

CII Group Skills Survey 2010

Introduction

The Chartered Insurance Institute Membership Skills Survey 2010

This is a summary of key findings from the 2010 Chartered Insurance Institute (CII) membership skills survey. The CII is the world's leading professional body for insurance and financial services (FS).

In the year since the CII's last skills survey much has changed – both in the economy and across the skills landscape. Although the economy is recovering slowly, many firms continue to be effected and this is inevitably having an effect on attitudes towards training and development. We have also had a change of government and so we await the impact of the new administration on the skills system.

This is the fourth year of the CII skills survey and it has been formulated to reflect the current economic situation. Members were asked about the effects of the downturn on training, their views on the Coalition Government and skills, and their opinion on the UK skill levels and the effectiveness of the UK education system.

The online survey, conducted by the CII during July 2010, was sent to all qualified CII and PFS members from the UK. 2652 members responded – with 621 of these being employers.

This year we have also included the results of skills related questions that we put to a panel of MPs. They provide their view of the importance of skills development.

This short presentation provides an overview of the key themes to arise out of the 2009 survey.

Summary Findings

Headlines

- **Confidence in the economy appears to be returning slowly** as members are less fearful of losing their job than 12 months ago and fewer employers are making cuts to training budgets.
- Despite this there are **worries over the UK's ability to compete in terms of skills** on the international stage going forward and there is an increasing number of employers reporting the detrimental impact of skills shortages.
- Employers continue to have **concerns about the ability of the UK education system to provide the basic skills needed** to succeed in the workplace – although attitudes do appear to be softening.

Summary Findings

All Respondents

- **Impact of economic situation of jobs:** Almost half of our members (46%) say they are not worried about losing their job – a significant rise on last year's figure.
- **UK skills versus the rest of the world:** One in two members say that by 2020 the UK will be left behind by international competition in terms of skills. 42% say that this is already the case.
- **Impact of the Coalition Government on skills:** Over a quarter of members do not think that the Coalition Government will improve the skills system. Only 7% think they will have a positive impact.
- **Quality of entrants into the industry:** 27% feel that new entrants are better equipped than those of ten years ago. However 35% feel that they are worse.

Summary Findings

Employers Responses

- **Impact of economic situation on training investment:** The only 9% of employers say that they will cut their investment in training as a result of the continuing economic uncertainty (half the 2009 figure). The majority of employers (38%) say that they will target spending more effectively.
- **Employers facing skills shortages:** Almost three quarters of employers (72%) reported suffering from skills shortages and of those 72% said that the shortages were having a detrimental impact on business.
- **Effectiveness of the UK education system:** Over half of employers (52%) feel that the education system is poor at meeting the needs of financial services. 58% say that the level of basic education of new applicants is adequate.
- **Importance of Professional Qualifications:** Almost nine in ten employers (86%) predict that the demand for professional qualifications will rise over the next five years, and three quarters think that the level of qualification required will be higher.

Summary Findings

MPs views

- **Investment in training:** In addition to our members we surveyed MPs on the question of investment in skills. The vast majority of MPs surveyed said that investment in training and development is vital to ensure economic recovery (94%) and that cutting spending would reduce the UK's competitiveness (86%).

Summary Findings

Faculty specific findings

- **Skills shortages:** Claims and Underwriting faculties reported the highest percentage of skills shortages – with the shortages impacting Underwriting the most. London Markets had the fewest shortages.
- **UK skills versus the rest of the world:** Claims and London Market members were more likely to agree with the statement that the UK skill levels have already fallen behind those of other countries, than any of the other faculties.
- **Impact of economic situation on training investment:** The highest numbers of employers reducing training spend were in the Claims faculty.
- **Quality of entrants into the industry:** PFS members were the most positive towards today's new entrants when comparing them with entrants from five and ten years ago. Claims and Broking had the most negative view.
- **Offer of work placements and internships:** London Market and Underwriting employers offer the most number of placement opportunities. PFS offer the least.
- **Impact of the RDR:** PFS members strongly agree with the importance of gaining professional qualifications and that the industry is working hard to encourage attaining qualifications.

Methodology

This was the fourth year the CII has run its membership skills survey. It was an online survey, sent to all qualified CII and PFS members from the UK. 2652 members responded – with 621 of these being employers. The survey ran for two weeks during July.

The survey of MPs was conducted by ComRes for the CII. They surveyed 152 MPs between 23rd June and 19th July 2010 by self-completion postal questionnaire and online. Data were weighted to reflect the exact composition of the House of Commons in terms of party representation and regional constituency distribution.

Daniel Pedley
Policy & Public Affairs
September 2010

Impact of the economy on training & job security

This year's skills survey has highlighted signs of **increasing confidence in the economic outlook** as members feel more secure in their jobs and employers offer greater support to training and development.

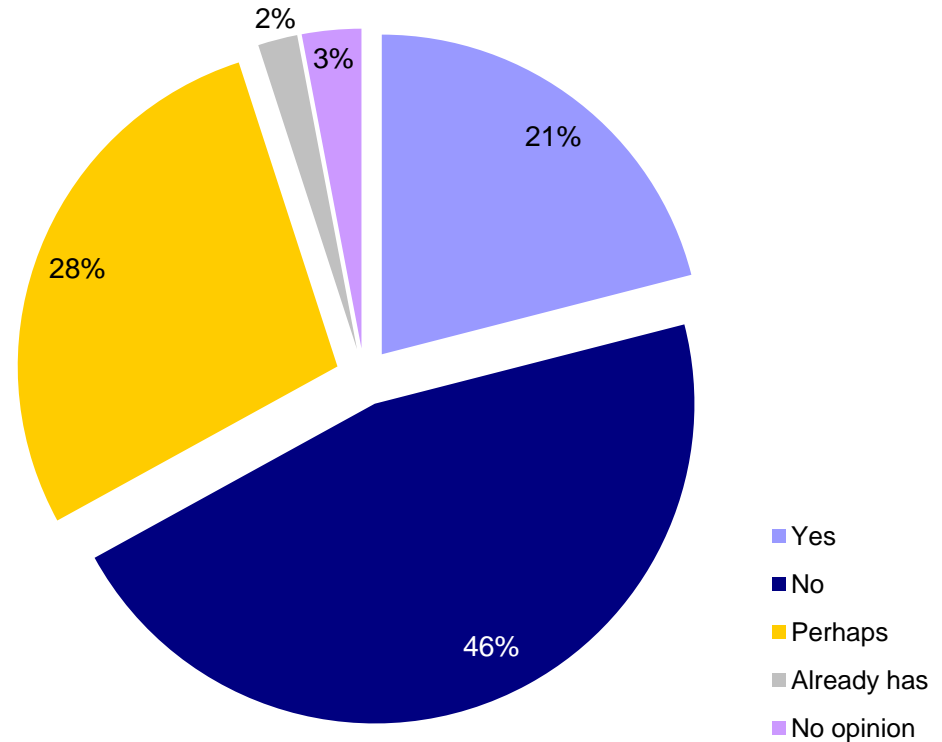
Impact of the economy on training & job security

Q. Are you worried that the current economic downturn could lead to you losing your job?

Sample: 2752 (all respondents)

There has seen a drop in those who feel worried about losing their job, with the number under than a quarter. However this does not tell the whole story with a big difference between the levels of worry of employees (23%) and employers (13%). Though a difference in favour of employers is to be expected, the difference is perhaps larger than one might expect. Life and Pensions members reported the highest levels of worry, with PFS members the least.

