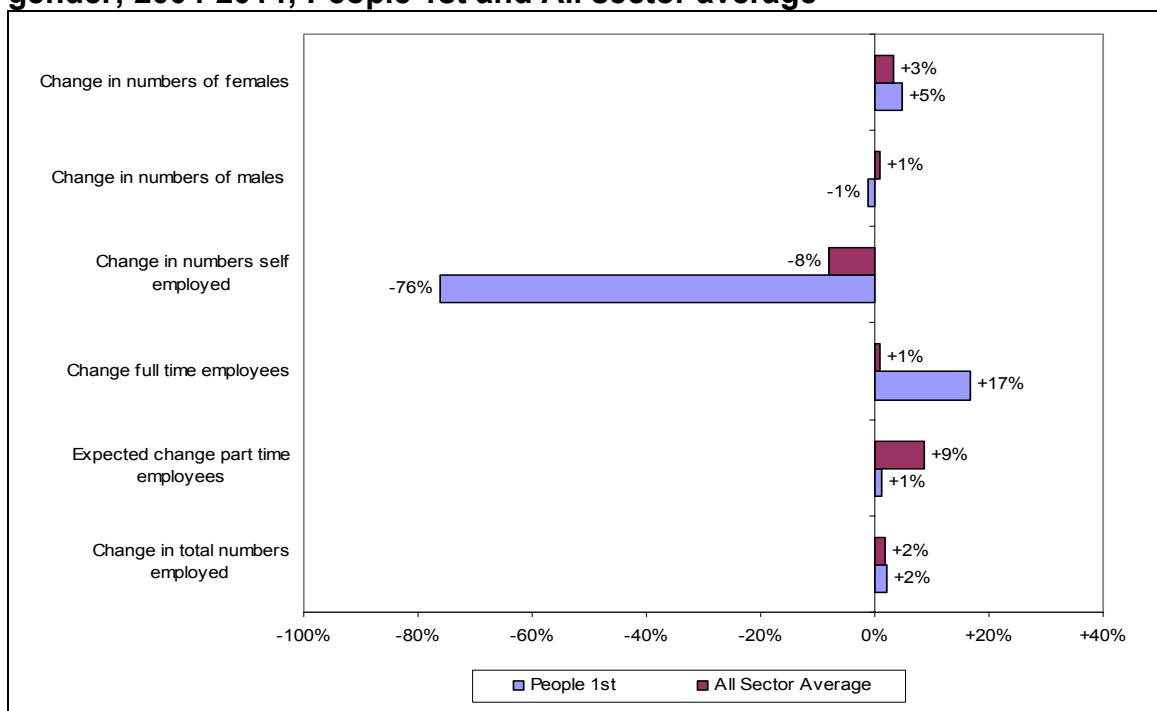
Note: Numbers have been rounded to the nearest 50

The analysis set out in Table 8 indicates that over the period 2004-2014 it is estimated that:

- overall employment within the People 1st sector will increase by about 500, implying an estimated change of +2% over this period. This compares with an estimated +1% in relation to the sector regionally and +8% within England. The respective figure for all sectors in the LSC area is +2%.
- part time employment within the People 1st sector will increase by about 150, implying an estimated change of +1% over this period. This compares with an estimated -3% change in relation to the sector regionally and +3% within England. The respective figure for all sectors in the LSC area is +9%.

- full time employment within the People 1st sector will decrease by about 1,550, implying an estimated change of +17% over this period. This compares with an estimated +21% in relation to the sector regionally and +24% within England. The respective figure for all sectors in the LSC area is +1%.
- self-employment within the People 1st sector will decrease by about -1,200, implying an estimated change of -76% over this period. This compares with an estimated -71% in relation to the sector regionally and -63% within England. The respective figure for all sectors in the LSC area is -8%.
- male employment within the People 1st sector will decrease by about -150, implying an estimated change of -1% over this period. This compares with an estimated +4% in relation to the sector regionally and +11% within England. The respective figure for all sectors in the LSC area is +1%.
- female employment within the People 1st sector will increase by about 650, implying an estimated change of +5% over this period. This compares with an estimated -1% in relation to the sector regionally and +5% within England. The respective figure for all sectors in the LSC area is +3%.

