wavehill
social and economic research

Devon Workforce Skills Survey

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List of abbreviations

LEP	Local Enterprise Partnership
DCC	Devon County Council
UKCES	United Kingdom Council on Employment and Skills
BEIS	Department of Business, Energy and Industrial Strategy
SME	Small or Medium Enterprise
FE	Further Education
HE	Higher Education
FEI	Further Education Institution
HEI	Higher Education Institution

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Executive summary

In 2016, Devon County Council commissioned Wavehill to conduct a representative survey of the business population in the area to better understand the patterns of vacancies, recruitment, skills demands and needs, and training provision. The firmographics reveal a representative sample of businesses in Devon; the sampling strategy reduced the number of sole proprietorships and single employee businesses contained in the survey, preferring to increase the proportion of firms interviewed that have employees and to which the principal questions are pertinent. Details of those businesses are given in the first section of this report. Overall, the survey engaged 420 respondents across the Devon area and the results yield rich and informative snapshot of vacancies, skills gaps and needs, training, and training provision. Key findings from the report include:

- We find that about three out of five Devon businesses have experienced vacancies in the last twelve months, with an average of 6.5 vacancies per business
- Vacancy rates are variable by sector with some showing higher rates of turnover of employees than others
- In comparison to the 2013 DWSS, we find that the rate of hard to fill vacancies has increased. While lack of skills, particularly job or sector specific skills, continues to be a driver for hard to fill vacancies, the data suggest that there may also be a shortage of suitable applicants in certain sectors
- The business impacts of hard to fill vacancies are clear, with increased workloads for existing staff continuing to dominate the preoccupations of employers
- We find that employers who have had vacancies have almost uniformly engaged in recruitment to fill them, suggesting that the labour market remains relatively fluid
- There is a clear preference among potential employers for experienced or skilled workers. We also find that recruiting for hard to fill vacancies is costing businesses extra resources in the recruitment effort
- In general, employers report that they do not experience much difficulty in retaining their existing workforce in the Devon area
- There continues to be a strong emphasis on sector and job specific skills, and we do not find that addressing skills needs has become harder than two years ago
- Businesses are increasingly seeing digital skills as important, and are emphasising them during the recruitment and training process
- While gaps remain, the general level of satisfaction at the preparedness for work of recruits is quite high

- Approximately three quarters of Devon employers surveyed have provided training to existing staff in the last year, predominantly through external providers

- Training has been mainly focused on job and sector specific skills and we find that there are generally very high levels of satisfaction with external training programmes

- 43% of employers see no barriers to training provision, although it is of concern that more than half still see (primarily resource) factors that hold them back from further training for their staff

- Take-up rates for offering apprenticeships and work placements / internship programmes in Devon are consistent with national patterns; about one in five employers in Devon offer apprenticeships and one in four offer work placements / internships

- There is a pool of interest in the future development of apprenticeships and work placements/internships and we note that there is a good level of awareness about the impending (April 2017) national apprenticeship levy

1 Introduction

In 2016, the Devon County Council commissioned Wavehill to conduct a representative survey of the business population in the area to better understand the patterns of vacancies, recruitment, skills demands and needs, and training provision. In this introduction, we describe the survey methodology and the analytical approach used to produce this report.

1.1 Methodology

The 2016 Devon Skills Survey builds upon the legacy of previous surveys that mapped skills demands and needs across a range of sectors, and constitutes one of the largest and most comprehensive regional skills surveys undertaken to date. The survey features a number of key questions important to local economic growth, and draws on questionnaire tools utilised in previous national research into employer skills needs undertaken by the UK Commission for Employment and Skills (UKCES). Where possible, the wording structure was retained from previous iterations of the DSS and the UKCES in order for direct comparisons to be drawn between them. All telephone interviews were undertaken by the Wavehill Research Team, based in Aberaeron, Ceredigion, using an industry-standard CATI protocol. Full details of the survey methodology are presented in Annex A of this report.

1.2 Analytical approach

In this report we adopt a thematic, cross-sector approach that exposes the landscape of skills demands and gaps across the Devon workforce. In doing so, we echo the approach taken in previous iterations of the Devon Skills Survey, as well as the national UK Council for Employment and Skills longitudinal series.

We begin by mapping the pattern of vacancies across the Devon area, in particular identifying which vacancies may be classified as 'hard to fill'. We then explore how businesses are attempting to both retain their existing workforce and to recruit for those vacancies, and focus especially on the additional burdens imposed by hard to fill openings. Next we turn to skills needs and priorities, and look at the relationship between those needs and the previously identified workforce vacancies. We then turn to training and skills provision, and examine how employers are attempting to address their skills gaps through upskilling and external training provision. Finally we explore apprenticeships and internships as an avenue for engaging a skilled workforce.

2 Business characteristics

In this section of the report, we present data about the firms in the sample of 420 businesses surveyed in the 2016 Devon Workforce Skills Survey.

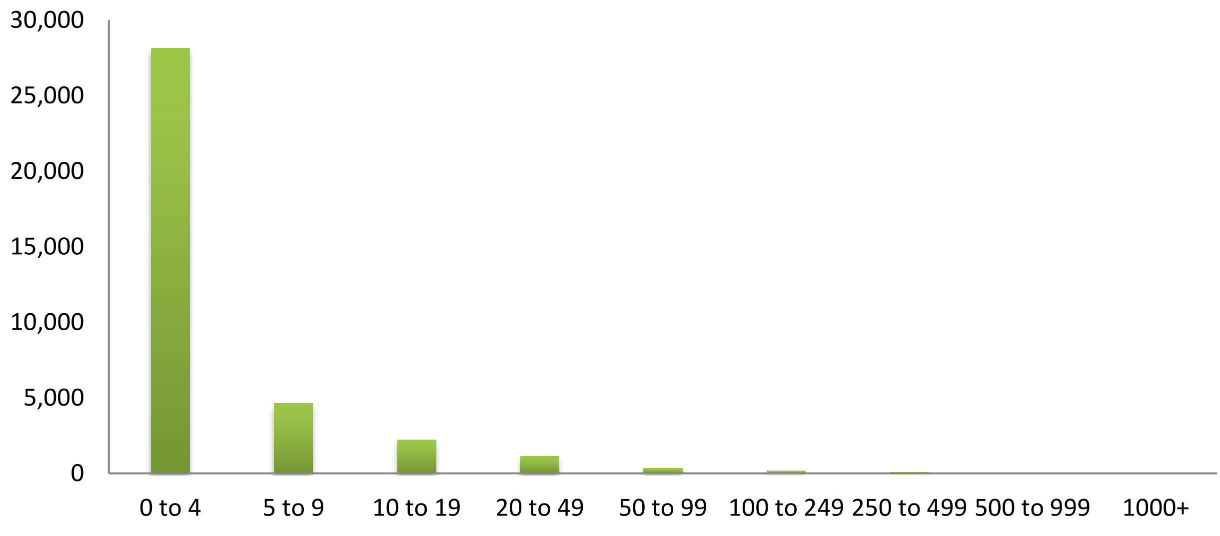
Section summary

The firmographics reveal a representative sample of businesses in Devon. The sampling strategy reduced the number of sole proprietorships and single employee businesses contained in the survey, preferring to increase the proportion of firms interviewed that have employees and to which the principal questions are pertinent.

2.1 The nature of Devon establishments: size of businesses

The latest data from NOMIS show a total of 36,690 VAT-registered enterprises currently operating in Devon. Looking at the breakdown by size, shown in Figure 2.1.1, it can be seen that the bulk of those enterprises fall in the micro-business category (89.3%), with a further 10.5% of them classified as SMEs, and the rest of them (0.2%) having more than 250 employees and thus being classified as large enterprises.

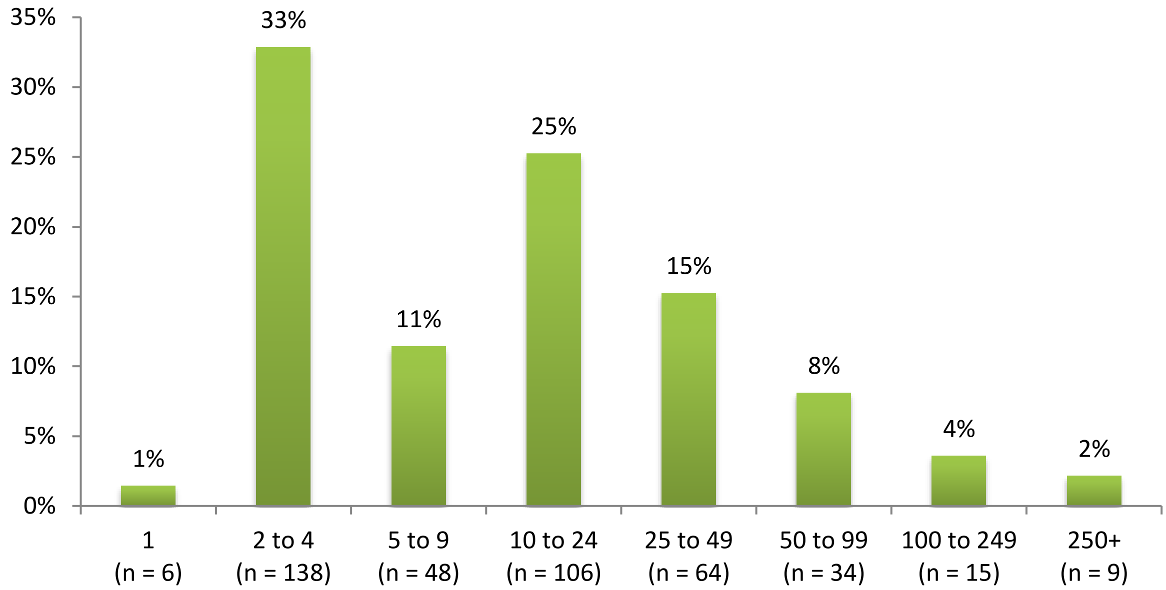
Figure 2.1.1: Enterprise stock in Devon (2015)



Source: NOMIS

In the 2016 Devon Skills survey, we chose to exclude businesses that reported having no employees, and to under-sample from those who identified as sole proprietorships with one employee. The size breakdown for our sample is reported in Figure 2.1.2.

