# Scottish Employer Skills Survey 2020

## Scottish Employer Skills Survey 2020

### Employer Characteristics

Small employers with 2 to 4 employees make up **50%** of establishments and employ **8%** of the workforce.

The largest sectors of the Scottish economy are Business Services (**20%** of establishments) and Wholesale & Retail (**19%**).

### Vacancies and SSVs

**11%** of employers had at least one vacancy at the time of the survey…
…and **3%** had at least one skill-shortage vacancy.

**21%** of all vacancies were skill-shortage vacancies – that is, they were hard to fill due to a lack of skills, knowledge or experience among applicants.

This was having an impact on **95%** of affected employers – most commonly increasing workload for other staff.

**TO DO**

### Internal Skills Challenge

**12%** of employers had a skills gap within their workforce, and **4%** of all employees had gap(s) in their skills.

**33%** of employers reported skill under-use.

**74%** of employers anticipated a need to upskill their staff in the coming year.

### Training and Workforce Development

**59%** of employers had provided any training to staff in the previous year:

**50%** on the job    **35%** off the job

Overall, **45%** of employers would like to have provided more training, but **55%** were in "training equilibrium".

### Response to Covid-19

Overall, **76%** of employers had accessed government support (65% furlough, 50% other).
**12%** made redundancies.

### HPW

**7%** were classed as "High Performance Working employers".

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# Introduction

The Scottish Employer Skills Survey (ESS) 2020 is a large-scale telephone survey of 3,497 employers in Scotland. It provides labour market information on the skills challenges faced by employers in Scotland, including:

- The external skills challenge: recruitment and skill-shortage vacancies;
- The internal skills challenge: skills gaps, under-utilisation of skills and the need for upskilling;
- Training and Workforce development;
- High Performance Working practices; and
- Employers' response to COVID-19.

The publication of the Scottish ESS follows a longstanding UK-wide ESS series (including Scotland) which was conducted biennially from 2011 to 2017. The 2020 survey was undertaken within the context of the COVID-19 global pandemic. Fieldwork was conducted between 20th October and 22nd December 2020, during which period the level of restrictions in different areas of Scotland were under constant review and changing frequently. At the start of fieldwork, after a summer of the economy gradually re-opening, the Scottish 'Central Belt' was back under tighter restrictions and all bars and restaurants were closed. A COVID-19 protection level system came into effect on 2nd November, with the worst-hit areas at that point in Level 3. A week later many were moved to Level 4, with the system regularly reviewed, and restrictions tightened or relaxed in different areas throughout fieldwork.[1]

Issues that employers faced during this time included:

- Forced workplace closures;
- The logistics of enabling home working;
- Limitations on people's movements ("stay at home" orders and reduced movements during periods where restrictions were lifted);
- New legislation to make workplaces "COVID-secure"; and
- Access to support from Scottish, UK and Local Government (including the Coronavirus Job Retention Scheme (CJRS), Self Employed Income Support Scheme (SEISS), business loans, tax relief and cash grants).

Further information about the ESS method can be found in the Methodology section of this release and the accompanying Technical Report. This is an Official Statistics release covering the key statistics in the survey. Further data are available in published data tables accompanying this report on the Scottish Government website. Accompanying 'Background Tables' include underlying data used in the report and the 'Additional Tables' provide a more extensive set of data collected in the survey.

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[1] More information on the COVID-19 protection levels can be found here.

# Reporting conventions

The terms "establishment", "employer" and "workplace" are used interchangeably throughout this report to avoid excessive repetition.

The survey population is UK businesses with 2+ employment; this means businesses with at least two people working on payroll including working proprietors. When reporting volume and density measures, we typically refer to 'employees' throughout the report rather than employment.

Where comparisons are made across regions, this is referring to the Regional Outcome Agreement (ROA region). 'Appendix A – Definitions' shows how local authorities match to these region categories.

Throughout the report unweighted base figures are shown on tables and charts to give an indication of the statistical reliability of the figures. These figures are always based on the number of establishments answering a question, as this is the information required to determine statistical reliability. This means, for example, that where percentages are based on "all vacancies" (such as the percentage of all vacancies which are hard to fill) the base figure quoted is the unweighted number of establishments with vacancies.

In tables, "zero" is denoted as a dash ("-"); and an asterisk is used ("*") if the figure is larger than zero but less than 0.5%.

In tables and charts, figures with a base size of fewer than 30 establishments are not reported (a double asterisk, "**", is displayed instead), and figures with a base size of 30 to 49 are italicised and should be treated with caution as the margin of error for these results is larger and therefore the results are less statistically reliable.

This report provides a descriptive overview of the key statistics from the survey. All differences referred to in the report commentary are statistically significant at the 95% level of confidence. This applies to differences between survey subgroups, such as region, size and sector, and also to differences over time.

Throughout the report the terms incidence, volume and density are used regarding vacancies, skills-shortage vacancies and skills gaps. They are defined as follows:

**Figure A: Definitions for key incidence, volume and density measures used in the report**

| | Vacancies | Skill-shortage vacancies | Skills gaps |
|---|---|---|---|
| Incidence | The number of establishments reporting at least one vacancy | The number of establishments that reported at least one skill-shortage vacancy | The number of establishments that reported any of their staff lacked full proficiency |
| Volume | The total number of vacancies | The total number of vacancies that are hard to fill as a result of skill shortages | The total number of employees that lack full proficiency |
| Density | The total number of vacancies as a proportion of all employment | The total number of skill-shortage vacancies as a proportion of all vacancies | The total number of employees that lack full proficiency as a proportion of all employment |

# Employer characteristics

The population of employers for the Scottish ESS 2020 included all establishments that had at least two people working at them (including owners and working proprietors). An "establishment" is a single site of an organisation, meaning interviews were carried out with an individual at each local office (rather than a single "head office" location with a respondent answering on behalf of the whole organisation). This reflects the fact that skills issues are felt most acutely at local level, and continues the approach taken by previous UK-wide ESS surveys dating back to 2011.

Figure 1 shows the profile of employers and of employment by size for this population. Office for National Statistics (ONS) figures estimate that in March 2020 there were 151,610 establishments in Scotland employing around 2.45 million people between them.[2]

The Scottish employer population is predominantly made up of small establishments: half of employers have fewer than 5 staff (50%) and a further two fifths have between 5 and 24 staff (39%). However, these smaller employers employ just 8% of the workforce and 24% of the workforce respectively. Employers with 100 or more staff make up 2% of establishments but employ 43% of the workforce.

**Figure 1: Employer and employment profile by establishment size**
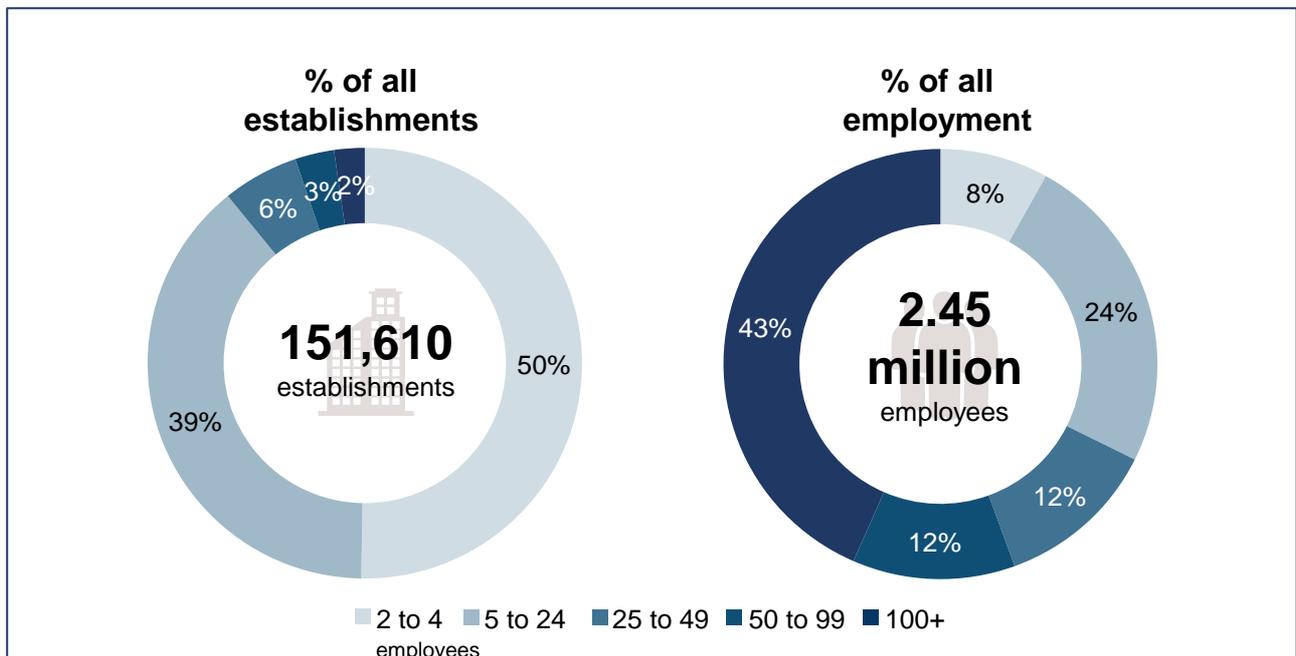


*Source: ONS Inter-Departmental Business Register (IDBR), March 2020*

The largest sectors in the Scottish economy in terms of number of establishments are Business Services, and Wholesale and Retail (20% and 19% of all

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[2] March 2020 was the latest available data release at the time of reporting, as such these figures reflect the pre-COVID-19 pandemic economy.

establishments, respectively); the smallest are Financial Services and Public Administration (both 2%).

In terms of employment, Health and Social Work (16% of the total workforce), Business Services (15%) and Wholesale and Retail (14%) are the largest sectors.

**Figure 2: Employer and employment profile by sector**
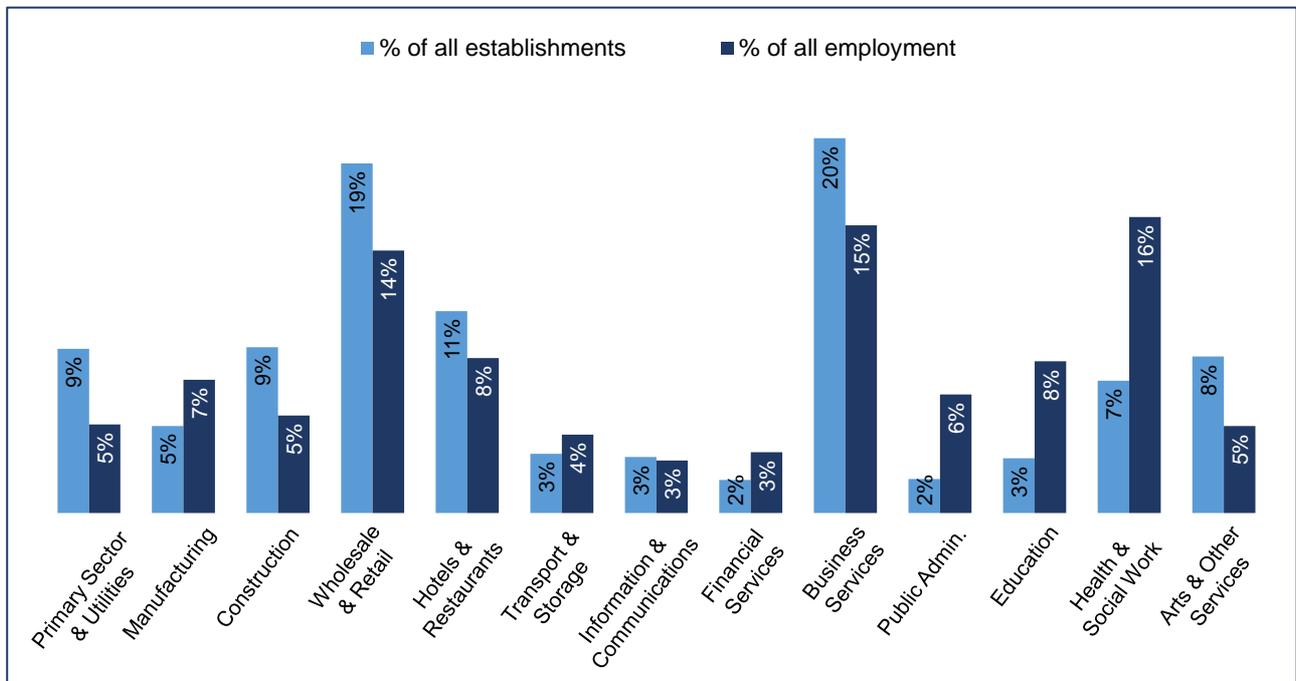


*Source: ONS Inter-Departmental Business Register (IDBR), March 2020*

# Recruitment and skill-shortage vacancies

This chapter looks at the proportion of employers with vacancies at the time of the survey and whether they were having any difficulties filling these vacancies. It specifically looks at instances where these difficulties were caused by a lack of skilled applicants, and the impact of these skill shortages on employers.

## Vacancies

> Overall, one-in-nine (11%) employers had a vacancy at the time of the survey.

This is a decrease from 2017, when 20% of employers reported having a vacancy. When comparing the difference here, it is worth noting that the fieldwork for the 2020 survey was carried out later in the year (October to December) than for the 2017 survey (May to October), which will mean any seasonal differences in recruitment patterns will be reflected in these figures. The survey was also undertaken during the COVID-19 pandemic at a time when employers were subject to varying restrictions on their operations. The impact of COVID-19 on employer behaviour, as measured by the survey, is discussed in a dedicated section below.

The largest decreases in the proportion of employers with vacancies were among employers in the Glasgow Region (26% in 2017 down to 10% in 2020) and Lanarkshire Region (24% down to 8%). Conversely, there has been virtually no change in the proportion of employers with vacancies in Borders Region (7% in both years) and Highlands and Islands Region (16% in 2017 and 15% in 2020).

"Vacancy Density" refers to the number of vacancies as a percentage of total employment. This figure was 1.9% in 2020, meaning that for every 100 people employed in Scotland there were approximately 2 vacancies. This figure was down from 3.1% in 2017.

Figure 3 shows vacancy measures for Scotland and by ROA region.

