Final Report

Key Findings from the Second Workforce Skills Survey

October 2014

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Contents

1. Executive Summary

1.1 Introduction

The 'Workforce Skills Research Programme' spans a three-year period from February 2013 to March 2016 and is led by SERIO based at Plymouth University. The overall aim of the programme is to produce 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 annual Workforce Skills Survey is the central primary research component of the whole programme. The survey is based on structured telephone interviews with 381 Devon-based businesses and is conducted on an annual basis from 2013 to 2015. This report discusses the findings from the second of the three surveys which took place between June and August 2014. It builds upon the key findings report from the 2013 Workforce Skills Survey, which was published in September last year.

1.2 Business Characteristics and Experience of Training

Levels of innovation amongst businesses were found to mirror the 2013 sample, with two in five 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 (24% of all businesses), or expenditure in areas such as internal research and development or the acquisition of external knowledge or machinery and equipment (17%).

Businesses were open to training with three-quarters (76%) having accessed some sort of professional help or support for their business in the past three years. However, just one fifth (20%) had a dedicated training budget to meet training needs and support development.

1.3 Employee Retention, Skills and Qualifications

Fewer businesses experienced difficulties in the retention of their employees (4% compared to 10% in 2013), commonly attributed to the requirements of the job and limited opportunity for career progression. Similarly to the 2013 survey, businesses in the occupational group of skilled trade were more likely to experience problems.

Looking forward over the next three years, (and reflecting findings from the 2013 survey) the biggest skills related challenges were perceived to be appropriate recruitment – specifically recruiting staff with the skills or experience required by the business; and keeping up with the pace of technology and ICT development. Of note is that just 12% of businesses stated that they did not need any digital skills, compared with 28% twelve months ago suggesting the increasing importance of this skillset.

1.4 Assessing Supply and Demand

Three in five businesses (60%) had funded or arranged staff development activities for their employees over the 12 months preceding the survey. This is broadly in line with levels from 2013 (65%). Whilst businesses favoured off-site training provided by an external organisation (76%); onsite training delivered through both existing staff (63%) and an external organisation (60%) were also commonplace.

Approximately three-quarters of businesses (74%) anticipated the amount of money they spend on training to stay the same over the next 12 months, in contrast to 14% who anticipated an increase, 3% who expected a decrease, and 9% who were undecided. Those highlighting a likely reduction in spend attributed it to employees either having recently undertaken or completed training; a contraction in overall business size; and financial cuts or potential closure.

1.5 Recruitment

Of the businesses that had vacancies in the last 12 months, almost two fifths (37%) experienced difficulty in filling them. This compares to 34% experiencing difficulties from the 2013 survey. For 50% of businesses, that was on account of a lack of suitably skilled applicants, whilst for 28% this was due to a lack of suitably qualified applicants.

Similarly to the position in 2013, the survey found low levels of employment for those in their first job since leaving education. Over the last 3 years, 24% of businesses had employed someone in their first job since leaving school (compared to 32% in 2013), 24% since leaving a further education college, and just 17% since leaving university (compared to 31% and 22% in 2013 respectively). With specific regard to apprenticeships, a fifth of businesses (21%) had employed staff undertaking apprenticeships over the last 3 years, with the largest proportion of these based within the broad industry groups of construction; agriculture; and wholesale and retail.

1.6 Cross-cutting Themes and Recommendations

The report presents three cross-cutting themes emerging from the Workforce Skills Survey and suggests some early recommendations that could be considered by Devon County Council, relevant partners and stakeholders. Some themes and recommendations build upon those cited in the 2013 Workforce Skills Report, reflecting the parallels between the two surveys. These are summarised below and expanded upon in Section 7 of the report.

Cross-cutting Theme 1: Engagement with Young People and Apprenticeships

Similarly to 2013, whilst there is still work to be done to promote the business benefits of young people and early career starters to businesses in Devon, the survey suggests that businesses also need to know more about the practical implications of further engaging with this group. Secondly, there is an opportunity for schools and colleges to increasingly work with businesses to promote engagement opportunities. In support of these issues we recommended that:

- Work is undertaken to ensure that **businesses are made aware of the practical implications of engagement** through the distribution of coherent and consistent information.

- Partners and stakeholders **ensure that opportunities for engagement with schools and colleges are made accessible** to the business community through an increasingly proactive approach.

Cross-cutting Theme 2: The Digital Skills Challenge

There are a number of existing support programmes for businesses in Devon to improve their ICT skills and knowledge. For example, the ‘Get up to Speed’ support programme run by Connecting Devon and Somerset which offers information locally through events, workshops and other community support activities, allowing businesses and residents to fully harness the benefits of current or future high-speed broadband.

A number of relevant complimentary national initiatives are also accessible to SMEs in Devon, such as Go ON UK, run in partnership with the Department for Business Innovation and Skills (BIS), which ensures that small businesses have the opportunity and ability to build their basic online skills and presence. In order to support the digital skills challenge we recommend that:

- Initiatives to **further promote and signpost businesses toward support for digital skills development** are considered, linked to national initiatives as appropriate.

Cross-cutting Theme 3: Vacancies, Retention, and Employment of Career Starters

The survey revealed that businesses are still experiencing problems in sourcing the right calibre of applicant from the labour market, with the skills-set available amongst jobseekers not matching their business needs. As such, and as outlined in the 2013 report, we recommend that:

- A clear process is developed to **articulate business needs to providers and funding agencies** to ensure that provision is needs-led.

The ability of the county to retain its graduate population is an important factor in determining the quality of its labour force. However, retention is limited by both a business reluctance to employ graduates, and high levels of retention in the existing labour force. As such, we recommend that:

- Partners and stakeholders consider how to **promote and articulate the business benefits of employing career starters** to address cultural and knowledge barriers, particularly in relation to the skills and attributes offered by the graduate market.

2. Introduction

2.1 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.

2.2 Outline of the Skills Survey

The annual Workforce Skills Survey is the central primary research component of the whole programme. The survey is based on structured telephone interviews with 381 Devon-based businesses and is conducted on an annual basis from 2013 to 2015.

This report is based on the findings from the second of the three surveys which took place between June and August 2014. It builds upon the key findings report from the 2013 Workforce Skills Survey, which was published in September last year.

Similarly to the 2013 Workforce Skills Survey, the sampling strategy for this survey 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.

2.3 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). Whilst predominantly based on the findings from the 2014 Workforce Skills Survey, it also references key findings from the 2013 survey to provide a comparison and an assessment of distance travelled.

The report is structured as follows:

- **Section 3**: provides an overview of respondent's **business characteristics and experience of training**, including attitudes toward innovation and barriers to arranging training or development;

- **Section 4**: 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 5**: 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 6**: 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 7**: 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.

3. Business Characteristics and Experience of Training

3.1 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:** Similarly to 2013, businesses responding to the 2014 survey were predominantly micro in size (78%) employing less than 10, or small (17%) employing between 10 and 49. Responding businesses reported a range of turnover values, with the largest proportion (38%) registering a turnover between £100k and £500k.
- **Attitudes Toward Innovation**: Levels of innovation were found to mirror the 2013 sample, with two in five business respondents (43%) having engaged in innovation activities in the past 3 years. Again, this predominantly related to the introduction of a new or significantly improved good, service or process (24% of all businesses), or expenditure in areas such as internal research and development or the acquisition of external knowledge or machinery and equipment (17%).
- **Experience of Training and Barriers:** Businesses were found to be open to training with three-quarters (76%) having accessed some sort of professional help or support for their business in the past three years. However, just one fifth (20%) had a dedicated training budget to meet training needs and support development.

3.2 Business Size and Turnover

Of the 381 businesses that responded to the 2014 survey, 297 (78%) were micro in size employing less than 10; 65 (17%) were small employing between 10 and 49; 17 (4%) were medium employing between 50 and 250; whilst 2 (1%) were large employing more than 250. This is broadly in line with the 2013 survey, which also had a predominance of micro businesses (Table 2).