Chart 8: Forecast change in numbers employed by nature of work and gender; 2004-2014; People 1st and All sector average

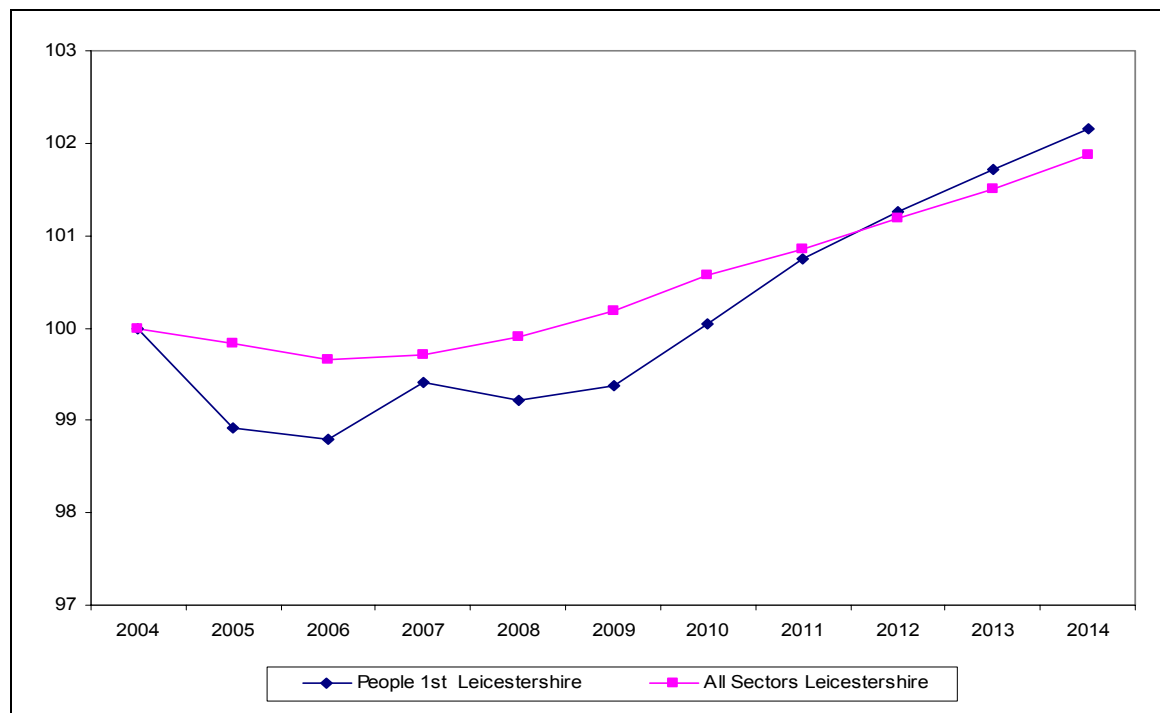


Source: Working Futures 2

The forecasts set out in Table 8 and Chart 8 indicate that in addition to the net increase in numbers employed within People 1st in Leicestershire over the period 2004-2014 there are likely to be an additional 9,000 workers required as a result of replacement demand, as people retire, move into other jobs in the sector or leave the sector altogether. This implies a net requirement for workers over the whole period 2004-2014 of about 10,000 workers, or an average annual net requirement of about 1,000 workers¹⁸. This accounts for about 5.9% of the total estimated annual net requirement for all sectors in Leicestershire.

Chart 9 outlines year on year forecast changes within the Leicestershire People 1st sector for the period 2004-2014 and compares these trends with the all sector average, forecast by indexing both sets of data to 100 in 2004. The chart indicates that the Leicestershire People 1st sector is likely to slightly under-perform the all sector average over the majority of this period.