Figure 2.1.2: How many people work at this specific site (including yourself)?



Base: all respondents (*N* = 420)

As can be seen, this sampling strategy yielded a total of 194 of respondents classified as micro-businesses (45%, versus 66% in the 2013 DWSS), 219 in the SME classification (52% versus 32% in the 2013 DWSS), and 9 businesses with 250 employees or more (2%, the same as in the 2013 DWSS). Overall, we estimate that the businesses included in the 2016 iteration of the survey account for approximately 18,991 employees in the Devon area, or about 6.5% of the total actively employed population of 292,100 (NOMIS 2016).

2.2 Industrial groups

The breakdown of enterprises based in Devon by Industrial Groups[1] (IG) is displayed in Table 2.2.1. As can be seen, there is substantial variation across sectors, enterprises in Group A (Agriculture, forestry, and fishing) comprising 21.2% of the business stock and enterprises in three groups (Mining, quarrying, and utilities) representing just 0.5% combined.

Table 2.2.1: Breakdown of enterprise stock in Devon by industrial group

Industry	Total	Percentage
Agriculture, forestry & fishing (A)	7,795	21.2%
Construction (F)	4,345	11.8%
Professional, scientific & technical (M)	4,220	11.5%
Retail (Part G)	2,690	7.3%
Accommodation & food services (I)	2,535	6.9%
Business administration & support services (N)	2,300	6.3%
Arts, entertainment, recreation & other services (R,S,T and U)	2,085	5.7%
Manufacturing (C)	1,910	5.2%

[1] Using the Standard Industrial Classification (SIC) 2007 categories

Industry	Total	Percentage
Information & communication (J)	1,495	4.1%
Health (Q)	1,445	3.9%
Motor trades (Part G)	1,210	3.3%
Property (L)	1,200	3.3%
Wholesale (Part G)	1,155	3.1%
Transport & storage (inc. postal) (H)	890	2.4%
Education (P)	535	1.5%
Financial & insurance (K)	485	1.3%
Public administration & defence (O)	230	0.6%
Mining, quarrying & utilities (B,D and E)	170	0.5%
Total	**36,695**	**100.0%**

Source: IDBR 2016

The Industrial Group breakdown for the survey sample is shown in Table 2.2.2. As with the general population of enterprise stock in Devon, there is a wide variation between group weights in the survey sample, with IGs Q (Human health and social work activities) and G (Retail and wholesale) both accounting for 18%, compared with IGs H (Transport and storage) and K (Financial and insurance) each accounting for less than 1%.

Table 2.2.2: Breakdown of businesses surveyed by broad industrial groups:

Industry	**Total in the survey**	**Percentage of survey sample**
Q - Human health and social work activities	71	18%
G - Wholesale and retail trade; repair of motor vehicles and motor cycles	71	18%
I - Accommodation and food service activities	62	16%
P - Education	35	9%
C - Manufacturing	32	8%
A - Agriculture, forestry and fishing	25	6%
M - Professional, scientific and technical activities	18	5%
F - Construction	16	4%
N - Administrative and support service activities	15	4%
R - Arts, entertainment and recreation	14	4%
S - Other service activities	13	3%
L - Real estate activities	7	2%
O - Public administration and defence; compulsory social security	6	2%
J - Information and Communication	5	1%
H - Transport and storage	3	1%
K - Financial and insurance activities	1	0%
Total	**394**[2]	**100%**

[2] There were an additional set of businesses excluded from this table (26 in total) for which we were unable to determine a satisfactory SIC code. In the analysis presented in this report, we will classify those as 'Other' where relevant.

The comparative ranking of Industrial Groups in the IDBR data and in our survey sample is displayed in Table 2.2.3. As can be seen, the structure of our survey data is quite similar to the general business population, although some (such as Q, Human health and social work activities) are more present in our data and others (such as A, Agriculture, forestry and fishing) are represented in higher proportions in the general business population.[3]

Table 2.2.3: Comparative rankings of industrial groups in the population and the 2016 DSS survey sample

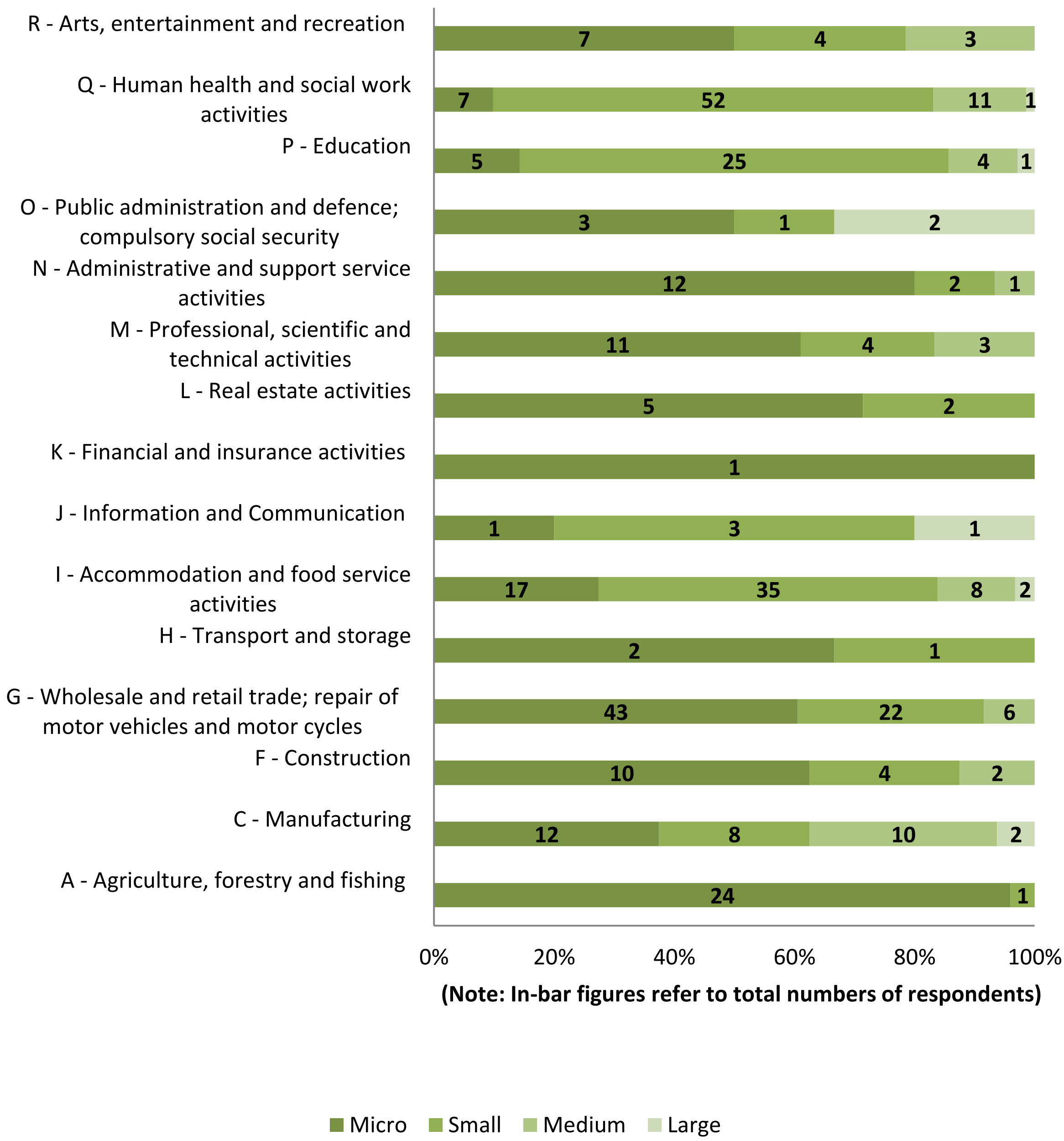
Rank	Population (NOMIS)	Survey Sample
1	Agriculture, forestry & fishing (A)	Human health and social work activities (Q)
2	Construction (F)	Wholesale and retail trade; repair of motor vehicles and motor cycles (G)[4]
3	Professional, scientific & technical (M)	Accommodation and food service activities (I)
4	Retail (Part G)	Education (P)
5	Accommodation & food services (I)	Manufacturing (C)
6	Business administration & support services (N)	Agriculture, forestry and fishing (A)
7	Arts, entertainment, recreation & other services (R,S,T and U)	Professional, scientific and technical activities (M)
8	Manufacturing (C)	Construction (F)
9	Information & communication (J)	Administrative and support service activities (N)
10	Health (Q)	Arts, entertainment and recreation (R)
11	Motor trades (Part G)	Other service activities (S)
12	Property (L)	Real estate activities (L)
13	Wholesale (Part G)	Public administration and defence; compulsory social security (O)
14	Transport & storage (inc. postal) (H)	Information and Communication (J)
15	Education (P)	Transport and storage (H)
16	Financial & insurance (K)	Financial and insurance activities (K)
17	Public administration & defence (O)	
18	Mining, quarrying & utilities (B,D and E)	

2.3 Size and industrial group

The breakdown of businesses by the combination of industrial groups and size is shown in Figure 2.3.1. Again, we can see quite a large variation across the IGs represented in the survey sample, with some sectors – notably Agriculture, forestry and fishing (A), Financial and insurance (K), and Real estate activities (L) - being dominated by micro-businesses, while others - such as Education (P) or Human health and social work activities (Q) – tilting towards a larger average size firm. Again, this is reflective of the general trends in the wider business population, both in Devon and UK-wide.

[3] In the DWSS, a quota sampling frame was applied to broad industrial groupings; this approach was not possible in our survey, given sample limitations.
[4] This IG is presented as one group in our analysis, although the NOMIS data has separated it into motor vehicle and non-motor vehicle related activities (ranked 11th and 4th respectively, 3rd if combined).