## Figure 3: Incidence and density of vacancies by ROA Region
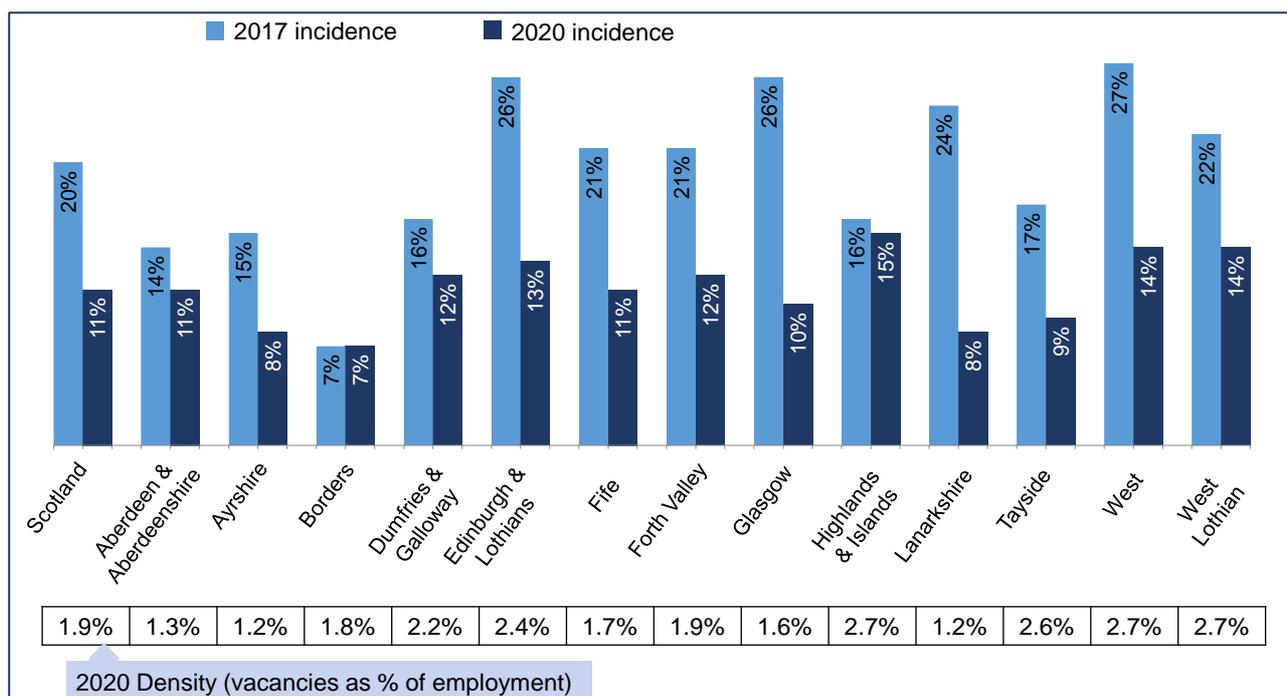


Legend: ■ 2017 incidence  ■ 2020 incidence

| Region | 2017 incidence | 2020 incidence | 2020 Density |
|---|---|---|---|
| Scotland | 20% | 11% | 1.9% |
| Aberdeen & Aberdeenshire | 14% | 11% | 1.3% |
| Ayrshire | 15% | 8% | 1.2% |
| Borders | 7% | 7% | 1.8% |
| Dumfries & Galloway | 16% | 12% | 2.2% |
| Edinburgh & Lothians | 26% | 13% | 2.4% |
| Fife | 21% | 11% | 1.7% |
| Forth Valley | 21% | 12% | 1.9% |
| Glasgow | 26% | 10% | 1.6% |
| Highlands & Islands | 16% | 15% | 2.7% |
| Lanarkshire | 24% | 8% | 1.2% |
| Tayside | 17% | 9% | 2.6% |
| West | 27% | 14% | 2.7% |
| West Lothian | 22% | 14% | 2.7% |

2020 Density (vacancies as % of employment)

*Base: All establishments (3,497). Regional bases range from 87 in West Lothian Region to 500 in Highlands and Islands Region.*
*"Regions" refer to ROA regions – see "Definitions" section of this report for more detail.*

The incidence of vacancies varied considerably by size, with just 4% of establishments with 2-4 staff reporting vacancies at the time of the survey compared to 57% of those with 100 or more. Density of vacancies, however, remained reasonably consistent by size of establishment.

There was also large variation by sector with around a third of employers in the Education (36%) and Public Administration (33%) reporting vacancies, compared to 3% in the Primary Sector and Utilities.

Further data on the incidence and density of vacancies, as well as corresponding 2017 results, can be found in Tables 1 to 3 of the Background Tables accompanying this publication.

## Skill-shortage vacancies

Vacancies which are hard to fill because of difficulties finding applicants with the requisite skills, knowledge and/or experience are known as "skill-shortage vacancies", or "SSVs". Looking at the level of skill-shortage vacancies in the market is a good indicator of skill supply issues in an area.

> Overall, a quarter (24%) of establishments with vacancies reported at least one that was hard to fill due to a skill-shortage issue. This equates to 3% of all establishments in Scotland.

The proportion of all establishments with any skill-shortage vacancies has fallen from 6% in 2017 to 3% in 2020 (see Figure 4).

The overall skill-shortage vacancy density (skill shortage vacancies as a proportion of vacancies) was 21%, similar to the figure seen in 2017 (24%); this measure is known as the "SSV density".

**Figure 4: Incidence and density of skill-shortage vacancies by ROA region**
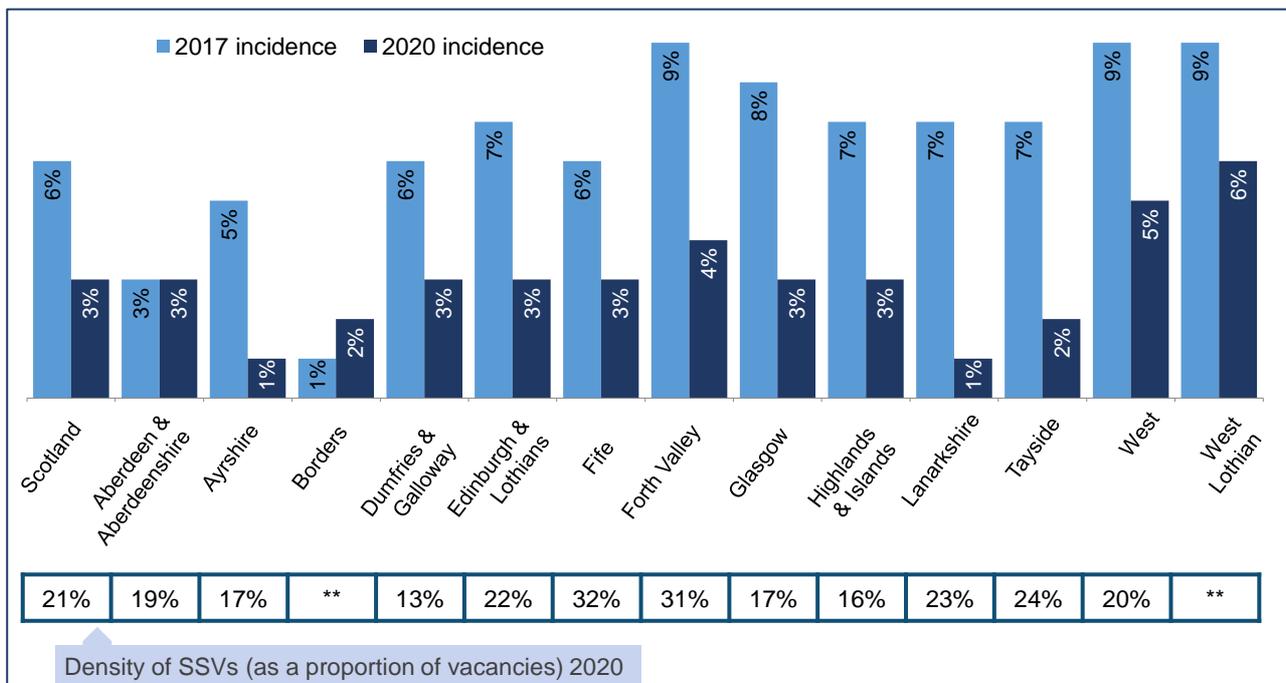


Base: All establishments (3,497). Regional bases range from 87 in West Lothian to 500 in Highlands and Islands.
Base for density figures: Establishments with vacancies (637; base sizes by region vary from 12 to 105)
**Data suppressed, base <30.
"Regions" refer to ROA regions – see "Definitions" section of this report for more detail.

As with the incidence of vacancies, larger establishments were more likely to report having skill-shortage vacancies than smaller employers: 17% of employers with 100 or more staff had at least one SSV, compared to just 1% of those with 2-4 staff. SSV density did not differ significantly across the different sizes of establishments.

In line with their higher incidence of vacancies generally, establishments in Public Administration (10%) and Education (9%) were the most likely to report having any skill-shortage vacancies.

Further size and sector breakdowns, as well as corresponding 2017 results, can be found in Tables 4 to 6 of the Background Tables.

## Skills lacking in the labour market

Skills that employers perceive to be lacking among applicants to their roles can be grouped into two broad categories: technical and practical skills, which are specific skills required to perform the particular functions of a job role, and people and personal skills which are the "softer", less tangible skills required to manage oneself and interact with others in the workplace.

Looking first at technical and practical skills, the most common reported skill-shortage was in the specialist skills or knowledge required for the job in question. This was given as the cause, at least in part, of 58% of all skill-shortage vacancies.

Almost half of skill-shortage vacancies were caused, at least in part, by a lack of knowledge about the organisation being applied to, whether that was the products and services offered or how the organisation works.

Complex analytical skills were lacking among applicants for 44% of skill-shortage vacancies.[3]

Over a third of skill-shortage vacancies were due at least in part to a lack of applicants with basic IT or numeracy skills (37%), and digital skills specifically (advanced or basic) were an issue in 35%.

Figure 5 gives a full breakdown of the technical and practical skill lacking among applicants where employers report having skill-shortage vacancies.

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[3] For more information on how 'complex analytical skills' and other grouped skills are defined, please see 'Appendix B – Grouped codes'.

**Figure 5: Technical and practical skills lacking among applicants to vacancies classed as skill-shortage vacancies among those followed up (prompted)**
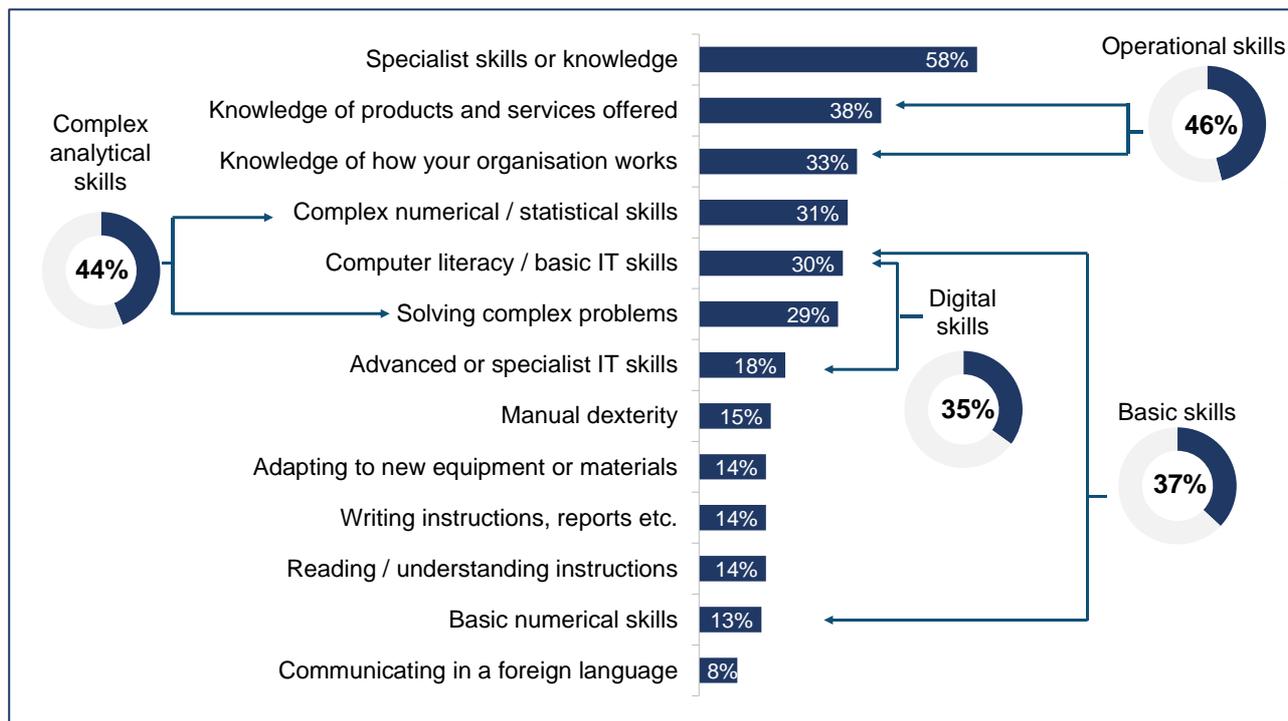


*Base: All establishments with skill-shortage vacancies (2020: 153)*
*Figures shown based on SSVs for up to 2 occupations randomly selected for each establishment) – so, for example, "specialist skills or knowledge" was lacking among applicants for 58% of SSVs followed up. Respondents were able to select multiple skills for these questions; as such grouped skills will not equal the total of the individual skills included in that grouping.*

Turning to people and personal skills (shown in Figure 6), the most common skill lacking among applicants was self-management, with 58% of skill-shortage vacancies caused at least in part by this. Around half (51%) of skill-shortage vacancies were caused, at least in part, by an inability to find applicants who can manage their own time and prioritise tasks, and 28% by a lack of applicants with the ability to manage their own or others' feelings. Team working and creative and innovative thinking were also often felt to be lacking by employers, cited as a factor in 37% and 36% of skill-shortage vacancies respectively.

Management and leadership skills (covering the ability to manage or motivate other staff, instructing, teaching and training people, and setting objectives for others and planning resources) were lacking in 36% of skill-shortage vacancies. The specific management and leadership skill most often lacking was the ability to manage or motivate other staff (a factor in 31% of all SSVs), followed by instructing, teaching and training people (21%) and setting objectives for others and planning resources (12%).

Sales and customer handling skills were lacking among applicants for 32% of skill-shortage vacancies.