In keeping with the drop in levels of worry we have seen a **big rise in those who say that they do not fear for their job**. This number has gone from just over a third to almost half.

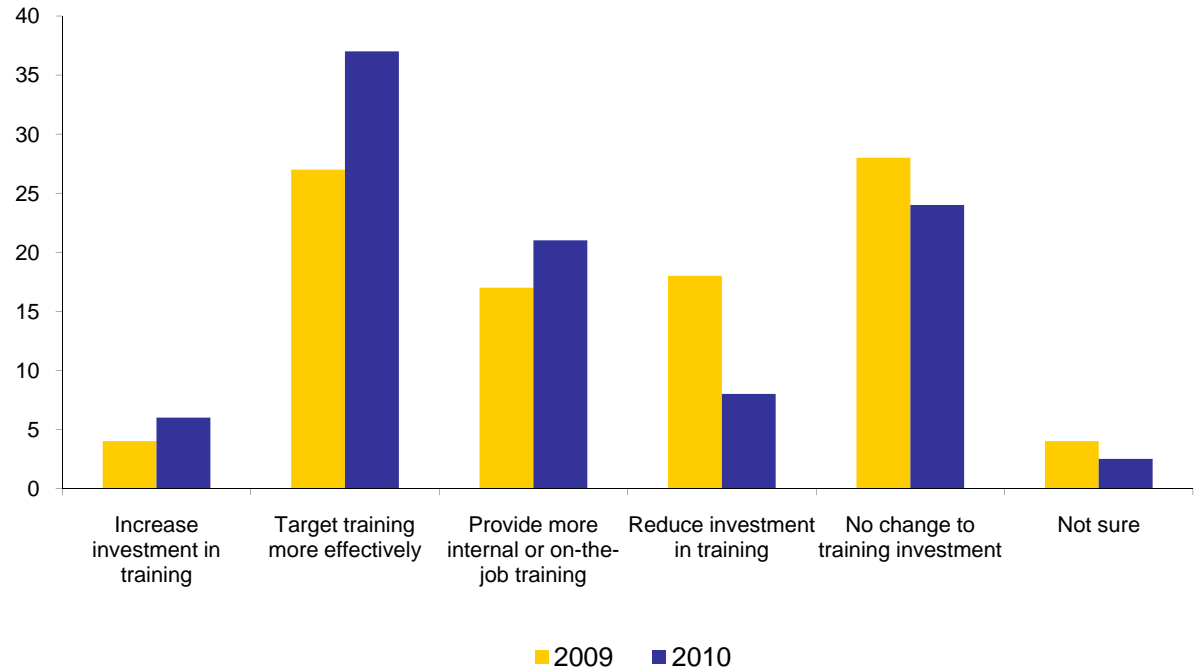


Impact of the economy on training & job security

Q. What impact will the current economic climate have on your plans to invest in training and development of your staff (in general terms)?

Sample: 631 (employers only)

There was a similarly positive change in responses to the question covering the impact of the economic climate on investment in training. **The number of those planning to reduce spending halved over the last year** and there was also a slight rise in those who said they would be spending more. In these uncertain economic times the majority of employers plan to target their training budgets more effectively.



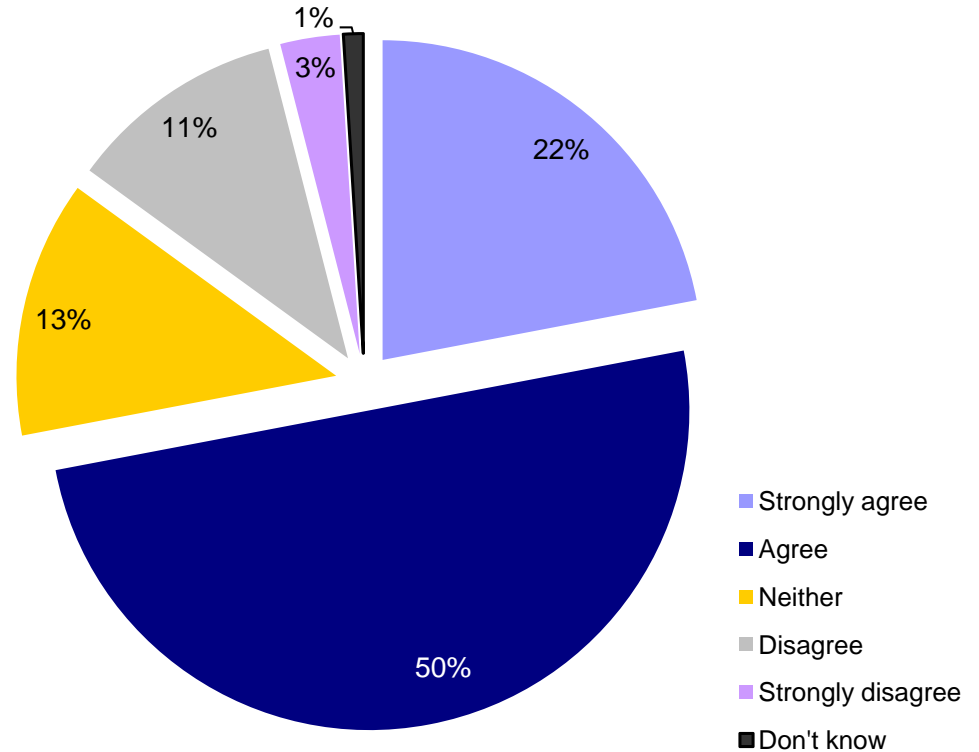
Skill levels & their impact

Skill levels & their impact

There is a shortage of technical skill in key areas of our business

Sample: 631 (employers only)

This year we have seen small a rise in employers reporting skills shortages and a large jump (by 22 percentage points to 72%) in those who say that the shortages are having a detrimental impact on their business. The issue of skills shortages appears to be a long term one, which will not be allayed by a loosening in the labour market. It could also be that individuals are not as willing to switch organisations in the current economic climate.