Figure 2.3.1: Size by industrial group:



3 Vacancies

In this section of the report we map out vacancies in the Devon area, setting the context for a richer understanding of what is producing those vacancies, whether they are hard to fill, and what their impact is upon employers and businesses in the area.

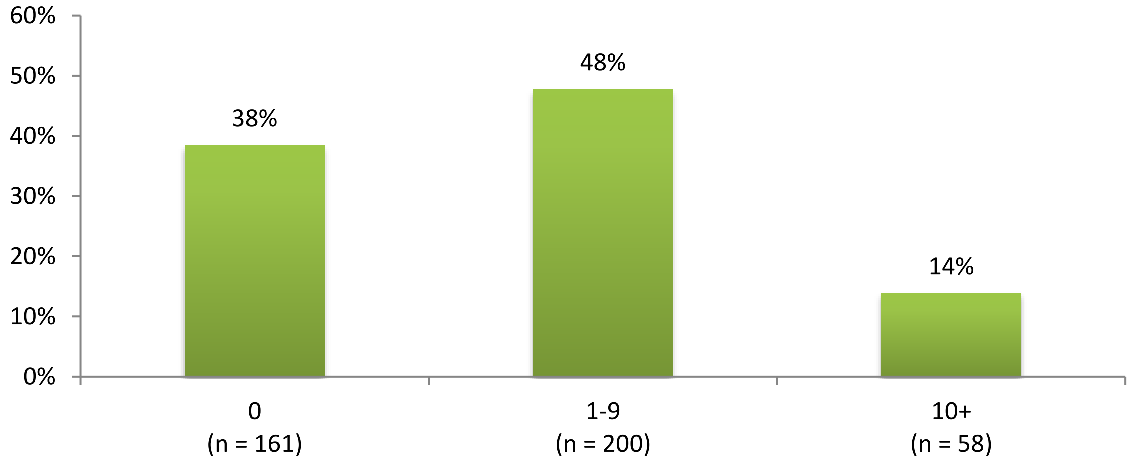
Section summary

We find that about three out of five Devon businesses have experienced vacancies in the last twelve months, with an average of 6.5 vacancies per business, which would be the equivalent of 42,308 across the Devon area last year. Vacancy rates are variable by sector with some showing higher rates of turnover of employees than others. In comparison to the 2013 DWSS, we find that the rate of hard to fill vacancies is higher, although we note that the average size of businesses and number of employees covered in the 2016 survey is rather greater. While lack of skills, particularly job or sector specific skills, continues to be a driver for hard to fill vacancies, the data suggest that there may also be a shortage of suitable applicants in certain sectors. The business impacts of hard to fill vacancies are clear, with increased workloads for existing staff continuing to dominate the preoccupations of employers.

3.1 Mapping vacancies

In this first section, we map out the vacancies reported by businesses responding to the 2016 Devon Skills Survey. As shown in Figure 3.1.1, out of the 420 respondent businesses, just over one-third (38%) report having had no vacancies in the last twelve months; in the 2013 DWSS, about one in two employers (52%) stated that they had not experienced any vacancies in the twelve months preceding the research. About one half of the businesses (n=200) reported that they had experienced between 1 and 9 vacancies in the past year, while the remaining 14% (n=58) reported having 10 or more. The mean number of vacancies, reported in Table 3.1.1, is 6.5 per business, with a standard deviation of 30.51.

Figure 3.1.1: Approximately how many vacancies did your business have during the last 12 months?



Base: all respondents (*N* = 420)

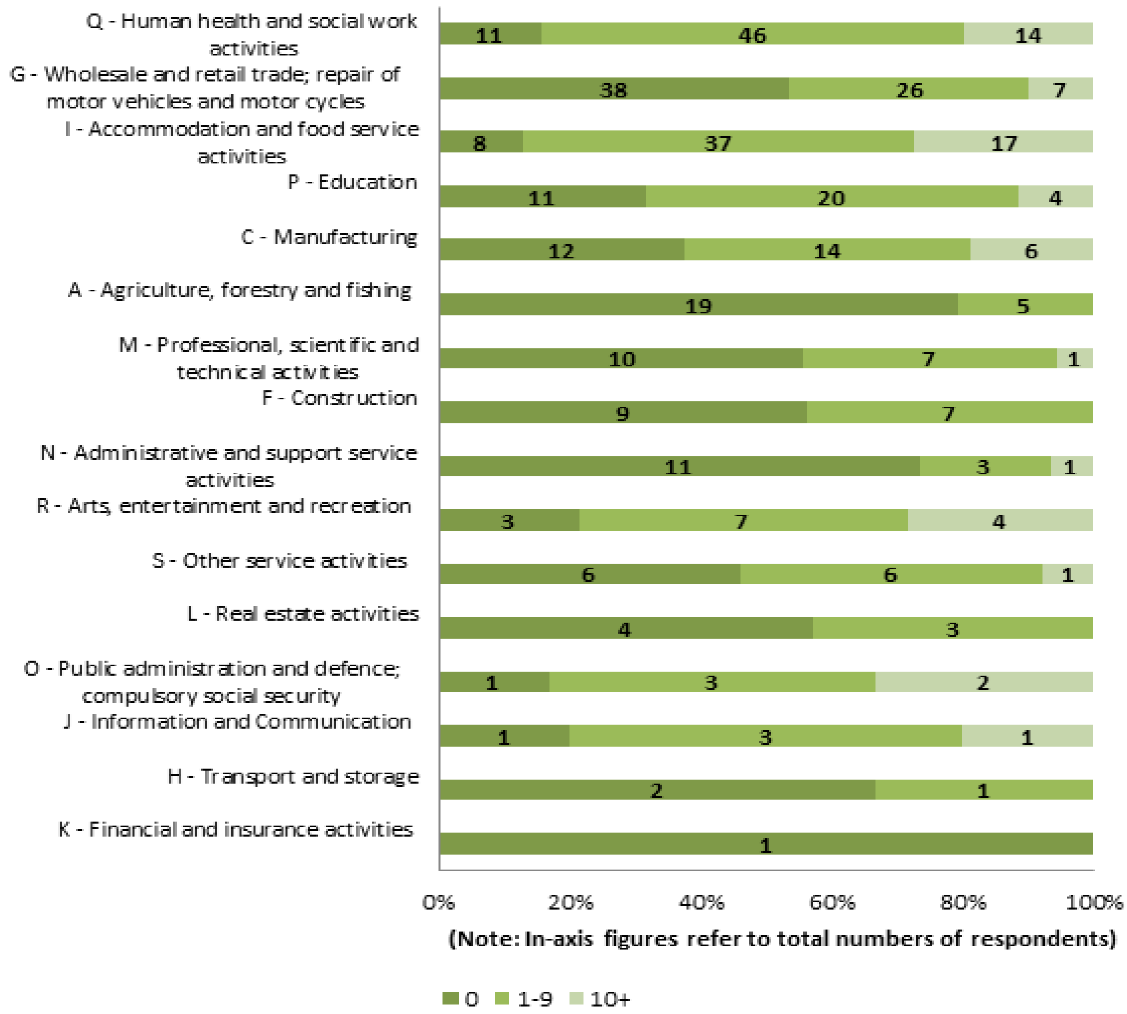
Table 3.1.1: Mean and standard deviation of vacancies reported in the 2016 DWSS

Base	Mean	Standard Deviation
420	**6.5**	**30.51**

Thus we estimate that there were approximately 2,750 vacancies experienced within our survey sample over the preceding twelve months (420 multiplied by the sample mean); if we scale this up, using the proportion of the total Devon workforce contained within our sample (6.5%, as reported in Section 2.1), this equates to approximately 42,308 vacancies in the last twelve months across the Devon area.

As we might expect, given the size profile of business within each sector reported in section 2.3 above, the average number of vacancies per business shown in Figure 3.1.2 was higher in those industrial groups that contain larger size firms in our sample, namely Education (P) and Human health and social activities (Q); one notable exception was Accommodation and food services (I) which exhibits a fairly large proportion of vacancies relative to the average size of the business represented in our sector sample.

