

Final Report

Key Findings from the Workforce Skills Survey

September 2013



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September 2013

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Contents

Section One: Introduction	2
1.1 Workforce Skills Research Programme	2
1.2 Outline of the Skills Survey	2
1.3 Report Overview and Structure	3
Section Two: Business Characteristics and Experience of Training	5
2.1 Introduction	5
2.2 Business Size and Turnover	5
2.3 Nature of Business and Membership	6
2.4 Attitudes Toward Innovation	6
2.5 Experience of and Attitudes Toward Training	7
2.6 Barriers to Arranging Training or Development	7
Section Three: Employee Retention, Skills and Qualifications	8
3.1 Introduction	8
3.2 Employee Retention	8
3.3 Perceived Skills Related Challenges	9
3.4 Digital and Specialist Skills	9
3.5 Skills Proficiency	9
3.6 Cause of Lack of Proficiency and Business Impact	10
3.7 Actions Taken to Improve Proficiency	10
3.8 Skills Not Being Used	11
Section Four: Assessing Supply and Demand	12
4.1 Introduction	12
4.2 Training Demand and Mechanism of Delivery	12
4.3 Training Demand and Business Size	13
4.4 Training Suppliers Used by Businesses	14
4.5 Experience of Training Suppliers	15
4.6 Important Factors when Choosing Training Suppliers	16
4.7 Anticipated Future Training Spend	16
Section Five: Recruitment	17
5.1 Introduction	17
5.2 Hard-to-fill Vacancies	17
5.3 Business Impact of Hard-to-fill Vacancies	18
5.4 Approaches to Staff Recruitment	19
5.5 Attitude Toward Employing Career Starters	19
5.6 Preparedness for Work	20
5.7 Attitudes Toward Apprenticeships	21
5.8 Attitudes Toward Work Placements and Engagement	23
Section Six: Cross-cutting Themes and Recommendations	25
6.1 Introduction	25
6.2 Themes and Recommendations	25
Annex 1: Sampling Strategy	27
A1.1 Devon's Sectoral Composition	27
A1.2 Confidence Level and Interval	27

1. Introduction

1.1 Workforce Skills Research Programme

Devon County Council (DCC) has commissioned a 'Workforce Skills Research Programme' spanning a three-year period from February 2013 to March 2016. The aim of the programme is to provide a skills evidence base, supporting the Council's Employment and Skills Action Plan, to identify the issues and challenges facing businesses in relation to skills. The research is led by SERIO, a provider of social, economic and market research based at Plymouth University.

Table 1 provides an overview of the core components of the research programme. Whilst the overall programme has been designed to be flexible and responsive to national policy change, research, and labour market conditions, the seven listed components will be repeated on an annual basis.

1.2 Outline of the Skills Survey

The Workforce Skills Survey is the central primary research component of the whole programme. The first of the three annual surveys was conducted through structured telephone interviews with 381 Devon-based businesses between June and July 2013. The sampling strategy was designed to be statistically representative of Devon's sectoral composition (IDBR Enterprise Data), with the sample size large enough to ensure a confidence level of 95% in the data (with a confidence interval of 5%). Annex 1 provides further detail on the sampling strategy used.

The aim of the survey is to enable DCC to better understand the issues and challenges facing businesses in relation to skills, such as skills gaps amongst the current workforce or where skills shortages are constraining growth. It was structured around the following broad themes:

- **Employee skills and qualifications:** Do all employees have the skills required for them to be fully proficient at their job; what actions are being taken to address this and is any support required;
- **Training and development:** What is the nature of the training and development activities arranged by businesses (if any); the key barriers to arranging training; and anticipated spend on training over the next 12 months; and,
- **Recruitment:** Have businesses had any vacancies in the last 12 months; have they experienced any difficulties in filling these; what has been the impact of any hard-to-fill vacancies on the business; and what are the attitudes of business owners toward the recruitment of School, FE and HE leavers.

1.3 Report Overview and Structure

This short report is intended to summarise the key findings from the Workforce Skills Survey and the skills mapping task (components 3 and 5 in Table 1) and is structured as follows:

- **Section 2:** provides an overview of respondent's **business characteristics and experience of training**, including attitudes toward innovation and barriers to arranging training or development;
- **Section 3:** discusses **employee retention, skills and qualifications**, with specific reference to skills related challenges, and the prevalence and cause of a lack of proficiency and associated business impact;
- **Section 4:** uses the findings from the survey to assess the **supply and demand** of training. This encompasses a review of training demand and mechanisms for delivery; the training suppliers used by businesses and their experiences; and anticipated future spend on training;
- **Section 5:** presents business views with specific regard to **recruitment**, such as the business impact of hard-to-fill vacancies; approaches to staff recruitment; and attitudes toward work placements and apprenticeships; and,
- **Section 6:** draws together the **cross-cutting themes** from the previous sections of the report and makes **recommendations** for action by partners and stakeholders.

Table 1: Core Components of the Workforce Skills Research Programme

Research Component	Overview
1. Labour Market Monitoring Framework	Development of a core indicator set against which the health of Devon's labour market can be mapped and assessed throughout the duration of the research. The Framework is designed to reflect and run alongside the Employment and Skills Action Plan and will be updated throughout the lifetime of the research.
2. Dashboard of Indicators	Using the data from the Monitoring Framework the dashboard of indicators presents key findings and analysis in a way that is succinct, clear and pertinent to stakeholders and decision makers.
3. Workforce Skills Survey	An annual business skills telephone survey conducted with a sample that is representative of Devon's sectoral composition (See Annex 1).
4. Quarterly Skills Briefings	Succinct quarterly skills briefings aimed at members and officers that unpick recent data releases and policy announcements in terms of what they mean for Devon.
5. Skills Mapping	Reflecting the findings from the skills survey this component reviews the skills demanded by employers responding to the survey, and determines which organisations they have used to supply these.
6. Bespoke Research Projects	One or two bespoke client commissioned research projects per year reflecting, for example, current issues, policy changes, EU programmes etc.
7. Annual Report and Skills Symposium	An annual report drawing together the aforementioned research components, and a skills symposium disseminating findings and informing future research.

2. Business Characteristics and Experience of Training

2.1 Introduction

This section provides an overview of the businesses that responded to the survey through summary statistics relating to size and turnover; the nature of the business and its membership with groups or associations; attitudes toward innovation; experience of and attitudes toward training; and any business barriers to arranging training or development.

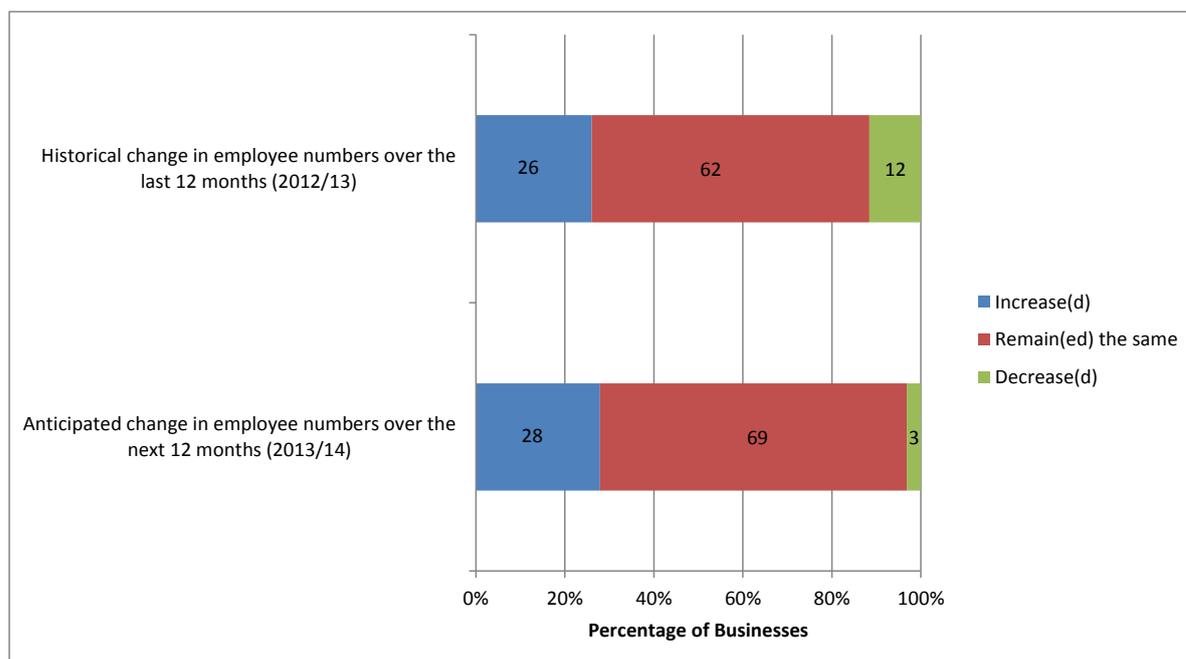
Summary of Key Points:

- **Business Characteristics:** Businesses responding to the survey were predominantly micro in size (66%), employing less than 10, or small (25%) employing between 10 and 49. There was evidence of innovation amongst the overall sample with two in five business respondents (43%) having engaged in innovation activities in the past 3 years. This predominantly related to the introduction of a new or significantly improved good, service or process (32% of all businesses), or expenditure in areas such as internal research and development or the acquisition of external knowledge or machinery and equipment (15%).
- **Experience of Training and Barriers:** Businesses were found to be open to training with two-thirds (67%) having accessed some sort of professional help or support for their business in the past three years. However, just over a third (35%) had a dedicated training budget to meet training needs and support development.
- **Barriers to Arranging Training or Development:** Notwithstanding the general openness to training, 66% of businesses perceived that training or development was not needed by their employees. Perhaps reflecting the predominance of micro and small business respondents, the second most frequently cited barrier to arranging training or development (after training not being needed) was a lack of time.

2.2 Business Size and Turnover

Of the 381 businesses that responded to the survey, 250 (66%) were micro in size employing less than 10; 96 (25%) were small employing between 10 and 49; 27 (7%) were medium employing between 50 and 250; whilst 7 (2%) were large employing more than 250.

As displayed in Chart 1, the largest proportion of businesses (238, 62%) stated that their business size remained the same from 12 months previously, in contrast to 99 (26%) that reported an increase, and 44 (12%) that reported a decrease. This trend looks set to continue over the next 12 months with 262 (69%) of businesses anticipating that the number of their employees will remain the same, in comparison to 106 (28%) that expect an increase, and 12 (3%) that anticipate a decrease.

Chart 1: Historical and Anticipated Change in Employee Growth

Source: SERIO, 2013 Workforce Skills Survey.

Base: Historical: 381, Anticipated: 380

Just over half of all respondents (194, 52%) were willing to disclose information on their businesses turnover. Of these, 57 (29%) had a turnover of less than £100k; 73 (38%) had a turnover between £100k and £500k; 29 (15%) had a turnover between £500k and £1m; whilst 35 (18%) had a turnover of £1m+.

2.3 Nature of Business and Membership

When asked to describe the nature of their business, 336 (88%) identified it to be profit making, in comparison to 22 (6%) who were a charitable or voluntary sector organisation, 9 (2%) who were a public sector body, and 6 (2%) who were a social enterprise.

Businesses were asked if they were a member of a business group or association. Of the 257 businesses providing a response 59 (23%) were members of the Federation of Small Businesses; 11 (4%) were members of the Chamber of Commerce; and 2 (1%) were members of the Devon and Cornwall Business Council. 'Other' business groups or associations were found to be wide ranging including the National Farmers Union, Federation of Master Builders; British Aggregates Association, and the Law Society.

2.4 Attitudes Toward Innovation

The survey explored whether businesses had engaged in any innovation activities in the past 3 years against a pre-determined list (businesses could identify more than one response). Of the 375 businesses responding to this question, 161 (43%) had engaged in innovation activities compared to 214 (57%) that had not. As presented in Table 2, of those that had engaged, the most frequently cited mechanism was the introduction of a new or significantly improved product or service, identified by 121 (32%) businesses.

Table 2: Business Engagement in Innovation Activities

	Frequency	Percent
We have not engaged in any innovation activities over the last 3 years	214	57
Introduced a new or significantly improved good, service or process	121	32
Had expenditure in areas such as internal research and development, training, acquisition of external knowledge or machinery and equipment linked to innovative activities	58	15
Engaged in innovation projects not yet complete or abandoned	50	13
Formally collaborated on innovation activities with other enterprises or institutions	28	7
Engaged in longer-term innovation activity such as basic Research and Development or technology watch	22	6
Other	18	5

Source: SERIO, 2013 Workforce Skills Survey.

Base: 375

2.5 Experience of and Attitudes Toward Training

Approximately two-thirds (67%) of businesses had accessed some sort of professional help or support for their business in the past three years, with the largest proportion of these (88%) sourcing the support from accountants. Other commonly cited sources of support included lawyers (33%), bank managers (26%), and bank advisors (20%). Less commonly identified sources of professional help and support included health and safety advisors, structural engineers, and farming advisors.

The survey established the business infrastructure in place to identify training needs and support development. Of the 380 businesses providing a response, 200 (53%) conducted regular staff appraisals and performance reviews; 176 (46%) had a training plan in place; whilst 134 (35%) had a training budget.

2.6 Barriers to Arranging Training or Development

Businesses were asked to identify any barriers that had prevented them from arranging training or development activities for their employees against a list of pre-determined factors (businesses could identify more than one response). As shown in Table 3, the most commonly cited barrier was that the training or development activity was not required, as identified by 84 (66%) of respondents. 'Other' barriers were found to include a lack of interest from employees; or that the business had recently been established and as such, had not yet developed a programme of training or development.

Table 3: Factors Preventing Businesses from Arranging Training or Development Activities

	Frequency	Percent
It's not needed	84	66
Lack of time	21	16
Other	19	15
Lack of money	18	14
Lack of relevant courses locally	13	10
Lack of awareness of courses/ training providers available locally	7	5
Lack of quality courses/ training providers locally	5	4

Source: SERIO, 2013 Workforce Skills Survey.

Base: 128

3. Employee Retention, Skills and Qualifications

3.1 Introduction

This section summarises business experiences of employee retention, and thoughts on the biggest skills related challenges facing their business over the next three years. Further, the section includes an analysis of business perceptions of skills proficiency amongst the workforce and the actions being taken, where required, to address this.

Summary of Key Points:

- **Employee Retention:** Just 10% of businesses were found to have experienced difficulties in the retention of their employees. Where problems were experienced, these were most commonly in the occupational groups of skilled trade, sales and customer service, and professional occupations; and were as a result of competition from other employers, and the terms and conditions of the post which were perceived as uncompetitive.
- **Skills Challenges:** Looking forward over the next 3 years, businesses anticipated the recruitment of appropriate staff with the right skills set for the business, and keeping up with the pace of ICT development as the biggest skills-related challenges. Other themes related to skills to support turnover, such as sales and marketing; and ensuring that legal requirements, such as mandatory health and safety training, are met.
- **Proficiency:** Positively, 89% of businesses felt that their employees had the skills required for them to be fully proficient at their job. However, those businesses currently employing staff who are not fully proficient, predominantly as a result of insufficient training or staff development, reported business impacts such as lost business or orders to competitors (29%), and increased workload for other staff (26%).

3.2 Employee Retention

The survey found that 38 (10%) businesses experienced difficulties in retaining employees, in contrast to 343 (90%) that do not. Difficulties in retention were most commonly felt to be as a result of competition from other employers (7 businesses); the terms and conditions of the post, such as uncompetitive pay (6); and a lack of career progression opportunities, shift work or unsociable hours, or employees moving on (each cited by 5 employees).

With specific regard to occupation group, difficulties in retention were most commonly experienced in skilled trade occupations, identified by 14 (37%); sales and customer service occupations, identified by 8 (21%); and professional occupations, identified by 6 (16%).

