



Spring 2025

The **SKILLS GAUGE** is a brand new initiative from **The 5% Club** to provide regular, essential insights into employers' views on the evolving skills landscape, Government reforms to the skills system, and the latest 'earn and learn' provision within their organisations.

The 5% Club is at the forefront of developing the country's workforce and has a powerful voice – its members have over 1.95 million employees in the UK, including 120,000 in 'earn and learn' roles.

The results of the **SKILLS GAUGE** will be used by the Government, Skills England, employers, universities & further education colleges, and training providers – and directly inform discussions at **The 5% Club Business Leadership Council**, chaired by the Rt Hon Anne Milton.

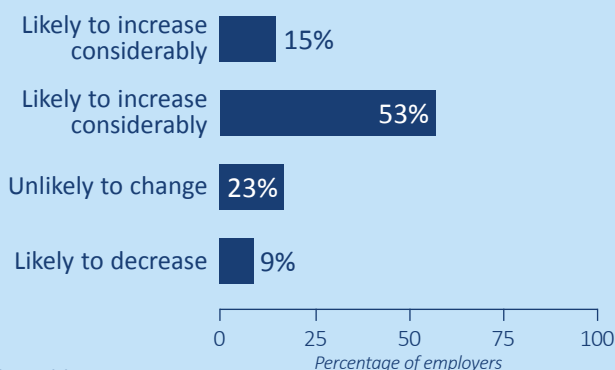
A total of **370 employers** took part in the inaugural **Spring 2025 SKILLS GAUGE** during May 2025. At almost three-quarters of these participating employers, over 5% of employees were in 'earn as you learn' roles such as apprenticeships, graduate programmes or sponsored student training schemes.

The results highlight that although the majority of employers are expecting to **expand their workforce** in the next year – and have given a **cautious welcome** to the Government's proposed changes to the skills system – most believe that business confidence and **the UK economy has worsened** since last summer's General Election, and anticipate that the changes announced in the Budget in October 2024 will have a **negative impact on their organisation** and its workforce in the next 12 months.

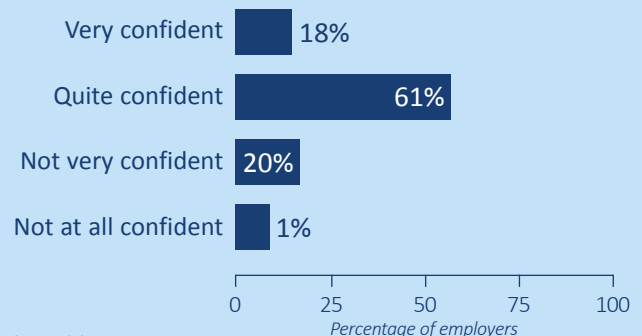
Employers' Outlook for the Year Ahead

- More than two-thirds of employers questioned for the **SKILLS GAUGE** expect that their **workforce will grow** in the next 12 months, with a sixth anticipating that it is likely to 'increase considerably'. Fewer than one in ten employers believe their workforce will decrease in the year ahead.
- Four-fifths of employers are confident their organisation will be able to **recruit, develop and retain the workforce** it needs in the coming year, although most are 'quite confident' rather than 'very confident'. One in five employers are concerned that their workforce **won't have all the skills** required.

How do you expect your organisation's UK workforce to change in the year ahead?

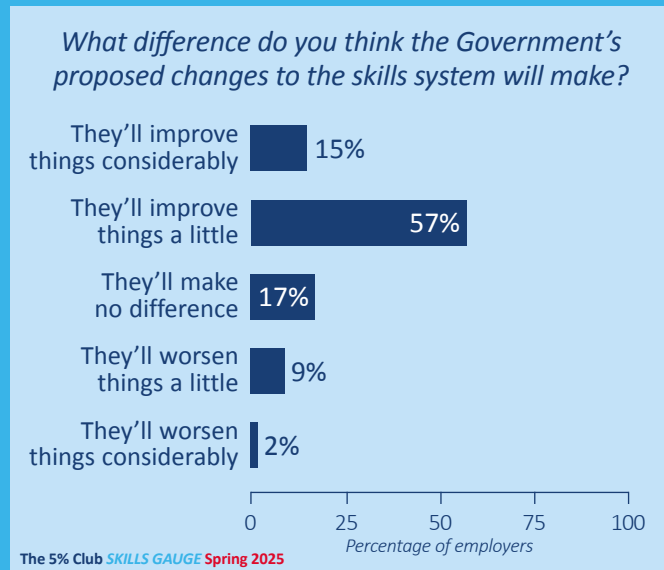


How confident are you that your organisation will be able to recruit, develop and retain the skilled workforce it needs in the next 12 months?



Employers' Views on the Skills System

- 12% of employers participating in the **SKILLS GAUGE** feel the current skills system in the UK **meets their organisation's needs** 'very well', a further 60% said it meets them 'quite well', but a total of 28% of employers warned that the current system does not meet their needs.
- When questioned about the Government's proposed changes to the skills system (*such as the creation of Skills England and enabling shorter apprenticeships*) – **three quarters of employers are supportive**, although most think things will improve 'a little', and one in six said 'they'll make no difference'.
- Half of employers believe the changes will make their organisation **more confident to invest in skills in the year ahead**, but the remainder said they are likely to make no difference or hinder confidence.



Employers' Views on the UK Economy

- More than three-fifths of employers questioned for the **SKILLS GAUGE** believe that the **UK economy and business confidence has worsened** since last summer's General Election, with a sixth saying things had 'worsened considerably'. Only one in eight employers think there has been an improvement.
- Just **one in ten employers are confident** that the October 2024 Budget will have a positive effect on their organisation and its workforce in the year ahead. Over three-fifths of employers are concerned that the Budget will have a **negative impact on their organisations** in the next 12 months.
- Employers were also asked about what effect new US import tariffs are likely to have – fewer than 1% think they will be positive for their organisation and two-fifths expect them to have a **negative effect**.