**Figure 6: People and personal skills lacking among applicants to vacancies classed as skill-shortage vacancies among those followed up (prompted)**



Self-management skills — 58%

Sales and customer skills — 32%

Management / Leadership skills — 36%

| Skill | % |
| --- | --- |
| Managing own time and task prioritisation | 51% |
| Team working | 37% |
| Creative and innovative thinking | 36% |
| Customer handling skills | 31% |
| Managing or motivating other staff | 31% |
| Managing own feelings / handling those of others | 28% |
| Persuading or influencing others | 22% |
| Making speeches or presentations | 22% |
| Instructing, teaching or training people | 21% |
| Sales skills | 12% |
| Setting objectives for others / planning resources | 12% |
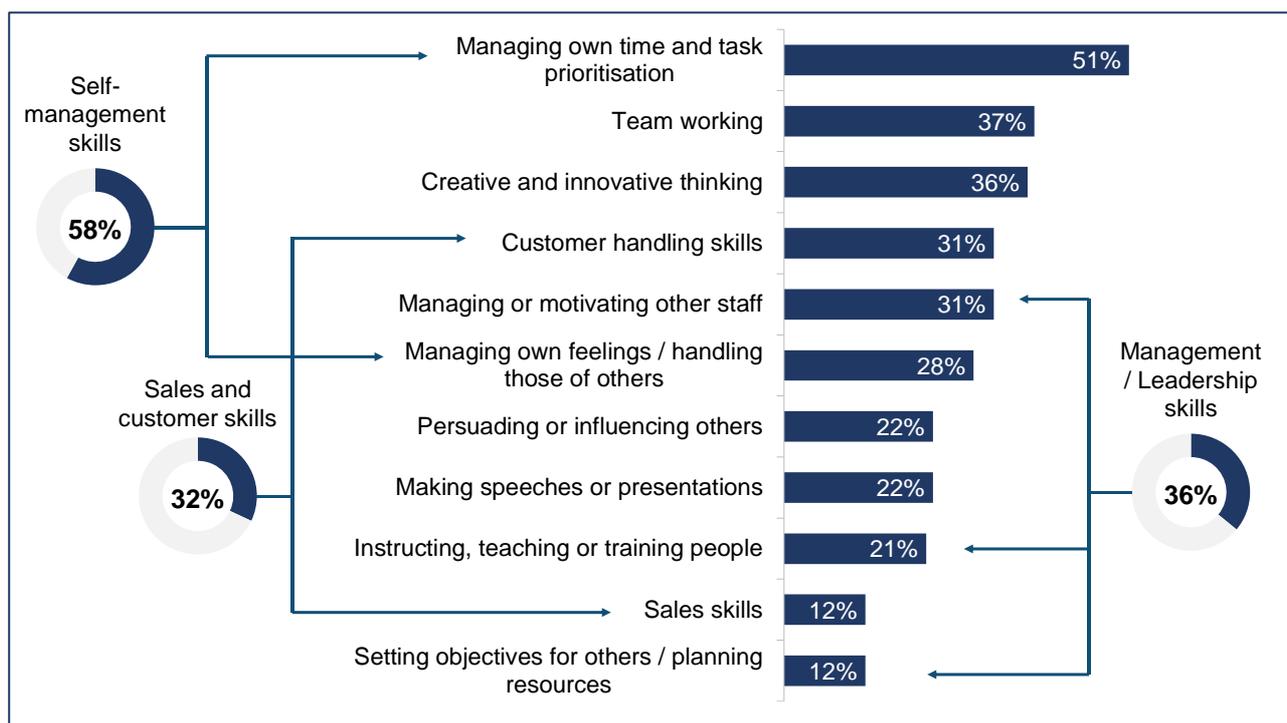
*Base: All establishments with skill-shortage vacancies (2020: 153)*
*Figures shown based on  SSVs for up to 2 occupations randomly selected for each establishment – so, for example, "managing own time and task prioritisation" was lacking among applicants for 51% of SSVs followed up.*

## Impact of skill-shortage vacancies on employers

> The vast majority (95%) of employers that had experienced hard to fill vacancies that were all a result of skill shortages said these had an impact on their organisation. This was similar to the proportion reported in 2017 (97%).

The most common impact of skill-shortage vacancies was an increased workload for other staff, reported by 83% of establishments where all their hard-to-fill vacancies were caused at least in part by skill-shortages,[4] a decrease since 2017 (89%). This was the only impact of skill shortage vacancies for around one in eight (12% of) establishments with hard-to-fill vacancies that were all as a result of skill shortages (consistent with the 11% found in 2017). The next most common impact was difficulties meeting customer service objectives (49%). Some impacts of SSVs directly affect business performance: 40% reported SSVs leading to increased operating costs and 36% to losing business to competitors.

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[4] In this section, results are based on employers where all their hard-to-fill vacancies were caused at least in part by skill shortages. This is because the questionnaire asked about the impact of hard-to-fill vacancies. We can therefore only be certain that impacts reported by employers refer to SSVs rather than other hard-to-fill vacancies where all their hard-to-fill vacancies are SSVs.

## Figure 7: Impact of skill-shortage vacancies (prompted)

| Impact | Percentage |
|---|---|
| Increase workload for other staff | 83% |
| Have difficulties meeting customer services objectives | 49% |
| Experience increased operating costs | 40% |
| Have difficulties introducing new working practices | 38% |
| Lose business or orders to competitors | 36% |
| Delay developing new products or services | 31% |
| Be unable to react effectively to the impacts of COVID-19 | 29% |
| Outsource work | 24% |
| Withdraw from offering certain products or services altogether | 21% |
| Have difficulties meeting quality standards | 20% |
| Have difficulties introducing technological change | 17% |
| Be unable to prepare for the impact of Brexit on our business | 13% |
| None | 4 |
| Don't know | 1% |

*Base: All establishments with hard-to-fill vacancies that are all as a result of skill shortages (142).*

The proportion of establishments with SSVs reporting each impact has decreased compared with 2017 for most impacts, with the fall particularly marked for SSVs causing a delay in developing new products (31%, down from 44% in 2017).

Nearly a third of establishments with hard-to-fill vacancies that were all a result of skill shortages said these SSVs affected their ability to react effectively to the impacts of COVID-19 (29%).

# The internal skills challenge

This chapter explores the incidence, density, causes and impact of skills gaps within the existing workforce (i.e. where employers consider their existing staff not to be fully proficient at their job). Skills gaps can be temporary, often the result of staff being new to the role, not being able to recruit suitably skilled applicants or intentionally taking on recruits who are not fully experienced to train them in the organisation's working practices. However, skills gaps can also be persistent, often the result of lack of investment in training, difficulties encountered developing skills in the workforce, or staff turnover. These persistent gaps can hinder an establishment's ability to function effectively and harm productivity.

This chapter also discusses employers' underutilisation of skills and qualifications in the workforce. It also considers upskilling requirements among employers, where employers anticipate that staff will need to acquire *new* skills over the next twelve months. The chapter considers the prevalence of such needs, the reasons for establishments needing to upskill, the occupations most affected by upskilling needs and the skills that establishments have noted need improving.

## Incidence, volume and density of skills gaps

Overall, 12% of employers had any skills gaps within their workforce. This was lower than 2017 when 16% of employers had skills gaps.

There were few differences by region in terms of the incidence of skills gaps, as shown in Figure 8. The incidence of skills gaps increased with establishment size: from 4% among the smallest establishments with 2-4 employees to 40% among those with 100+ employees.

Establishments in the Public Administration (19%), Health and Social Work (17%) and Hotels and Restaurants (16%) sectors were more likely in 2020 to have skills gaps than those in other sectors. This was also the case in 2017 for Public Administration (23%) and Hotels and Restaurants (20%), although in 2017 Health and Social Work was in line with the overall figure (16%).

Across Scotland, 97,400 staff were considered not to be fully proficient at their job.

The number of staff with skills gaps varied across geography and sector, and typically reflected differences in the size of the regional and sectoral workforce. The number of staff described as lacking full proficiency ranged from 18,000 in Edinburgh and the Lothians Region to 1,800 in West Lothian Region, and by sector from 17,600 in the Health and Social Work sector to 1,100 in Information & Communications. By occupation, the largest volume of skills gaps was within those classed as Elementary Staff (17,500). Despite being the occupational grouping with the greatest number of employees, occupations classed as Managers had the smallest volume of skills gaps (5,700).

Figure 8 shows the incidence of skills gaps (i.e. the proportion of employers reporting any skills gaps) overall for Scotland and by ROA region, and the density of skills gaps (the proportion of the workforce considered to lack full proficiency).

## Figure 8: Incidence and density of skills gaps by ROA region
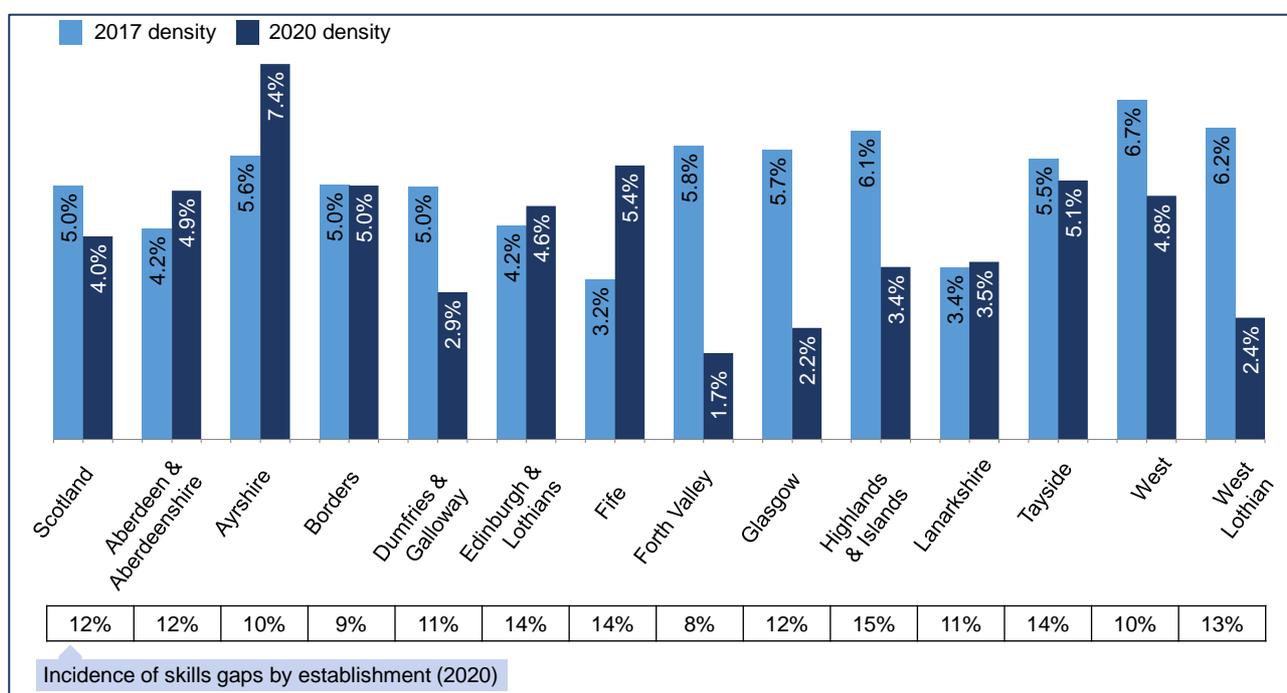


Base: All establishments (2020 Scotland: 3,497; regional base sizes range from 87 in West Lothian Region to 500 in Highlands and Islands Region. In 2017 Scotland: 6,017; regional base sizes range from 167 in West Lothian Region to 865 in Aberdeen and Aberdeenshire Region).
"Regions" refer to ROA regions – see "Definitions" section of this report for more detail.

In total, 4.0% of all employees in Scotland were considered to have skills gaps. This was lower than in 2017 (5.0%).

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By region, the highest proportion of staff with skills gaps was in Ayrshire Region (7.4%), while the lowest was in Forth Valley Region (1.7%).

As with skills gap incidence among employers, the proportion of the workforce that had skills gaps increased with establishment size, from 1.7% of employees in establishments with 2-4 employees to 4.9% of employees in establishments with 100 or more employees.

By sector, skills gap density was lower than average in Public Administration (1.5%) and Information and Communications (1.7%) and was highest in Manufacturing (6.7%). This is similar to the pattern in 2017, when skills gap density was highest among Manufacturing establishments (7.2%) and lowest among Information and Communications establishments (2.3%), although in 2017 Public Administration had a skills gap density of 4.9%, close to the 2017 average (5.0%).

By occupation, skills gap density was highest among Caring, Leisure and Other Services Staff (6.2%) and lowest among Managers (1.5%). Managers was also the occupation with the lowest skills gap density in 2017 (2.6%), while Sales and Customer Services Staff was the highest in 2017 (7.0%). Caring, Leisure and Other Services Staff was the only occupation for which skills gap density had increased since 2017 (from 4.2% to 6.2%), while the largest falls were among Managers (falling from 2.6% to 1.5%) and Machine Operatives (falling from 6.7% to 3.8%).

Further data on the incidence and density of skills gaps, and corresponding 2017 results, can be found in Tables 10 to 16 of the Background Tables.

## Causes of skills gaps

> The most common causes of skills gaps were staff members being new to the role (64% of all skills gaps) and that staff training was only partially completed (63%).

As in previous years, transient causes of skills gaps (staff being new to the role and training only being partially completed) were the most common causes of skills gaps, being a factor in three quarters of all skills gaps (75%), and the sole cause of around one in six of all skills gaps (17%). While transient factors contributed to around the same proportion of skills gaps as in 2017 (76%), they were the exclusive cause of a smaller proportion of skills gaps than in 2017 (23%).

There are some workplace activities such as introducing new technology or working practices which cause skills gaps in the short-term, but usually also reflect positive developments such as an investment in growth. In 2020 however, these potentially "transformational" activities were also in part caused by difficulties adapting to workplace changes during COVID-19. "Transformational" factors (introducing new technology or working practices) contributed to 42% of skills gaps, an increase from 33% in 2017. Of these skills gaps caused in part by "transformational" factors, 58% were also in part caused by difficulties adapting to workplace changes during COVID-19.

Other common causes of skills gaps included staff not having received the appropriate training (37%) and employers being unable to recruit staff with the required skills (34%). The causes of skills gaps are presented in Figure 9.

## Figure 9: Causes of skills gaps in occupations followed up (prompted)
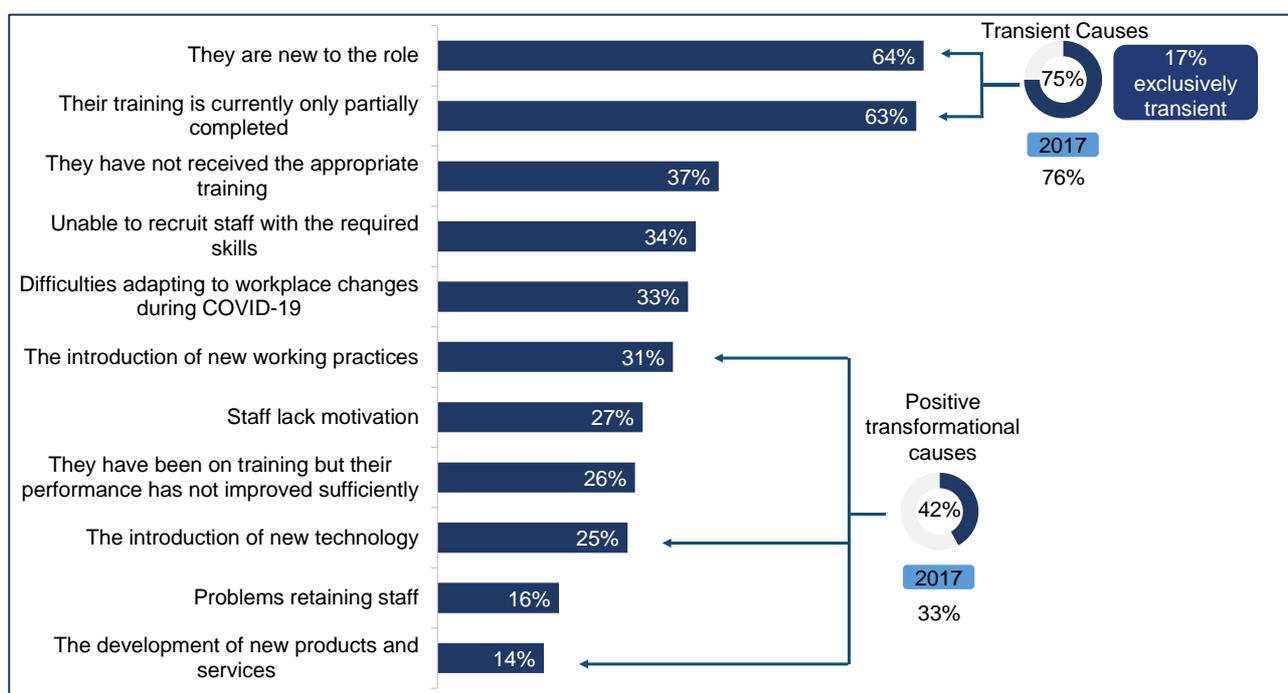


*Base: All establishments with skills gaps (2020: 638; 2017: 1,502). Figures shown are based on skills gaps for up to 2 occupations randomly selected for each establishment – so, for example, "they are new to the role" was a cause of 64% of skills gaps followed up.*

Further data on the causes of skills gaps, and corresponding 2017 results, can be found in Tables 17 and 18 of the Background Tables.