Chart 9: Indexed forecast employment change 2004-2014; People 1st and All sector average



Source: Working Futures 2;

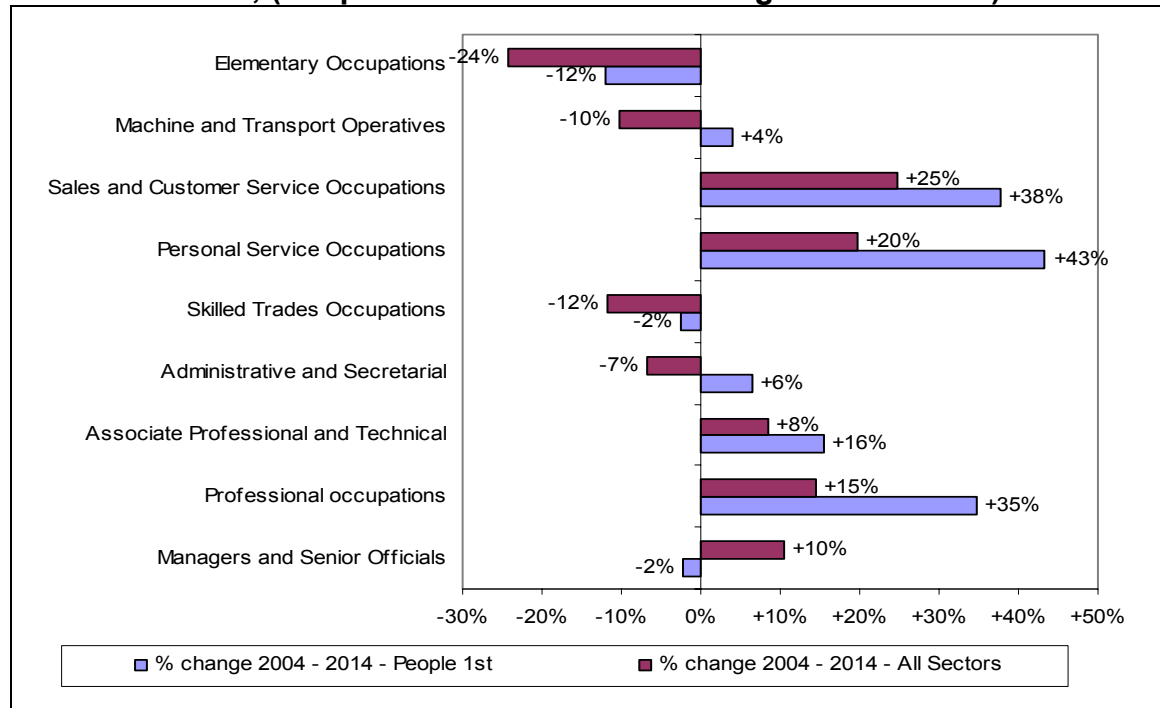
Note: Both the People 1st and all sector average have been indexed to 100 in 2004

¹⁸ The actual annual net requirement will of course vary from year to year

Chart 10 identifies forecast change by occupational area over the period 2004-2014 and compares expected trends within the People 1st sector with the all sector average within Leicestershire.

Nearly all occupational areas within the Leicestershire People 1st sector are expected to experience growth, with the exception of elementary, skilled trade and managerial occupations, which are expected to experience net decline.

Chart 10: Forecast change 2004-2014 by main occupational categories within LSC area; (People 1st and All sector average for LSC area)



Source: Working Futures 2

7. Drivers of change and key skill issues

Drivers of change

Owing to its size and diversity the sector is strongly affected by a multitude of global and domestic external factors. People 1st identified four main drivers of change within the hospitality, leisure, travel and tourism sector¹⁹:

Globalisation. A wide range of domestic and international aspects affect the competitiveness of the sector. From a tourism perspective the sector operates in a truly global environment, The United Kingdom is competing with other international destinations. It needs to simultaneously encourage domestic consumers to stay in the UK, as well as attract incoming visitors from abroad.