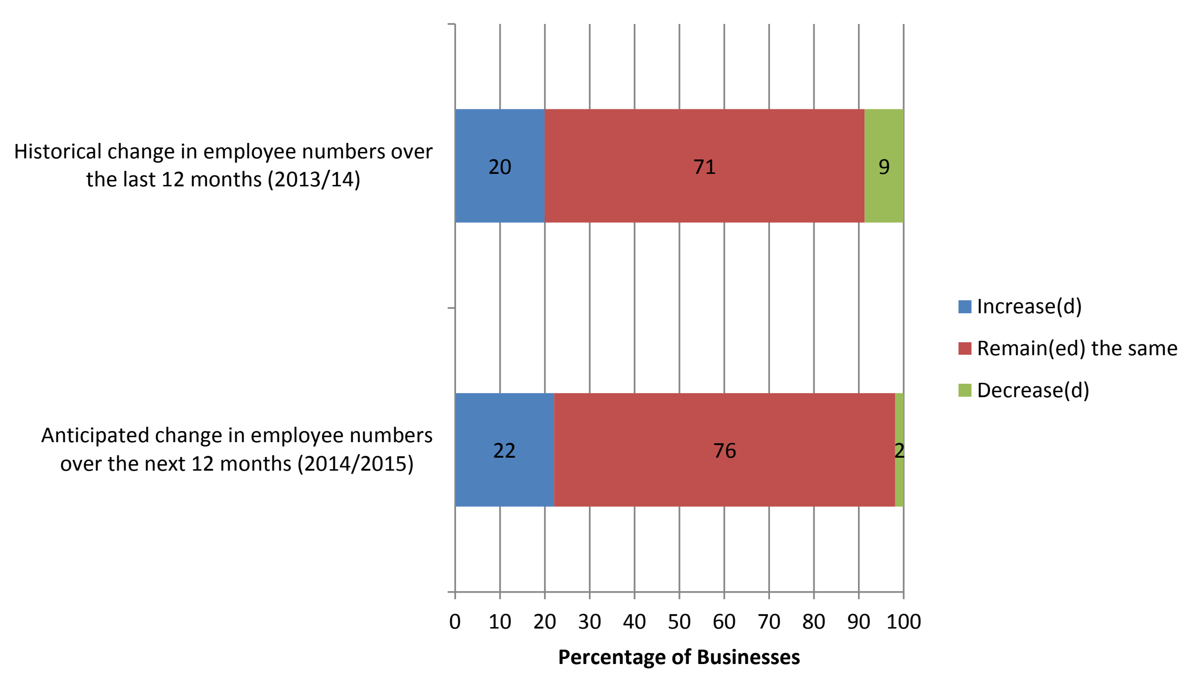
Table 2: Size of Responding Business: 2013 and 2014

	2013		2014	
	Frequency	**Percent**	**Frequency**	**Percent**
Micro businesses	250	66%	297	78%
Small businesses	96	25%	65	17%
Medium sized businesses	27	7%	17	4%
Large businesses	7	2%	2	1%
Total	381	100%	381	100%

Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 and 2014 - 381

As displayed in Chart 1, the largest proportion of businesses (272, 71%) stated that their business size remained the same from 12 months previously, in contrast to 76 (20%) that reported an increase, and 33 (9%) that reported a decrease. This trend looks set to continue over the next 12 months with 290 (76%) of businesses anticipating that the number of their employees will remain the same, in comparison to 84 (22%) that expect an increase, and 7 (2%) that anticipate a decrease.

Chart 1: Historical and Anticipated Change in Employee Growth



Source: SERIO, 2014 Workforce Skills Survey
Base: 381

Just over half of all respondents (212, 56%) were willing to disclose information on their businesses turnover. Of these, 72 (34%) had a turnover of less than £100k; 80 (38%) had a turnover between £100k and £500k; 26 (12%) had a turnover between £500k and £1m; whilst 34 (16%) had a turnover of £1m+.

This is a broadly similar profile to the turnover of businesses participating in the 2013 survey, of which: 29% had a turnover of less than £100k; 38% between £100k and £500k; 15% between £500k and £1m, and 18% £1m+.

3.3 Nature of Business and Membership

As with 2013, the largest proportion of business respondents (356/ 94%) classified themselves as profit making. This compares to 17 (4%) who were a charitable or voluntary sector organisation, 3 (1%) who were a public sector body, and 2 (1%) who were a social enterprise. The remaining businesses were unsure.

Businesses were asked if they were a member of a business group or association. Of the 222 businesses providing a response 69 (31%) were members of the Federation of Small Businesses; 31 (14%) were members of the National Farmers Union; 9 (4%) were members of the Chamber of Commerce; and 3 (1%) were members of the Devon and Cornwall Business Council. 'Other' business groups or associations were found to be wide ranging including Construction Line, Institute of Chartered Accountants in England and Wales, and the Federation of Master Builders.

3.4 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 380 businesses responding to this question, 163 (43%) had engaged in innovation activities compared to 217 (57%) that had not. This mirrors the level of innovation found amongst businesses in 2013.

As presented in Table 3, of those businesses from the 2014 survey that had engaged, the most frequently cited mechanism was the introduction of a new or significantly improved product or service, identified by 90 (24%) businesses.

Table 3: Business Engagement in Innovation Activities: 2013 and 2014

Innovation Activity	2013		2014	
	Freq.	Percent	Freq.	Percent
We have not engaged in any innovation activities over the last 3 years	214	57%	217	57%
Introduced a new or significantly improved good, service or process	121	32%	90	24%
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%	63	17%
Other	18	5%	31	8%
Formally collaborated on innovation activities with other enterprises or institutions	28	7%	27	7%
Engaged in innovation projects not yet complete or abandoned	50	13%	22	6%
Engaged in longer-term innovation activity such as basic Research and Development or technology watch	22	6%	20	5%

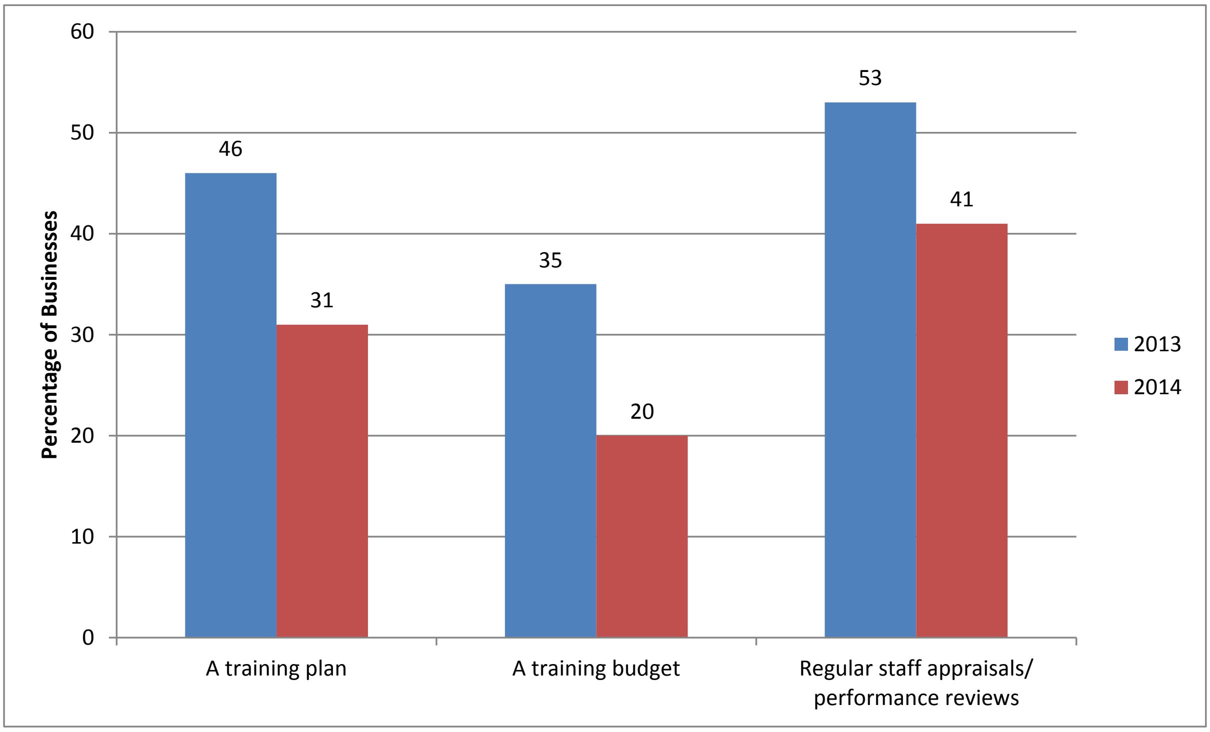
Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 - 375; 2014 - 380

3.5 Experience of and Attitudes Toward Training

A higher proportion of businesses in 2014 (76%) than 2013 (67%) had accessed some sort of professional help or support 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 (24%), bank managers (22%), and bank advisors (11%). Less commonly identified sources of professional help and support included web designers, general consultants, and health and safety advisors.

Businesses were asked what mechanisms they have in place to both identify training needs and to support development (Chart 2). Of the 381 businesses surveyed, 157 (41%) conducted regular staff appraisals and performance reviews; 119 (31%) had a training plan in place; whilst just 75 (20%) had a training budget. Whilst the prevalence of all three mechanisms amongst 2014 survey respondents was lower than that of 2013, this might reflect the increase in micro-businesses where the identification of training needs could take place on a more informal basis.

Chart 2: Mechanisms in Place to Identify Training Needs: 2013 and 2014



Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 - 380; 2014 - 381

Of the businesses from the 2014 survey that had an annual training budget, 63 provided further information. For 42 (67%) the budget was similar in value to the previous year, in contrast to 19 (30%) that indicated an increase; and 2 businesses (3%) that indicated a decrease. Thirty-three businesses were prepared to disclose the value of budget: 14 (42%) had a budget of less than £5,000; 10 (30%) had a budget between £5,000 and £10,000; whilst nine (27%) indicated a budget between £10,000 and £40,000.