3.3 Perceived Skills Related Challenges

Respondents were asked what they perceived to be the biggest skills related challenges facing their business in the next three years. The range of responses may be broadly categorised as follows:

- **Appropriate recruitment:** (45 businesses). This included recruiting staff with the specific skills required by the business, and staff who are willing to learn and undergo further training if required;
- **Technology and ICT:** (45 businesses). This encompassed keeping up with the speed of ICT development, such as the introduction of computerised hand-held devices in the construction sector, and general ICT skills to support an increased social media presence;
- **Finance:** (25 businesses). Common themes included sales and marketing skills to support increased turnover; business administration and support skills, and knowledge of routes to access or apply for funding; and,
- **Meeting legal requirements:** (13 businesses). For example, keeping abreast of EU legislative change with regard to export; health and safety training; and knowledge of the legal requirements for accommodation and food services.

3.4 Digital and Specialist Skills

Respondents were asked to identify the most important digital skills required by their business. Of the 346 business that provided an answer, the most commonly cited were basic computer skills (112 business, 32%); online marketing (83 businesses, 24%); and website skills, including web development (65 businesses, 19%). Of note is that 98 businesses (28%) stated that they did not need any digital skills. These respondents were predominantly drawn from the agriculture, forestry and fishing sector (24), construction (18), and whole sale and retail (10).

Reflecting on specialist skills requirements, businesses were found to value the operation of machinery or equipment (45 businesses); financial management (25); soft skills such as customer service (20); and general farming skills (16).

3.5 Skills Proficiency

Businesses were asked whether all of their employees had the skills required for them to be fully proficient at their job. Of the 378 providing a response, 335 (89%) felt that their workforce did have all the skills required, whilst 43 (11%) felt that they did not. These 43 were drawn from the following broad industry groups: Agriculture forestry and fishing (8), arts and entertainment (8), wholesale and retail (8), business administration (5), accommodation and food services (3), professional, scientific and technical (3), construction (2), information and communication (2), production (2), health (1), and public administration and defence (1).

As indicated in Table 4, staff considered to not be fully proficient at their job were predominantly in skilled trade occupations (45%) and sales and customer service occupations (19%).

Table 4: Occupational Groups of Staff Not Fully Proficient at their Jobs

	Frequency	Percent
Skilled trade occupations	19	45
Sales and customer service occupations	8	19
Administration/ secretarial occupations	5	12
Managers/ senior officials	4	10
Professional occupations	3	7
Associate professional and technical occupations	3	7
Personal service occupations	3	7
Other	3	7
Elementary occupations	2	5
Process, plant and machine operatives	1	2

Source: SERIO, 2013 Workforce Skills Survey.

Base: 42

3.6 Cause of Lack of Proficiency and Business Impact

The 43 businesses indicating that they had staff who were not fully proficient at their job were asked to indicate the main cause of this. Of the 42 businesses responding to this question, the most frequently cited causes were insufficient training or staff development (22 businesses, 52%); and a lack of experience/ recently recruited employees (15 businesses, 36%).

The same cohort of businesses that indicated employing staff who were not fully proficient were also asked to indicate the impact of this on their business. As shown in Table 5, 15 businesses (36%) did not identify any overall impact to their business. Of those highlighting an impact, this was most commonly in the form of lost business orders to competitors, cited by 12 businesses (29%). 'Other' impacts referred to damage to the businesses reputation, a loss of time, and a decrease in visitor numbers.

Table 5: Impact of Some Staff Not Being Fully Proficient at their Job

	Frequency	Percent
None	15	36
Lost business or orders to competitors	12	29
Increased workload for other staff	11	26
Other	8	19
Delayed development of new products or services	7	17
Difficulty meeting quality standards	7	17
Increased operating costs	4	10
Difficulty introducing new working practices	4	10

Source: SERIO, 2013 Workforce Skills Survey.

Base: 42

3.7 Actions Taken to Improve Proficiency

The 43 businesses that employed staff perceived to not be fully proficient at their job were asked to state the actions they are taking to address this. A range of responses were received which included the introduction of training (21 businesses); and setting up weekly meetings and support to address the problem (3). Of note is that 12 businesses are not taking any actions to address this, attributed to financial limitations restricting new training, and a lack of suitable courses.

Of those indicating that they had staff who were not fully proficient at their job, 24 (62%) of 39 responding businesses would welcome support in increasing staff proficiency. The support types required can be categorised under the following 4 broad themes:

- **Enhancing the supply of training available:** (8 businesses). This referred to increasing the availability of short courses within easy travel distance on subject areas such as marketing and administration and accounts; and the creation of bespoke courses such as electric bike training;
- **Financial support:** (4 businesses). This encompassed training grants for staff, and support with the cost of developing in-house training;
- **ICT support:** (4 businesses). More specifically, this related to support in the use of social media, online marketing, and the provision of general IT skills; and,
- **Further information on training available:** (2 businesses). The provision of a list outlining the support and advice available and course information.

3.8 Skills Not Being Used

Thinking about the skills and qualifications that their employees have, respondents were asked if there are any employees that have skills that are not currently being used in their job. Of the 367 businesses responding to this, 57 (16%) agreed compared to 310 (85%) who disagreed.

Some employers outlined a range of informal actions to make use of any underused skills and qualifications. These included mixing job roles such as a trained accountant who provides ad-hoc mechanical support; and flexible working practices meaning that staff can support other areas of the business (outside of their normal job roles) where required.

However, a number of businesses whilst acknowledging that some employee skills and qualifications are underused, stated that they couldn't always accommodate an employee's skills set into the role. As identified by one business: "*a number of employees come from other industries which are not applicable to the work here*", whilst another felt that "*many staff are overqualified, but [the job] is a way for them to get into work and boost their confidence that isn't working in a supermarket*".

4. Assessing Supply and Demand

4.1 Introduction

This section presents an outline of the key areas of skills demand from business respondents to the survey, and identifies the training suppliers used. In addition, the section also summarises business experience of training suppliers, the most important factors taken into consideration when choosing a supplier, and anticipated future spend on training.

Summary of Key Points:

- **Training Demand and Mechanism of Delivery:** Two-thirds of businesses (65%) had funded or arranged staff development activities for their employees over the past 12 months. This activity was predominantly focussed on health and safety training, or in order to maintain the business's legal compliance (for example, food hygiene). A crosstabulation of results found a correlation between training demand and business size, with large and medium-sized businesses more likely to arrange training than those that are small or micro-sized.
- **Training Suppliers Used:** Whilst some businesses were found to have used further education colleges (25%) or universities (6%) to supply their training or staff development, the largest proportion (82%) favoured delivery through 'other' providers encompassing general independent or charitable organisations, sector specific or specialist providers, or delivery through government agencies or local authorities.
- **Anticipated Future Training Spend:** Reflecting on anticipated future spend on training, two-thirds of businesses (64%) anticipated the amount of money they spend to stay the same over the next 12 months, in contrast to 20% who anticipated an increase and 14% who were undecided. Those highlighting a likely reduction in spend attributed it to the training not being required, a contraction in overall business size, or financial cuts to the training budget.

4.2 Training Demand and Mechanism of Delivery

Over the past 12 months 248 (65%) businesses were found to have funded or arranged training or staff development activities for their employees, in contrast to 132 (35%) who had not.

Training and staff development activities over the last 12 months were found to be most prevalent in the broad industry groups of financial and insurance, health, and public administration and defence. In contrast, businesses in the broad industry groups of transport and storage and agriculture, forestry and fishing registered the lowest levels of investment in training and staff development activities over the same period.

The survey revealed a positive correlation between turnover and the prevalence of funded training and staff development activities over the past 12 months. Of the 8 businesses turning over more than £5m, all (100%) had funded training or staff development, whilst 23 of the 26 (89%) businesses turning over between £1m and £5m had also done so. This is in contrast to 6 of the 28 (21%) businesses with turnover of less than £50k having funded training in the last 12 months, and 16 of the 29 businesses (55%) with a turnover between £50k and £100k.

Investigation of the reason behind the training or development activities revealed 4 key themes:

- **Health and safety:** (40 businesses). The most commonly cited training in this theme was first aid (13). Other nominations were more disparate and were found to include site training (3); and machine operation (2);
- **Driven by legislation:** (31 businesses). For some businesses, staff training was mandatory in order to maintain their legal compliance. The nature of the training differed per sector and was found to include food hygiene; driver training; and training for the care sector such as moving and handling;
- **Update existing employee skills and qualifications:** (15 businesses). Reflecting the breadth of responding businesses a broad range of training themes were nominated and include: MOT training (2); GNVQ in Nursing (1); spraying skills (1); forklift truck refresher course (1);
- **Training for new employees:** (10 businesses). New employee training appeared to be more informal in nature when compared to the above themes, exemplified by in-house induction training (4).