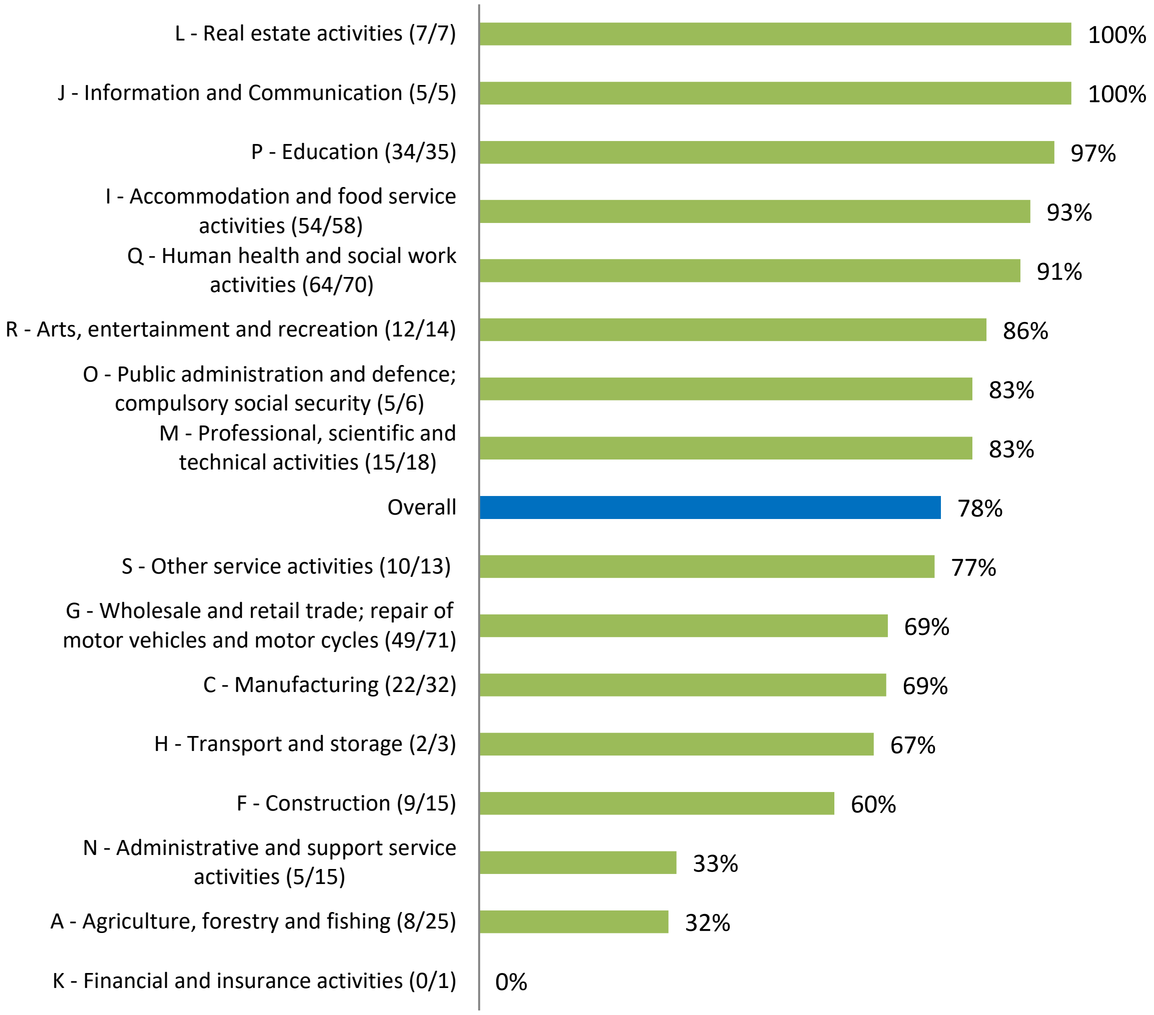
Figure 3.1.2: Vacancies last year by industrial group



It is also worth noting that business sectors that show a very low rate of vacancies (in comparison to the survey mean) include Agriculture, forestry, and fishing (A) and Administrative and support services (N), indicating that there is a low churn rate in these sectors, with comparatively stable patterns of employment and retention. We will examine this question in greater detail below.

An indication of the state of the labour market can be gleaned from the contextual information provided to the answer to the question, 'Have you employed someone in the last three years?' which is displayed in in Figure 3.1.3 below.

Figure 3.1.3: Employed someone in the last three years by industrial group



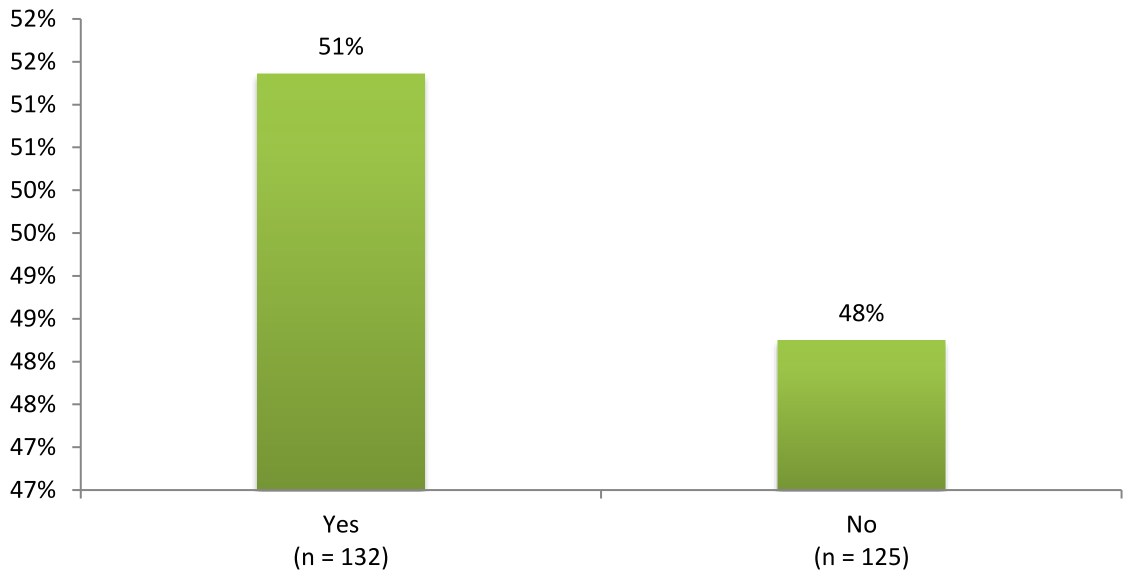
Some of the sectors we surveyed – notably Financial and insurance services (K), Agriculture, forestries and fishing (A), Administrative and support service (N), and Construction (F) – seemed to display stability, i.e. they had few vacancies and low levels of recruitment. Others – notably Education (P), Information and communication (J), Accommodation and food service (I) – that seem to be characterised by higher turnover and vacancy rates over time.

Still others – for example, Real estate activities (L) – may be subject to short term fluctuations in the labour market and general business conditions; our research indicates that there may be a slowdown of recruitment at the moment in that sector, but over time (three years) there are likely to be higher rates of recruitment than average. We will explore patterns of retention and recruitment more fully in the next section.

3.2 Hard-to-fill vacancies

In the 2013, it was reported that, of the 48% of businesses that had experienced vacancies, 34% of them, 16% of the total sample, were experiencing or had experienced difficulties filling them. In the 2016 DWSS, of the 62% of businesses having recent experience of vacancies, we found that a total of 52% of those (n=134) had had difficulty in filling some or all of them, or an overall total of 32% - exactly double the rate of three years ago.

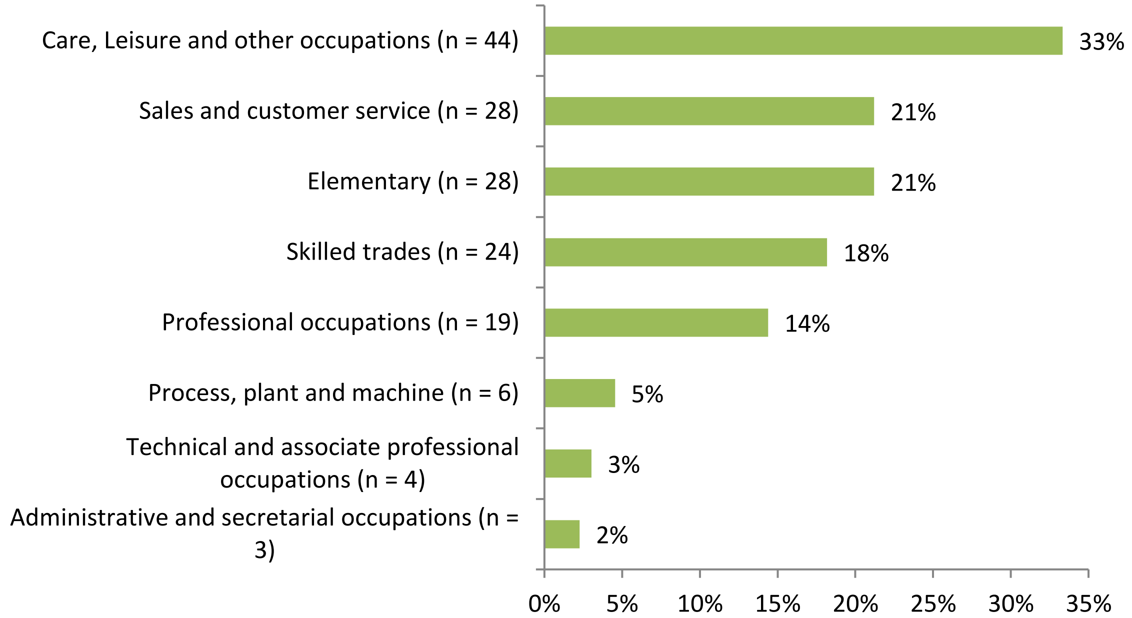
Figure 3.2.1: Thinking back to your vacancies over the last 12 months, were any hard to fill?



Base: all respondents who had had vacancies in the past 12 months (*N* = 257)

In Figure 3.2.2, we map out the distribution of hard to fill vacancies by professional and occupational categories. Interestingly, the largest proportion, one in three (33%, n=44) were in care, leisure and other occupations, and one in five were in sales and customer service (21%). In general, the data reveal a pattern that shows that, paradoxically, more skilled and higher level occupational and professional categories seem to experience lower rates of hard to fill vacancies; this seems to indicate that there may potentially be a supply and demand root to vacancies in the Devon area, with a larger pool of skilled and professional workers seeking employment in an area that is experiencing fewer vacancies at these levels, while there may be a greater demand for those in lower skilled categories.