## Skills lacking internally

The most commonly lacking technical or practical skills were specialist skills or knowledge needed to perform the role (lacking among 49% of staff with skills gaps) and the ability to solve complex problems requiring a solution specific to the situation (41%).

The largest increase since 2017 for individual skills lacking among staff with skills gaps was in the proportion of employees lacking basic IT skills (32% in 2020, up from 24% in 2017). The largest decreases since 2017 were regarding manual dexterity (from 18% in 2017 to 11% in 2020) and communicating in a foreign language (from 14% in 2017 to 7% in 2020).

Looking more broadly at the groups of skills lacking in the workforce, digital skills gaps, which includes both computer literacy / basic IT skills and advanced or specialist IT skills, rose between 2017 and 2020: in 2020, 47% of staff with a skills gaps lacked digital skills, compared with 36% in 2017. Similarly, basic skills, which includes both computer literacy / basic IT skills and basic numerical skills and understanding, were also lacking among a higher proportion of staff with skills gaps in 2020 (40%) compared to 2017 (33%). The technical and practical skills that were lacking among staff with skills gaps are presented in Figure 10.[5]

By occupation, 85% of staff with skills gaps within Skilled Trade occupations lacked the specialist skills or knowledge needed to perform the role, and 64% of Caring, Leisure and Other Service Occupations staff with skills gaps lacked knowledge of how their organisation works. Basic skills were lacking among 63% of Caring, Leisure and Other Service Occupations staff with skills gaps. Each of these findings was higher than the average across all skills gaps in other occupations.

Further data on the technical and practical skills lacking among staff with skills gaps, and corresponding 2017 results, can be found in Tables 20 to 22 of the Background Tables.

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[5] For more information on how 'digital skills' and other grouped skills are defined, please see 'Appendix B – Grouped codes'.

## Figure 10: Technical and practical skills lacking among staff with skills gaps followed up (prompted)
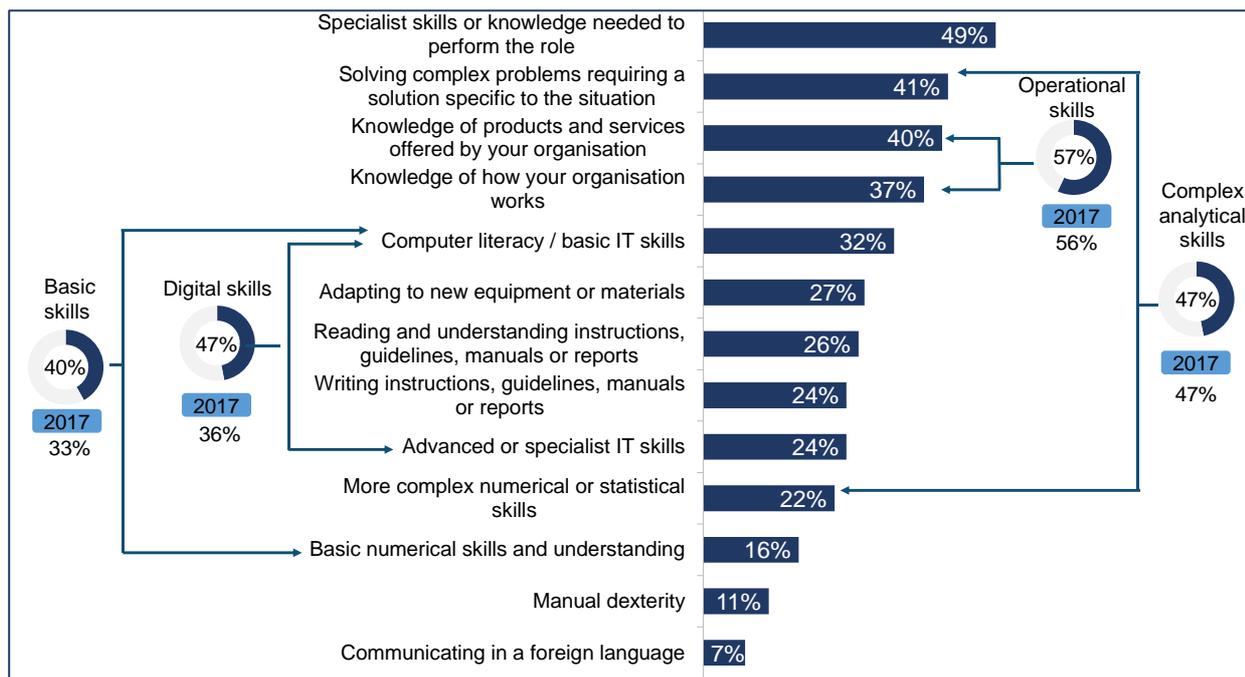


*Base: All establishments with skills gaps (2020: 638; 2017: 1,502). Figures shown are based on skills gaps for up to 2 occupations randomly selected for each establishment – so, for example, "specialist skills or knowledge" was lacking in 49% of these skills gaps.*

> 63% of staff with skills gaps lacked the ability to manage their own time and prioritise their own tasks and more than half lacked team working skills (56%).

A number of people and personal skills have become more common among staff lacking full proficiency since 2017, with the biggest increases being in sales skills (increasing from 24% in 2017 to 32% in 2020), customer handling skills (increasing from 45% in 2017 to 53% in 2020) and making speeches or presentations (increasing from 14% in 2017 to 20% in 2020). The largest decreases in terms of people and personal skills lacking among staff with skills gaps were for the ability to set objectives for others (decreasing from 25% in 2017 to 22% in 2020) and team working (decreasing from 59% in 2017 to 56% in 2020).

When grouping people and personal skills into broader areas of skills lacking, the only major change since 2017 was an increase in the proportion of staff with skills gaps that lacked sales and customer skills (58%, up from 48% in 2017). The people and personal skills that were lacking among staff with skills gaps are presented in Figure 11.

By occupation, some notable differences included 70% of Elementary Staff with skills gaps lacking the ability to manage their own time and prioritise their own tasks and 79% of Caring, Leisure and Other Service Occupations staff with skills gaps lacking team working skills, both figures much higher than average.

Further data on the people and personal skills lacking among staff with skills gaps, and corresponding 2017 results, can be found in Tables 23 to 25 of the Background Tables.

**Figure 11: People and personal skills lacking among staff with skills gaps followed up (prompted)**
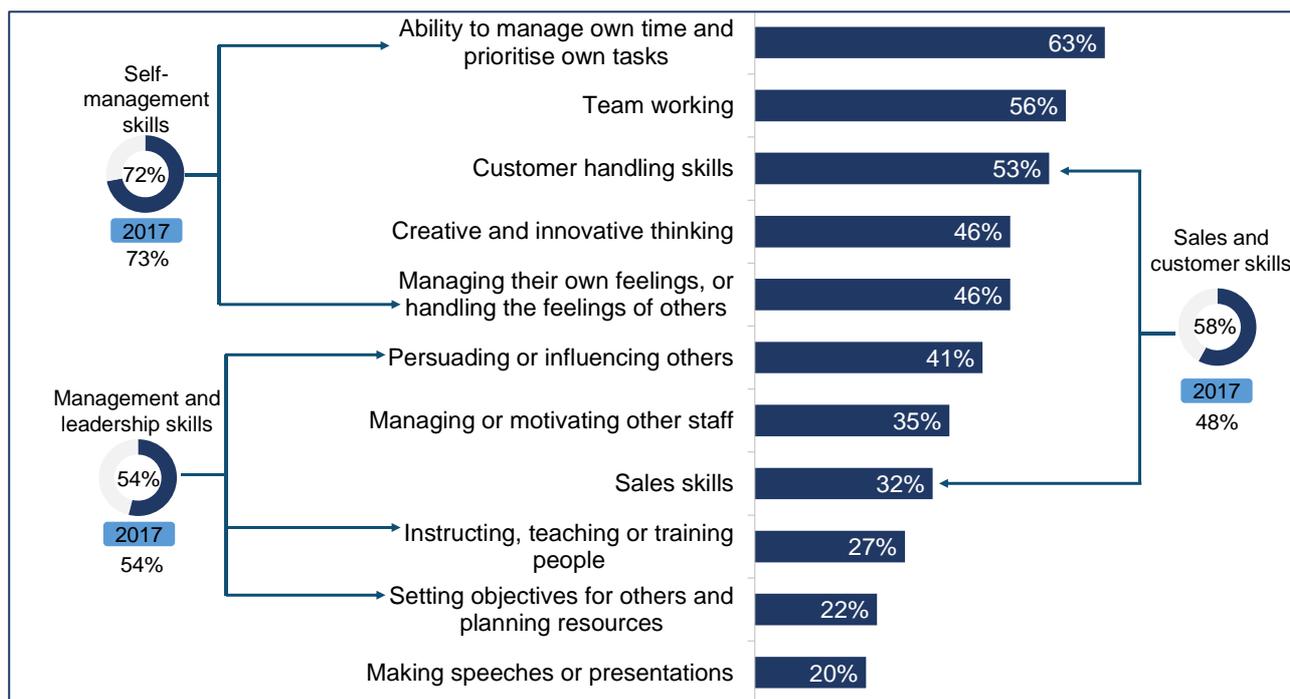


*Base: All establishments with skills gaps (2020: 638; 2017: 1,502). Figures shown are based on skills gaps for up to 2 occupations randomly selected for each establishment – so, for example, the "ability to manage own time and prioritise tasks" was lacking in 63% of these skills gaps.*

## The impact of skills gaps

Two thirds of employers with skills gaps indicated these gaps impacted on how their site performed (67%). For just over half this included increasing workloads for other staff (53%), and for over a quarter (27%) they were causing increased operating costs. These figures were similar to findings in 2017.

Although the proportion of establishments with skills gaps that experienced an impact remained consistent with 2017, the extent of this impact had lessened, with the proportion saying it was having a major impact falling from 19% in 2017 to 12% in 2020.

Establishments that had skills gaps exclusively caused by transient issues were, perhaps unsurprisingly, much less likely to note any impact on their performance due to their skills gaps (42%) than those with any skills gaps caused by non-transient issues (73%).

As shown in Figure 12, the impacts of skills gaps in 2020 were similar to those found in 2017. That said, a smaller proportion of establishments with skills gaps indicated that they had caused difficulties introducing new working practices (24% down from 28% in 2017) or delays developing new products or services (14% down from 18% in 2017).

By sector, establishments in the Wholesale and Retail (79%) and Hotels and Restaurants (76%) sectors were more likely to report any impact on their performance due to skills gaps. In particular, establishments in these two sectors were more likely to report increased workloads for other staff to be an impact of skills gaps (Wholesale and Retail, 69% and Hotels and Restaurants, 68%). Hotels and Restaurant establishments were also the most likely to report difficulties in responding to or adapting to workplace changes as a result of COVID-19 because of their skill gaps (30%). Wholesale and Retail employers in contrast were among the establishments most likely to have lost business or orders to competitors due to skills gaps (27%).

Further data on the impact of skills gaps can be found in Tables 26 to 29 of the Background Tables.

## Figure 12: Impacts of skills gaps and implications of skills gaps (prompted)



Any impact: 67%

- Major impact: 12%
- Minor impact: 54%
- No impact: 33%

All with Skills Gaps

| | 2017 | 2020 |
|---|---|---|
| Increase workload for other staff | 53% | 53% |
| Have higher operating costs | 30% | 27% |
| Have difficulties introducing new working practices | 28% | 24% |
| Have difficulties meeting quality standards | 25% | 23% |
| Be less able to adapt to workplace changes as a result of COVID-19 | N/A | 19% |
| Lose business or orders to competitors | 20% | 18% |
| Delay developing new products or services | 18% | 14% |
| Outsource work | 9% | 9% |
| None of the above | 40% | 40% |

*Base: All establishments with skills gaps (2020: 638; 2017: 1,502).*

## Under-use of skills and qualifications

Under-utilisation of skills and qualifications is defined as employees that have both qualifications and skills that are more advanced than are required for their current job role.

> One third of establishments had staff that were under-utilised (33%). In total, 8% of employees were under-utilised in their role. Both figures represented a slight but significant decrease since 2017, when 35% of establishments had staff that were underutilised and 9% of the workforce had under-utilised skills and qualifications.

There were relatively few differences in terms of the likelihood of establishments having under-utilised staff by ROA region and size. However, nearly half of Hotels and Restaurants employers had any under-utilised staff (48%), twice the level among Primary Sector & Utilities employers (23%). This was similar in 2017 in terms of profile of sectors most and least likely to have under-utilised staff.

A greater proportion of the workforce were under-utilised in the Borders Region (13%) than among the workforce across the rest of Scotland, while a slightly lower proportion were under-utilised in the Edinburgh and Lothians Region, Fife and Highlands and Islands Regions (each 6%). The picture was slightly different in 2017. Although the proportion of the workforce under-utilised in the Fife Region (4%) was also low in 2017 and it was high in the Borders Region (11%), in 2017 the proportion in the Highlands and Islands Region (9%) was in line with the average while in Edinburgh and Lothians Region (10%) it was higher than the average across all other regions.

Among employees that worked at establishments with 2-4 employees, nearly one in five were under-utilised (19%), demonstrating a link between the proportion of the workforce that was under-utilised and the size of the establishment that they worked at (5 or more employees: 7%, 100 or more employees: 4%). This was similar to the profile in 2017.