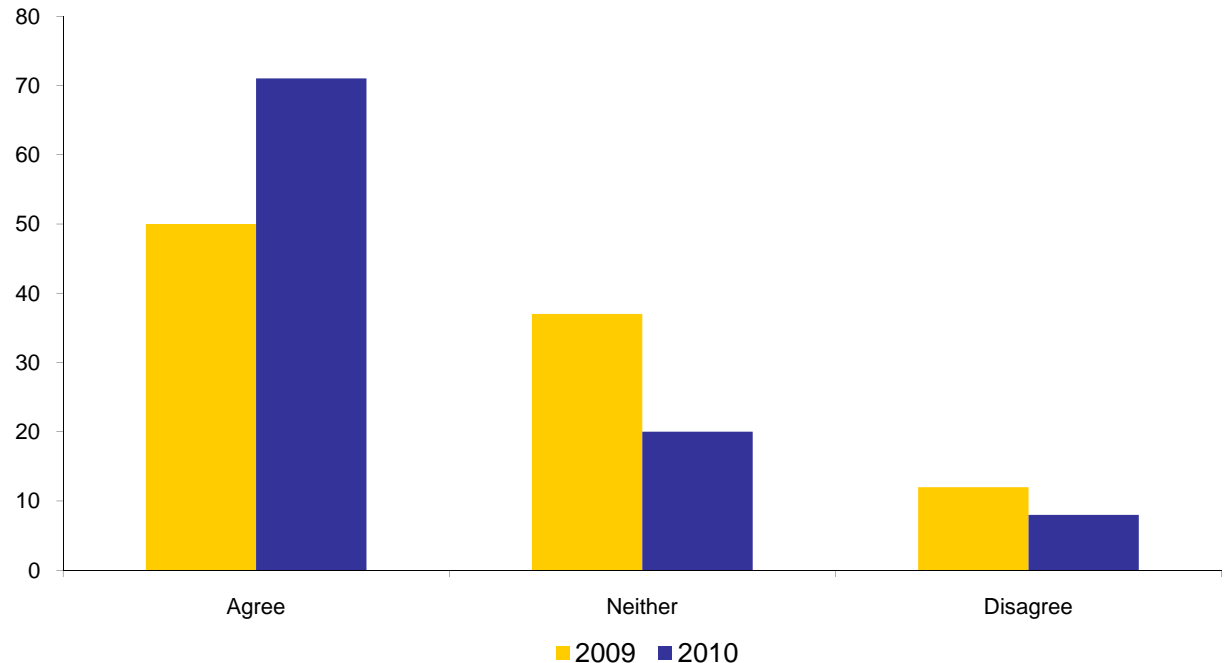
Skill levels & their impact

The shortages we are experiencing are having a detrimental effect on our performance

Sample: 631 (employers only)

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When the results are split by CII Faculty, the largest numbers of employers reporting shortages were in Claims and Underwriting – with the shortages impacting Underwriting the most (see chart on next page).

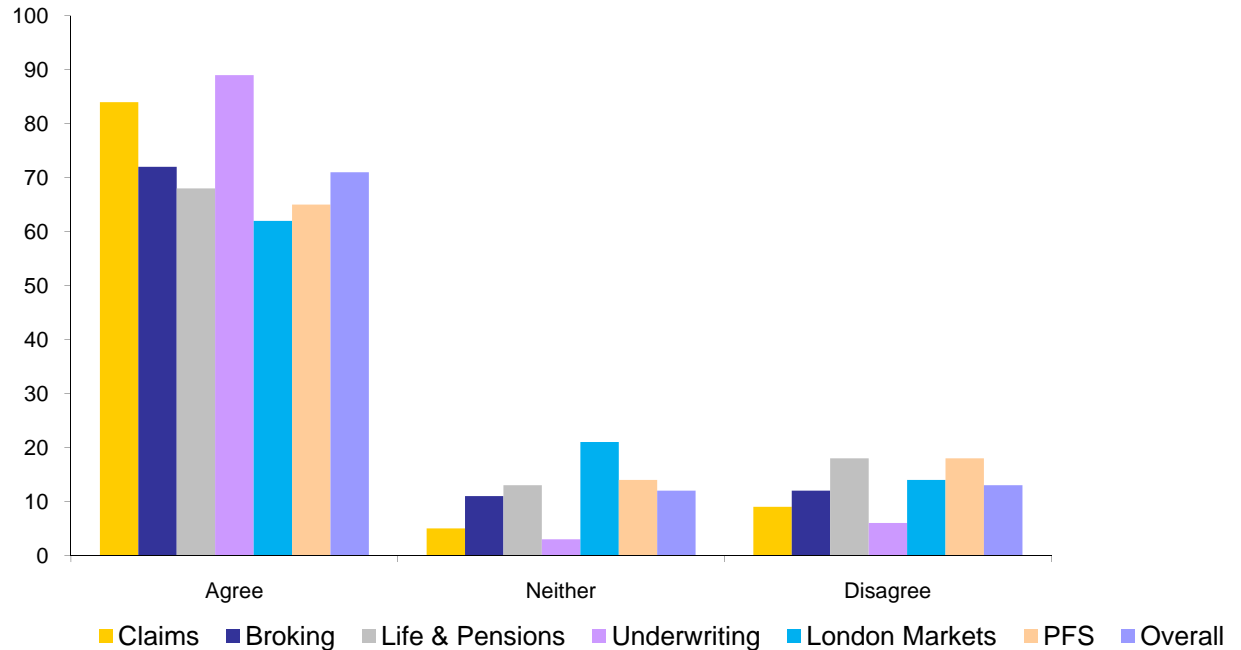


Skill levels & their impact

There is a shortage of technical skills in key areas of our business - by faculty

Sample: 2752 (all respondents)

Members are also **paint a pessimistic picture when considering the UK's skills levels against international competitors**. 42% feel that we are already falling behind other countries (twice the number of those who say we are not) and half say that if skills development in the UK carries on at the present rate, by 2020 we will have been left behind by the competition.