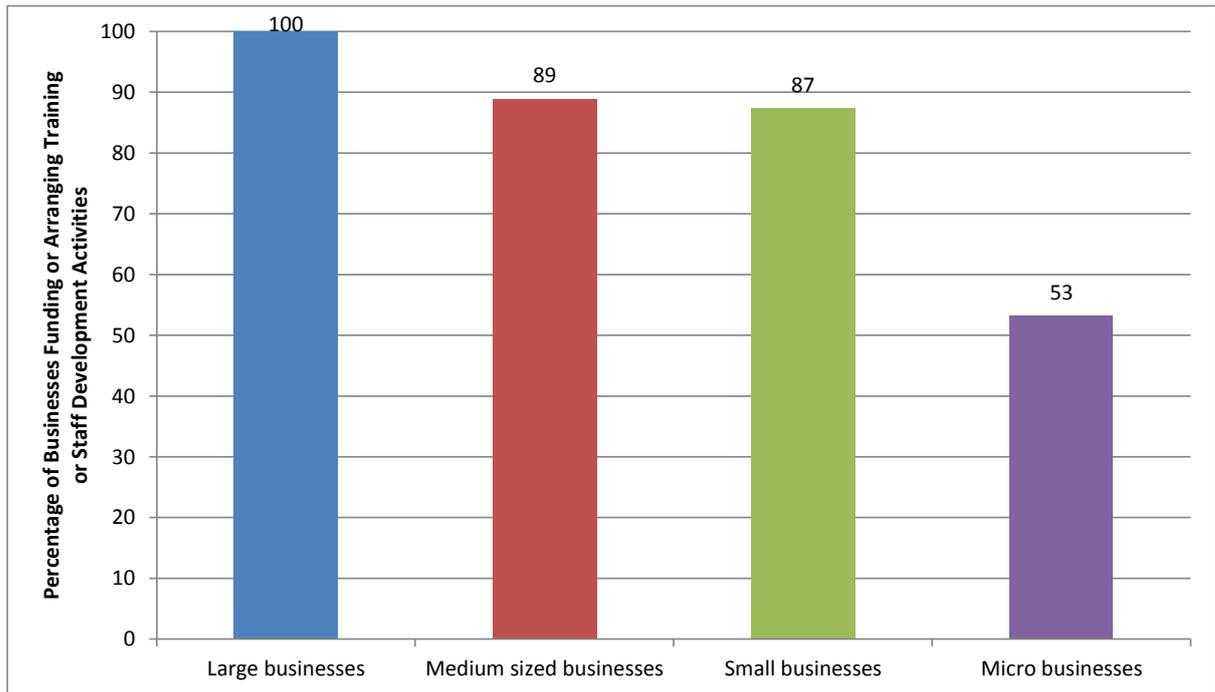
Reflecting on the nature of the training or development activities 248 businesses provided information on the delivery mechanism. Of these: 167 (67%) had off-site training provided by an external organisation; 93 (38%) had arranged on-site training delivered through existing staff; whilst 87 (35%) had arranged onsite training provided by an external organisation.

4.3 Training Demand and Business Size

The survey investigated the relationship between training and staff development activities and business size¹. As presented in Chart 2, a correlation was found with all large sized business respondents having funded or arranged training or staff development, in contrast to just 53% of micro businesses².

¹ Micro: Less than 10; Small: 10-49; Medium: 50-250; Large: 250+.

² NB: Whilst this analysis found a correlation, the number of respondents from each business size band differed (250 micro, 95 small, 27 medium, and 7 large). As such, although indicative, this finding should be treated with caution.

Chart 2: Correlation Between Business Size and Prevalence of Training

Source: SERIO, 2013 Workforce Skills Survey.

Base: 379

4.4 Training Suppliers Used by Businesses

Businesses sourced their training or staff development from a range of supplier types. As indicated in Table 6, of the 228 businesses providing information, 57 (25%) had sourced support from a further education college, whilst 6% had worked with a university. Overall, however, employers were found to favour 'other' provider types when accessing support, encompassing general independent providers, sector specific or specialist providers, and local authority provision.

Table 6: Suppliers of Training or Staff Development Used by Businesses

Provider Type	Frequency	Percent	Providers Used (Where Indicated)
University	14	6%	<ul style="list-style-type: none"> • South West: Plymouth University (4); Exeter University (2); Bristol University (1); • Other: Harper Adams University (1); Nottingham Trent University (1).
Further Education College	57	25%	<ul style="list-style-type: none"> • South West: Exeter College (17); Petroc College (7); Bicton College (5); Duchy College (5); North Devon College (3); Barnstaple College (1); Callington College (1); Cornwall College (1); Newton Abbot College (1); Paignton College (1); Plymouth Art College (1); • Other: Swansea College (1)
Other provider	186	82%	<ul style="list-style-type: none"> • General independent/ charitable: Acacia (2); Red Cross (2); Mercia (2); Cascade (1); and City and Guilds (1); • Sector specific/ specialist: <i>Agriculture, forestry and fishing:</i> National Farmers Union (2); BPEX (1). <i>Construction:</i> SSG Training and Consultancy (7); Construction Industry Training Board (3); Royal Institute for Chartered Surveyors (1). <i>Finance and Insurance:</i> ATT (1). <i>Professional, Scientific and Technical:</i> RIBA (1). <i>Wholesale and Retail:</i> National Pharmacy Association (1). • Government agency/ Local Authority: Devon County Council (2); VOSA (2); and Devon Association of Parish Councils (1).

Source: SERIO, 2013 Workforce Skills Survey.
Base: 228

4.5 Experience of Training Suppliers

Businesses that had accessed support from training providers were asked to describe their experience. Of the 199 businesses providing a response, the largest proportion (169, 85%) described their experience as positive. Of the remaining businesses, 24 (12%) reported a mixed experience, whilst 7 (4%) had a negative experience.

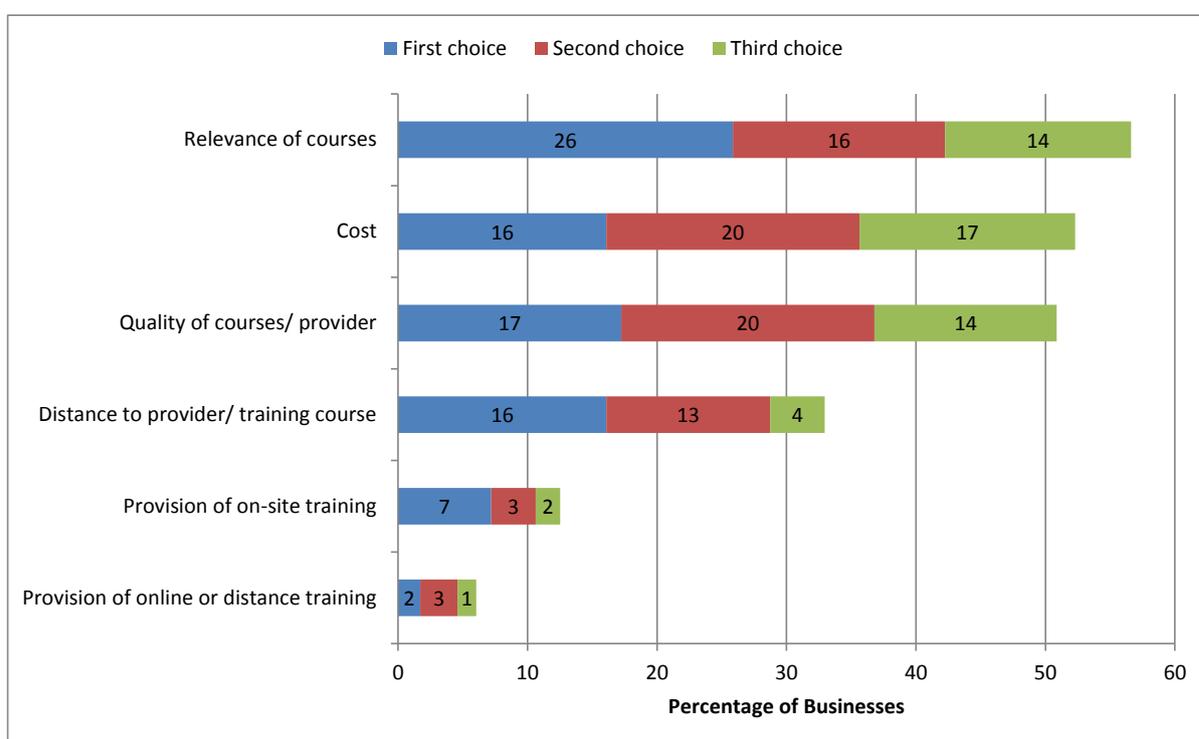
- **Positive experience:** A number of businesses highlighting a positive experience of training or staff development made particular reference to the provision being tailored to their individual business needs; or that the training was provided free of charge or at a low cost;
- **Mixed experience:** Those businesses highlighting more mixed experiences were generally pleased with the training received, but felt that the experience could have been enhanced through, for example, extending the length of the course; providing the training in a location closer to the business; or through ensuring the training was matched more closely to the business's needs.
- **Negative experience:** Businesses who had a negative experience attributed this to excessive cost; the trainer or course leader not having the required knowledge of the business or their sector; and the course content being too theory heavy as opposed to practically based.