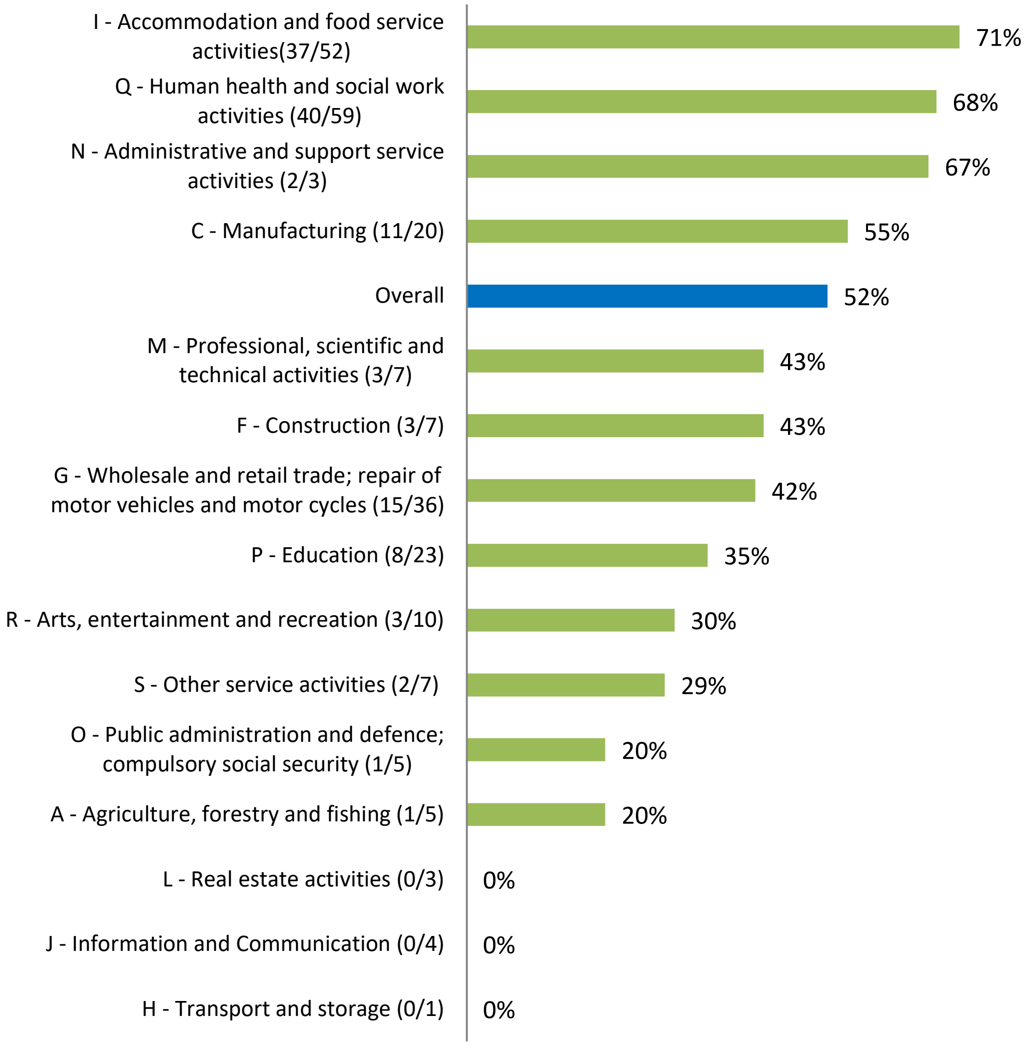
Figure 3.2.2: What type of professions were these in?



Base: all respondents who reported vacancies that were hard to fill (*N* = 132)

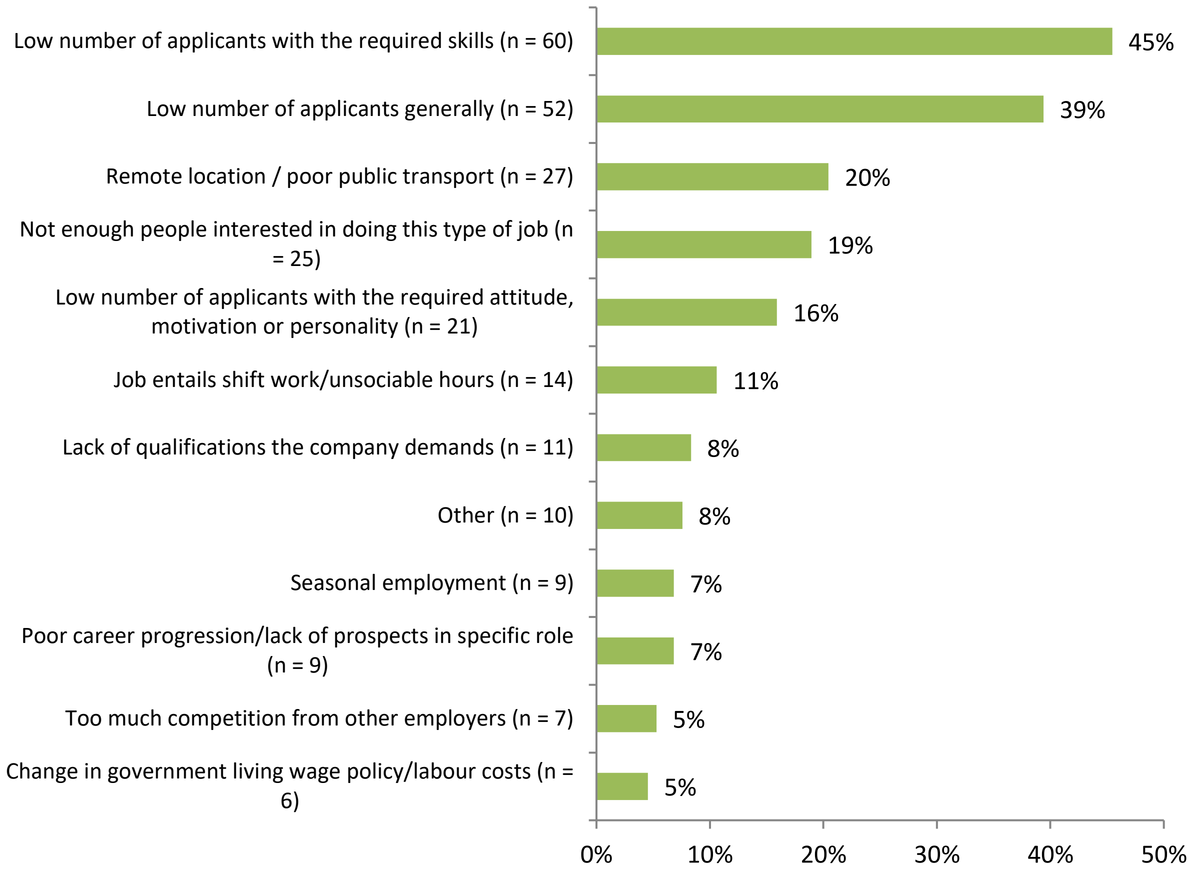
We were interested in determining if there are any sectors that have more difficulty filling vacancies than others, and the sectoral breakdown is shown in Figure 3.2.3. In contrast to 2013, we found that the sectors experiencing the highest rate of hard-to-fill vacancies are Accommodation and food service (I), Human health and social work (Q), and Administrative and support work (N), with lower than average rates in other sectors, especially Transport and storage (H), Information and Communication (J), and Real estate activities (L).

Figure 3.2.3: Hard-to-fill vacancies by industrial grouping



In order to better understand these patterns of sectoral breakdowns, we asked respondents to identify what were the main reasons for their vacancies being hard to fill. Responses to this question are shown in Figure 3.2.4.

Figure 3.2.4: What were the main reasons your vacancies were hard to fill?



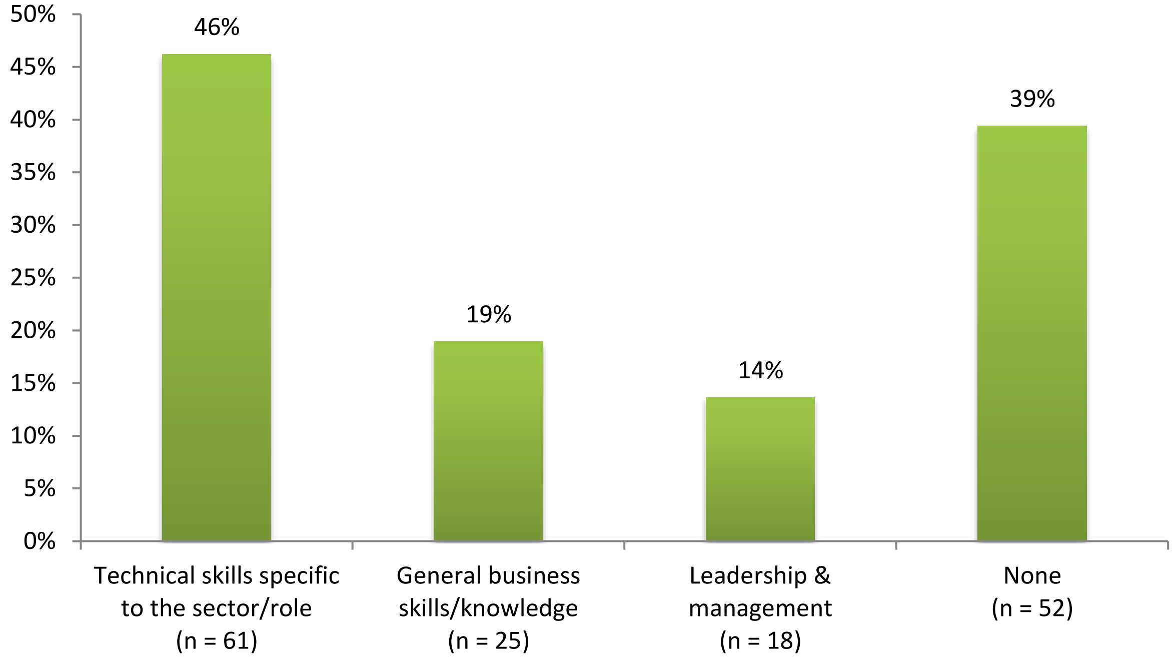
Base: all respondents who reported vacancies that were hard to fill (*N* = 132)

The most oft-cited reason for hard to fill vacancies is that there is a low number of applicants with the required skills (cited by 45% of the 132 businesses responding to this item), followed by the low number of applicants generally (39%), difficulties generated by the location (20%), and not enough people interested in doing these kinds of jobs (19%).[5]

In delving deeper into the question of hard-to-fill vacancies, we asked respondents to identify which – out of three possibilities – best represents the issues that they perceive to characterise the lack of skills among applicants for the positions that they recruited for. A clear plurality (46%) of those who report having experienced hard to fill vacancies state that they have found a lack of technical or sector-specific skills among applicants, whereas about one in five (19%) identified a lack of general business skills and/or knowledge, and a further one in seven (14%) feel that leadership and management skills have been deficient among their applicants.