4. Employee Retention, Skills and Qualifications

4.1 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 4% of businesses were found to have experienced difficulties in the retention of their employees (compared to 10% in 2013), commonly attributed to the requirements of the job and limited opportunity for career progression. Similarly to the 2013 survey, businesses in the occupational group of skilled trade were more likely to experience problems.

- **Skills Challenges:** Looking forward over the next three years, (and reflecting findings from the 2013 survey) the biggest skills related challenges were perceived to be appropriate recruitment – specifically recruiting staff with the skills or experience required by the business; and keeping up with the pace of technology and ICT development. Of note is that just 12% of businesses stated that they did not need any digital skills, compared with 28% twelve months ago suggesting the increasing importance of this skillset.

- **Proficiency:** Positively, 95% of businesses felt that their employees had the skills required for them to be fully proficient at their job, compared to 89% in 2013. Staff considered not to be fully proficient were predominantly based in skilled trades – the occupational group also experiencing the most difficulties in staff retention (see 3.2). The most commonly identified business impacts were increased operating costs (30%), and increased workload for other staff (20%).

4.2 Employee Retention

Businesses experienced less difficulty in retaining their employees than twelve months ago. In 2013, 38 (10%) businesses experienced difficulties in contrast to 343 (90%) that did not. However, in 2014, the number of businesses experiencing difficulties fell to just 16 (4%) in contrast to 365 (96%) that did not.

Difficulties in retention were most commonly attributed to the requirements of the job; for example the associated working hours, and the requirement for travel. Other difficulties cited by businesses were limited opportunities for career progression; the location of the business; and the terms and conditions of the post.

Similarly to findings from the 2013 survey, difficulties in retention were most commonly experienced in occupational group of skilled trade, identified by 6 of the 16 businesses (38%). This compares to 37% twelve months ago. The occupational groups of elementary, professional, administration/secretarial, and sales and customer service were each identified by 2 businesses (13%).

4.3 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**: (60 businesses). This included recruiting staff with the specific skills and/or experience required by the business, and staff that are motivated and enthusiastic about the job;

- **Technology and ICT**: (54 businesses). This encompassed keeping up with the speed of ICT development such as the effective use of social media and skills to further develop an online retail presence;

- **Meeting legal requirements**: (24 businesses). For example, keeping abreast of new or changing Government legislation regarding health and safety, and compliance with financial regulations;

- **Marketing**: (10 businesses). Such as ensuring that staff members have the necessary skills to effectively market the business, especially in an online environment, in order to support expansion and to maintain market share.

Of note is that ‘appropriate recruitment’ and ‘technology and ICT’ were also identified as the two biggest skills challenges from the 2013 survey. With specific regard to technology and ICT, respondents from both surveys specifically mentioned the challenge of ensuring staff were able to maximise the potential of social media and to further develop an online presence.

4.4 Digital and Specialist Skills

The most commonly cited digital and specialist skills required by businesses were basic computer skills, for instance competence with spreadsheets and commonly used software packages such as Microsoft Works (181 business, 48%); website skills, including web development and maintenance (49 businesses, 13%); and online marketing (36 businesses, 9%).

Just 44 businesses (12%) stated that they did not need any digital skills, compared with 28% twelve months ago suggesting the increasing importance of this skillset. These respondents were predominantly drawn from the agriculture, forestry and fishing sector (18), and wholesale and retail (12).

Reflecting on specialist skills requirements, businesses were found to value the operation of machinery or equipment (44 businesses); general farming skills (34), financial management and accountancy (22); and soft skills such as customer service (13).

4.5 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 381 businesses, 361 (95%) felt that their workforce did have all the skills required, whilst 20 (5%) felt that they did not. This compares favourably to the findings from the 2013 survey, where 89% felt that their workforce had the skills required, compared to 11% that did not.

The 20 businesses from 2014 that cited a lack of proficiency were drawn from the following broad industry groups: construction (4), wholesale and retail (4), agriculture forestry and fishing (3), health (2), accommodation and food services (1), arts and entertainment (1), education (1), information and communication (1), production (1), property (1), and professional, scientific and technical (1).

As indicated in Table 4, staff considered to not be fully proficient at their job were predominantly in skilled trade occupations (35%) – the occupational group that experienced the most problems with retention - and administration/secretarial occupations (20%).

Table 4: Occupational Groups of Staff Not Fully Proficient at their Jobs: 2013 and 2014

	2013		2014	
	Freq.	**Percent**	**Freq.**	**Percent**
Skilled trade occupations	19	45%	7	35%
Administration/ secretarial occupations	5	12%	4	20%
Managers/ senior officials	4	10%	4	20%
Other	3	7%	4	20%
Sales and customer service occupations	8	19%	3	15%
Associate professional and technical occupations	3	7%	1	5%
Elementary occupations	2	5%	1	5%
Personal service occupations	3	7%	1	5%
Professional occupations	3	7%	-	-
Process, plant and machine operatives	1	2%	-	-

Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 – 42; 2014 - 20

4.6 Cause of Lack of Proficiency and Business Impact

The 20 businesses indicating that they had staff that were not fully proficient at their job were asked to indicate the main cause of this. As with the 2013 survey, the most frequently cited cause was insufficient training or staff development, cited by four businesses, 20% (52% in 2013). Other causes cited by businesses were competition from elsewhere (3/ 15%); and employees needing further training which businesses are planning or providing to employees (7, 35%).

The same cohort of businesses that indicated employing staff who were not fully proficient were also asked to describe the impact of this on their business. As shown in Table 5, nine businesses (45%) did not identify any overall impact to their business. Of those highlighting an impact, this was most commonly in the form of increased operating costs, cited by six businesses (30%). The 'other' impact referred to the time required to train employees.

Table 5: Impact of Some Staff Not Being Fully Proficient at their Job: 2013 and 2014

	2013		2014	
	Freq.	**Percent**	**Freq.**	**Percent**
None	15	36%	9	45%
Increased operating costs	4	10%	6	30%
Increased workload for other staff	11	26%	4	20%
Difficulty meeting quality standards	7	17%	4	20%
Difficulty introducing new working practices	4	10%	3	15%
Lost business or orders to competitors	12	29%	3	15%
Delayed development of new products or services	7	17%	2	10%
Other	8	19%	1	5%

Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 – 42; 2014 - 20

4.7 Actions Taken to Improve Proficiency

The 20 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. Fifteen of these businesses (75%) were either in the process of, or had provided training to their staff to increase their proficiency. Other responses included being more selective when recruiting new employees, and keeping staff more up-to-date with technological developments. Further, almost a third (6 businesses/ 30%) would welcome support in increasing staff proficiency. This specifically related to the provision of staff training in topics such as IT, GIS, stress management, and communication skills.

4.8 Skills Not Being Used

The survey explored whether businesses currently employed staff with skills and qualifications that were not being used in their job. Of the 381 businesses responding businesses in 2014, 55 (14%) agreed compared to 326 (86%) who disagreed. This is broadly in line with the 2013 survey where 16% of employers felt that they had staff with skills not being used, compared to 85% that disagreed.

Some employers outlined a range of informal actions to make use of any underused skills and qualifications. For example, one employee that studied psychology at University was moved from an admin role to a marketing and sales role as it was perceived that she would have ‘a better understanding of people’. 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 stated by one business: *‘there is limited opportunity to do this… it is difficult to bring a ceramicist into web design, although their design skills and knowledge has been useful’*. For another business, accommodating underused skills would lead to a change in their business focus: *“we could explore diversifying into some other industries relevant to our staffs experience and skill set, but this could dilute the businesses core offering too much’.*

5. Assessing Supply and Demand

5.1 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:** Three in five businesses (60%) had funded or arranged staff development activities for their employees over the past 12 months. This is broadly in line with levels from 2013 (65%). Whilst businesses favoured off-site training provided by an external organisation (76%); onsite training delivered through both existing staff (63%) and an external organisation (60%) were also commonplace.

- **Training Suppliers Used:** Whilst some businesses were found to have used further education colleges (17%) or universities (4%) to supply their training or staff development, the largest proportion (89%) favoured delivery through ‘other’ providers. These encompassed general independent or charitable organisations, sector specific or specialist providers, or delivery through government agencies or local authorities.

- **Anticipated Future Training Spend:** Approximately three-quarters of businesses (74%) anticipated the amount of money they spend on training to stay the same over the next 12 months, in contrast to 14% who anticipated an increase, 3% who expected a decrease, and 9% who were undecided. Those highlighting a likely reduction in spend attributed it to employees either having recently undertaken or completed training; a contraction in overall business size; and financial cuts or potential closure.

5.2 Training Demand and Mechanism of Delivery

Over the past 12 months 227 (60%) businesses were found to have funded or arranged training or staff development activities for their employees, in contrast to 154 (40%) that had not. This is broadly in line with findings from 2013 where 65% of businesses had funded or arranged training, compared to 35% that had not.