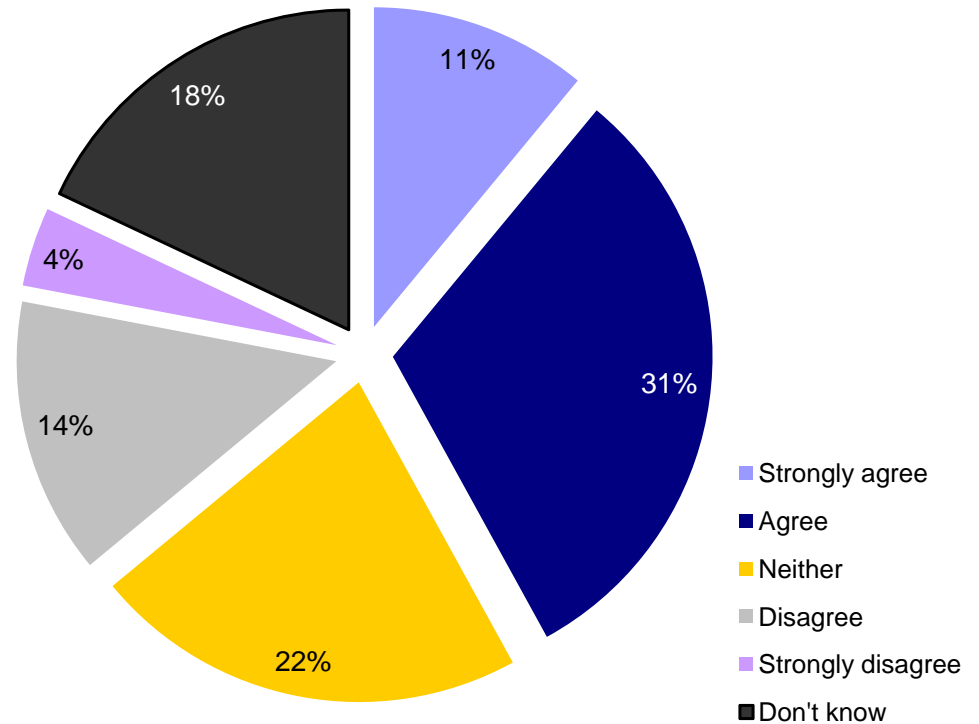


Skill levels & their impact

We're already falling behind other countries in our skills level in the UK

Sample: 2752 (all respondents)

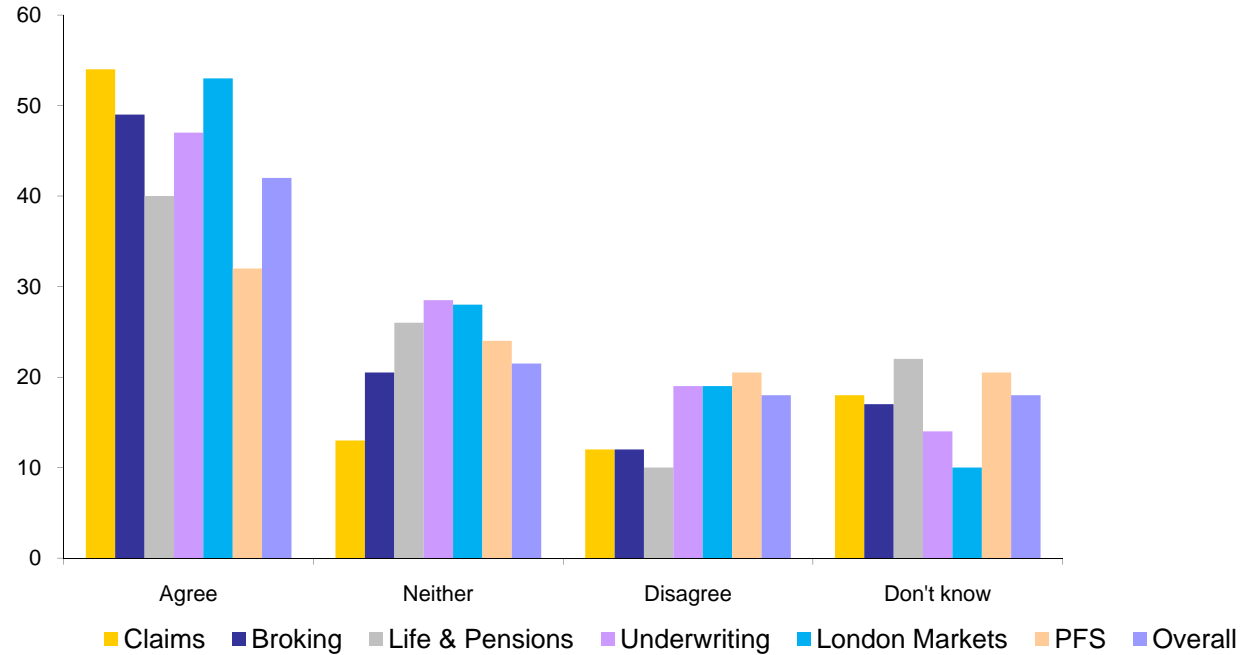
Employers from Claims and London Market Faculties had the most negative view of UK skill levels when comparing them with countries from abroad. The opinion of those in Claims is not surprising given that they reported high numbers of skills shortages.



Skill levels & their impact

**We're already falling behind other countries in our skills levels in the UK
- By Faculty**

Sample: 2752 (all respondents)



The Coalition Government & the skills agenda

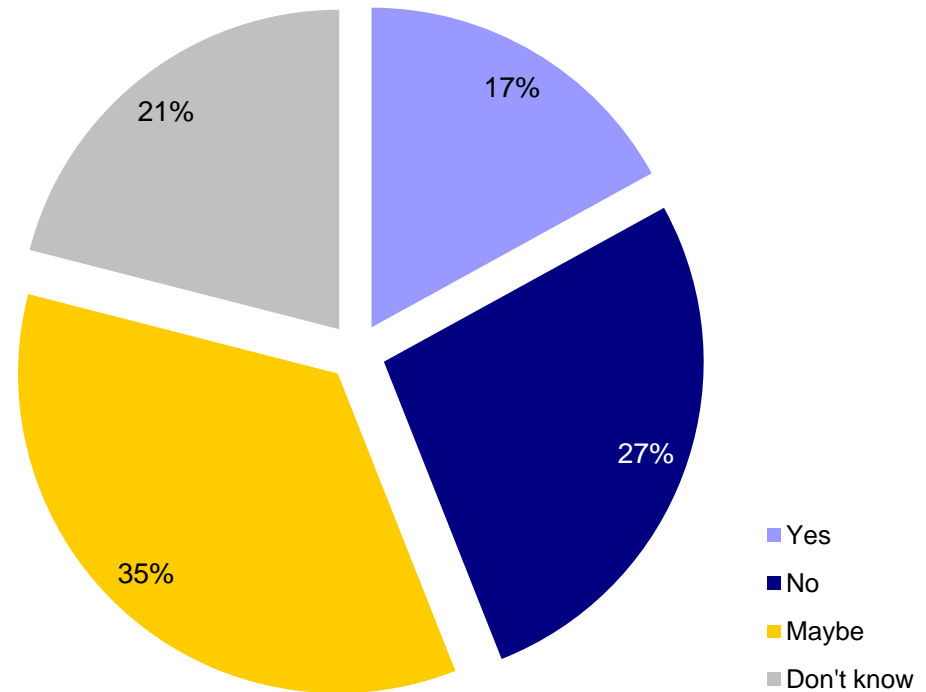
The Coalition Government & the skills agenda

Q. Do you believe the Coalition Government will improve the UK's skills system and have a positive effect on UK skill levels?

Sample: 2752 (all respondents)

The **Coalition Government** will bring a different approach to tackling the question of skills development – however our **members are unsure whether they will have a positive impact and improve the system**. Only 17% thought they would, whereas over a quarter (27%) believe they would not. There were high levels of uncertainty too however. Factors at play here could include awaiting the results of the upcoming spending review.

One point that members are pretty clear on is that Government cuts to public spending will lead to an increase in the importance of employer input to skills – which largely describes the current position of the insurance industry.