[5] Comparison with the 2013 survey is rendered difficult by the change in survey response categories to align with the UKCES 2015 Employer Skills Survey. However, despite incongruities between response categories, the broad pattern is the same; in 2013, the two most cited items were 'Lack of suitably skilled applicants' and 'Lack of suitably qualified applicants'.

Figure 3.2.5: Which of these skills, if any, were found to be lacking amongst applicants?



Base: all respondents who reported vacancies that were hard to fill (*N* = 132)

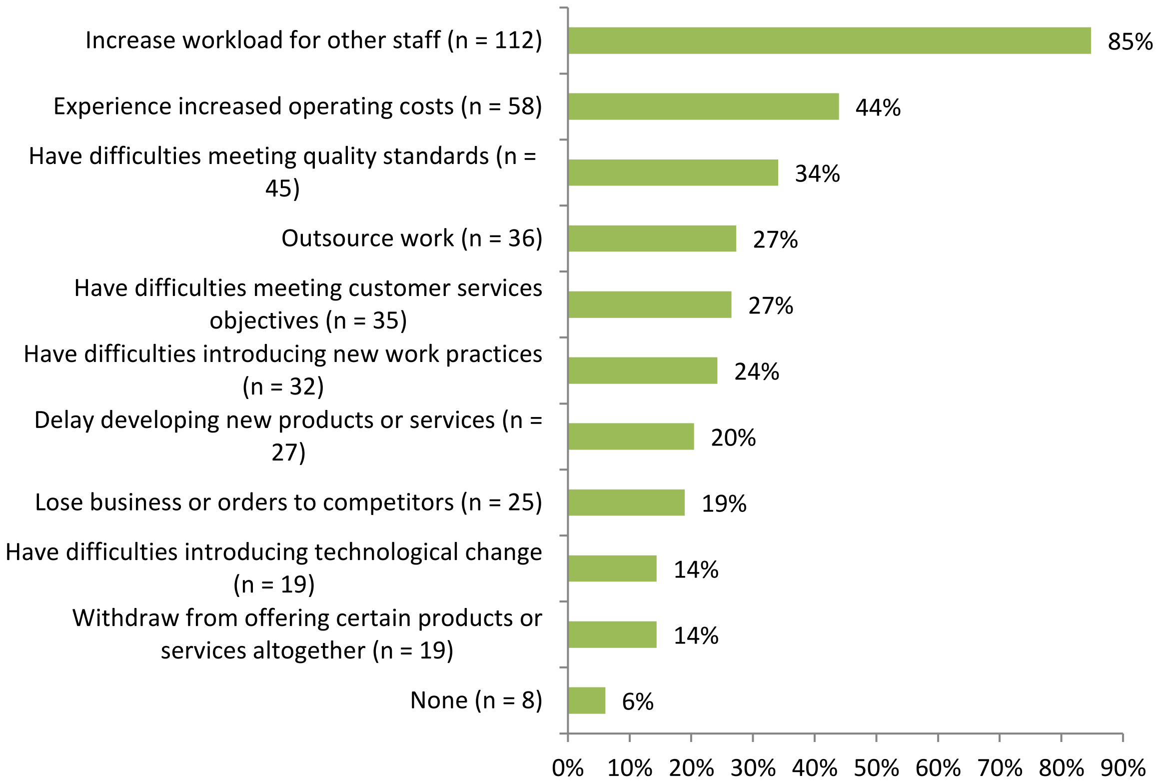
However, we draw attention to the fact that, as shown in Figure 3.2.5 above, two out of five (39%) respondents experiencing hard to fill vacancies do *not* perceive a lack of skills on the part of applicants. This finding confirms our hypothesis forwarded above that a significant part of the skills picture in Devon is not so much the lack of high-level skills among applicants for vacancies, but that there may be non-skills related labour market issues that colour the patterns of recruitment in the county.

3.3 Business impact of hard to fill vacancies

We asked those with hard to fill vacancies to identify the primary impacts upon their business. We have already noted the doubling of the rate of hard to fill vacancies since the 2013 survey, and our data also suggests that there has been a corresponding increase in the magnitude of the business impacts. When asked to select impacts from a list read out by interviewers, the 60 respondents to this question in 2013 identified a total of 109 impacts from the items offered to them, or a mean of 1.8 per business. In 2016, we find that the corresponding figures have risen to a total of 408 business impacts chosen by 132 respondents, or a mean of 3.1 per business. Thus, not only has the number of businesses identifying impacts of hard to fill vacancies doubled, the magnitude of those impacts has almost doubled as well. We do caution that one of the possible explanations for this longitudinal finding is that the 2016 survey contained a higher proportion of multiple-employee businesses, and that the presence of sole-proprietorships and single-employee businesses in the 2013 survey data may have significantly downplayed the true extent of business impacts emanating from hard to fill vacancies.

In 2013, the DWSS results reported revealed that the primary business impact of hard to fill vacancies is the increased workload for other staff, with 70% of respondents in that survey citing this as a major impact of hard to fill vacancies. In the 2016 DWSS, we find that the results are consistent with this observation, and the level of those reporting it as an impact of hard to fill vacancies has actually risen to 85% of the respondents to this question. There is stability in the second most frequently cited item as well, increased operating costs; 44% of respondents in our survey identified this as a business impact (compared to 25% in the 2013 survey).

Figure 3.3.1: Are hard-to-fill vacancies causing this establishment to…



Base: all respondents who reported vacancies that were hard to fill, *n* = 132

4 Recruitment and retention

Having laid out the pattern of vacancies, with the focus on hard to fill vacancies and their impacts, in Section 3, we now turn to looking at what steps businesses are taking to recruit new employees and to understand their requirements and needs in the recruitment process.

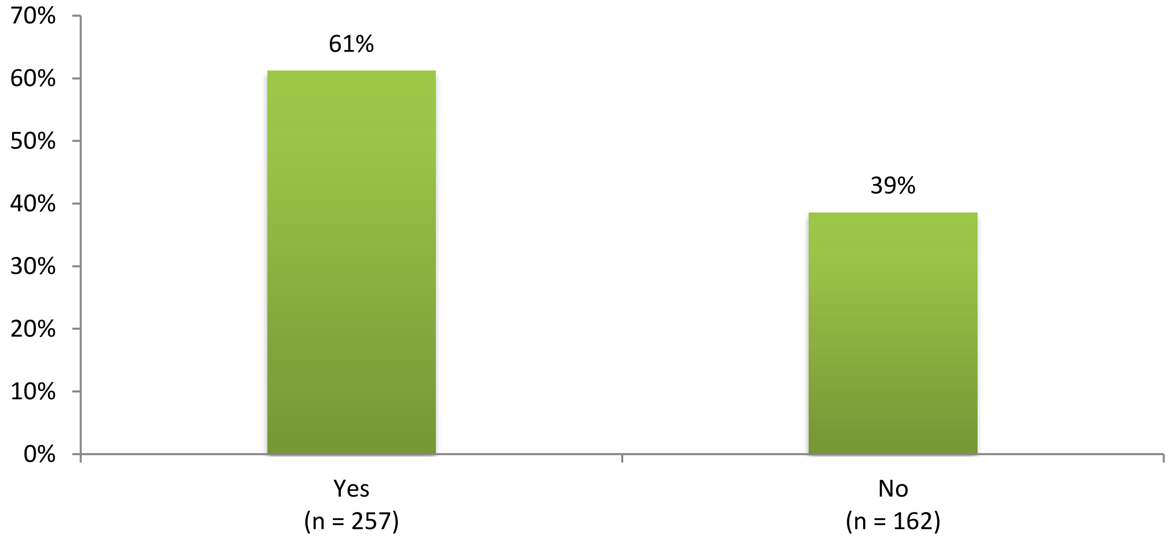
Section summary

We find that employers who have had vacancies have almost uniformly engaged in recruitment to fill them, suggesting that the labour market remains relatively fluid. In support of this finding, we note that 77% of recruitment activity is undertaken due to staff turnover. There is a clear preference among potential employers for experienced or skilled workers. We also find that recruiting for hard to fill vacancies is costing businesses extra resources in the recruitment effort, adding to the business impacts noted in section 3. Finally, there is not much evidence to suggest that employers have a hard time retaining their existing workforce in the Devon area.

4.1 Mapping recruitment

As part of the mapping of vacancies, recruitment and skills gaps, we wanted to link the presence of job vacancies with recruitment patterns and strategies. Figure 4.1.1 displays responses to the question asking whether businesses have done any recruiting in the last twelve months, bearing in mind that 38% of the sample reported no vacancies during this period (see Section 3.1 above). Corresponding figures were not available from the 2013 data but we found that approximately three out of five employers have engaged in recruitment activities in the last twelve months (n=257), suggesting that employers were keen to fill all the vacancies that they have experienced; only one survey respondent identified having experienced a vacancy but did not do any recruiting to fill that position.