Training and staff development activities over the last 12 months were found to be most prevalent in the broad industry groups of education; health, and public administration and defence (the 2013 survey also revealed training to be commonplace in the latter two groups). In contrast, businesses in the broad industry groups of information and communication; and finance and insurance registered the lowest levels of investment in training and staff development activities over the same period.

Similarly to 2013, 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 6 businesses turning over more than £5m, all (100%) had funded training or staff development, whilst 25 of the 28 (89%) businesses turning over between £1m and £5m had also done so. This is in contrast to 10 of the 31 (32%) businesses with turnover of less than £50k having funded training in the last 12 months, and 24 of the 41 businesses (59%) with a turnover between £50k and £100k.

Of the 227 businesses that had funded or arranged training or staff development activities for their employees, 172 (76%) had arranged off-site training provided by an external organisation; 143 (63%) had arranged on-site training delivered through existing staff; whilst 136 (60%) had arranged onsite training provided by an external organisation.

5.3 Training Suppliers Used by Businesses

Similarly to businesses surveyed in 2013, respondents cited a range of supplier types from which they sourced their training or staff development. As indicated in Table 6, of the 207 businesses providing information, 36 (17%) had sourced support from a further education college, whilst 9 (4%) had worked with a university. Overall, however, employers were found to favour 'other' provider types when accessing support (185/ 89%), encompassing general independent providers, sector specific or specialist providers, and Government agency or local authority provision.

5.4 Experience of Training Suppliers

Businesses that had accessed support from training providers were asked to describe their experience. Of the 128 businesses providing a response, the largest proportion (108/ 84%) described their experience as positive. Of the remaining businesses, 12 (9%) reported a mixed experience, whilst 8 (6%) 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;

- **Mixed experience**: Those businesses highlighting more mixed experiences were generally pleased with the training received, but felt that the provision was too intensive and could have been spread out over a longer period of time; that the quality of provision varied; or that the training could have been more succinct.

- **Negative experience**: Businesses that had a negative experience attributed this to excessive cost; the trainer or course leader not having the required knowledge of the individual business or their sector; and the course being poorly organised.

Table 6: Suppliers of Training or Staff Development Used by Businesses: 2013 and 204

Provider Type	2013		2014		Providers Used in 2014 (Where Indicated)
	Freq.	Percent	Freq.	Percent	
University	14	6%	9	4%	• **South West**: Plymouth University (1); Exeter University (1); • **Other**: Cardiff University (1); Imperial College London (1); Kingston College London (1); University of Leicester (1).
Further Education College	57	25%	36	17%	• **South West**: Duchy College (7); Exeter College (6); Petroc (4); South Devon (3); Bicton College (3); City College Plymouth (2); Tiverton College (2); Plymouth College (1); Somerset College (1); South Hams College (1); Yeovil College (1). • **Other**: Cambridge Professional Academic College (1); Stephenson's College (1).
Other provider	186	82%	185	89%	• **General independent/ charitable**: CPC Training (5); St Johns Ambulance (4); SWAT UK (3); SSG (3); AFI Training (3)Acacia (2); CPD Training (2); Barista Training (2); St Luke's (1); Mercia (1), Venua (1), Sigma Studies (1), Well UK (1), CTA Centre (1), Docherty Group (1), HSF Training (1) • **Sector specific/ specialist**: *Professional, scientific and technical,* Veterinary establishments (2), British Veterinary Association, The Law Society (1), Chartered Institute of Accountants (1), South Western Society of Chartered Accountants (1); *Construction,* FSG Training (3), CITB (2); *Agriculture, forestry and fishing,* Poultec Training (1); *Wholesale and retail,* Volvo Trucks (1); *Accommodation and food services,* St Austell Brewery (1); *Property,* National Association of Estate Agents (1) • **Government agency/ Local Authority**: Devon County Council (2); HRMC (1); British Standards (1)

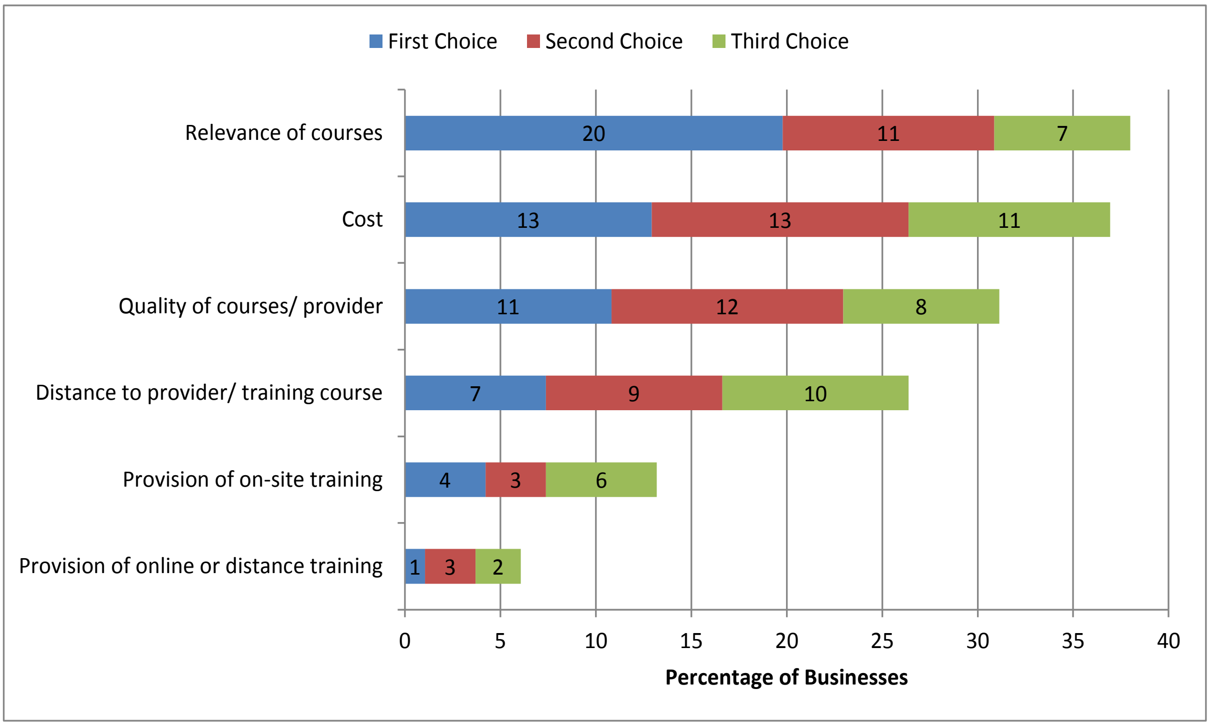
Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 – 228; 2014 - 207

5.5 Important Factors when Choosing Training Suppliers

Businesses were asked 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 144 businesses (38%) placing this within their top three - also the most frequently factor in 2013 (57%). This was followed by the costs charged by the provider (140 businesses, 37%), and the quality of the course and provider (118 businesses, 31%).

As with the first survey, businesses were less influenced by the option of online or distance learning, which was identified as being in the top three most important factors by just 23 (6%) of businesses in both 2013 and 2014.

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



Source: SERIO, 2014 Workforce Skills Survey
Base: 379

5.6 Anticipated Future Training Spend

The survey explored anticipated change in the amount of money businesses expect to spend on training in the next 12 months. Of the 381 businesses, the largest proportion (281/ 74%), expected the amount of money spent to stay the same. This was in contrast to 53 (14%) who anticipated an increase; 12 businesses (3%), who expected a decrease, and 35 businesses (9%) who were undecided.

Those businesses anticipating a decrease in the amount spent on training attributed this to employees either having recently undertaken or completed training that will not need to be renewed in the short to medium term; a contraction in overall business size therefore reducing the amount of training required; and financial cuts or the potential for the closure of the business.

6. Recruitment

6.1 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:** Of the businesses that had vacancies in the last 12 months, almost two fifths (37%) experienced difficulty in filling them. This compares to 34% experiencing difficulties from the 2013 survey. For 50% of businesses, that was on account of a lack of suitably skilled applicants, whilst for 28% 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 60%) and lost business or orders to competitors (26%).

- **Attitudes Toward Career Starters:** Similarly to the position in 2013, the survey found low levels of employment for those in their first job since leaving education. Over the last 3 years, 24% of businesses had employed someone in their first job since leaving school (compared to 32% in 2013), 24% since leaving a further education college, and just 17% since leaving university (compared to 31% and 22% in 2013 respectively).

- **Attitudes Toward Apprenticeships**: Over the last 3 years, a fifth of businesses (21%) had employed staff undertaking apprenticeships, with the largest proportion of these based within the broad industry groups of construction; agriculture; and wholesale and retail. Looking forward over the next 3 years 18% of businesses planned to offer apprenticeships, 60% did not, whilst 22% were undecided. Just over a third of businesses (34%) were aware of recent reforms to apprenticeships. Further, just 53 businesses (14%) that would previously not have considered offering an apprenticeship would be encouraged to in the future following reform measures.