Views on the UK's education system

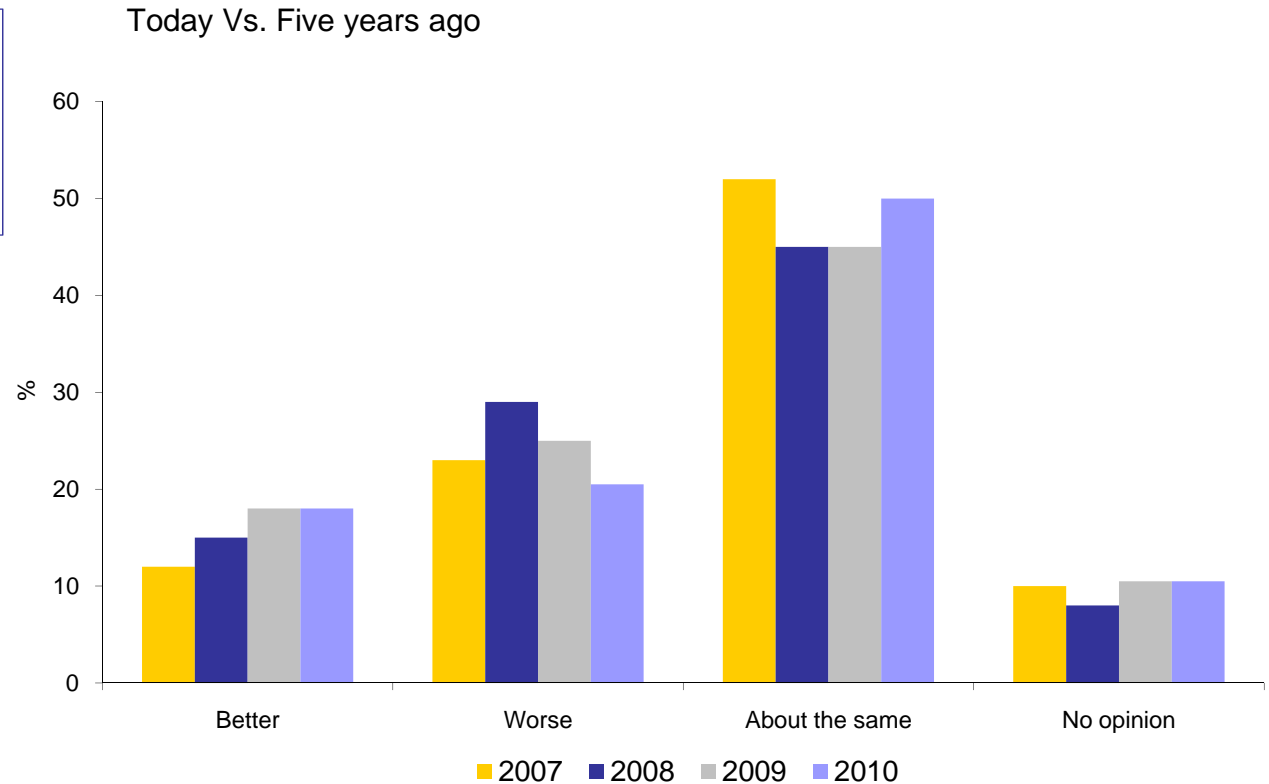
Once again our survey has highlighted the concerns members and employers have with the UK's education system – however it does appear that in some areas attitudes are beginning to soften.

Though we have seen a **rise for the fourth consecutive survey in the number of members believing that those entering the industry are well prepared for their career, twice as many feel that new entrants are not well equipped for life in insurance and financial services.** In terms of the views of our Faculties, Claims members had the most 'negative' view of new joiners.

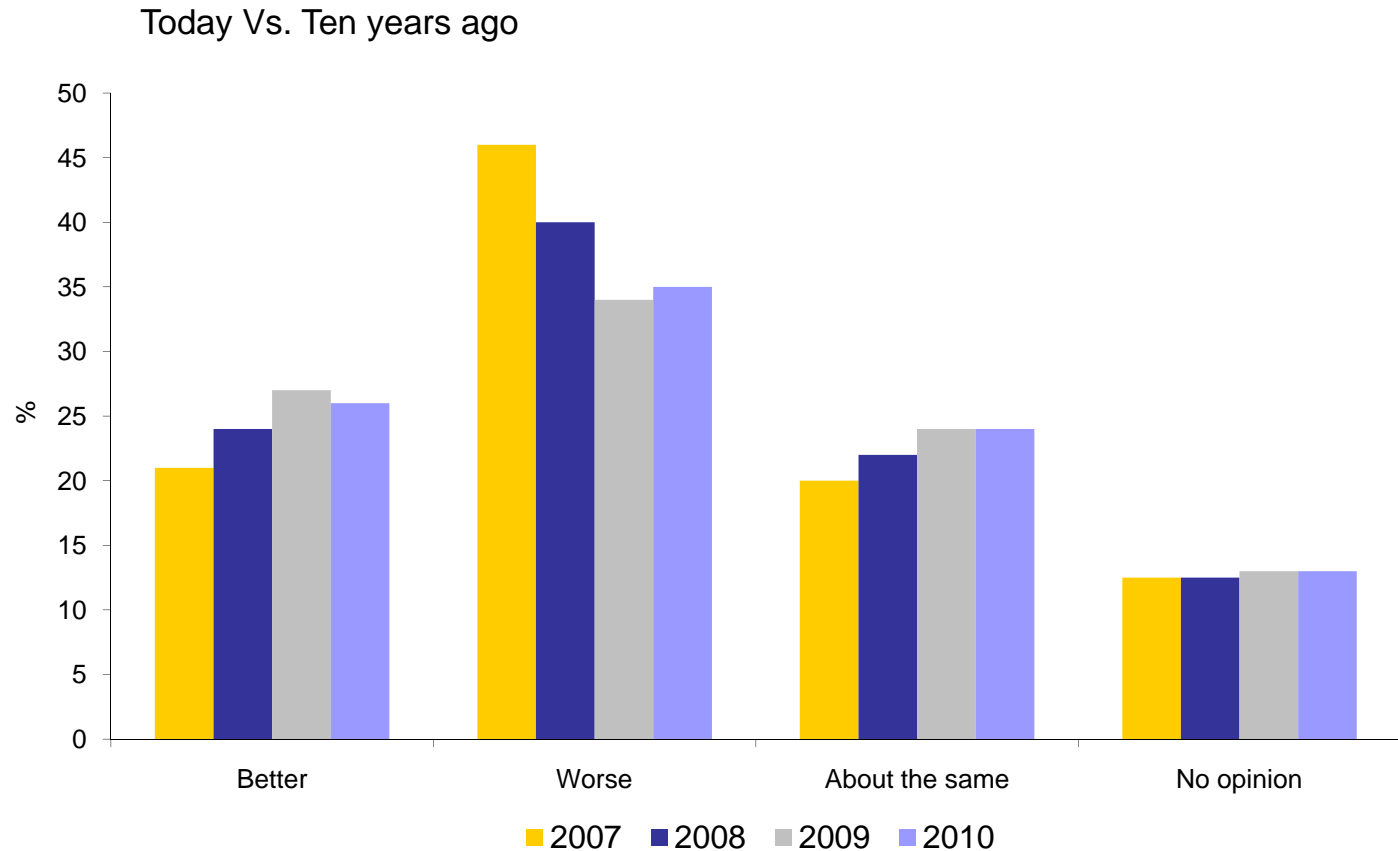
Over the four years of the survey we have seen an improvement in attitudes towards today's entrants when compared to those from five and ten years ago. For example in 2007 twice the number of members had a negative rather than a positive view of the skill levels of new entrants when compared to those of five years previous. This year the figures for opposing views are almost equal. PFS members are twice as likely to be positive about new entrants than other Faculties.