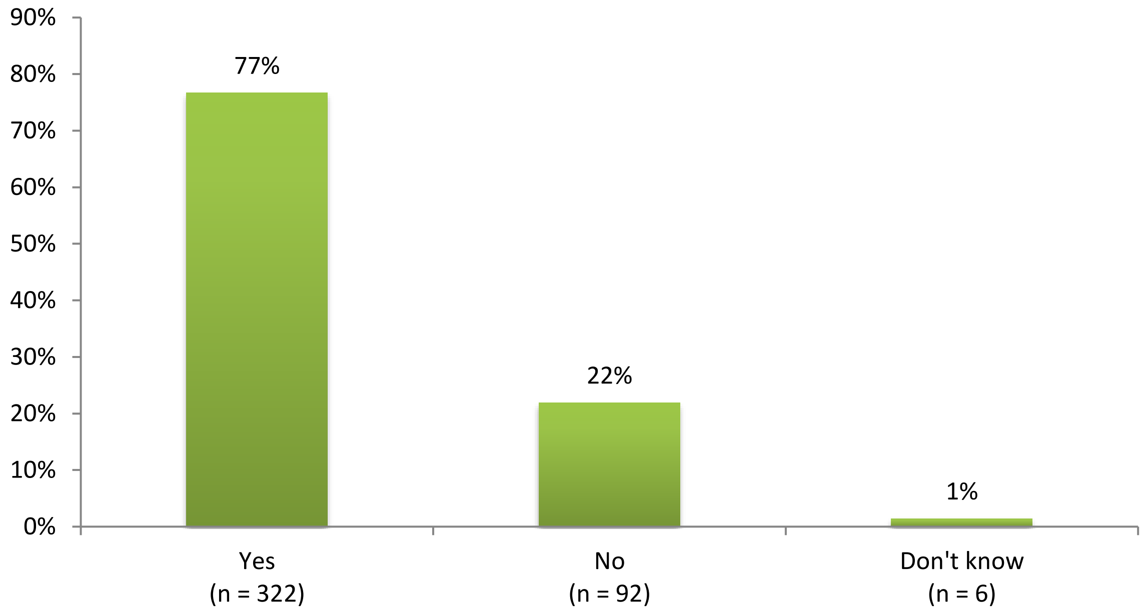
Figure 4.1.1: Did your business recruit during this period?



Base: all respondents (*N* = 420)

From these observations we may conclude that, despite the variable patterns of vacancies and numbers across sectors the labour market in Devon remains open to recruitment, and that businesses are attempting to fill vacancies when and where they occur. We confirmed this pattern by asking whether business have recruited within a three year period, and the results are displayed in Figure 4.1.2. Over three out of four employers (77%) said that they have had experience of recruiting during this time, which again corresponds almost exactly to the 78% of employers who affirmed that they had a vacancy during the last three years (reported in Section 3.1 above). Therefore, we feel confident in our portrayal of the key labour market challenge in Devon as being finding the right workers to fill open positions, not that businesses are unable or unwilling to fill those positions.

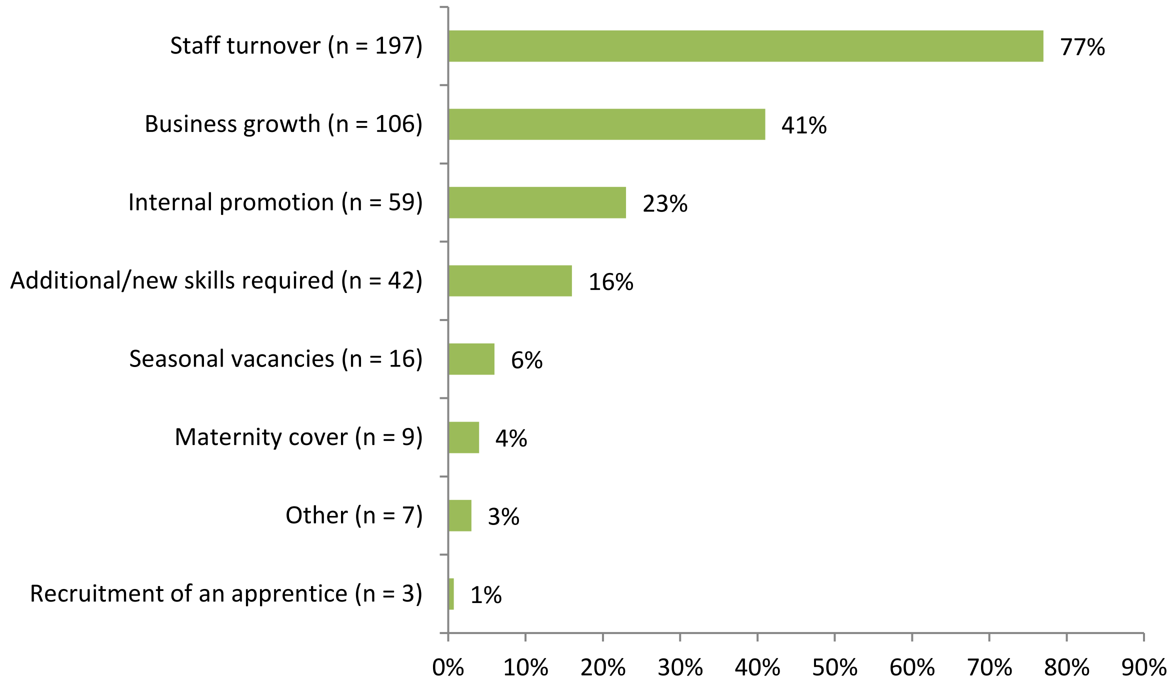
Figure 4.1.2: Have you employed anyone in the last three years?



Base: all respondents (*n* = 420)

Building on these observations about the connections between demand and supply in the labour market in Devon, we asked businesses to identify the reasons that lie behind their drive to recruit new workforce staff. In an open-ended question, the 257 businesses that have recruited in the last twelve months collectively identified 439 reasons for recruiting that have been coded into eight response categories (displayed in Figure 4.1.3), an average of 1.7 primary reasons per business.

Figure 4.1.3: What were your reasons for recruiting? (Open, coded response)



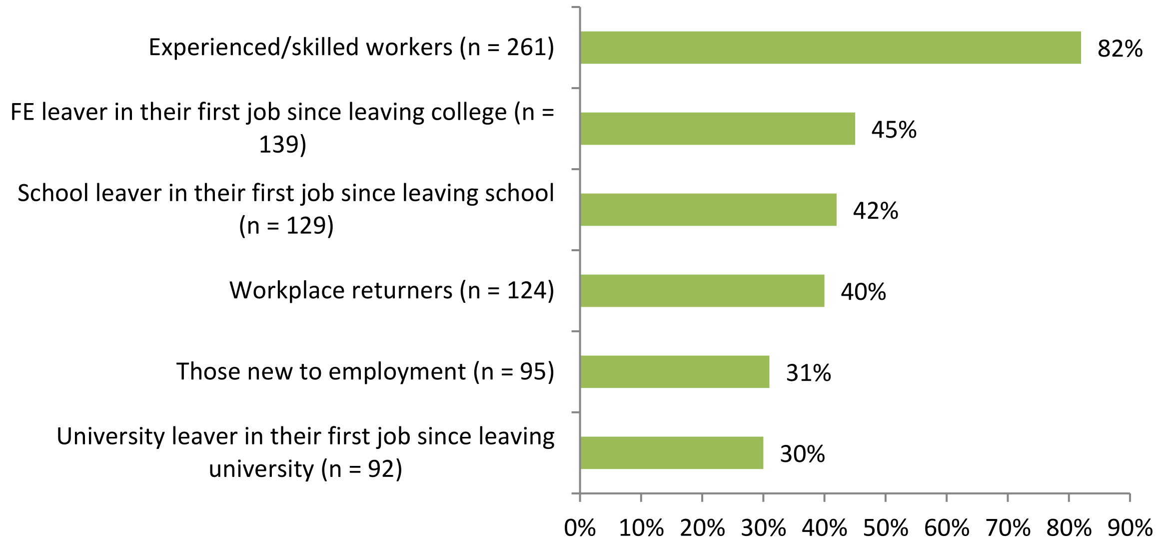
Base: all respondents who had had vacancies in the past 12 months (*N* = 257)

As can be seen from the data presented the predominant reason, cited by over three out of four (77%) businesses involved in recruitment in the last twelve months, is staff turnover with a further two out of five (41%) mentioning businesses growth and one in four (23%) pointing to internal promotion. Despite the large numbers of businesses dependent on tourism in Devon (see Section 2, firmographics), seasonal employment demands were cited by only 6% of respondents and maternity leave was cited by only 4% of our sample as being one of the reasons for engaging in recruitment.

4.2 Recruitment strategies

A key part of the mapping of recruitment in the Devon business landscape is understanding who and how employers are aiming to recruit to fill their vacancies. Figure 4.2.1 shows that employers have overwhelmingly tried to recruit experienced or skilled workers during this period, with four out of five of those surveyed (82%) having done so. Slightly fewer than half who have engaged in recruitment have taken on either college leavers (45%) or school leavers (42%); two out of five (40%) report having employed workplace returners, while just under one in three (31%) have engaged those new to employment. Finally, the Devon labour market remains accessible to university leavers, with three out of ten employers (30%) having taken on a university graduate in the last three years.

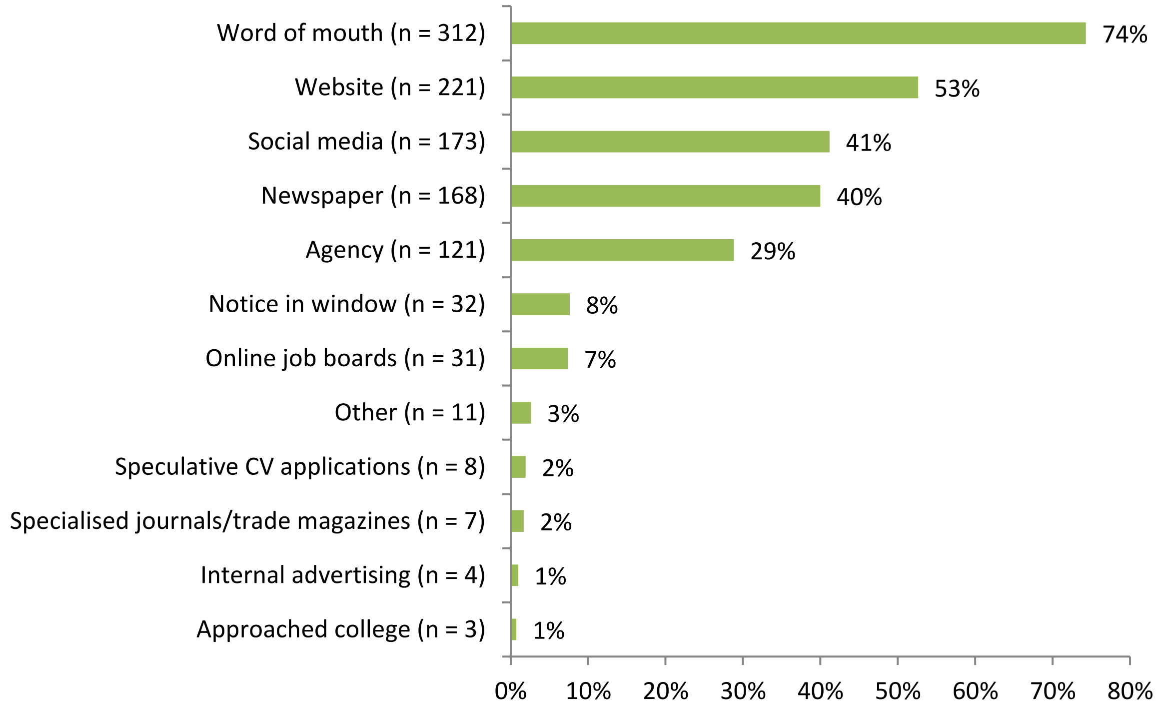
Figure 4.2.1: Of those who you employed in the last three years, have any been (% who said yes):



Base: respondents who had employed someone in the past three years (*N* = 322)

In Figure 4.2.2, we present data showing the kinds of recruitment strategies that Devon businesses are typically using to reach the workforce populations described above; for the businesses that have not recruited in the last three years, we asked them what strategies they might employ were they to engage in recruitment activities.