4.6 Important Factors when Choosing Training Suppliers

The survey asked businesses to identify the three most important factors from a pre-defined list when choosing a training provider. As shown in Chart 3, the relevance of the course or training offered was the most frequently cited factor overall with 197 businesses (57%) placing this within their top three. This was followed by the costs charged by the provider (182 businesses, 52%), and the quality of the course and provider (177 businesses, 51%).

In contrast, the survey found businesses to be less influenced by the option of online or distance learning, which was identified as being in the top three most important factors by just 21 (6%) businesses.

Chart 3: Top Three Most Important Factors When Choosing a Training Provider



Source: SERIO, 2013 Workforce Skills Survey.
Base: 348

4.7 Anticipated Future Training Spend

Businesses were asked about anticipated change in the amount of money they expect to spend on training in the next 12 months. Of the 380 businesses providing a response, the largest proportion, 242 businesses (64%), expected the amount of money spent on training to stay the same. This was in contrast to 74 (20%) who anticipated an increase; 10 businesses (3%), who expected a decrease, and 54 businesses (14%) who were undecided.

Those businesses anticipating a decrease in the amount spent on training attributed this to employees either being fully qualified, or not requiring further training; a contraction in overall business size therefore reducing the amount of training required; and financial cuts to the training budget.

5. Recruitment

5.1 Introduction

This section outlines employer's views on recruitment with specific reference to the frequency and impact of hard-to-fill vacancies; and attitudes toward employing career starters from school, further education and higher education. The analysis also considers employer attitudes toward apprenticeships and work placements.

Summary of Key Points:

- Hard-to-fill Vacancies:** A third (34%) of all businesses that had vacancies in the last 12 months experienced difficulty in filling them. For 69% of businesses, that was on account of a lack of suitably skilled applicants, whilst for 42% this was due to a lack of suitably qualified applicants. Hard-to-fill vacancies were also found to impact on businesses through, for example, increased workload for other staff (cited by 70%), increased operating costs (25%), and lost business or orders to competitors (23%).
- Attitudes Toward Career Starters:** The survey found low levels of employment for those in their first job since leaving education. Over the last 3 years, 32% of businesses had employed someone in their first job since leaving school, 31% since leaving a further education college, and just 22% since leaving university. Reflecting on school and FE leavers, businesses generally had no suitable roles for individuals at this early stage in their careers, or required more experienced employees; whereas for university leavers, a third of businesses (32%) did not require graduate level skills. Businesses that had taken on career starters registered high levels of satisfaction with their levels of preparedness for work.
- Attitudes Toward Apprenticeships:** Over the last 3 years, just under a quarter of businesses (24%) had employed staff undertaking apprenticeships, with the largest proportion of these based with the broad industry groups of construction, accommodation and food services, and information and communication. Looking forward over the next 3 years 26% of businesses planned to offer apprenticeships, 52% did not, whilst 21% were undecided. Of those businesses not planning to or who were undecided, there was concern about whether they would have the time to provide the necessary supervision, or that the age of the apprentice would inhibit the level of experience that they could bring to the role.

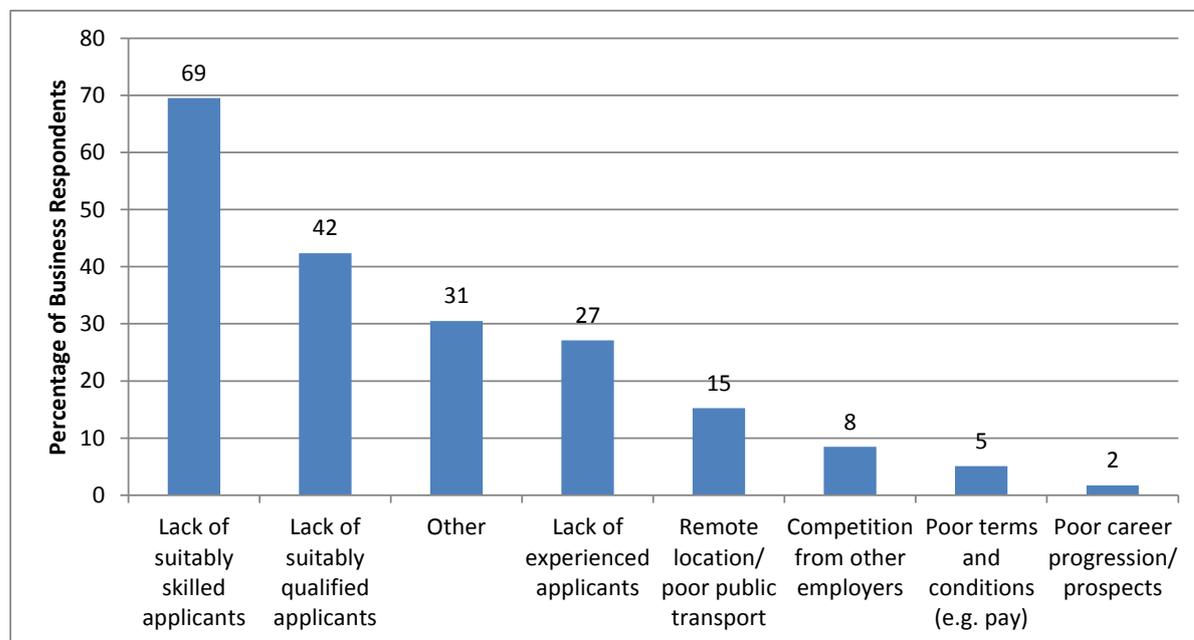
5.2 Hard-to-fill Vacancies

Of the 381 businesses surveyed, 181 (48%) have had vacancies in the last 12 months, in contrast to 200 (52%) who had not. Of the 181 businesses that had vacancies, 61 (34%) experienced difficulties filling them, with particular issues faced when attempting to recruit to the occupational groups of skilled trade, professional and managers, and senior officials.

The survey revealed differences across broad industry groups in the number of businesses experiencing difficulties in filling vacancies. Least difficulty was experienced by businesses operating in the sectors of accommodation and food services, and transport and storage. In contrast, businesses that experienced the most difficulty were from the broad industry groups of education, and agriculture, forestry and fishing. No correlation was found between annual turnover and the prevalence of hard-to-fill vacancies.

Chart 4 identifies the reasons why these vacancies have been difficult to fill (businesses could identify more than one response). As shown, businesses found a lack of suitably skilled and qualified applicants to be the key difficulty in filling vacancies. ‘Other’ reasons included a lack of applicants applying for advertised jobs; competition from other firms who can pay more; and the difficulty in recruiting for short-term maternity cover.

Chart 4: Reasons why Vacancies have been Difficult to Fill



Source: SERIO, 2013 Workforce Skills Survey.
Base: 59

5.3 Business Impact of Hard-to-fill Vacancies

Businesses that had identified difficulties in filling vacancies in the past 12 months were asked to identify the impact of these hard-to-fill vacancies against a pre-determined list of factors (businesses could identify more than one response). As presented in Table 7, the most commonly cited impacts were increased workload for other staff, and increased operating costs.