6.2 Hard-to-fill Vacancies

The survey explored the number of business vacancies amongst respondents and the difficulties experienced in filling these. Two in five businesses (156/ 41%) had vacancies in the 12 months prior to the 2014 survey, in contrast to 225 (59%) that had not.

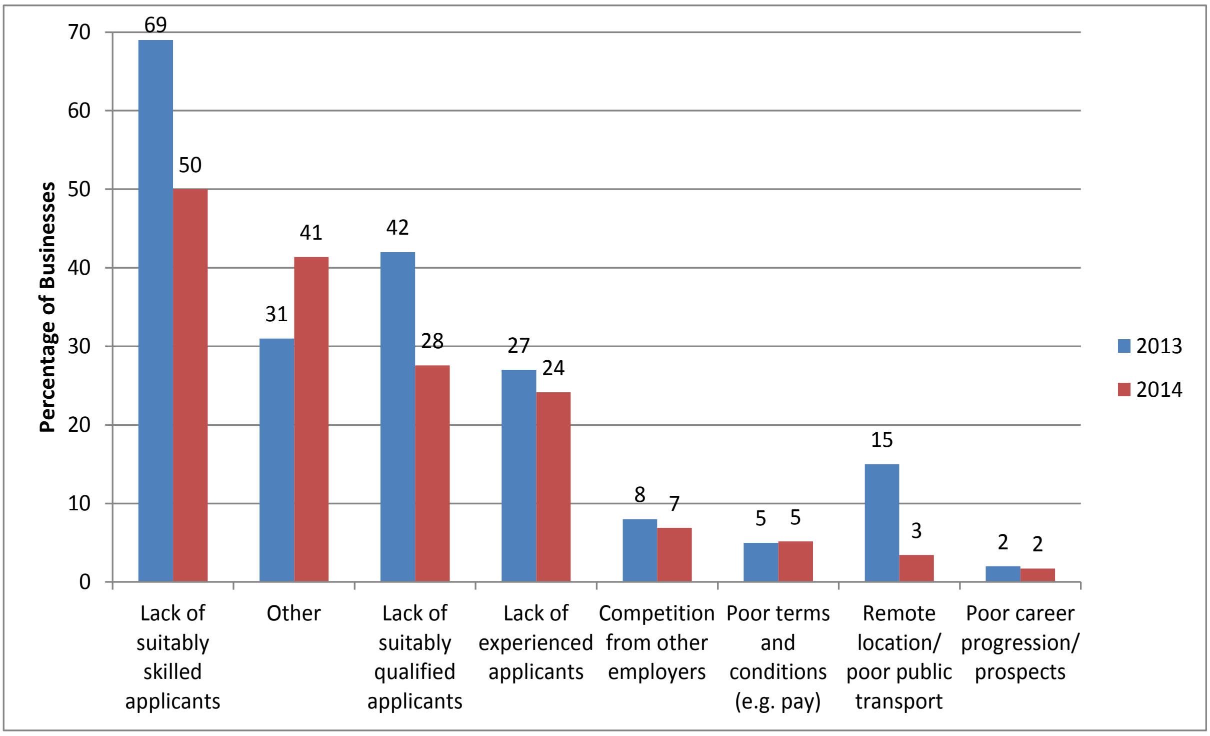
Of those businesses with vacancies, 58 (37%) experienced difficulties filling them, with particular issues faced when attempting to recruit to the occupational groups of skilled trades; administrative and secretarial; and sales and customer service occupations. This is broadly in line with findings from 2013 where 34% of businesses experienced difficulties filling vacancies.

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 public administration and defence; property; and transport and storage. In contrast, businesses that experienced the most difficulty in filling vacancies were from the broad industry groups of information and communication; education; and business administration and support services. 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). Mirroring the findings from the first business survey, businesses found a lack of suitably skilled, qualified, and experienced applicants to be the key difficulties in filling vacancies. A lack of suitable skilled applicants was cited by 41 (69%) of businesses in 2013 and 29 (50%) businesses in 2014.

'Other' reasons cited by businesses included applicants disliking certain aspects of the job such as the level flexibility and physical work required; and a lack of suitable candidates or interest in the position.

Chart 4: Reasons why Vacancies have been Difficult to Fill



Source: SERIO, 2014 Workforce Skills Survey
Base: 2013 – 59; 2014 - 58

6.3 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, in both 2013 (70%) and 2014 (60%) the most commonly cited impact was increased workload for other staff. Just 10% of respondents in 2014 felt that hard-to-fill vacancies had no impact on their business.

Table 7: Business Impact of Hard-to-Fill Vacancies: 2013 and 2014

	2013		2014	
	Freq.	**Percent**	**Freq.**	**Percent**
Increased workload for other staff	42	70%	35	60%
Lost business or orders to competitors	14	23%	15	26%
Other	6	10%	9	16%
Increased operating costs	15	25%	7	12%
None	8	13%	6	10%
Difficulty introducing new working practices	4	7%	4	7%
Difficulty meeting quality standards	7	12%	2	3%
Outsourced work	6	10%	2	3%
Delayed development of new products or services	7	12%	-	-

Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 – 60; 2014 - 58

6.4 Approaches to Staff Recruitment

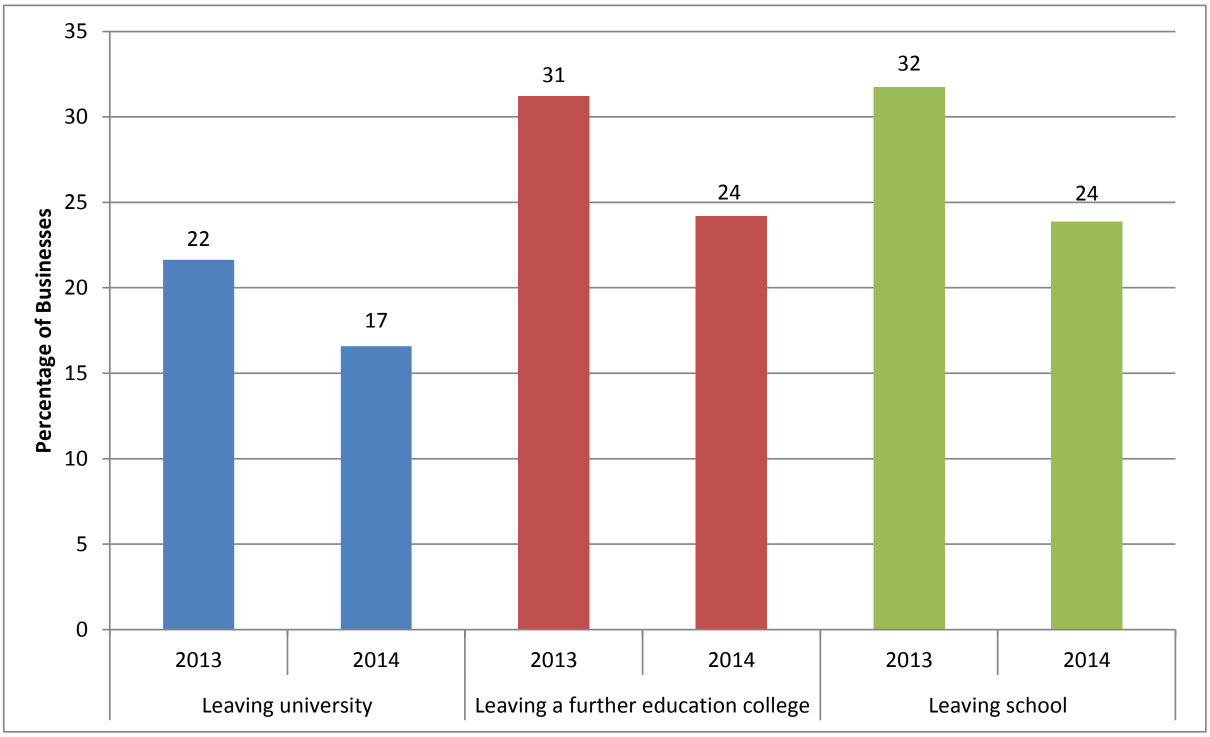
The survey explored whether businesses tend to look for a particular candidate when recruiting for new staff. Of the 379 businesses providing a response the largest proportion, 135 (36%) stated that this differs for each vacancy, in contrast to 71 (19%) who tend to employ candidates with the required skills, and 37 (10%) who favour candidates that they can train to develop the required skills. One quarter (90/ 24%) of business respondents advertise their vacancies through the Jobcentre Plus Universal Job Match, in contrast to three-quarters (291/ 76%) who do not.

6.5 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 over the last three years. Reflecting the findings from 2013, the survey found low levels of employment for those in their first job since leaving education.

As shown in Chart 5, in 2013, 32% of businesses had employed a school leaver, whereas this was 24% amongst the 2014 sample. Similarly, the numbers of businesses from each sample employing further education leavers and recent graduates also decreased, from 31% to 24% and 22% to 17% respectively between 2013 and 2014.