Technological change. Advances in technology are having a significant impact across the whole of the sector with businesses using technology in order to become more competitive, to promote and market their business and to distribute their products or services. Key technological changes affecting the industry include:

- The growing use of the internet within the home to purchase goods and services in general
- Faster broadband technologies
- Advances in mobile phone technology
- Use of database mining techniques to target consumers
- Chip and pin
- Automated scheduling software

Consumer demand. Consumer demand plays a huge role in influencing future skills needs within the sector. For example, in relation to tourism the increasing competition with international destinations implies the need for increasing quality of service and product for both the domestic and the incoming visitor.

Government policy. Government policy has a significant impact on the way the sector operates, especially for specific industries like gambling and pubs. A key issue identified by people 1st was the increased regulation facing employers. Over recent years and months the sector has witnessed significant pieces of legislation coming on the statute books:

- *The Gambling Act 2005* is the most significant change to the gambling industry since the 1960s and has wide ranging implications for the industry.

¹⁹ Skill Needs Assessment in the hospitality, leisure, travel and tourism sector, United Kingdom report, January 2006, People 1st.

- *The Licensing Act 2003* updates the licensing laws in England and Wales, simplifying the licensing process and providing greater flexibility in terms of opening hours.
- *National Minimum Wage* was introduced on 1 April 1999 in order to benefit low-paid workers without damaging business and employment prospects.
- *Proposals to ban smoking in public places* by the end of 2008.
- Other legislation which particularly affects the sector or which has recently changed includes the Disability Act, Health and Safety, Food Safety, the Employment Act and regulations which affects planning. Much of this legislation is intended to raise standards within the industry

Current Labour and Skill Demands

Across the United Kingdom, the sector is characterised as suffering from a high proportion of hard-to-fill vacancies, relatively low skill shortages and high levels of skills gaps within the current workforce. In the East Midlands hard-to-fill vacancies are slightly higher than the UK average and a third of these are proving hard-to-fill due to skill shortages – the same as the UK average²⁰.

Recent research undertaken by People 1st indicates that skill shortage vacancies are most likely to arise for managerial and chef positions²¹.

The East Midlands Regional report produced by People 1st indicated that 1,916 vacancies in core hospitality, leisure, travel and tourism occupations were advertised in Jobcentres in the East Midlands in September 2004. The largest number of vacancies were for:

- Kitchen and catering assistants
- Bar staff
- Chefs, cooks
- Waiters and waitresses

Labour turnover for the whole sector currently stands at 30 percent and 70 percent of recruitment is to replace existing staff, which reinforces the vicious circle of recruitment and retention. The challenge for the sector is that only 14 percent of employers felt that labour turnover was too high. This failure to retain staff is resulting in staff being inadequately skilled to undertake their job role.

²⁰ The Hospitality, Leisure, Travel and Tourism Sector in the East Midlands, Regional Report, February 2005.

²¹ Skill Needs Assessment in the hospitality, leisure, travel and tourism sector, United Kingdom report, January 2006, People 1st.

The recruitment difficulties within the sector has led to a significant increase in overseas workers, particularly from Eastern Europe, which will lessen recruitment difficulties, but have associated issues such as language difficulties and cultural differences

Over the past four years there has been a growth of six percent in the number of new establishments. However, the overall structure of the sector has remained broadly similar, with 72 per cent of businesses employing fewer than ten people. People 1st believe that this continued growth could be hampered by ongoing recruitment problems²².

Sector employers are more likely to report skills gaps than is the case across the economy as a whole. Employers are most concerned with the level of:

- Management skills
- Customer handling skills
- Communication
- Technical and practical skills
- Team working skills.