Table 7: Business Impact of Hard-to-Fill Vacancies

	Frequency	Percent
Increased workload for other staff	42	70
Increased operating costs	15	25
Lost business or orders to competitors	14	23
None	8	13
Delayed development of new products or services	7	12
Difficulty meeting quality standards	7	12
Outsourced work	6	10
Other	6	10
Difficulty introducing new working practices	4	7

Source: SERIO, 2013 Workforce Skills Survey.
Base: 60

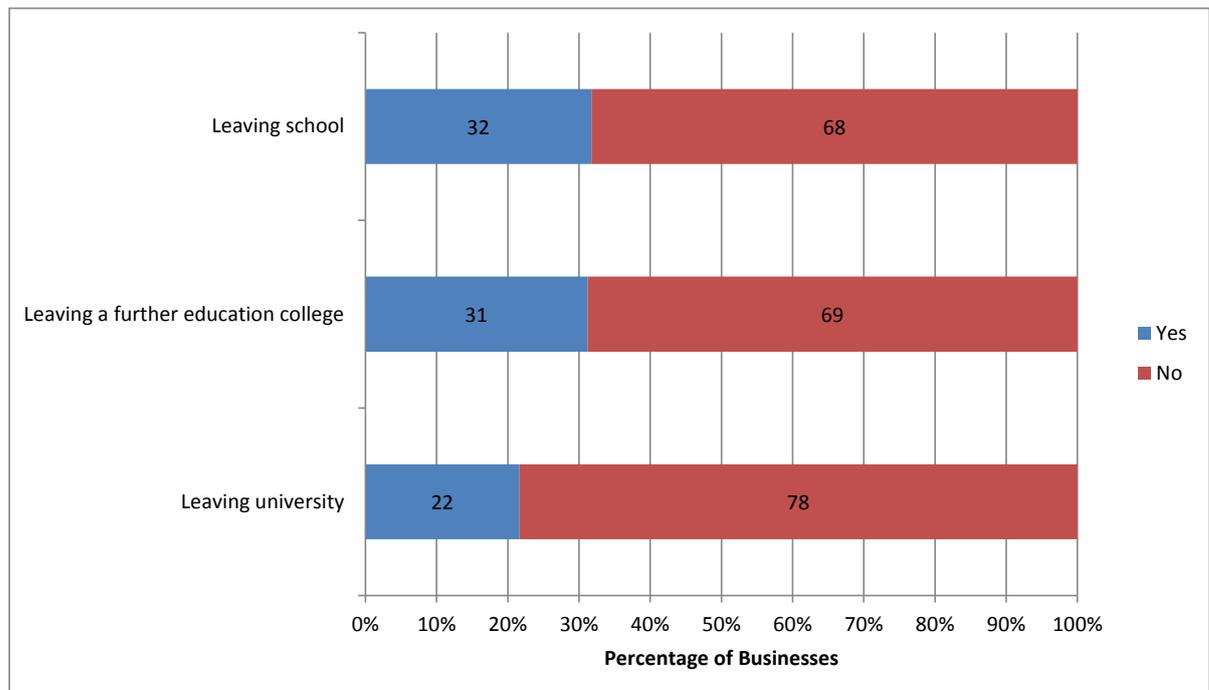
5.4 Approaches to Staff Recruitment

The survey explored whether businesses tend to look for a particular candidate when recruiting for new staff. Of the 370 businesses providing a response the largest proportion, 164 (44%) stated that this differs for each vacancy, in contrast to 93 (25%) who tend to employ candidates with the required skills, and 82 (22%) who favour candidates that they can train to develop the required skills. Approximately one third (34%) of business respondents advertise their vacancies through the Jobcentre Plus Universal Job Match, in contrast to 241(66%) who do not.

5.5 Attitude Toward Employing Career Starters

Businesses were asked whether they had employed anyone in their first job since leaving school, a further education college, or university. As indicated in Chart 5, the survey found low levels of employment for those in their first job since leaving education. Of the responding businesses 120 (32%) had employed a school leaver, 118 (31%) a further education leaver, and just 82 (22%) a recent graduate.

Chart 5: Percentage of Businesses Employing Career Starters



Source: SERIO, 2013 Workforce Skills Survey.

Base: 378/ except leaving university: 379

The survey revealed differences across broad industry groups in the levels of employment offered to career starters over the last 3 years. As a proportion of respondents within each group, businesses in the accommodation and food services (18, 64%) offered the most employment opportunities to those in their first job since leaving school. Those in their first job since leaving an FE college were most commonly offered employment from businesses based in the financial and insurance sector (4, 80%). For graduates, the most opportunities were offered in the arts and entertainment sector (14, 64%), followed by the education sector (3, 60%).

Respondents who did not employ anyone in their first job since leaving school, further education or university were asked to explain their reasons why against a list of pre-determined answers (respondents were asked to identify all that apply):

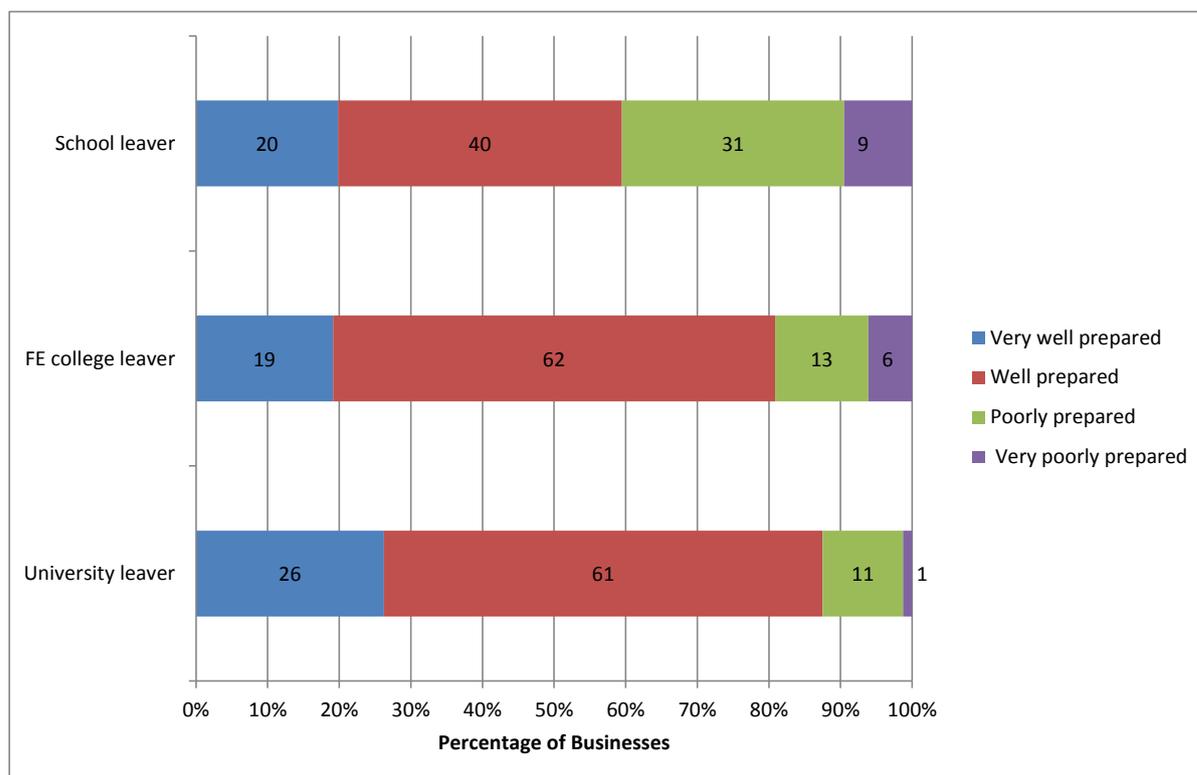
- **School leavers:** The most common reasons given for not employing school leavers was that businesses 'do not have any roles suitable for young people at this stage of their career', as cited by 90 (35%); the perception that 'school leavers are not prepared for employment', (20 businesses, 8%); and that the business 'requires experienced employees rather than recent school leavers', (20 businesses, 8%);
- **Further education leavers:** Echoing the attitudes of businesses toward school leavers the most common reason for not employing further education leavers was that businesses 'do not have any roles suitable for young people at this stage of their career', as cited by 79 (31%). Businesses also stated that they 'require more experienced employees', (15 businesses, 6%); and felt that those leaving FE are 'not prepared for employment' (11 businesses, 4%); and,
- **University leavers:** Business reluctance to employ graduates was predominantly attributed to 'not requiring graduate-level skills in our business', identified by 95 businesses (32%); and the business requiring 'experienced employees rather than recent graduates', cited by 32 businesses (11%).