Chart 5: Percentage of Businesses Employing Career Starters: 2013 and 2014



Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 – School/ FE 378, University 379; 2014 - School 381, FE/ University 380

The levels of employment offered to career starters over the last three years were found to differ across broad industry groups. However, as this analysis is drawn from a low base number for each sector, findings should be treated as indicative.

As a proportion of respondents within each group, businesses in education (3/ 60%) 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 accommodation and food services (15/ 56%). For graduates, the most opportunities were offered in the accommodation and food services sector (14/ 52%).

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**: Of the 286 businesses providing a response, 260 (91%) identified an ‘other’ reason for not recruiting school leavers. This included having no vacancies or not being in a period of recruitment (170/ 59%); and that applications are not received from this age group (28/ 10%);

  Those businesses identifying a pre-determined answer most commonly felt that the business ‘requires experienced employees rather than school leavers’ (17/ 6%); and that the business has ‘no roles suitable for young people at this stage in their career’ (13/ 5%).

- **Further education leavers**: The survey revealed that of the 284 businesses providing a response, 262 (92%) provided an 'other' reason for not recruiting FE leavers. Similarly to the reasons given for not employing school leavers, the largest proportion of businesses attributed this to having no vacancies or not being in a period of recruitment (179/ 63%). A further 29 businesses (10%) stated that they did not receive any applications from this age group;

  Of those identifying a pre-determined response, the most commonly indicated was that the business 'required more experienced employees' (20/ 7%).

- **University leavers**: Of the 313 businesses providing a response, 292 (93%) identified an 'other' reason for not recruiting a graduate. The most commonly indicated reason was that no graduate applied for a position (45/ 15%). Of the pre-determined responses, the most commonly cited was that the business 'required experienced employees rather than recent graduates', as cited by 17 businesses (5%).

Further analysis revealed that of the 63 businesses employing university leavers, 44 (70%) were from just 5 broad industry groupings: accommodation and food services (14 businesses); professional, scientific and technical (9); arts, entertainment, recreation and other services (7); construction (7); and wholesale and retail (7).

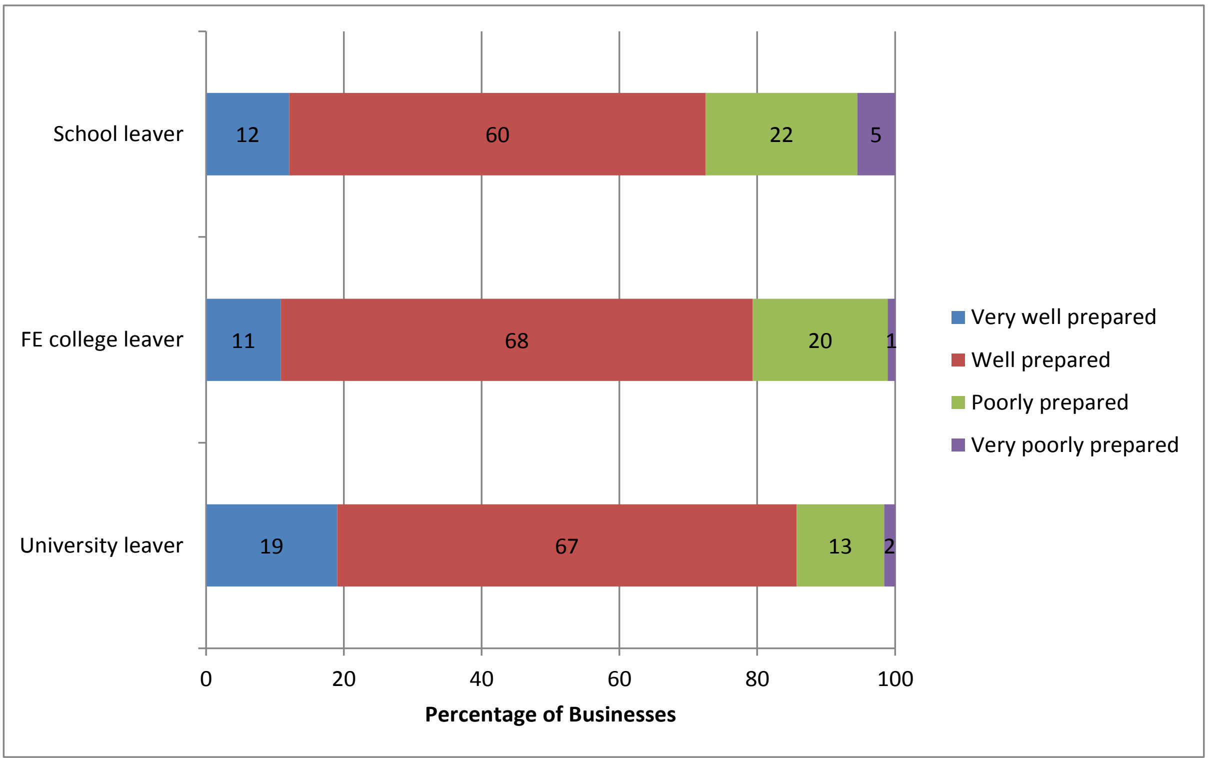
Perhaps unsurprisingly, these 63 businesses also registered high levels of satisfaction with regard to the preparedness of university leavers for the workplace, with a mean of 86% (54 businesses) perceiving graduates to be either 'very well' or 'well' prepared for employment.

6.6 Preparedness for Work

Reflecting on the school, further education and university leavers that they had employed, businesses were asked to think about how prepared they were for work. As shown in Chart 6, university leavers were perceived to be the most prepared, with 54 (86%) of employers identifying them to be either 'very well prepared' or 'well prepared'. This concurs with findings from the 2013 survey, where 87% of employers found graduates to be 'very well or well prepared.

Businesses were also positive about school leavers, considered by 66 (73%) businesses to be very or well prepared, and FE leavers, considered to be very or well prepared by 73 (79%).

Chart 6: Perceptions of Preparedness for Work



Source: SERIO, 2014 Workforce Skills Survey
Base: School: 91, FE: 92, University: 63

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 (8 businesses); a better understanding of the working environment (8); and motivation (6). In terms of ‘hard’ skills, 6 businesses specifically highlighted literacy and numeracy.

6.7 Attitudes Toward Apprenticeships

In the last 3 years 79 (21%) businesses had employed staff undertaking apprenticeships in contrast to 302 (79%) that had not. This compares to 24% of businesses in 2013 that had, compared to 76% that had not (Table 8). Of those offering apprenticeships in 2014, the largest proportion were from the broad industry groups of construction (23 businesses); agriculture, forestry and fishing (10); and wholesale and retail (9).

Looking forward, 67 (18%) businesses planned to offer apprenticeships in the next 3 years, 230 (60%) didn’t, and 84 (22%) were undecided. Businesses in the broad industry groups of construction; professional, scientific and technical; agriculture forestry and fishing; and wholesale and retail were most likely to offer apprenticeships. In contrast, no businesses from the broad industry group of information and communication planned to offer apprenticeships over the same period, although one was undecided.

Table 8: Business Attitudes Toward Apprenticeships: 2013 and 2014

	2013		2014	
	Freq.	**Percent**	**Freq.**	**Percent**
Proportion of businesses employing staff undertaking apprenticeships in the last 3 years	91	24%	79	21%
Proportion of businesses planning to offer apprenticeships in the next 3 years	100	26%	67	18%

Source: SERIO, 2013 and 2014 Workforce Skills Survey
Base: 2013 – 379; 2014 - 381

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; and to introduce young people to the trade or wider sector;

- **Undecided**: A number of businesses raised concern regarding the expectations of their time to work with the apprentice; whilst others stated that the viability of hosting an apprentice would depend on business performance;

- **Not planning to offer apprenticeships**: The largest proportion of businesses not planning to offer apprenticeships stated that they already had the requisite number of staff and therefore did not require additional capacity. A small number of businesses highlighted a bad experience, which deterred them from taking on any further apprenticeships. These included a lack of interest in the sector from the apprentice, and an early termination of the apprenticeship.