Views on the UK's education system

Q. Would you say people joining the industry today are better equipped with the skills to do the job than 5 and 10 years ago, worse or about the same?)



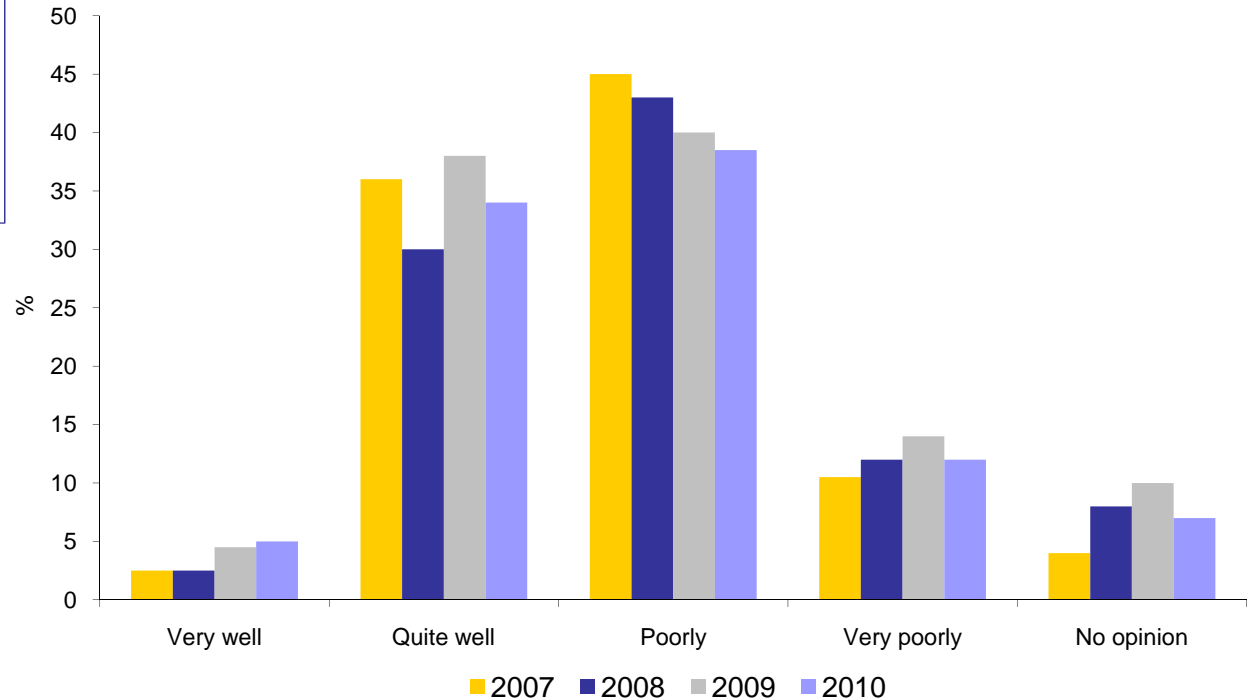
Views on the UK's education system



Views on the UK's education system

Thinking of recent school leaver and graduate recruits, how well do you think that our education system is serving the FS industry?

Another illustration of a shift in attitude was the rise in those employers who considered the education as serving the financial services industry well. 40% of employers were of that opinion (a 6% increase from 2009) – the highest percentage since the first CII Skills Survey in 2007. Those who believe education is poor at meeting the industry's needs dropped to its lowest level – 52%. **Despite these improvements however there remains high numbers who are critical of literacy and numeracy levels of new entrants.**

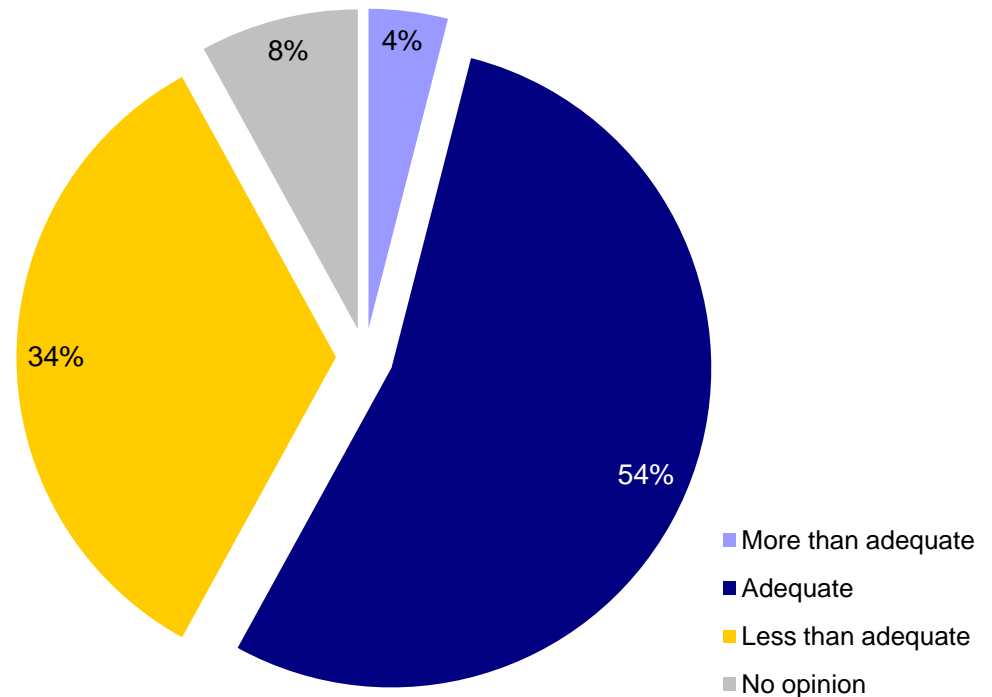


Views on the UK's education system

What is your opinion of the level of basic education of applicants when they join? Is it...?

Sample: 631 (employers only)

It will be interesting to see what impact the election of a new government has opinion in future surveys – especially on that has promised to concentrate on promoting “core traditional subjects”.