Further analysis revealed that of the 83 businesses employing university leavers, 43 (52%) were from just 3 broad industry groupings: accommodation and food services (16 businesses), arts, entertainment and recreation (14), and professional, scientific and technical (13).

Perhaps unsurprisingly, these businesses also registered high levels of satisfaction with regard to the preparedness of university leavers for the workplace, with a mean of 81% perceiving graduates to be either very well or well prepared for employment.

5.6 Preparedness for Work

Reflecting on the school, further education and university leavers that they had employed, businesses were asked to think about how prepared for work they were. As shown in Chart 6, university leavers were perceived to be the most prepared, with 70 (87%) of employers identifying them to be either 'very well prepared' or 'well prepared'. Businesses were also positive about school leavers, considered by 69 (60%) businesses to be very or well prepared, and FE leavers, considered to be very or well prepared by 93 (81%).

Chart 6: Perceptions of Preparedness for Work

Source: SERIO, 2013 Workforce Skills Survey.
 Base: School: 116, FE: 115, University: 80

Notwithstanding the positive attitudes toward preparedness for work, businesses were asked what additional skills or attributes they would have liked the employee or employees to have had. The most common responses referred to 'soft skills' such as communication (19 businesses), customer service (6), and confidence (5). Those businesses that made specific reference to 'hard skills' referred to practical and technical skills such as ICT and administration (13); and literacy and numeracy (9).

5.7 Attitudes Toward Apprenticeships

In the last 3 years 91 (24%) of 379 responding businesses had employed staff undertaking apprenticeships in contrast to 288 (76%) who had not. Of those offering apprenticeships, the largest proportion were from the broad industry groups of construction (24 businesses), accommodation and food services (11); and information and communication (6).

Looking forward, 100 (26%), out of 378 responding businesses planned to offer apprenticeships in the next 3 years, 197 (52%) didn't, and 81 (21%) were undecided. The survey revealed that businesses anticipating an increase in the number of their employees over the next 12 months were more likely to offer an apprenticeship in the next 3 years. Of the 106 businesses³ anticipating an increase in the next 12 months, 44 (42%) planned to offer apprenticeships. This compares to 54 of the 259 (21%) businesses whose size was anticipated to remain the same, and 2 of the 12 (17%) businesses that anticipated a decrease in employees.

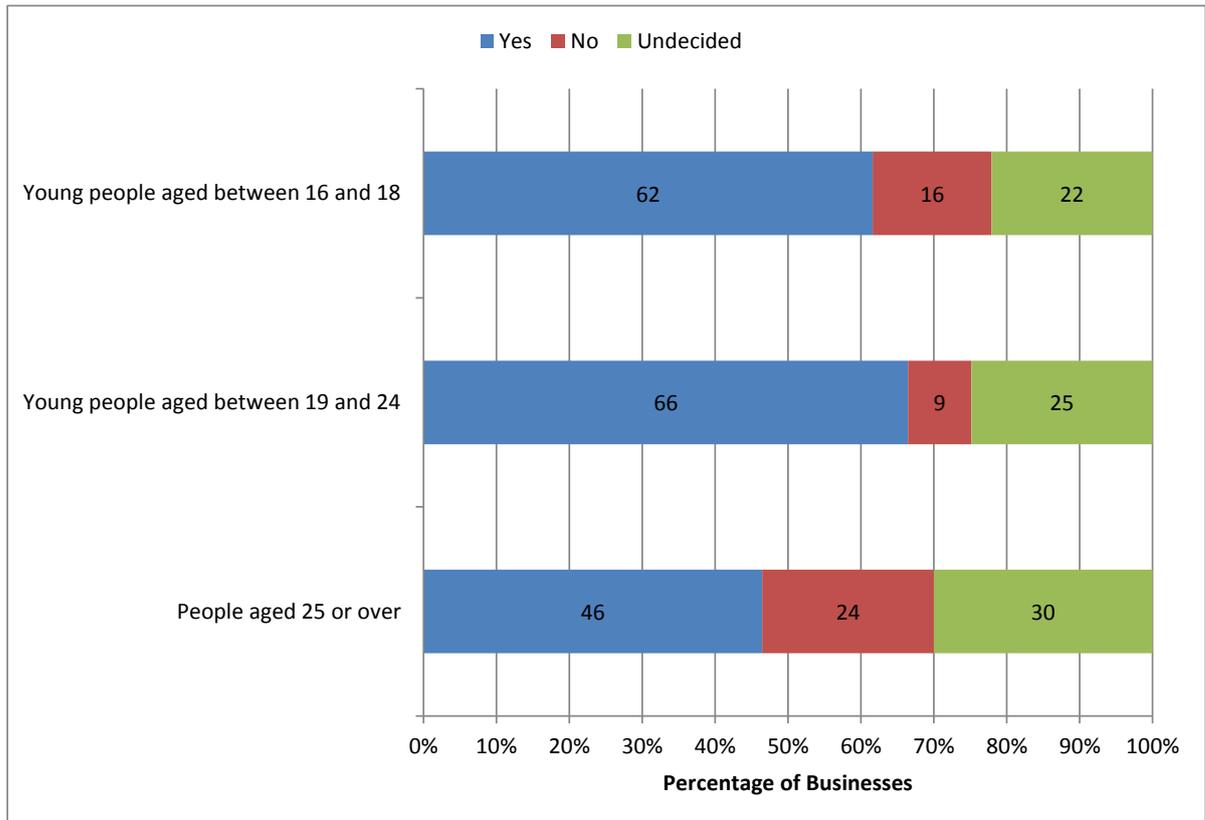
³ See Section 2.2.

Businesses in the broad industry groups of public administration and defence, and construction were the most likely to offer apprenticeships in the next 3 years. In contrast, no businesses from the broad industry group of financial and insurance planned to offer apprenticeships over the same period.

A number of businesses provided further information to explain their motivation:

- **Planning to offer apprenticeships:** Motivations included the opportunity to train staff to meet specific business skills requirements; to increase staff capacity through a relatively cost effective route; and because young people had shown an active interest in the business;
- **Undecided:** Concerns were expressed around the funding of apprenticeships; whether or not the business would be able to find a suitable placement; and for some, a previous bad experience of having an apprentice which had put them off; and,
- **Not planning to offer apprenticeships:** Businesses felt that they would lack the time to provide the necessary supervision; that the potential apprentices would be too young, which would have implications on the level of experience they could bring to the role, and for some businesses the prohibitive cost of insurance; or that there was simply not a business requirement for an apprentice.

Businesses who were either planning to offer apprenticeships in the next three years, or who were undecided were asked to which age groups they would consider providing the opportunities to. As indicated in Chart 7 the largest proportion of businesses 115 (66%) would choose to target young people aged between 19 and 24, compared to 62% that would offer apprenticeship opportunities to those aged between 16 and 18. Conversely, less than half (46%) of businesses would be willing to offer apprenticeships to those aged 25 or over.

Chart 7: Age Groups that Businesses would offer Apprenticeships to

Source: SERIO, 2013 Workforce Skills Survey.
Base: 16-18: 172, 19-24: 173, 25+: 170

5.8 Attitudes Toward Work Placements and Engagement

The survey explored business attitudes toward work placements. As indicated in Table 8, in the last 3 years 106 (28%) of 376 responding businesses had taken on an unpaid pre-16 work placement. Less prevalent, however, was the likelihood of a business taking on an unpaid unemployed work placement, which was cited by just 22 businesses (6%).

