

## Appendix 1

### **Evidence base on training and workplace skills mismatches**

Employer investment in workforce development is crucial to developing the skills that the West Yorkshire economy needs. It is estimated, based on recently published figures from the Employer Skills Survey 2022, that employers in the region invest around £1.9bn per annum in training their staff when wage costs are included.

The Employer Skills Survey 2022 shows that 57% of employers in West Yorkshire provided training to their staff over the previous 12 months. This is three points lower than the national average of 60% and also a reduction on the 62% of West Yorkshire employers who reported that they had provided training in response to the 2019 Employer Skills Survey. There was also a fall in the incidence of training among employers at national level over the same period, from 61% to 60%. The 2022 survey found that 60% of staff in West Yorkshire received training during the previous 12 months, the same proportion as the national average and one percentage point lower than in 2019.

Employers face continued labour shortages, which means that development of existing staff is all the more important in meeting skill requirements. According to the Employer Skills Survey, more than a third (35%) of all vacancies in West Yorkshire are estimated to be skill shortage vacancies, meaning that employers face a lack of candidates with the required skills to do the job. This is similar to the national average of 36% and a substantial increase on the previous estimate (for 2019) which was only 24% and reflects the tightening of the labour market in the aftermath of the pandemic. The prevalence of skill shortage vacancies is much higher for some occupations and sectors – for example it increases to 55% for the Construction sector in West Yorkshire.

Moreover, 19% of employers in West Yorkshire report that they have one or more skills gaps - instances of existing staff lacking full proficiency to do their jobs, an increase on the 15% reported in 2019. There are approximately 90,000 gaps, equivalent to 9% of total employment in the region. The equivalent figures in 2019 were 51,000 and 5% respectively, so there have been substantial increases. Many skills gaps are due to a deficit of practical skills among workers, including job-specific skills and operational skills, such as knowledge of the organisation's products and services. Complex analytical skills, such as problem solving, plus digital skills at a variety of levels, as well as basic skills (functional literacy and numeracy) are also in deficit for many staff. A lack of the required "soft" skills is common across the workforce, including "self-management" skills such as time management and managing own feelings, plus team working and persuading / influencing others. Skills gaps affecting managers are widespread and have important implications for business performance. The skills that typically need improving include core management skills, complex problem-solving skills, as well as operational skills.