Planning to Offer Apprenticeships

- *'Finding people who have the fabrication and welding skills has become difficult due to the recession where a lot dropped out of the industry and so the apprentices will hopefully fill the gap'*

- *'We can mould and train someone into the person we need here at the business'*

Undecided

- *'Providing apprenticeships depends on the needs of the business. At the moment the company is going through a big digital change but once that is in place then they will be considering apprentices'*

- *'It depends if we have the time to train them and if they would benefit from spending their time with us as we are a small firm'*

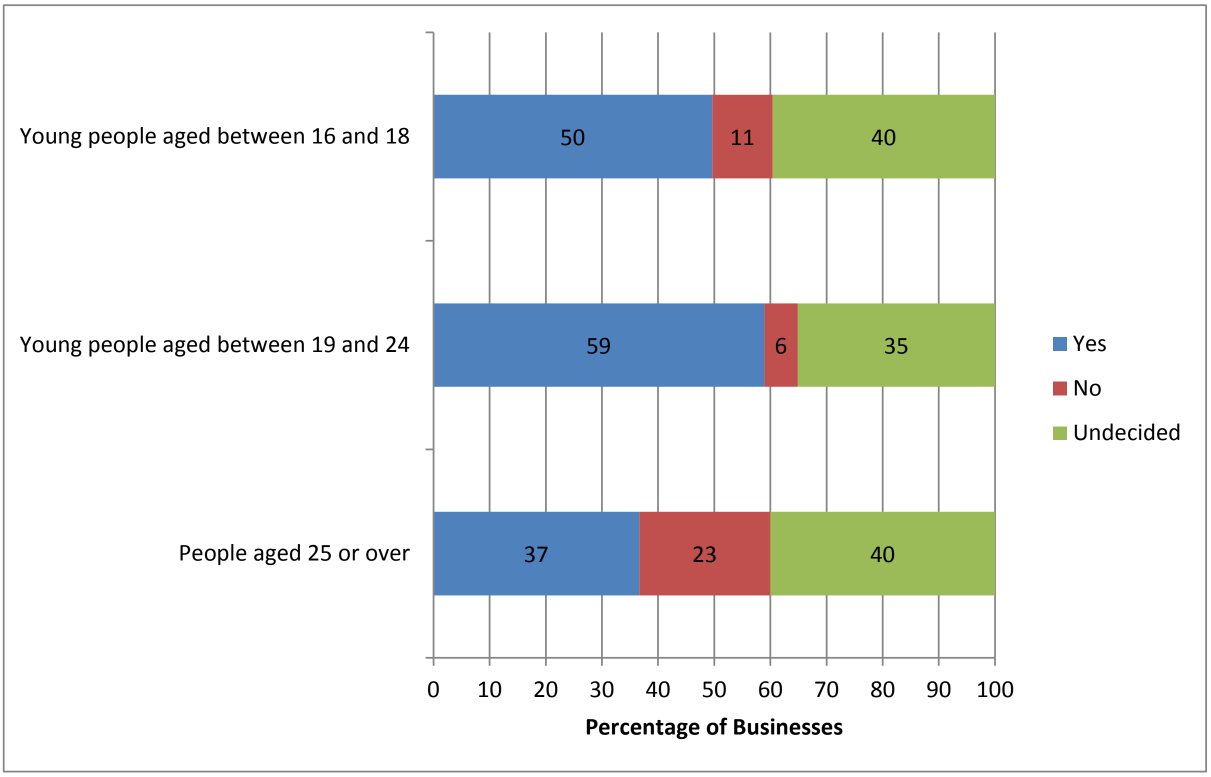
Not planning to offer apprenticeships

- *'The last apprentice we had was extremely argumentative and didn't work. This did not reflect well on apprentices in general'*

- *'We have taken on two apprentices recently, and invested time and money into training them. However, they both left when they were trained up. This has put us off from offering any further apprenticeships'*

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 89 (59%) would choose to target young people aged between 19 and 24, compared to 74 (50%) that would offer apprenticeship opportunities to those aged between 16 and 18. Conversely, just over a third (37%) 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, 2014 Workforce Skills Survey.
Base: 16-18 – 149; 19-24 – 151; 25+ - 150

6.8 Knowledge of Apprenticeship Reform

Businesses were provided with an overview of recent apprenticeship reform. Namely that apprenticeships are an increasingly important part of the government’s long-term plan for improved workforce development and enhanced productivity. More specifically, businesses were told that the government is leading an apprenticeship reform programme to ensure that apprenticeships become more rigorous and more responsive to the needs of employers. In summary:

- In future, apprenticeships will be based on short, easy to understand standards of competence designed by employers to meet their needs;
- English and maths requirements would be strengthened, reflecting the importance of these transferable skills;
- Apprentices would be required to demonstrate their competence through rigorous assessment; and,
- The new apprenticeships will require a minimum of 20% off-the-job training.

Of the 381 respondents, just over a third (128/ 34%) had heard of the reform, in contrast to 253 (66%) that had not. Businesses that had heard of the reform measures were generally positive and highlighted that they could serve to increase the take-up of apprenticeships amongst the business community; and that they could further support young people who might not want to progress to higher education to continue their studies.

The 278 businesses that had not employed staff undertaking an apprenticeship, and would either not consider, or who were undecided about offering apprenticeships in the future were asked whether the reform measures would encourage them to provide an apprenticeship in the future.

On balance, the reform measures were not widely found to incentivise these businesses to provide an apprenticeship. Just 29 businesses (10%) that would previously not have considered offering an apprenticeship would be encouraged to in the future following reform measures. This is in contrast to 196 (71%) who stated that it wouldn’t, and 53 (19%) who were unsure.

6.9 Attitudes Toward Placements and Internships

The survey explored business attitudes toward work placements and internships, based on the following broad definitions:

- **A placement** typically involves a student undertaking work experience in industry, usually as part of their course. This can last from a few weeks to a year.

- **An internship** is a short-term paid work placement. These tend to be project-led and include an element of student development.

In the last three years approximately a fifth of businesses (21%) had taken on a pre-16 and and/or post-16 work placement (Table 9). Just 12% of pre-16 and 30% of post-16 work placements were paid. Internships were offered by 4% of businesses over the last three years, whilst 3% offered unemployed work placements.

Table 9: Internships or Placements Taken On in the Last Three Years

	Yes		No		Paid	Unpaid
	Freq.	Percent	Freq.	Percent		
Pre-16 work placement	81	21%	298	79%	12%	88%
Post-16 work placement	79	21%	300	79%	30%	70%
Internship	16	4%	363	96%	-	-
Unemployed work placement (unpaid)	12	3%	368	97%	-	-

Source: SERIO, 2014 Workforce Skills Survey
Base: 379; Unemployed work placement (unpaid) - 380

6.10 Business Engagement

Respondents were asked whether they or their business had ever had any engagement with students at schools or colleges to help them gain an early understanding of the world of work. Just under half of the 315 responding businesses (146/ 46%) had previously engaged, in contrast to 166 (53%) that had not, and 3 (1%) that were unsure. Of those 146 that had previously engaged, the most common routes were found to be through offering work experience (107 businesses, 73%) talks to students in schools and/or colleges (26/ 18%); and through offering site visits to groups of students (25/ 17%).

Businesses that had not previously engaged with students at schools or colleges were asked whether this was attributable to any barriers experienced. Of the 166 businesses, 33 (20%) stated that it was, in contrast to 128 (77%) that stated it wasn't, and 5 (1%) who were unsure. Where barriers were highlighted, these most commonly related to the legislative requirements for engagement, such as health and safety and appropriate insurance; a lack of time; and through not receiving an approach from a school or college.

Looking forward, 29 (23%) of businesses would be interested in engaging with students in schools and colleges to provide an early understanding of the world of work in the future. This compares to 90 (63%) that wouldn't, and 18 (14%) who were unsure.

7. Cross-cutting Themes and Recommendations

7.1 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. Some themes and recommendations build upon those cited in the 2013 Workforce Skills Report, reflecting the parallels between the two surveys.

7.2 Themes and Recommendations

Cross-cutting Theme 1: Engagement with Young People and Apprenticeships

Just under half (46%) of all businesses indicated some level of engagement with students at schools or colleges to help them gain an understanding of the world of work - predominantly through offering work experience (73%). Given this context, it is notable that just 21% of these businesses had employed staff undertaking an apprenticeship in the last three years. Further, just 18% planned to offer an apprenticeship in the next three years. Reflecting the likely impact of recent government reform to apprenticeships, just 10% of businesses that would previously not have considered offering an apprenticeship would be encouraged to in the future following reform measures, in contrast to 71% who would not, and 19% who were unsure.

Common barriers to engagement and apprenticeship programmes were aligned to business factors such as an uncertain economic outlook or not having any suitable roles. However, a number of businesses also raised concerns regarding the more practical aspects such as the likely expectations of their time, or the associated legislative requirements such as health and safety. It was not clear from the survey the extent to which these practical considerations were based on sound knowledge of the business requirements, or just conjecture (‘fear-factor’).

Further, the survey also suggested that schools and colleges could increasingly nurture and manage their relationship with the business community through proactive approaches and invitations to engage.

Recommendations:

Similarly to 2013, whilst there is still work to be done to promote the business benefits of young people and early career starters to businesses in Devon, the survey suggests that businesses also need to know more about the practical implications of further engaging with this group. Secondly, there is an opportunity for schools and colleges to increasingly work with businesses to promote engagement opportunities. In support of these issues we recommended that:

- Work is undertaken to ensure that **businesses are made aware of the practical implications of engagement** through the distribution of coherent and consistent information.

- Partners and stakeholders **ensure that opportunities for engagement with schools and colleges are made accessible** to the business community through an increasingly proactive approach.

Cross-cutting Theme 2: The Digital Skills Challenge

Both the 2013 and 2014 business surveys revealed technology and ICT as being one of the foremost skills challenges facing Devon businesses over the next three years. In particular, businesses recognised the importance of appropriate staff skills to maximise the use of social media, and to develop an online presence. Just 12% of businesses from the 2014 survey stated that they did not need any digital skills, compared with 28% twelve months ago, suggesting the increased importance of this skillset.