Table 8: Internships or Placements Taken On in the Last Three Years

	Yes		No	
	Frequency	Percent	Frequency	Percent
Pre-16 work placement (unpaid)	106	28%	270	72%
Post-16 work placement (unpaid)	69	18%	307	82%
Paid work placement	32	9%	344	92%
Internship	32	9%	344	92%
Unemployed work placement (unpaid)	22	6%	354	94%

Source: SERIO, 2013 Workforce Skills Survey.
Base: 376

Less than half (168, 44%) of the 379 responding businesses engaged with schools, colleges or universities, in contrast to 211 (56%) that did not. Of the 59 business respondents that were members of the Federation of Small Businesses⁴, 22 (37%) engaged with schools, colleges or universities, in contrast to 37 (63%) that did not. Of the 11 business respondents that were Chambers members, 5 (45%) engaged, in contrast to 6 (55%) that did not.

The most common areas of engagement were found to be careers activities (59 businesses, 36%); curriculum development (46 businesses, 28%); talks or events (41 businesses, 25%) or through offering work experience (38 businesses, 23%).

⁴ See Section 2.3.

6. Cross-cutting Themes and Recommendations

6.1 Introduction

This section presents three cross-cutting themes emerging from the Workforce Skills Survey and the analysis of supply and demand, and suggests some early recommendations that could be considered by Devon County Council, relevant partners and stakeholders.

6.2 Themes and Recommendations

Cross-cutting Theme 1: Vacancies and Business-led Provision

Over a third of businesses (34%) that had vacancies in the last 12 months experienced difficulties filling them. Particular issues were faced by businesses when trying to recruit to the occupational groups of skilled trade, professional and managers, and senior officials.

For 69% of businesses, vacancies were hard-to-fill on account of a lack of suitably skilled applicants, whilst for 42% this was due to a lack of suitably qualified applicants. The prevalence of hard-to-fill vacancies was found to have had direct implications on productivity with businesses reporting increased operating costs and lost business or orders to competitors. Also of note is that businesses identified 'appropriate recruitment' as one of the biggest skills-related challenges facing their business in the next three years.

Recommendations:

A number of businesses clearly experienced problems in sourcing the right calibre of applicant from the local labour market, with the skills-set available amongst jobseekers not matching their business needs. The occupational groups that were more challenging to recruit to (skilled, professional and managers, and senior officials) generally required a substantial period of training, or degree or equivalent qualification. In support of these issues we recommended that:

- Initiatives to **promote STEM subjects within education** are supported, linked to national initiatives as appropriate.
- A clear process is developed to **articulate businesses needs to providers and funding agencies** to ensure that skills provision is needs-led.

Cross-cutting Theme 2: Skills Proficiency and Workforce Development

Approximately 1 in 10 businesses (11%) felt that their employees did not possess all the skills required for them to be fully proficient at their job, with over half of these businesses (52%) attributing this to insufficient training or staff development. However, formalised programmes of workforce development and training needs analysis were not widespread: just over half of all businesses (53%) conducted regular staff appraisals; 46% had a training plan; whilst 35% had a training budget. There was also evidence to suggest that some employees lacked interest in training or development activities.

Recommendations:

The cost of training and development (both in financial spend and time for both employer and employee) was clearly a key consideration for businesses, which might go some way toward explaining the perceived insufficiencies in training and staff development. Reflecting on the structures for workforce development, employee interest in training might be stimulated through their increased involvement in setting personal training or development programmes, or determining the knowledge, skills and abilities to be learned. In support of these issues we recommended that:

- Appropriate **opportunities relating to skills development and funding are communicated to businesses** and representative organisations to support the cost of training.
- Work is conducted to support businesses to **develop systems and processes to identify and advance the skills of their workforce**.

Cross-cutting Theme 3: Support for Devon's Young People

The survey found low levels of employment for those in their first job since leaving education; in particular, just 22% had recruited a graduate in their first job since leaving university. Similarly, under a quarter of businesses (24%) had taken on apprenticeships, whilst less than a third (28%) had taken on any kind of internship or work placement in the last three years.

On balance, however, this was not found to be attributable to negative attitudes (in fact, businesses that had employed career starters were generally impressed with their levels of preparedness for work). Rather, it was predominantly on account of business factors such as not having any suitable roles (particularly for school and FE leavers), and not requiring any graduate level skills in the business.

Recommendations:

There is work to be done in promoting the business benefits of young people and early careers starters to businesses in Devon. Echoing the proposed actions in Devon County Council's Skills and Employment Section Plan it is recommended that:

- Partners and stakeholders **consider how to engage businesses more** in the development of young people and the provision of opportunities for them.
- The **business benefits of apprenticeships and work placements are promoted** to businesses, young people and influencers, including support for businesses to recruit graduates.

Annex 1: Sampling Strategy

A1.1 Devon's Sectoral Composition

The sampling frame for the Workforce Skills Survey was based on ensuring a representative sample of Devon's sectoral composition, as opposed to its geographical composition. This approach was designed to provide alignment with the recently published Sectors research commissioned by Devon County Council (SERIO, 2012).

The Interdepartmental Businesses Register (IDBR), supplied by the Office for National Statistics, was used to determine the number of enterprises in Devon against each broad industry grouping (Table 9). The IDBR is commonly used by the ONS and government departments as a sampling frame for business surveys, and is derived from three administrative sources: traders registered for Value Added Tax (VAT); employers operating a Pay As You Earn (PAYE) scheme; and incorporated businesses registered at Companies House.

Table 9: The Sectoral Composition of Devon's Workplaces

	Frequency	Percent
Accommodation & food services	2,450	7.3%
Agriculture, forestry & fishing	7,180	21.3%
Arts, entertainment, recreation and other services	1,940	5.7%
Business administration and support services	1,955	5.8%
Construction	4,140	12.3%
Education	465	1.4%
Finance and insurance	470	1.4%
Health	1,280	3.8%
Information and communication	1,240	3.7%
Production	1,850	5.5%
Professional, scientific and technical	3,510	10.4%
Property	1,095	3.2%
Public administration & defence	150	0.4%
Transport & storage (inc postal)	815	2.4%
Wholesale and retail; repair of motor vehicles	5,215	15.4%
Total	33,755	100%

Source: Interdepartmental Business Register (Devon Enterprise Data) 2012

A1.2 Confidence Level and Interval

As shown, the IDBR revealed there to be 33,755 enterprises in Devon in 2012. Whilst any attempt to survey all enterprises in the county under the confines of the Workforce Skills Research Programme would be prohibitive, it was nevertheless important to ensure that meaningful analysis could be drawn from the survey. Based on the number of enterprises in Devon, SERIO calculated that a sample size of 381 would be required to ensure the reliability of findings:

- **Confidence level:** The sample was based on a confidence level of 95%, ensuring that the researchers can be 95% certain in the reliability of the results.
- **Confidence interval:** The sample was based on a confidence interval of +/- 5%. This denotes the confidence that the researchers have in the accuracy of the results. A confidence interval assumes that the statistics gathered are distributed on an approximately normal distribution and denotes the precision around the statistic, ensuring that it is representative of the total population.

Generally speaking for larger samples, an acceptable confidence interval is +/- 5% at a 95% confidence level. This means that if, for example, 64% of businesses from the survey expected the amount of money spent on training to stay the same over the next 12 months, that we can be 95% confident that the proportion will be between 59% and 69% for all businesses in Devon when asked the same question.

Table 10 demonstrates how the sample target of 381 was apportioned across Devon's broad industry groupings (ensuring that it remained representative of the county's sectoral composition as presented in Table 9). This was used as the quota sampling frame for the interview team when conducting the Workforce Skills Survey telephone interviews with businesses.

Table 10: Telephone Quota Sample Required

	Percent	Frequency
Accommodation & food services	7.3%	28
Agriculture, forestry & fishing	21.3%	81
Arts, entertainment, recreation and other services	5.7%	22
Business administration and support services	5.8%	22
Construction	12.3%	47
Education	1.4%	5
Finance and insurance	1.4%	5
Health	3.8%	14
Information and communication	3.7%	14
Production	5.5%	21
Professional, scientific and technical	10.4%	40
Property	3.2%	12
Public administration & defence	0.4%	2
Transport & storage (inc postal)	2.4%	9
Wholesale and retail; repair of motor vehicles	15.4%	59
Total	100%	381

Source: Interdepartmental Business Register (Devon Enterprise Data) 2012



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