The prevalence of effective managers is essential for the future performance of the sector, however, the lack of managers with a full profile of **management skills** is identified by employers as a significant problem. Poor management skills are generally a result of a lack of appropriate training and experience. Particular problems originate when staff are being promoted because they are good at their job, do not necessarily demonstrate any management capabilities, but are offered little support or training to expand their management capabilities. There was also recognition that small and micro businesses may be suffering owing to the lack of 'small business' management capabilities of the owner/ operators.

The lack of technically **skilled chefs** is frequently mentioned by employers as a barrier to filling vacancies and to effective business performance. Fine dining establishments could be said to be suffering the most but the move away from pre-prepared (microwave / boil in the bag) foods and towards freshly prepared ingredients and cooking from scratch, driven by consumers, has resulted in more mainstream restaurant and pub kitchens aiming to provide such food for customers. In addition, the diversity of the restaurant industry has resulted in new skill needs, such as knowledge of different international cuisines and an awareness of new and emerging cuisines. Both these trends are arguably further increasing the demand for appropriately skilled and qualified chefs.

²² Hospitality, Leisure, Travel and Tourism, A skills and labour market profile, February 2005

Customer service skills are viewed as essential by employers but are considered to be lacking in staff. This is particularly concerning as employers often indicated that effective customer service is a key contributor to the competitiveness of a business. Employers consider customer service to be a combination of behaviours including welcoming and helpfulness and a genuine interest in the consumer, coupled with perceptual skills such as spotting potential problems and conflict management.

In general, employers did not think the types of skill requirements would change significantly, with customer service remaining an essential skill due to ever increasing customer expectations. It was also felt an increased percentage of staff would be required to speak Russian and Chinese.

A number of new posts are likely to be created such as dieticians in larger food operations, legal specialists to cope with the increased litigious culture and cohorts of specialists to support operations with specific skill needs, such as IT or direct marketing.

8. Human resource indicators

Table 9 is based on the results of the National Employer Skills Survey (NESS) 2005. In order to ensure the data utilised is reasonably robust, all analysis is restricted to a regional or national level.

Table 9: People 1st Human Resource indicators summary

	East Midlands People 1st average	England People 1st average	Average for All sectors in East Midlands
% employers reporting skill gaps	16%	20%	16%
Skill shortage vacancies (SSVs) as a % of all vacancies	18%	21%	20%
% employers reporting hard to fill vacancies	7%	10%	5%
Hard to fill vacancies as a % of all vacancies	35%	37%	29%
% employers undertaking training over the previous 12 months	63%	61%	66%
% employees undertaking training over the previous 12 months	86%	73%	84%
% establishments with a business plan	47%	50%	55%
% establishments with a training plan	42%	45%	47%
% establishments with a training budget	27%	27%	34%
% of establishments that formally assess whether individual employees have gaps in their skills	51%	52%	56%
% of establishments formally assess the performance of employees who have received training and development	44%	61%	46%
Employer engagement score ²³	42.5	47.0	47.6

Source: National Employer Skills Survey 2005

Note: The sample size for data from NESS at a detailed sector level is likely to be too small at an LSC level. All data has been weighted

²³ This has been compiled by summing the % of establishments with a business plan, establishments with a training plan, establishments with a training budget, establishments that formally assess whether individual employees have gaps in their skills and establishments that formally assess the performance of employees who have received training and development divided by 5

Table 9 compares the People 1st sector within the East Midlands with the respective figures for England and also the average for all sectors within the East Midlands region. The analysis indicates that in relation to:

- the proportion of employers reporting skill gaps, the figure for People 1st within the East Midlands region of 16% compares with a figure for People 1st in England of 20% and an average for all sectors in the East Midlands region of 16%
- the proportion of employers reporting hard to fill vacancies, the figure for People 1st within the East Midlands region of 7% compares with a figure for People 1st in England of 10% and an average for all sectors in the East Midlands region of 5%
- reported skill shortage vacancies as a proportion of all vacancies, the figure for People 1st within the East Midlands region of 18% compares with a figure for People 1st in England of 21% and an average for all sectors in the East Midlands region of 20%
- hard to fill vacancies as a proportion of all vacancies, the figure for People 1st within the East Midlands region is 35% compared with a figure for People 1st in England of 37% and an average for all sectors in the East Midlands region of 29%
- the proportion of employers undertaking training over the previous 12 months, the figure for People 1st within the East Midlands region of 63% compares with a figure for People 1st in England of 61% and an average for all sectors in the East Midlands region of 66%
- the proportion of employees undertaking training over the previous 12 months, the figure for People 1st within the East Midlands region of 86% compares with a figure for People 1st in England of 73% and an average for all sectors in the East Midlands region of 84%

A number of indicators of levels of employer engagement have been utilised as part of the analysis. A composite employer engagement score based on five different indicators has been derived, these being the % of establishments with a business plan, establishments with a training plan, establishments with a training budget, establishments that formally assess whether individual employees have gaps in their skills and establishments that formally assess the performance of employees who have received training and development.

The composite employer engagement score provides an indication of the overall commitment of employers to these human resource planning and management techniques. The analysis indicates that the East Midlands People 1st sector has an overall score of 42.5, compared with 47.0 for People 1st in England and an All Sector regional average of 47.6.

9. Business and employment matrix

Table 10 sets out a series of business and employment indicators for People 1st in Leicestershire. Each of these indicators has also been set in the context of a ranking of all 25 Sector Skills Councils in Leicestershire, which provides an SSC ranking (1-25) for People 1st in relation to each indicator.

Table 10: Business and employment matrix

Indicator	People 1st	SSC Ranking
Number of businesses 2004	2,463	3
Numbers employed 2004	24,150 ²⁴	5
% change in numbers employed 1984-2004	+27%	16
Absolute change in numbers employed 1984-2004	+5,200	8
Expected % change in numbers employed 2004-2014	+2%	11
Expected absolute change in numbers employed 2004-2014	+500	11
Expected absolute replacement demand 2004-2014	+9,000	3
Skill Shortage Vacancies as a % of all vacancies 2005	18%	15
% of employers reporting skill gaps 2005	16%	7
% workforce with no qualifications	25%	10
% employed whose highest qualification is NVQ Level 1	20%	13
% employed whose highest qualification is NVQ Level 2	27%	4
% employed whose highest qualification is NVQ Level 3	13%	4
% employed whose highest qualification is NVQ Level 4 or higher	9%	18
% non-white employees 2001	12%	9
% employees aged 45+	26%	20
An occupational employment change score ²⁵	0.11	24

²⁴ This figure is derived from Working Futures 2 and is an estimate that includes employees and those working on a self employed basis. The figure therefore differs from data derived from the Annual Business Inquiry – It is rounded to the nearest 50

²⁵ This occupational employment change score has been developed in order to provide an indication of the extent of occupational restructuring expected to occur in the future within different sectors. The score is derived from Working Futures 2 data and is calculated by summing each element of expected occupational change (using broad occupational groupings) over the period 2004-2014 and expressing this as a ratio in relation to total numbers employed in 2004 in all occupations within People 1st. The direction of change in occupational employment, whether negative or positive is treated as positive when calculating this ratio. The score provides an indication of the extent of expected occupational restructuring, with the highest scores pointing to a greater level of expected occupational restructuring.

Activities covered by the People 1st Sector footprint

SSC industry	Sub sectors	SIC sub sector definitions
People 1st [55.1, 55.21, 55.23, 55.3-55.5, 63.3, 92.33, 92.71]	Hotels	55.1
	Other short stay accommodation	55.21, 55.23
	Restaurants	55.3
	Pubs, bars and restaurants	55.4
	Contract catering/canteens	55.51, 55.52
	Travel services	6330
	Gambling	9271
	Visitor attractions	9233