By sector, the highest proportion of the workforce that were under-utilised was within the Financial Services (16%) and Hotels and Restaurants (14%) sectors. Just 3% of staff in the Public Administration sector were under-utilised. In 2017, the smallest proportion of under-utilised staff had been in the Manufacturing sector (4%), while the largest had been in the Information & Communications sector (24%).

Further data on the proportion of establishments reporting skills under-use and the proportion of the workforce that are under-utilised, as well as corresponding 2017 results, can be found in Tables 30 to 33 of the Background Tables.

## Upskilling

Upskilling is defined as the anticipated need among employers that staff will need to acquire new skills over the next twelve months.

> Overall, around three-quarters (74%) of employers had any upskilling needs among their workforce.

The proportion of employers needing to upskill any staff was higher in 2020 (74%) than in 2017 (69%). Excluding those employers whose upskilling needs were exclusively a result of needing to change workplace practices as result of COVID-19, 73% had upskilling needs, still a significant increase from 2017 levels.

**Figure 13: Proportion of employers with a need for upskilling and the reasons for needing to upskill**

Incidence of need for upskilling:

- Don't know: 1%
- No: 25%
- Yes: 74%

All establishments

| Reason | 2017 | 2020 |
|---|---|---|
| Changing workplace practices as a result of COVID-19 | | 52% |
| New legislative or regulatory requirements | 42% | 46% |
| The introduction of new technologies or equipment | 41% | 43% |
| The introduction of new working practices | 39% | 42% |
| The development of new products and services | 39% | 37% |
| Increased competitive pressure | 25% | 22% |
| The UK's decision to leave the EU | 17% | 19% |

*Base: All establishments (2020: 3,497; 2017: 3,064).*

There was significant variation in upskilling needs by ROA region. Employers in and around Scotland's two largest cities were most likely to have need for upskilling (80% of employers in Glasgow Region and 78% of those in Edinburgh and Lothians Region), while employers in the Fife Region (68%) were the least likely to have upskilling needs.

Upskilling needs were more prevalent among large businesses than small businesses (89% of businesses with 100 or more employees compared to 68% of those with 2 to 4 employees). This difference by size was consistent with 2017.

Public Administration (87%) was the sector most likely to have need for upskilling, while Construction (58%) was the least likely. Hotels and Restaurants (79% vs. 60% in 2017) and Arts and Other Services (79% vs. 61% in 2017) were the sectors subject to the largest changes in upskilling needs.

**Reasons for a need for upskilling**

Reflecting the impact the pandemic has had on many businesses, changing workplace practices as a result of COVID-19 (52%) was the most common reason for a need for upskilling (see Figure 13). However, the proportion of businesses that needed to upskill for this reason varied significantly by sector. Those operating primarily in the public sector, such as Public Administration (70%), Education (67%) and Health and Social Work (65%), and the hospitality sector, such as Hotels and Restaurants (65%), were most likely to give this reason for having upskilling needs.

The next most common reasons for a need to upskill staff were new legislative or regulatory requirements (46%) and the introduction of new technologies or equipment (43%). Public Administration (65%) and Financial Services (60%) were the sectors most likely to have a need for upskilling as a result of new legislative or regulatory requirements. Information and Communications (70%) was most likely to have an upskilling need because of the introduction of new technologies or equipment.

Establishments were more likely to report a need for upskilling as a result of the UK's decision to leave the EU than they were in 2017 (19% compared to 17%). Employers in Edinburgh and Lothians Region (23%) were most likely to have upskilling needs as a result of Brexit, while those in the Ayrshire (14%) and West Regions (13%) were less likely to. Larger businesses (35% of those with 100 or more employees) were more likely than businesses overall (19%) to have a need for upskilling as a result of Brexit.

**Occupations most affected by the need for upskilling**

Managers (46%) were the occupation most affected by the need for upskilling, followed by Professionals (39%); Caring, Leisure and Other Services (38%); and Skilled Trades (35%) occupations. Figure 14 sets out the proportion of establishments that identified an upskilling need among their staff in that occupation.

**Figure 14: Occupations most affected by the need for upskilling**
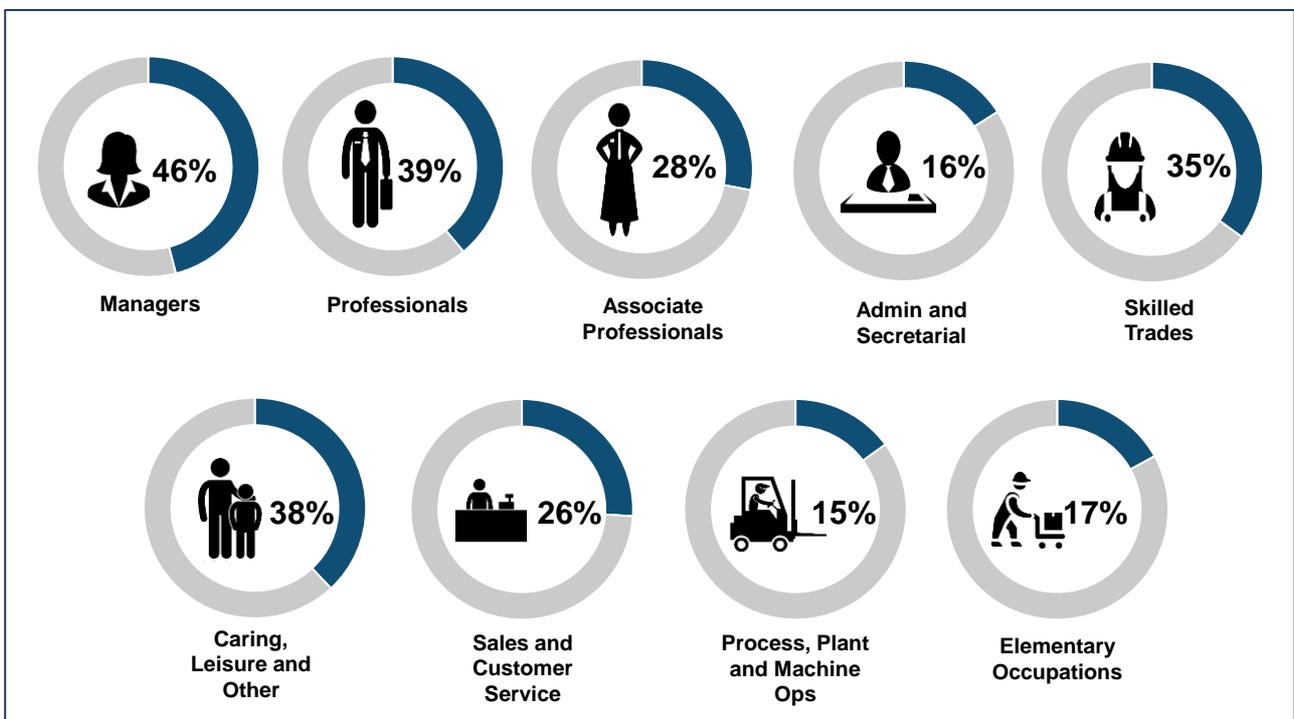


*Base: All establishments that identified an occupation in need of upskilling and employ that particular occupation Managers (2,574); Professionals (635); Associate Professionals (436); Admin and Secretarial (1,709); Skilled Trades (919); Caring, Leisure and Other (504); Sales and Customer Service (752); Process Plant and Machine Operatives (553); Elementary Occupations (1,123).*

**Technical and practical skills that need developing**

Adapting to new equipment or materials (49%), knowledge of products and services offered by the organisation (47%) and specialist skills or knowledge needed to perform the role (46%) were the technical and practical skills that establishments most commonly anticipated would need improving in the next year.

There was some significant variation across the different ROA regions in the technical and practical skills employers felt would need developing in the next 12 months. For example, employers in the Edinburgh and Lothians Region were less likely to report a need to upskill computer literacy / basic IT skills (27% compared to 36% overall) while those in Dumfries and Galloway Region (48%) were far more likely to anticipate this need.

The technical skills employers considered most likely to need upskilling over the next year also varied by employer size. It was, for example, much more common for establishments with 100 or more employees to mention a need to upskill their workforce in terms of specialist skills or knowledge needed to perform the role (65%) than establishments with 2 to 4 employees (36%).

When grouping types of technical and practical skills that require development in the next 12 months, operational skills (51%) and digital skills (51%) were those skills employers most commonly felt would need improving. Operational skills were the only grouped skill that had changed notably since 2017, decreasing from 57% to 51%. Complex analytical skills (43%) and basic skills (41%) were the grouped technical and practical skills employers least commonly reported needing improving.[6]

**People and personal skills that need developing**

The ability to manage their own time and prioritise tasks (42%), creative and innovative thinking (41%) and team working (41%) were the three people and personal skills employers most commonly anticipated a need for upskilling in the next 12 months.

There were some regional differences in the prevalence of anticipated people and personal skills needing upskilling in the next 12 months. In Glasgow Region managing or motivating other staff (45% compared to 38% overall) was the people skill which employers most commonly anticipated a need for upskilling over the next 12 months, while in Tayside Region, this was customer handling skills (46% compared to 37% overall).

For medium size businesses of 25-49 and 50-99 employees, managing or motivating other staff was the people skill employers most commonly felt would need upskilling in the next 12 months (61% for both size bands compared to 38% overall).

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[6] For more information on how 'operational skills' and other grouped skills are defined, please see 'Appendix B – Grouped codes'.

When grouping types of people and personal skills that need developing, just over half of establishments who anticipated a need for new skills in the next year reported this applying to self-management skills (53%) and management and leadership skills (51%). Employers less commonly anticipated upskilling needs around sales and customer skills (43%).

Further data on the reasons for upskilling and the types of skills employers feel need improving, with corresponding 2017 results, can be found in Tables 34 to 43 of the Background Tables.

# Training and workforce development

This chapter looks at the training and development provided by employers to their staff. It covers levels of "off-the-job training" (defined as "training that takes place away from the individual's immediate work position, whether on your premises or elsewhere") and "on-the-job training" (defined as "activities that would be recognised as training by the staff, and not the sort of learning by experience which could take place all the time").

It also looks at the number of staff trained and the total time spent training ("training days") per employee, and the types of training provided.

Finally, the chapter explores barriers to training among establishments who would like to have provided more training over the last 12 months.

## Incidence of Training and Workforce Development

> Overall, 59% of employers had provided some form of training to staff in the 12 months preceding the survey.

Half (50%) of employers had provided on-the-job training to staff and a third (35%) had provided any off-the-job training.

The proportion providing any training in the previous 12 months in 2020 (59%) was lower than seen in 2017 (71%) and earlier iterations of ESS (73% in 2011, 70% in 2013 and 71% in 2015). The impact of the COVID-19 pandemic on training levels is explored later in this chapter.

The decrease was particularly marked for the proportion of employers providing off-the-job training in the previous 12 months (35%, down from 51% in 2017). The reduction in employers providing on-the-job training to staff was smaller (50% from 58% in 2017).

Figure 15 shows the change in training provision over time.

**Figure 15: Proportion of employers providing training in the last 12 months (overall, on-the-job and off-the-job) over time**
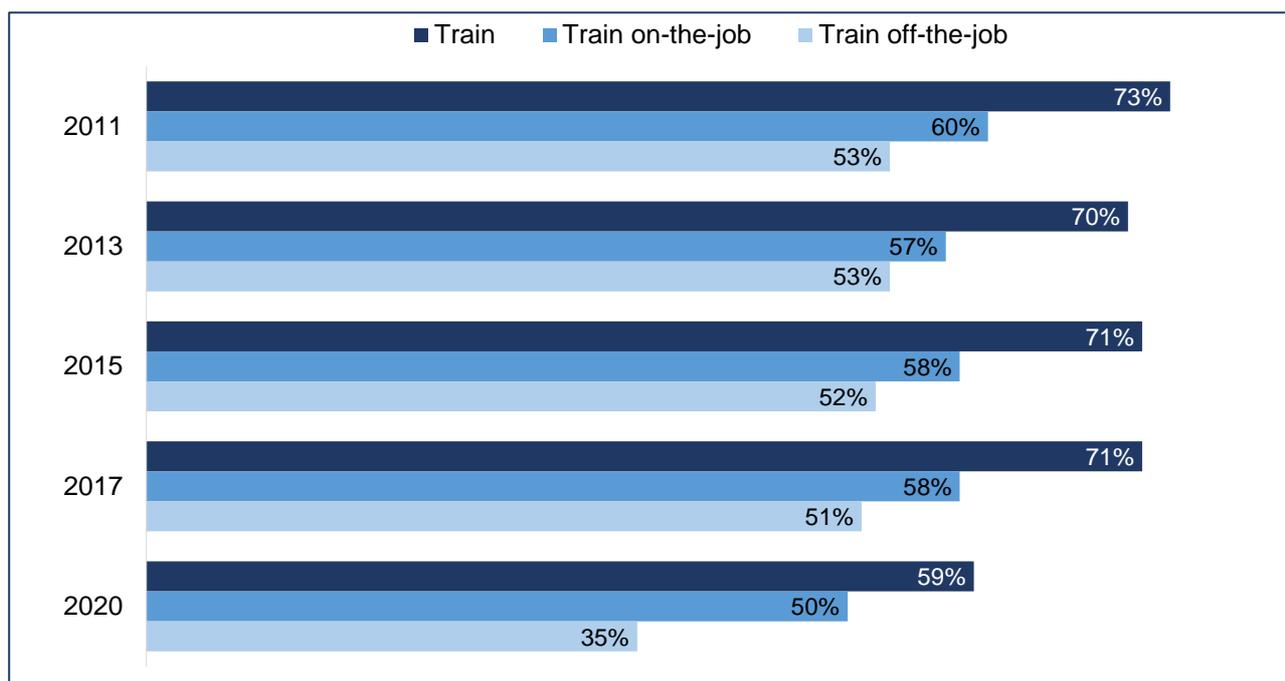


*Base: All establishments (2011: 2,487; 2013: 6,014; 2015: 6,035; 2017: 6,017, 2020: 3,497).*

The proportion of employers providing training for any of their staff in the last 12 months varied widely by establishment size, ranging from 45% among the very smallest (2-4 staff), up to 92% among those with 100 or more staff.

Training levels also varied considerably by sector (see Figure 16). Establishments in the Education sector were the most likely to have provided training for staff (88%), closely followed by Public Administration (83%) and Health and Social Work (79%). Establishments in Construction were the least likely to have provided training for staff (47%).

The decrease in training levels seen at the all-Scotland level was felt across almost every sector (the only exception being the Education sector, where the proportion training had not significantly changed when compared with 2017). Sectors particularly affected were Financial Services, where the proportion of establishments providing any training in the previous 12 months dropped from 85% to 61%, Manufacturing (down from 71% to 49%), Wholesale and Retail (down from 69% to 51%) and Transport and Storage (down from 70% to 53%).

Further data on the prevalence of training, with corresponding 2017 results, can be found in Tables 44 and 45 of the Background Tables.