Work placements & apprenticeships

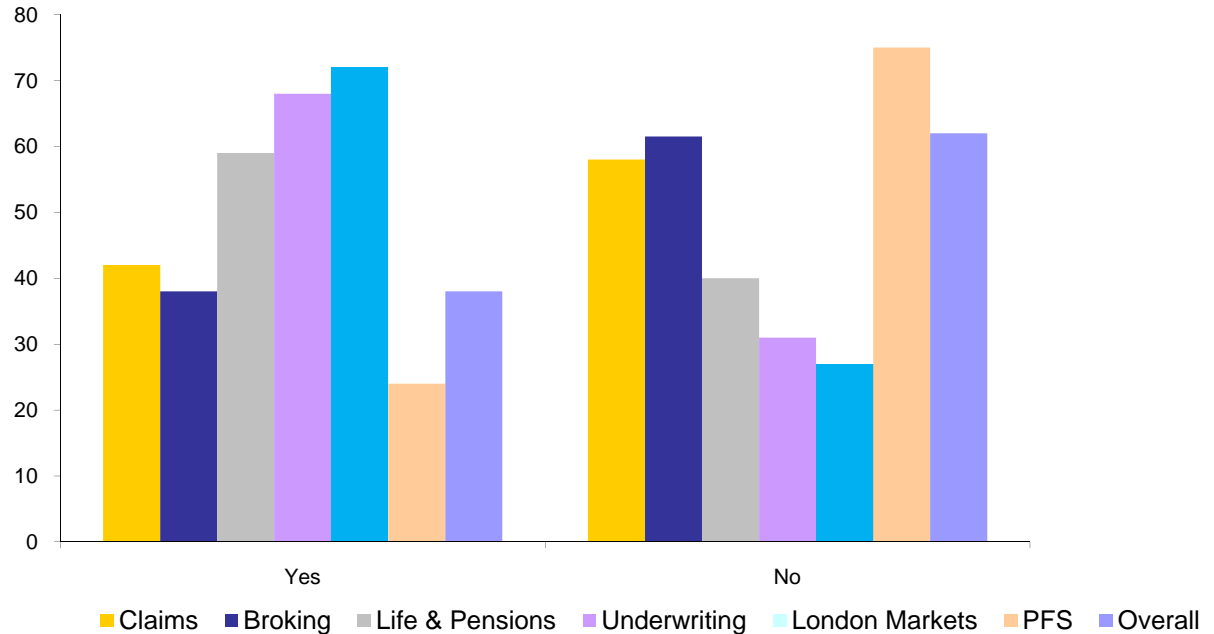
Last year we asked whether employers would be willing to offer work placements and 6% said that they already did. This year when asked outright whether they offered internships **38% said that they do** (62% said they currently don't). This increase could reflect a greater understanding of the benefits of running such schemes and the need to engage with potential recruits, as well as a change in thinking caused by the economic situation.

Two thirds of employers in Underwriting and the London Market offer placements within, whereas only a quarter of PFS members do so. Interestingly when we look at the size of employers making opportunities available, almost half (45%) were in businesses of less than 50 employees.

Work placements & apprenticeships

Does your company offer work placements or internships to school leavers or graduates?

We also saw a slight rise in awareness of apprenticeships containing professional qualifications (37%) and a strong increase in the number of employers who said they would consider taking on and developing an apprentice (44% from 37% in 2009).



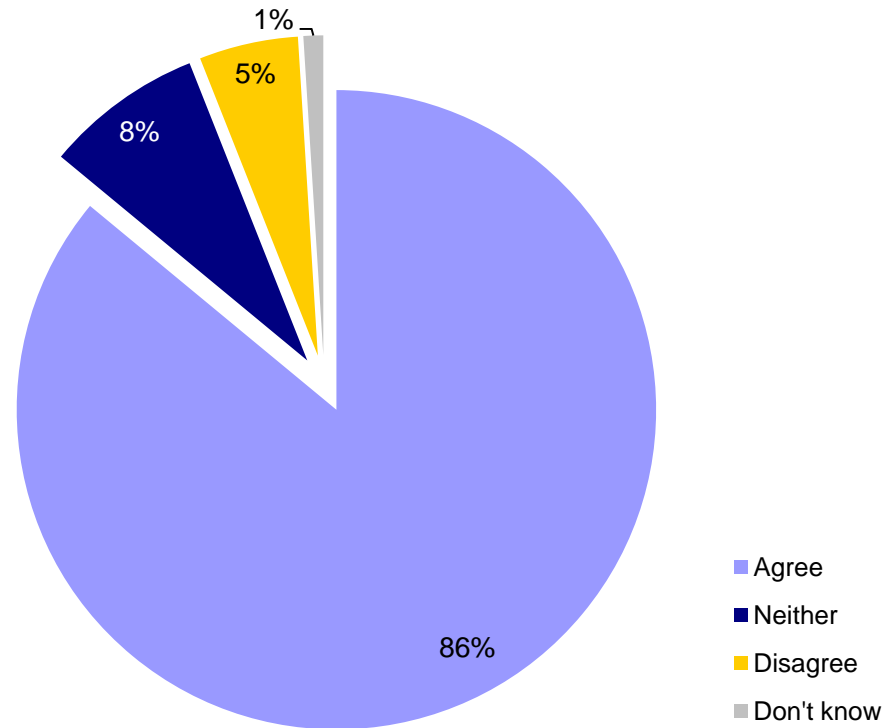
The importance of Professional Qualifications – Support for the Aldermanbury Declaration

The importance of Professional Qualifications – Support for the Aldermanbury Declaration

Q. Do you agree or disagree with the statement that the demand for professional qualifications in the next 5 years?

Sample: 631 (employers only)

Across the three previous CII Skills Surveys we saw a **steady rise in the recognition of the need for professional qualifications. This year has been no different** with almost nine in ten employers believing that the demand for professional qualifications will rise over the next five years. In addition three quarters of employers predict that the level of qualification required in future will be higher. These views reflect the direction of travel of regulators and the industry – especially the FSA's Retail Distribution Review and the Aldermanbury Declaration covering general insurance – and demonstrate an understanding of moves afoot to further professionalise the industry.