Recommendations:

There are a number of existing support programmes for businesses in Devon to improve their ICT skills and knowledge. For example, the 'Get up to Speed' support programme run by Connecting Devon and Somerset which offers information locally through events, workshops and other community support activities, allowing businesses and residents to fully harness the benefits of current or future high-speed broadband.

A number of relevant complimentary national initiatives are also accessible to SMEs in Devon, such as Go ON UK, run in partnership with the Department for Business Innovation and Skills (BIS), which ensures that small businesses have the opportunity and ability to build their basic online skills and presence. In order to support the digital skills challenge we recommend that:

- Initiatives to **further promote and signpost businesses toward support for digital skills development** are considered, linked to national initiatives as appropriate.

Cross-cutting Theme 3: Vacancies, Retention, and Employment of Career Starters

Almost two fifths of businesses (37%) that had vacancies in the last 12 months experienced difficulties filling them – this is broadly in line with 34% of businesses from 2013. Mirroring the findings from the first business survey, vacancies were identified as being hard to fill on account of a lack of suitably skilled, qualified, and experienced applicants. Of these, a lack of skilled applicants was the most prominent, cited by 69% in 2013 and 50% in 2014.

Difficulties experienced in filling vacancies could be compounded by a relatively static workforce. Almost three-quarters of businesses (71%) stated that their business size remained the same from 12 months previously, whilst 76% anticipated that the number of their employees will remain the same over the next 12 months. Further, just 4% of Devon businesses experienced problems retaining their employees in 2014 (a decrease of six percentage points from 2013), suggesting low levels of movement between jobs amongst the existing labour force.

In terms of career starters, the survey again found low levels of employment for those in their first job since leaving education. Despite high levels of satisfaction regarding their preparedness for work (particularly graduates) there appears to be a reluctance, especially amongst smaller businesses, to take the risk and employ individuals that may require training, but do possess the skills that are useful to the business.

We are aware of a number of new initiatives within the county to support the development of entrepreneurial skills in young people. This is exemplified by the Devon Enterprise in Education Grants, a competitive grant programme to fund enterprise education and the formation of stronger links with businesses; and the Employability Gateway, as part of the Youth Deal, which brokers closer relationships between schools and employers. Schemes such as these nurture and develop a range of professional skills and capabilities, therefore supporting the future employment of career starters.

Recommendations:

The survey revealed that businesses are still experiencing problems in sourcing the right calibre of applicant from the labour market, with the skills-set available amongst jobseekers not matching their business needs. As such, and as outlined in the 2013 report, we recommend that:

- A clear process is developed to **articulate business needs to providers and funding agencies** to ensure that provision is needs-led.

The ability of the county to retain its graduate population is an important factor in determining the quality of its labour force. However, retention is limited by both a business reluctance to employ graduates, and high levels of retention in the existing labour force. As such, we recommend that:

- Partners and stakeholders consider how to **promote and articulate the business benefits of employing career starters** to address cultural and knowledge barriers, particularly in relation to the skills and attributes offered by the graduate market.

Annex 1: Sampling Strategy

A1.1 Devon's Sectoral Composition

Mirroring the approach from the 2013 survey, the sampling frame for the 2014 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 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 10). 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 10: The Sectoral Composition of Devon's Workplaces: 2013 and 2014

	2013		2014	
	Frequency	**Percent**	**Frequency**	**Percent**
Accommodation & food services	2,450	7.3%	2,385	7.1%
Agriculture, forestry & fishing	7,180	21.3%	7,530	22.3%
Arts, entertainment, recreation and other services	1,940	5.7%	1,870	5.5%
Business administration and support services	1,955	5.8%	1,895	5.6%
Construction	4,140	12.3%	4,000	11.8%
Education	465	1.4%	470	1.4%
Finance and insurance	470	1.4%	455	1.3%
Health	1,280	3.8%	1,280	3.8%
Information and communication	1,240	3.7%	1,295	3.8%
Production	1,850	5.5%	1,870	5.5%
Professional, scientific and technical	3,510	10.4%	3,540	10.5%
Property	1,095	3.2%	1,100	3.3%
Public administration & defence	150	0.4%	180	0.5%
Transport & storage (inc postal)	815	2.4%	805	2.4%
Wholesale and retail; repair of motor vehicles	5,215	15.4%	5,105	15.1%
Total	**33,755**	**100%**	**33,785**	100%

Source: Interdepartmental Business Register (Devon Enterprise Data) 2012 and 2013

A1.2 Confidence Level and Interval

As shown, the IDBR revealed there to be 33,785 enterprises in Devon in 2013 (compared to 33,755 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 11 demonstrates how the sample target of 381 was apportioned across Devon's broad industry groupings for both the 2013 and 204 surveys (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 11: Telephone Quota Sample Required

	2013		2014	
	Percent	**Frequency**	**Percent**	**Frequency**
Accommodation & food services	7.3%	28	7.1%	27
Agriculture, forestry & fishing	21.3%	81	22.3%	85
Arts, entertainment, recreation and other services	5.7%	22	5.5%	21
Business administration and support services	5.8%	22	5.6%	21
Construction	12.3%	47	11.8%	45
Education	1.4%	5	1.4%	5
Finance and insurance	1.4%	5	1.3%	5
Health	3.8%	14	3.8%	15
Information and communication	3.7%	14	3.8%	15
Production	5.5%	21	5.5%	21
Professional, scientific and technical	10.4%	40	10.5%	40
Property	3.2%	12	3.3%	12
Public administration & defence	0.4%	2	0.5%	2
Transport & storage (inc postal)	2.4%	9	2.4%	9
Wholesale and retail; repair of motor vehicles	15.4%	59	15.1%	58
Total	**100%**	**381**	**100%**	**381**

Source: Interdepartmental Business Register (Devon Enterprise Data) 2012 and 2013

Annex 2: Comparison of Key Findings

A2.1 Introduction

Tables 12 to 15 provide a high-level overview of some of the key statistics from this report, and a comparison to the position from the 2013 Workforce Skills Survey. Where appropriate, the year on year change has been assigned a colour code based on the following rules:

- (Red) Variables depicting a negative direction of travel
- (Amber) Variables denoting no/ limited change (5 percentage points or less)
- (Green) Variables depicting a positive direction of travel

Table 12: Business Characteristics and Experience of Training

			2013	2014	Status
Business Size and Turnover	- Looking forward over the next 12 months, do you anticipate that your turnover will:	- Increase	-	41%	-
		- Decrease	-	6%	-
		- Remain the same	-	40%	-
Experience of and Attitudes Toward Training	- Proportion of businesses that had the following in place:	- A training plan	46%	31%	(Red)
		- A training budget	35%	20%	(Red)
		- Regular staff appraisals/ performance reviews	53%	41%	(Red)

Source: SERIO, 2013 and 2014 Workforce Skills Survey

Table 13: Employee Retention, Skills and Qualifications

		2013	2014	Status
Employee Retention	- Proportion of businesses that have difficulties retaining their employees	10%	4%	(Green)
Skills Proficiency	- Proportion of businesses stating that all of their employees have the skills required for them to be fully proficient at their job	89%	95%	(Green)
Cause of Lack of Proficiency and Business Impact	- Proportion of businesses that have outsourced work because of some staff not being fully proficient at their job	-	10%	-
Actions Taken to Improve Proficiency	- Proportion of businesses requiring support to increase the proficiency of some of their staff	61%	30%	-

Source: SERIO, 2013 and 2014 Workforce Skills Survey

Table 14: Assessing Supply and Demand

			2013	2014	Status
Training Demand and Mechanism of Delivery	- Proportion of businesses that had funded or arranged any training or staff development activities for employees over the past 12 months.		65%	60%	
Anticipated Future Training Spend	- Over the next 12 months, do you expect the amount of money you spend on training to:	- Increase	20%	14%	-
		- Remain the same	64%	74%	-
		- Decrease	3%	3%	-
		- Undecided	14%	9%	-

Source: SERIO, 2013 and 2014 Workforce Skills Survey

Table 15: Recruitment

			2013	2014	Status
Hard-to-fill Vacancies	- Proportion of businesses that had vacancies in the past 12 months		48%	41%	-
	- Proportion of businesses that experienced difficulties filling their vacancies in the past 12 months		34%	37%	
Attitude Toward Employing Career Starters	- Proportion of businesses that had employed anyone in the last three years in their first job since	- Leaving school	32%	24%	
		- Leaving a further education college	31%	24%	
		- Leaving university	22%	17%	
Attitudes Toward Apprenticeships	- Proportion of businesses that had employed staff undertaking an apprenticeship in the last 3 years		24%	21%	
	- Proportion of businesses planning to offer apprenticeships in the next 3 years		26%	18%	

Source: SERIO, 2013 and 2014 Workforce Skills Survey

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