**Figure 16: Proportion of employers providing any training in the last 12 months by sector compared to 2017**



Bar chart showing 2017 (light blue) and 2020 (dark blue) values by sector:

| Sector | 2017 | 2020 |
|---|---|---|
| Primary Sector & Utilities | 56% | 52% |
| Manufacturing | 71% | 49% |
| Construction | 61% | 47% |
| Wholesale & Retail | 69% | 51% |
| Hotels & Restaurants | 64% | 57% |
| Transport & Storage | 70% | 53% |
| Information & Communications | 66% | 62% |
| Financial Services | 85% | 61% |
| Business Services | 72% | 64% |
| Public Admin. | 90% | 83% |
| Education | 86% | 88% |
| Health & Social Work | 90% | 79% |
| Arts & Other Services | 74% | 59% |

*Base: All establishments (2020: 3,497; 2017: 6017; base by sector ranges from 54 in Financial Services 2020 to 933 in Wholesale and Retail 2017).*

## The proportion of staff trained

> Across Scotland as a whole, employers trained 55% of their staff in the previous 12 months.

The proportion of staff trained over the previous 12 months in 2020 was lower than in 2017 (62%), having been reasonably stable since 2013 (2015: 62%; 2013: 65%). The reduction in the proportion of staff trained was evident across all size bands and sectors, in particular mid-size establishments with 25-49 staff (from 67% to 55%).[7]

As in previous years, larger employers trained a greater proportion of their staff (37% of staff working in establishments with 2-4 employees had received training, compared with 61% in those with 100 or more staff).

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[7] The figure involves an element of over counting in that employers are asked about the number of staff trained over the last 12 months, whether or not they still work at the site. Hence someone who was trained at a site in the last 12 months but who left to join another employer who provided that person with training would be counted twice (if both employers were interviewed for the survey).

The largest decreases by sector were seen in the Arts and Other Services sector (46% vs. 63% in 2017), Wholesale and Retail (45% vs. 60% in 2017), Public Administration (45% vs. 60% in 2017) and Financial Services (60% vs. 74% in 2017). Employers in the Education sector continued to train the highest proportion of the workforce (74%), followed by Health and Social Work (66%).

By ROA region, the largest decreases compared to 2017 were seen in Highlands and Islands Region, where the proportion of staff trained over the last 12 months was down by around a third (47% vs. 73% in 2017) and West Lothian Region (50% vs. 21% in 2017). These regions were in the top three regions in Scotland in terms of proportion of the workforce receiving training in 2017; in 2020 both were in the bottom four.

Staff in Glasgow Region and in Edinburgh and the Lothians Region were the most likely to have received any training (61% and 60% respectively), and least likely in Borders (42%) and Dumfries and Galloway (43%) Regions.

Table 1 shows the 2020 figures by sector; further data on the proportion of staff trained, with corresponding 2017 results, can be found in Tables 47 and 48 of the Background Tables.

**Table 1: Number and proportion of staff trained**

|  | Number trained | % of staff trained |
|---|---|---|
| Scotland | 1.3m | 55 |
| Primary Sector & Utilities | 59,400 | 51 |
| Manufacturing | 82,100 | 47 |
| Construction | 66,600 | 52 |
| Wholesale & Retail | 155,300 | 45 |
| Hotels & Restaurants | 115,800 | 57 |
| Transport & Storage | 44,400 | 43 |
| Information & Communications | 21,000 | 31 |
| Financial Services | 47,900 | 60 |
| Business Services | 214,200 | 57 |
| Public Administration | 81,600 | 53 |
| Education | 147,100 | 74 |
| Health & Social Work | 253,900 | 66 |
| Arts & Other Services | 52,000 | 46 |

*Base: All establishments.*
*Percentages are based on all employment rather than all establishments; figures therefore show the proportion of all staff within each subgroup trained over the last 12 months.*

## Type of training provided

Most of the training provided by employers was job specific training (86% of employers providing training). Health and Safety and/or First Aid training was also very common (71%).

Three-fifths of training employers (59%) had provided any form of induction training; this was slightly down from 2017 when the figure was 65%. This reflects the reduction in levels of recruitment, as seen in the "Recruitment and Skill-Shortage Vacancies" chapter of this report.

**Figure 17: Types of training provided**

| Type of training | Percentage |
|---|---|
| Job specific training | 86% |
| Health and safety / first aid training | 71% |
| Basic induction | 57% |
| Training in new technology | 49% |
| More advanced induction | 32% |
| Management training | 31% |
| Supervisory training | 30% |

| Any induction |
|---|
| **59%** |
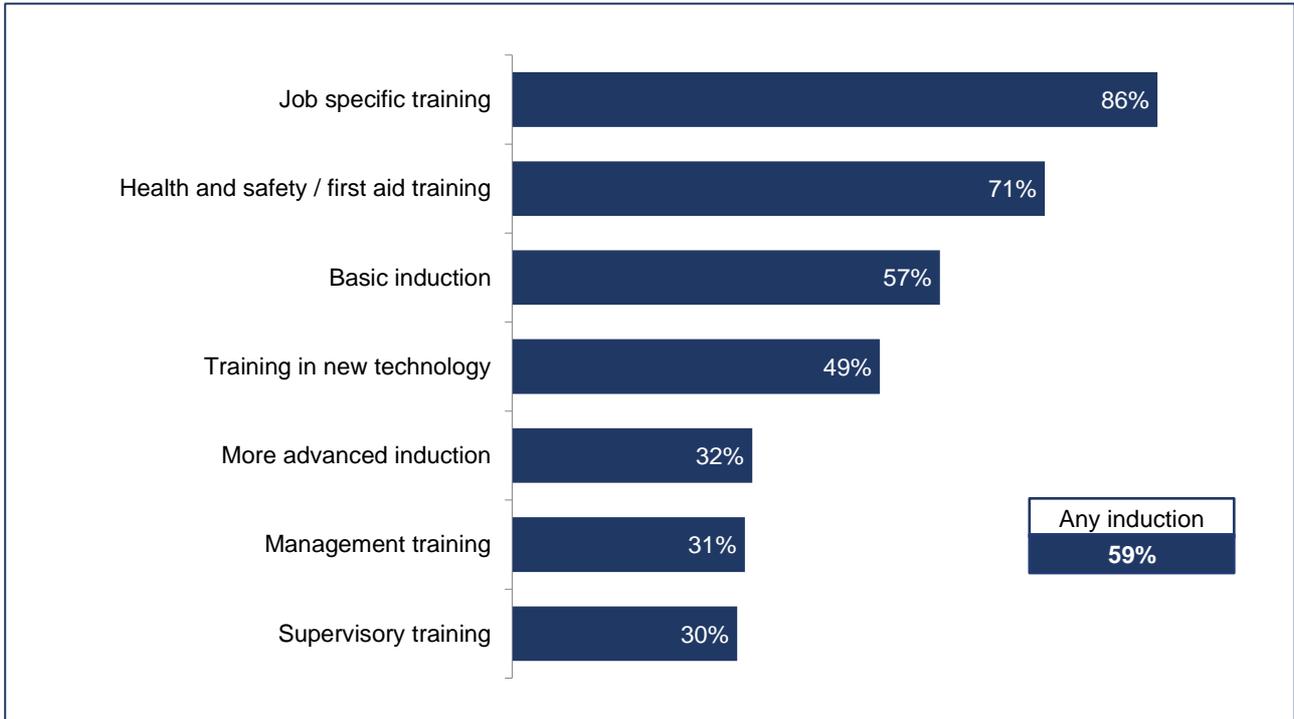
*Base: All establishments that train (2,396).*

The proportion of training employers offering online training or other e-learning where the employee completes the learning at a time of their own choosing had increased from 61% in 2017 to 73% in 2020.

Approaching half (46%) of training providing establishments had provided training to a nationally recognised qualification in the 12 months preceding the survey; this equated to 27% of all establishments (i.e. including non-training providing establishments). This was most commonly to SCQF Level 7 or above (15% of training providing establishments offered qualifications of this level).

Overall, 17% of staff receiving training had worked towards a nationally recognised qualification, equating to 9% of the workforce in Scotland as a whole. This was consistent with figures from 2017 (17% and 10% respectively).

Further data on the types of training arranged and funded by employers, with corresponding 2017 results, can be found in Tables 49 and 50 of the Background Tables.

## Barriers and limits on training

> The most common reason for not providing training was that employees were already all fully proficient and had no need for further training (58%).

A fifth (22%) of employers said that the COVID-19 pandemic had affected their training plans, most commonly because planned courses were suspended or otherwise not available. The full impact of the pandemic on training behaviour is covered in the next chapter. Figure 18 shows the most common reasons given for not providing training.

**Figure 18: Reasons for not providing training to staff**
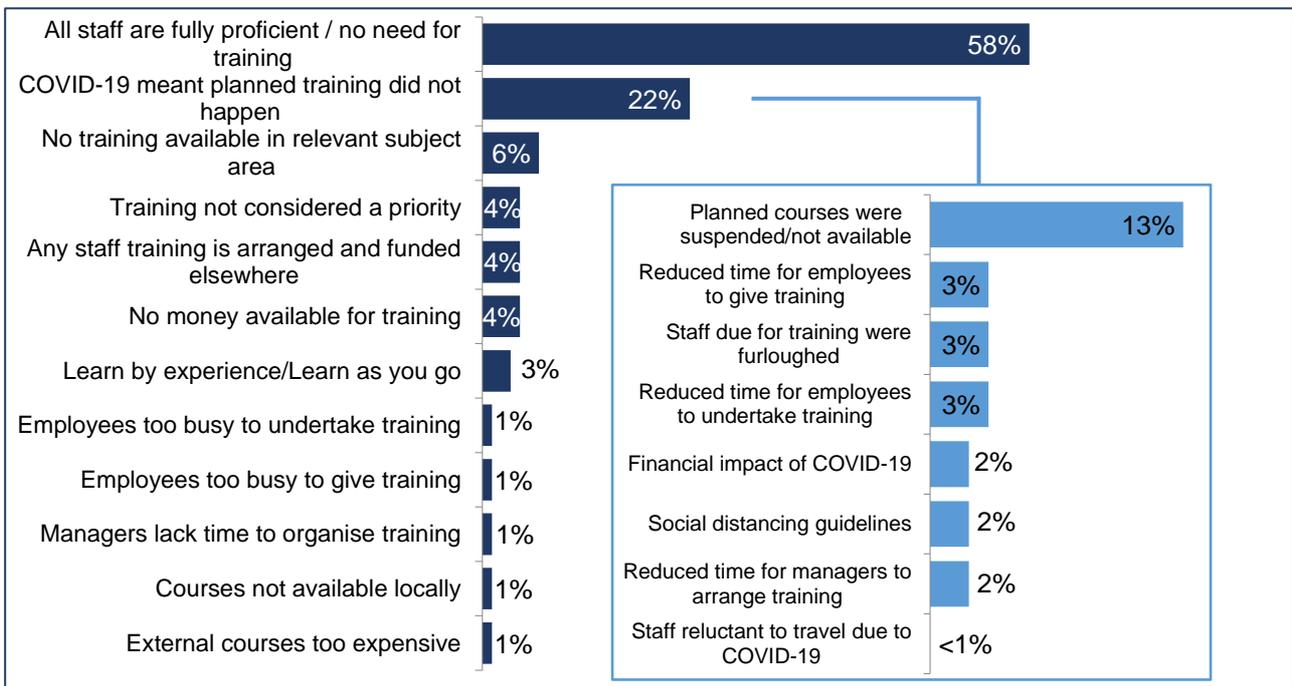


*Base: Establishments that had not provided training to staff (1,068). Chart shows reasons mentioned by at least 1% of respondents.*

Almost half (47%) of establishments that had provided training to staff said they would ideally have liked to have provided more training than they did. Two-thirds of these (65%) cited COVID-19 related reasons for not being able to do so. Other common responses included a lack of funds for more training (23%) and not being able to spare the staff time to undertake more training (22%).

If an employer had provided all the training they wished to (including those who provided no training out of choice) they are said to be in "training equilibrium" (see Appendix A – Definitions for more information). Overall, 55% of employers were in training equilibrium for the year preceding the survey, and 45% would like to have provided more training than they did (see Figure 19). These figures are unchanged from 2017.

## Figure 19: Training equilibrium status of employers
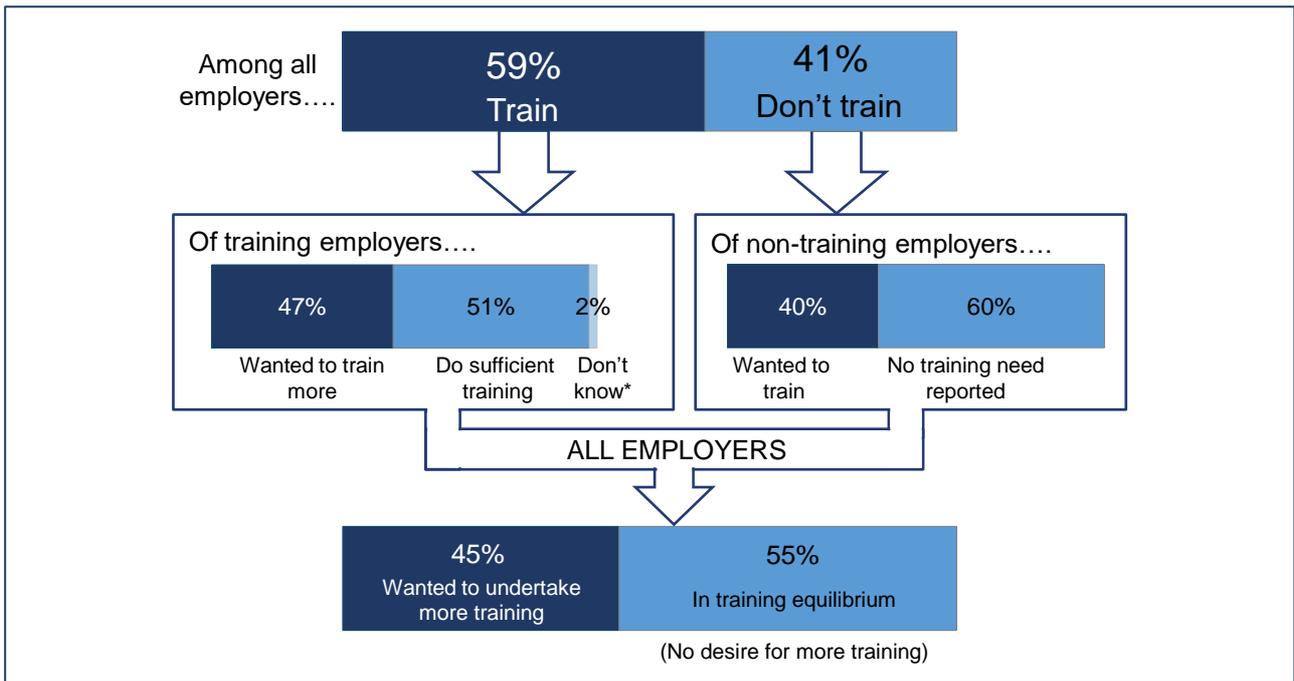


Base: All establishments (3,497); training employers (2,396); non-training employers (1,068).