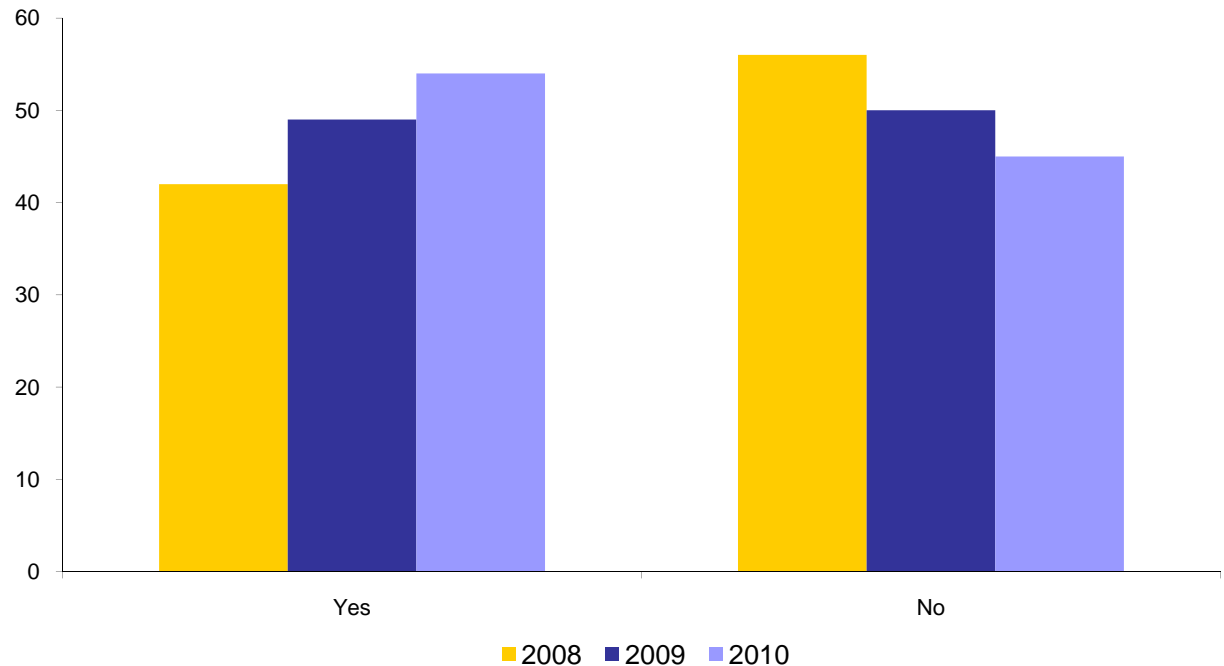


The importance of Professional Qualifications – Support for the Aldermanbury Declaration

In your view, is the Industry doing enough to encourage obtaining professional qualifications?

The number of members pleased with the efforts of the industry to encourage professional standards reached a new high (55%) – with highest levels of satisfaction amongst PFS members. This is a positive reflection on the work of bodies like the CII to support a step-change in professional standards. Over the four years of the survey the approval rating has risen by almost 20 percentage points.

An illustration of an initiative to encourage greater professionalism is the Aldermanbury Declaration. Awareness levels of the Declaration and its aims amongst members are high (84%). Of those who expressed an opinion as to whether it would have a positive impact on skill levels, **five times as many said it would, than said that would not be the case.**



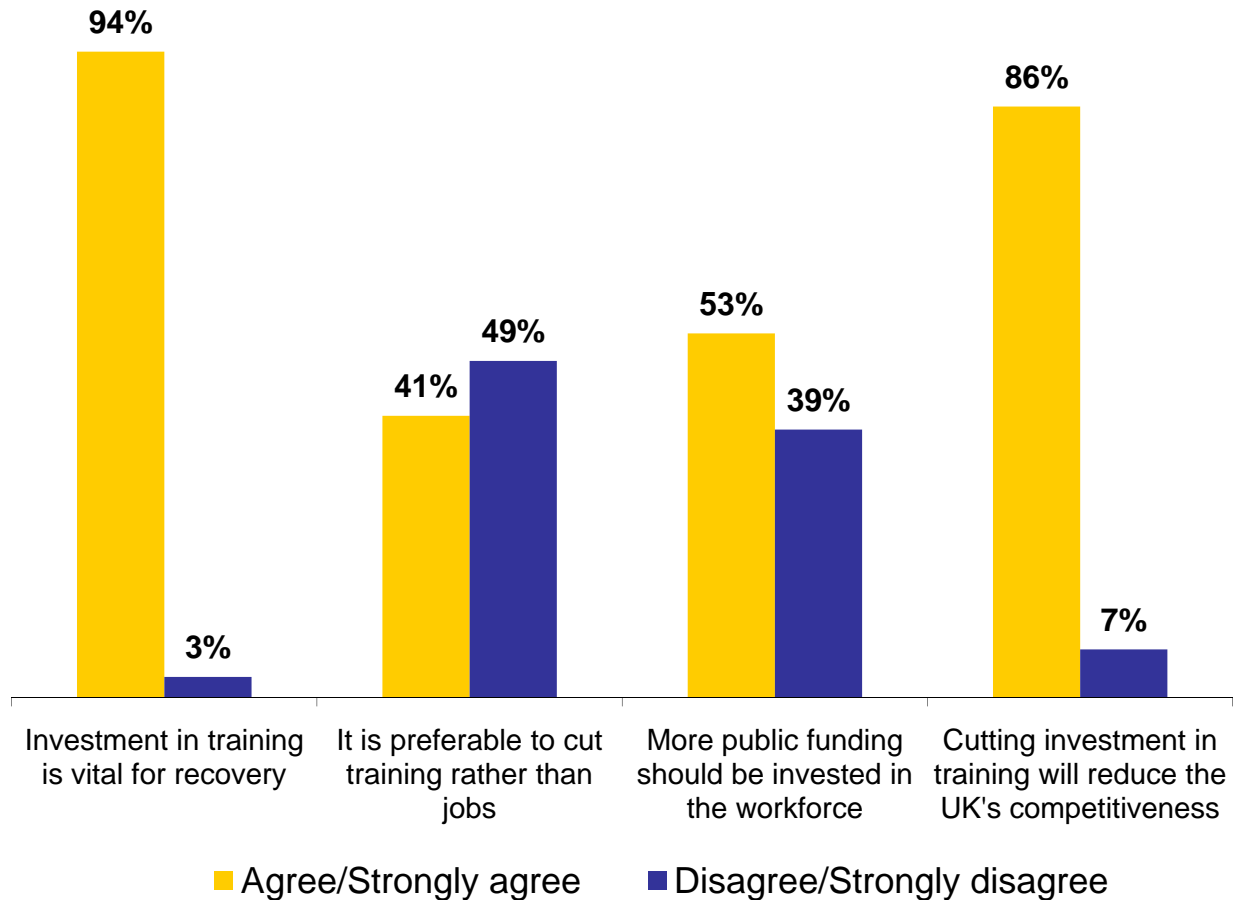
What MPs say

(Taken from the CII ComRes survey of MPs)

There is a broad consensus of support amongst MPs for the CII's recent call for government, employers and skills bodies to remain focused on long term skills goals ("Investing in Tomorrow's Skills Today – A CII Prospectus for Skills"). Almost all MPs surveyed (94%) agree that investment in training and development is vital to ensure economic recovery. They also agree on the potential consequences: more than 8 out of 10 MPs (86%) believe that cutting investment in training and development would reduce the UK's international economic competitiveness in the long-term.

These results also support our 2009 skills survey, which found that people working in insurance and financial services believed that the sector should remain committed to maintaining investment in staff training through the downturn.

What MPs say



Sample: 152 MPs