*Training employers who responded "don't know" to whether they wanted to provide more training have been classed as being "not in training equilibrium".

# Response to COVID-19

This chapter looks at the impact of the COVID-19 pandemic on employers, including their use of support, their working practices and their staffing levels.

It is worth noting that furlough rates and redundancies have varied significantly over time depending on restrictions in place and changes to the UK Government's Coronavirus Job Retention Scheme Policy. Survey respondents were asked about their experiences up until the point in time at which they were interviewed. Fieldwork was undertaken during a period (October to December 2020) where the level of restrictions in different areas (and sectors) of Scotland were under constant review and changing frequently.[8]

## Government-backed support

> Overall, three-quarters (76%) of employers had accessed some form of government-backed support in response to the pandemic.

Two-thirds of employers (65%) said they had made use of the Coronavirus Job Retention Scheme, also known as the furlough scheme, and half of employers had accessed any government-backed financial support.

Of those who had not furloughed any staff, 30% had accessed some other form of government-backed financial support in response to the pandemic. Around a quarter of these (27%) said that other support had influenced their decision not to furlough staff via the Coronavirus Job Retention scheme.

## Use of the furlough scheme

> In total nearly two-thirds (65%) of employers had furloughed at least one member of staff in response to the pandemic.

In total around 36% of the workforce in Scotland had been furloughed at least once.

Mid-sized businesses were most likely to have furloughed any staff: 73% of those with 5-24 staff had done so, compared with around three-fifths of those with 2-4 staff (60%) or with 100 or more staff (57%).

Use of the furlough scheme varies widely by sector. Nine-in-ten (90%) of Construction firms had furloughed at least one member of staff, closely followed by Manufacturing (85%) and Hotels and Restaurants (82%). See Figure 20 for the sector breakdown.

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[8] The latest available Coronavirus Job Retention Scheme statistics at the time of reporting are available here.

The proportion of staff placed on furlough also varied widely by sector, from just 1% in the Public Administration sector to 82% in Hotels and Restaurants.

**Figure 20: Use of furlough scheme by sector**
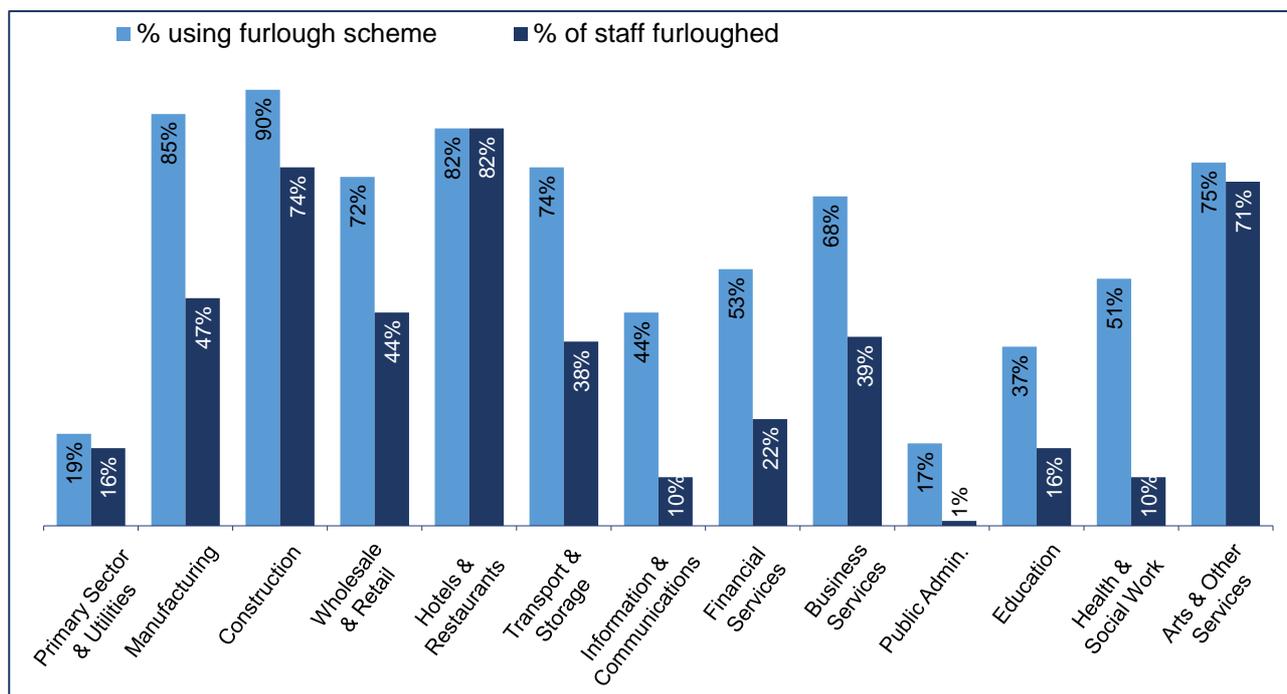


*Base: All establishments (Scotland: 3,497; sector base sizes range from 54 in Financial Services to 692 in Wholesale and Retail).*

Six-in-ten employers (60%) who furloughed staff said all staff that were furloughed were furloughed full-time; just over a third (37%) furloughed any staff for just part of their usual hours.

A quarter of establishments that had furloughed any staff (24%) had rotated furloughed staff between periods where they worked and periods on furlough. This was particularly common in the Education sector (52%), and in Hotels and Restaurants (39%) and Manufacturing (32%).

The majority of employers (71%) said staff had not to their knowledge undertaken any other activities such as training, volunteer work or working for another employer during their furlough. However, 12% said their staff had undertaken training and development activities, 8% knew of staff undertaking volunteering work and 7% knew of staff who had worked for another employer during their furlough.

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## Redundancies

> One-in-eight employers (12%) had either made staff redundant or were in the process of doing so at the time of their interview.

Employers were most likely to have made or be making redundancies in the Hotels and Restaurants (29%) and Manufacturing (21%) sectors.

Of those who had made redundancies 90% had utilised the furlough scheme (while 9% making redundancies had not accessed this scheme), and just over half (53%) had received financial support from Government-backed sources (26% had not and 21% were unsure).

Of those who had made redundancies and had also utilised the furlough scheme, the vast majority (86%) said the staff that were made redundant had previously been furloughed.

## Regional differences

Although the impact of the COVID-19 pandemic has been felt across all ROA regions, some had been more heavily impacted than others. Figure 21 shows how accessing the furlough scheme, accessing other Government-backed support and making redundancies varied by ROA region.

Use of the Coronavirus Job Retention Scheme (furlough) was highest in the West Region (72%) and lowest in Dumfries and Galloway (55%), Aberdeen and Aberdeenshire (59%) and Highlands and Islands (61%) Regions.

Use of government-backed financial support was highest in Borders Region (65%), and higher than average in Lanarkshire (57%) and Tayside (56%) Regions. It was lowest in West Lothian (39%) and Edinburgh and Lothians (45%) Regions.

Employers in ROA regions Fife, West Lothian, and Edinburgh and Lothians were particularly likely to have made redundancies during the period (19%, 17%[9] and 15% respectively). Employers were least likely to have made redundancies in Borders (5%) and Lanarkshire (7%) Regions.

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[9] The 17% in West Lothian figure is quoted here as it falls among the highest proportions making redundancies, however this figure (unlike the other two quoted) does not reach statistical significance due to the low base size.

## Figure 21: Impact of COVID-19 pandemic by ROA region



Legend: ■ Accessed other financial support  ■ Accessed furlough scheme

| Region | Made or in the process of making redundancies |
| --- | --- |
| Scotland | 12% |
| Aberdeen & Aberdeenshire | 13% |
| Ayrshire | 12% |
| Borders | 5% |
| Dumfries & Galloway | 7% |
| Edinburgh & Lothians | 15% |
| Fife | 19% |
| Forth Valley | 10% |
| Glasgow | 12% |
| Highlands & Islands | 12% |
| Lanarkshire | 7% |
| Tayside | 14% |
| West | 9% |
| West Lothian | 17% |
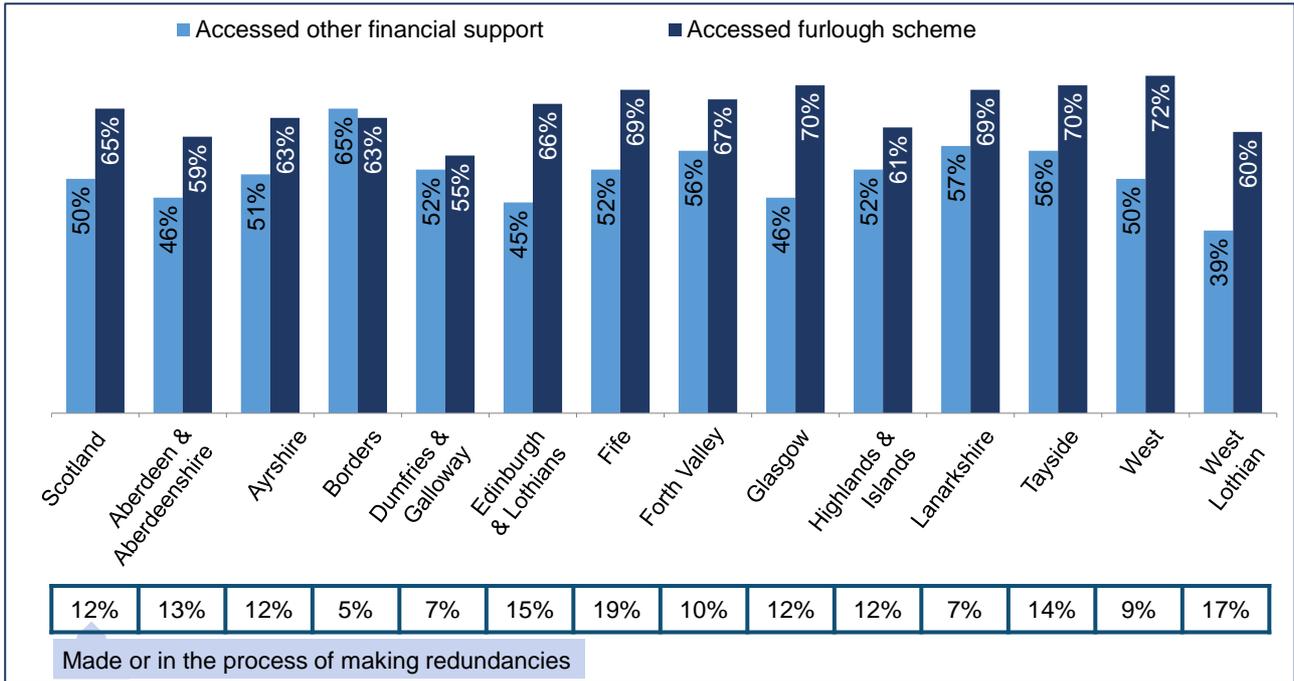
*Base: All establishments (Scotland: 3,497; regional base sizes range from 87 in West Lothian Region to 500 in Highlands and Islands Region).*
*"Regions" refer to ROA regions – see "Definitions" section of this report for more detail.*

Further data on the use of the furlough scheme, redundancies and use of financial support can be found in Tables 56 to 61 of the Background Tables.

## Working practices

> Nearly all employers (96%) had changed their working practices in some way in response to the pandemic.

This included an increase in staff working from home and the changes required to make workplaces "COVID secure" by reducing the risk of transmission between people on site, including both staff and the public.

**Homeworking**

A third (35%) of employers reported that they had more staff working from home as a result of COVID-19. This was particularly common in Glasgow Region (46%), Edinburgh and Lothians Region (45%), and in Fife Region (40%).

By sector, an increase in homeworking in response to the pandemic was most common in the Public Administration (86%), Financial Services (70%), Business Services (61%), Information and Communications (55%) and Education (53%) sectors.

There were mixed views on the impact of increased homeworking on productivity. Whereas half (53%) felt productivity had been unaffected by the change, a third (33%) of those experiencing an increase in homeworking said that productivity had decreased. This was most common in the Business Services sector, where 41% had seen a decrease in productivity from increased homeworking, and in smaller businesses (38% of establishments with 2 to 4 employees had seen workforce productivity decrease, compared to just 12% of employers with 100 or more staff).

Conversely, one-in-nine (11%) said the productivity of the workforce had increased since homeworking had increased.

Further data on increases in homeworking can be found in Table 56 and 63 of the Background Tables.

**Other working practices**

Nearly all (96%) had made at least one other change (besides increased homeworking) to their working practices in response to the pandemic. Those that had not had to introduce any new working practices were all smaller employers: 93% of employers with 2-4 staff had made a change, whereas 100% of employers with 25 or more staff had adopted at least one new working practice.

The most common practices adopted was introducing or increasing the use of Personal Protective Equipment (PPE) in the workplace (89%) and establishing social distancing rules (89%).

Four-in-ten (40%) had implemented a rotation system to limit the number of staff in the workplace, and the same proportion (40%) had introduced staggered breaks thereby reducing contact between staff.

Other common adaptations included introducing systems or software to enable remote working (34%), working in fixed teams (29%), shift working and/or staggered start and finish times (29%) and adapting job roles (24%).

Further data on working practices adopted by employers due to COVID-19 can be found in Table 64 of the Background Tables.

**Figure 22: Working practices adopted by establishments in response to the pandemic**

| Practice | Percentage |
|---|---|
| Introduced or increased the use of PPE in the workplace | 89% |
| Established social distancing rules in the workplace | 89% |
| Implemented a rotation system to limit the number of staff in the workplace | 40% |
| Introduced staggered breaks | 40% |
| Introduced systems or software to enable remote working | 34% |
| Working in fixed teams | 29% |
| Introduced shift working or staggered start and finish times | 29% |
| Adapted any of your staff members' job roles | 24% |
| Other | 3 |
| None of these | 4 |

*Base: All establishments (3,497).*

## Training Response

> Overall a quarter (26%) of employers said that the COVID-19 pandemic had an impact on their training plans.

Overall, 63% of establishments had plans to provide training to staff in the next year, of these three-quarters (75%) said this was due at least in part to the pandemic.

Training that had been arranged or funded specifically in response to the pandemic most commonly included infection prevention and control (69% of training establishments), use of personal protective equipment (PPE) (68%), identifying and assessing operational risks (60%) and using software or IT systems to support remote working (46%).

In total 83% of training establishments had provided training relating to health and safety around COVID-19 and 69% in new working practices introduced in response to COVID-19.

Overall, 27% of establishments who plan to provide training in the next 6 months said that at least some of this training would be related to COVID-19; this equates to 17% of all establishments.

Further data on the training response to COVID-19 can be found in Tables 67 and 68 of the Background Tables.

# High Performance Working Practices

> Overall, 7% of employers adopted 7 or more High Performance Working practices.

"High Performance Working" (HPW) practices are practices recognised to ensure employee skills are harnessed and nurtured and used to their best effect. To be classed as a "High Performance Working employer" an establishment must have adopted 7 or more of the 11 practices covered by the survey.

When looking at individual HPW practices, several were less common than in 2017, including on or off the job training (59%, down from 70%), trade union consultation (11% down from 13%) and creating teams to work on projects (7% down from 12%). Contrastingly, a greater proportion of establishments had an equal opportunity policy (85%, up from 80%) and offered work shadowing (25% up from 19%) than in 2017.

## Figure 23: Prevalence of High Performance Working Practices
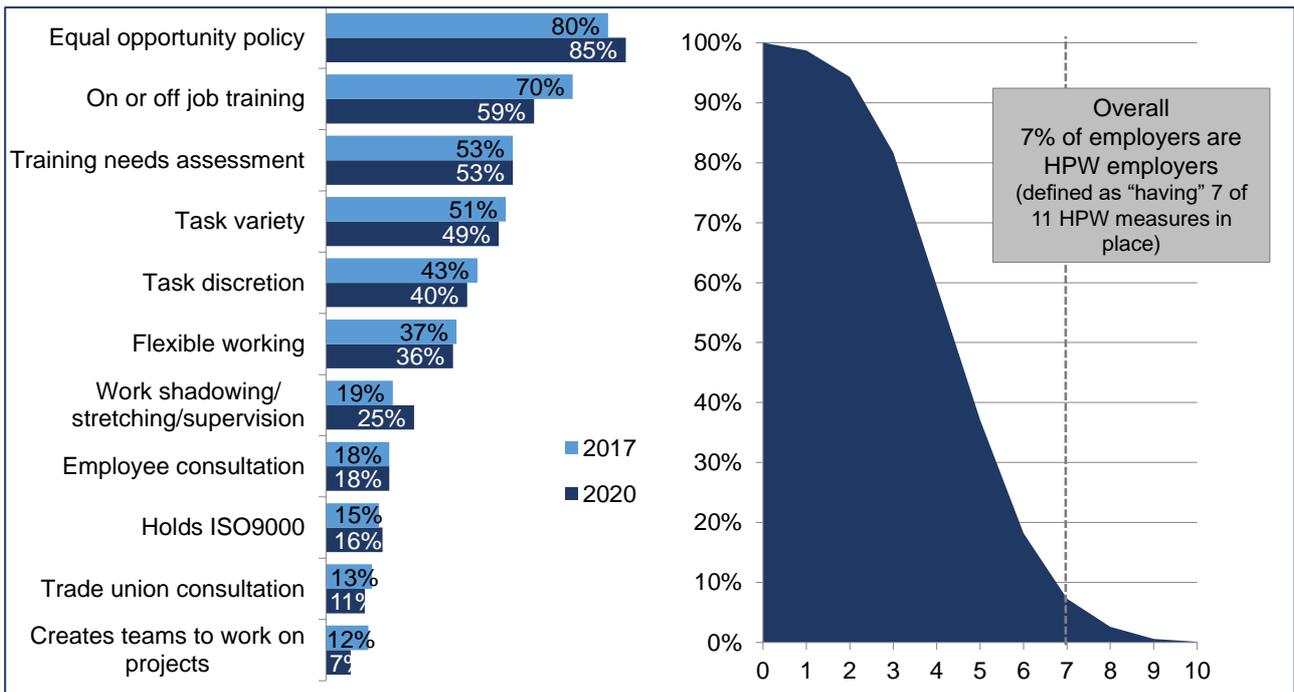


*Base: 2020: All establishments (3,497); 2017: All establishments in Module 1 (2,953).*

The proportion of "High Performance Working" employers varied considerably by employer size. Just 2% of employers with 2-4 staff could be categorised this way, compared to 47% of those with 100 or more staff.

The actual practices employers utilised also differed by size. The smallest employers (with 2-4 staff) had a very different pattern of HPW practices than their larger counterparts.

These employers were more likely to offer practices relating to staff autonomy in the form of task variety, task discretion and flexible working than employers with 5 or more staff (56%, 49% and 46% respectively vs. 42%, 30% and 26% among those with 5 or more staff). Smaller employers were also more likely to offer work shadowing with 30% of those with 2-4 staff and 24% with 5-24 offering this, compared with 9% of employers with 25 or more staff.

These small employers were, however, far less likely to offer training to staff (45%) and far less likely to have formal policies in place, for example just 38% conducted training needs assessments, 78% had an equal opportunities policy in place, 10% had an ISO9000 accreditation and just 7% consulted with trade unions.

High Performance Working employers (utilising 7 or more of the 11 practices measured) were most common in the Public Administration (30%), Education (22%) and Health and Social Work (17%) sectors. They were least common in Construction (3%).

Further details on the proportion of employers classified as "High Performance Working employers" can be found in Table 69 of the Background Tables.

# Methodology

The 2020 survey is the first in the ESS series that has been published as Official Statistics. ESS 2011,[10] 2013,[11] 2015[12] and 2017[13] figures referred to in this publication were published in research reports by the UK Government Department for Education (DfE).

The population from which the Scottish ESS sample was taken is all 'establishments' in Scotland that had at least two people working there (including owners and working proprietors). This approach has been taken as it tends to be much easier for survey respondents to think in terms of the overall 'headcount' for their site – including both working proprietors and employees – than to separate out these two groups. This is particularly when the lines between the two are not clear-cut. For example, it is typically easier for employers to answer about recruitment channels for all Managers/staff, rather than 'only those Managers who are not working proprietors.'

The Scottish ESS 2020 also excluded the self-employed (with no employees). The question approach for this group would need to be somewhat different, since they are by definition not 'employers'. There is also an absence of robust population figures for this group, meaning robust and representative sampling and weighting is difficult to achieve.

Telephone interviews were conducted between October and December 2020. A total of 3,497 interviews were achieved.

Further detailed information on methodology is available in the accompanying technical report, published on the Scottish Government website.

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[10] Note 2011 figures results were reweighted to 2+ employment in 2013. Therefore, the revised results are published alongside the 2013 reports. The 2011 data tables can be found here.

[11] UK ESS 2013: Scotland slide pack

[12] UK ESS 2015: Scotland slide pack

[13] UK ESS 2017: Scotland slide pack

# Background & policy context

The economic context in which the 2020 Scottish ESS was undertaken, and that in which previous runs of the UK-wide ESS were undertaken, is important to consider when analysing the results. It is important to note that Scottish ESS 2020 fieldwork took place during the COVID-19 pandemic, which has brought about vast changes to the employment, skills and training landscape. Prior to the pandemic, Scotland had seen its labour market strengthen, and as of 2019 was outperforming the UK on overall unemployment and labour market outcomes for women and young people. Skills gaps within the workforce, however, were more prevalent in Scotland than the rest of the UK. In this context, the 2020 Scottish ESS provides timely evidence on the impact that COVID-19 has had on the Scottish labour market, and the resulting skills challenges Scottish employers face.

The ESS provides supporting evidence for the Scottish Government's Economic Strategy and Labour Market Strategy, which promote inclusive growth and aim to support employability and skills so that everybody can participate successfully in the labour market.

Scotland's Future Skills Action Plan highlights the crucial role that Scotland's skills system is playing in the labour market, and (among other sources) uses evidence from the Employer Skills Surveys (for example, on the impact of skill-shortage vacancies).

Reflecting the importance of skills and training to the Scottish Economy, various skills measures are monitored as part of Scotland's National Performance Framework (NPF). The NPF uses ESS data on skill-shortage vacancies and skills under-utilisation as well as tracking other data on the skills profile of the population and workplace learning.

The skills under-utilisation measure captured in the Scottish ESS is also one of the indicators that helps Scottish Government to assess how well it is working towards its Fair Work Outcome, to have "thriving and innovative businesses, with quality jobs and Fair Work for everyone". ESS data also forms an important part of performance and monitoring data for the Scottish STEM Strategy, which was launched in 2017. The evidence base from ESS will be used to help monitor the strength of science, technology, engineering and mathematics in Scotland and to identify barriers to maximising the potential of STEM.

Finally, the 2020 Scottish ESS will also feed into the work of Skills Development Scotland (SDS). SDS's Strategic Plan sets out how Scotland will achieve a dynamic and responsive skills system, reflecting the current and future needs of the economy. Skills planning and provision will be central to meeting this outcome and SDS's goal is to ensure that this is increasingly demand-led and informed by relevant, timely intelligence, which the Scottish ESS provides.

# Key findings

## Table 2: Key findings table

| | 2015 | 2017 | 2020 |
|---|---|---|---|
| **Vacancies and skill-shortage vacancies** | | | |
| % of establishments with any vacancies | 19% | 20% | 11% |
| % of establishments with any hard-to-fill vacancies | 8% | 8% | 4% |
| % of establishments with skill-shortage vacancies | 6% | 6% | 3% |
| % of all vacancies that are skill-shortage vacancies | 24% | 24% | 21% |
| Number of vacancies | 73,600 | 75,400 | 47,500 |
| Number of skill-shortage vacancies | 17,700 | 17,800 | 10,100 |
| **Internal skills challenges** | | | |
| % of establishments with any staff not fully proficient | 14% | 16% | 12% |
| Number of staff not fully proficient | 117,700 | 122,100 | 97,400 |
| Number of staff not fully proficient as a % of total workforce | 5% | 5% | 4% |
| % of establishments with an upskilling requirement | N/A | 69% | 74% |
| % of establishments reporting skills under-use | 32% | 35% | 33% |
| % of staff underutilised | 8% | 9% | 8% |

*Table continued on the next page.*

|  | 2015 | 2017 | 2020 |
|---|---|---|---|
| **Training** | | | |
| % of establishments training any staff over the last 12 months | 71% | 71% | 59% |
| % of establishments providing off-the-job training in the last 12 months | 52% | 51% | 35% |
| % of workforce trained | 62% | 62% | 55% |
| % of establishments arranging training in response to COVID-19 in the last six months | N/A | N/A | 51% |
| **COVID-19** | | | |
| % of establishments making staff permanently redundant as a result of the COVID-19 pandemic | N/A | N/A | 12% |
| % of establishments accessing any government-backed financial support in response to the COVID-19 pandemic | N/A | N/A | 50% |
| % of establishments who had furloughed at least one member of staff in response to the pandemic | N/A | N/A | 65% |
| % of establishments who have increased homeworking in response to the COVID-19 pandemic | N/A | N/A | 35% |

# Appendix A – Definitions

**Vacancy density**

The number of vacancies as a proportion of all employment.

**Hard-to-fill vacancies**

Vacancies that employers struggle to fill.

**Skill-shortage vacancy (SSV)**

A specific type of hard-to-fil vacancy that occurs when an employer cannot find applicants with the required skills, qualification, or experience to do a job.

**SSV density**

The number of SSVs as a proportion of all vacancies.

**Skills gaps**

Skills gaps exists when an employer thinks a worker does not have enough skills to perform their job with full proficiency. Skill gaps apply to existing employees.

**Skills gaps density**

The number of employees that lack full proficiency as a proportion of all employment.

**Off-the-job training**

Training that takes place away from the employee's immediate work location / position. It can be elsewhere on the employer's premises or off the premises as long as it is funded and arranged by the employer.

**On-the-job training**

Training that the employer funds or arranges that takes place where the employee normally works (for example, at their desk). This would be activities recognised as training by staff rather than the sort of learning by experience which could take place all the time.

## Training equilibrium

Employers that are in 'training equilibrium' had no desire to undertake more training than they had delivered in the previous 12 months (or in the case of non-training employers, no desire for any training).

Results for training employers are derived from a survey question which explicitly asked if they would like to have provided more training than they were able to over the past 12 months.

Results for non-training providing establishments have been determined from their reasons for not training, rather than a direct question. Those answering that they had not provided any training because it was not considered to be a priority for their establishment, because all their staff were fully proficient or they had no need for training were regarded as being in training equilibrium and having no perceived need to undertake training. Those not giving any of these reasons were classified as wanting to have undertaken training (i.e. not in training equilibrium). Additionally, training employers that answered 'don't know' when asked if they would have liked to train more were classified as not being in training equilibrium.

## Regional Outcome Agreement (ROA) definitions

Throughout the report we breakdown results by region using ROA categories. Table 3 shows the constituent local authorities for each ROA region category. Note, some local authorities appear in more than one ROA; for instance, East Renfrewshire is included both in Glasgow region and the West region.

### Table 3: ROA region and constituent local authorities

| ROA Region | Local Authority (note some overlap) |
|---|---|
| Aberdeen and Aberdeenshire | Aberdeen City; Aberdeenshire |
| Ayrshire | East Ayrshire; North Ayrshire; South Ayrshire |
| Borders | Scottish Borders |
| Dumfries and Galloway | Dumfries and Galloway |
| Edinburgh and Lothians | East Lothian; Edinburgh; Midlothian |
| Fife | Fife |
| Forth Valley | Clackmannanshire; Falkirk; Stirling |

| ROA Region | Local Authority (note some overlap) |
| --- | --- |
| Glasgow | East Dunbartonshire;<br>East Renfrewshire;<br>Glasgow |
| Highlands and Islands | Argyll and Bute;<br>Eilean Siar;<br>Highland;<br>Moray;<br>Orkney Islands;<br>Shetland Islands |
| Lanarkshire | East Dunbartonshire;<br>North Lanarkshire;<br>South Lanarkshire |
| Tayside | Angus;<br>Dundee;<br>Perth and Kinross |
| West | East Renfrewshire;<br>Inverclyde;<br>Renfrewshire;<br>West Dunbartonshire |
| West Lothian | West Lothian |

# Appendix B – Grouped codes

## Technical and practical skills: grouped skill codes

| Grouped code | Codes included |
| --- | --- |
| Complex analytical skills | • Solving complex problems requiring a solution specific to the situation<br>• More complex numerical or statistical skills and understanding |
| Operational skills | • Knowledge of products and services offered by your organisation and organisations like yours<br>• Knowledge of how your organisation works |
| Digital skills | • Computer literacy / basic IT skills<br>• Advanced or specialist IT skills |
| Basic skills | • Computer literacy / basic IT skills<br>• Basic numerical skills and understanding |

## People and Personal skills: grouped skill codes

| Grouped code | Codes included |
| --- | --- |
| Management and leadership skills | • Persuading or influencing others<br>• Managing or motivating other staff<br>• Setting objectives for others and planning human, financial and other resources |
| Sales and customer skills | • Sales skills<br>• Customer handling skills |
| Self-management skills | • Ability to manage own time and prioritise own tasks<br>• Managing their own feelings, or handling the feelings of others |

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**How to access background or source data**

The data collected for this statistical publication:
☐ are available in more detail through https://statistics.gov.scot

☒ are available via background and additional excel tables published on the Scottish Government website alongside this report.

☒ may be made available on request, subject to consideration of legal and ethical factors. Please contact FHEstatistics@gov.scot for further information.

☐ cannot be made available by Scottish Government for further analysis as Scottish Government is not the data controller.

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