Figure 4.2.2: Do you, or would you, use any of the following methods to recruit?



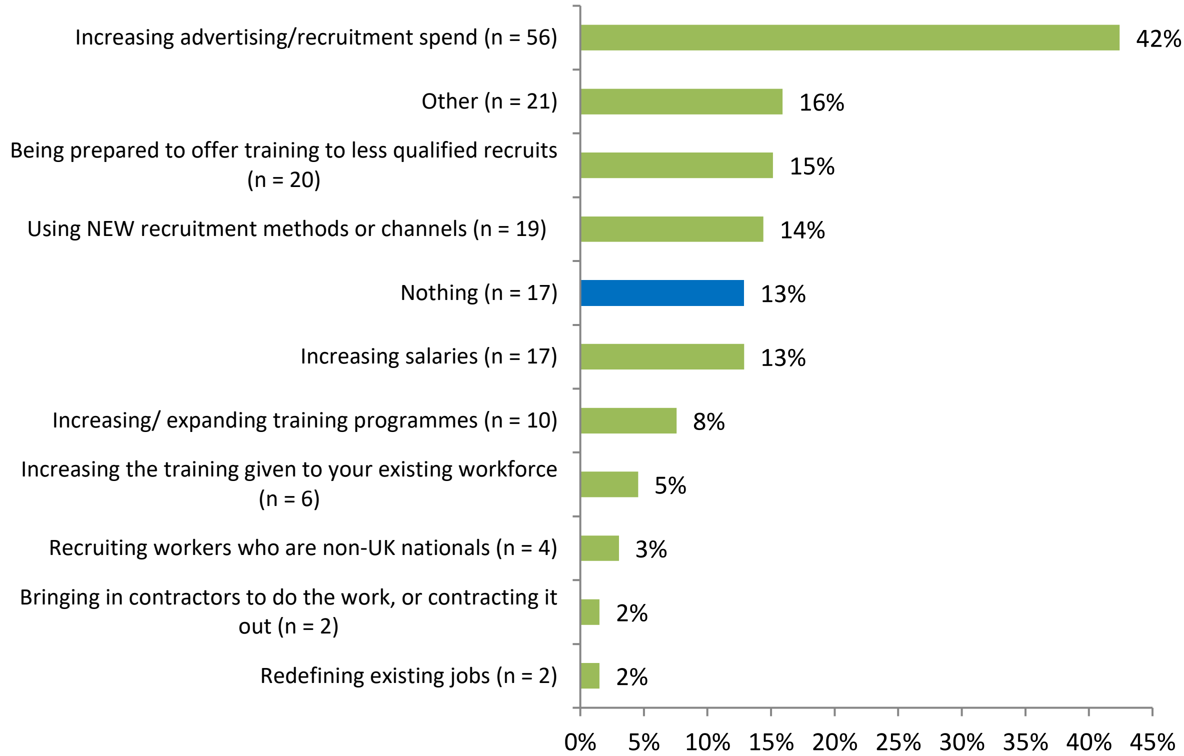
Base: all respondents (*N* = 420)

The responses that we collected from this question were coded into twelve categories. As can be seen from the data, there were a total of 1,091 strategies identified by the 420 respondent businesses, or about 2.6 strategies per business, suggesting a diversification and multiplication of effort when recruiting. Word of mouth recruitment remains the predominant strategy (cited by three out of five businesses or 74%), followed by website recruitment (one out of two or 53%), social media (41%), newspaper (40%), and use of an agency (29%). Other recruitment strategies received much lower rates of response; of note, direct relationships with colleges were cited by only 3 of our sample, less than 1% of the total.

4.3 Recruiting for hard to fill vacancies

As part of the understanding of recruitment patterns, we were interested in understanding if those businesses with hard to fill vacancies have undertaken extra effort or special measures to alleviate the difficulties that they report having in filling positions. In Figure 4.3.1, we report the results for the question asking employers what specific steps they may have taken to overcome difficulties in recruitment.

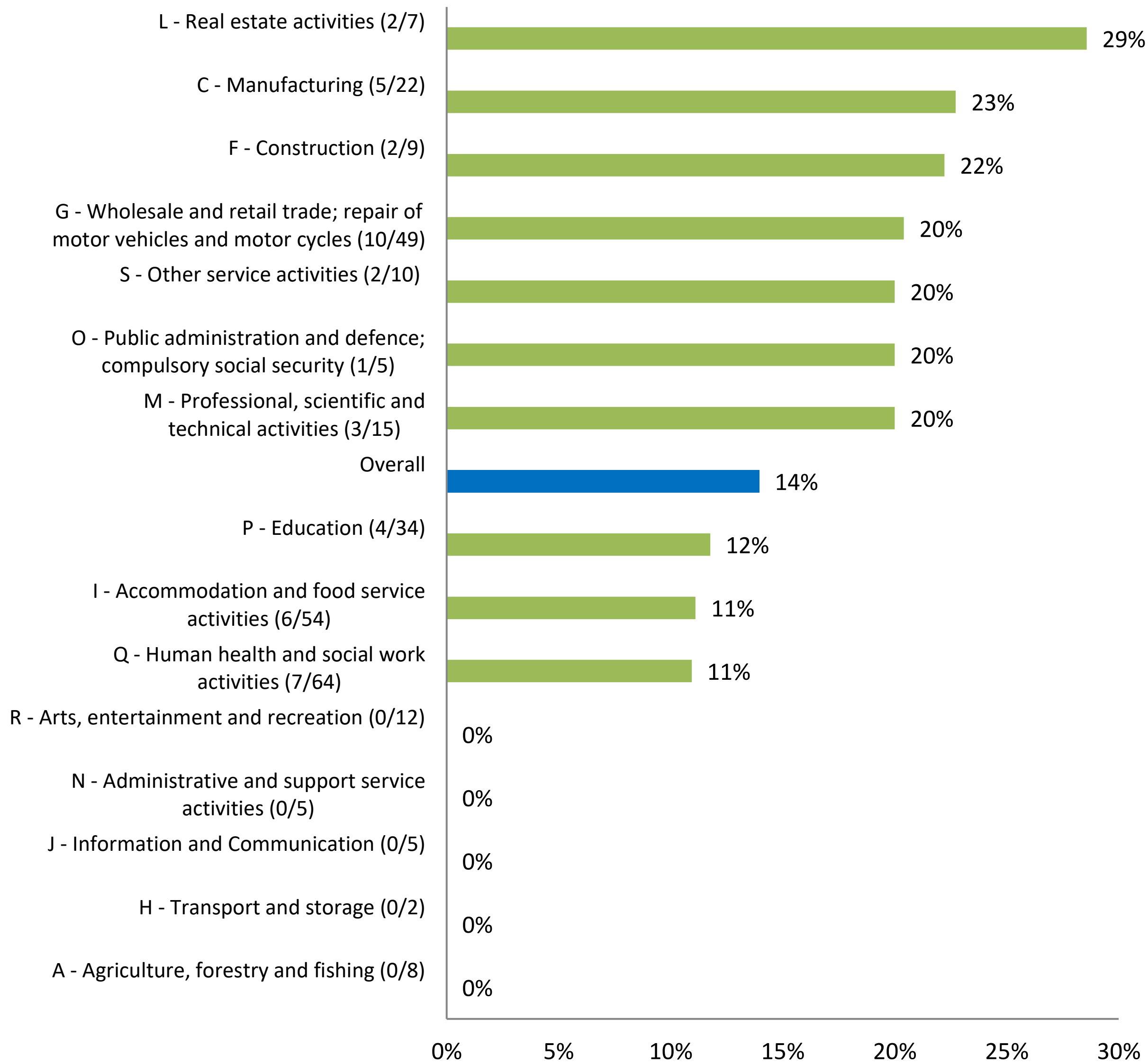
Figure 4.3.1: What are you doing to overcome any difficulties in recruitment?



Base: all respondents who reported vacancies that were hard to fill, *n* = 132

Across the respondents to this question, there were a total of 157 strategies cited by the 132 businesses, or an average of 1.2 mitigating strategies per business. This suggests that there was rather less diversification and multiplication of mitigation recruitment strategies. Very clearly, the preferred strategy, cited by over two out of five (42%) of those with hard to fill vacancies, is to increase resources (advertising and money) devoted to recruitment activities. Finally, we asked businesses whether they have had difficulties recruiting young people and the results are displayed in Figure 4.3.2, broken down by industrial sector. Overall, 14% of businesses said that they have experienced such difficulties, with higher numbers in Real estate (29%), manufacturing (23%), and construction (22%), and none in Agriculture, forestry and fishing, Transport and storage, Information and communication, Administrative and support services, and Arts, entertainment and recreation.

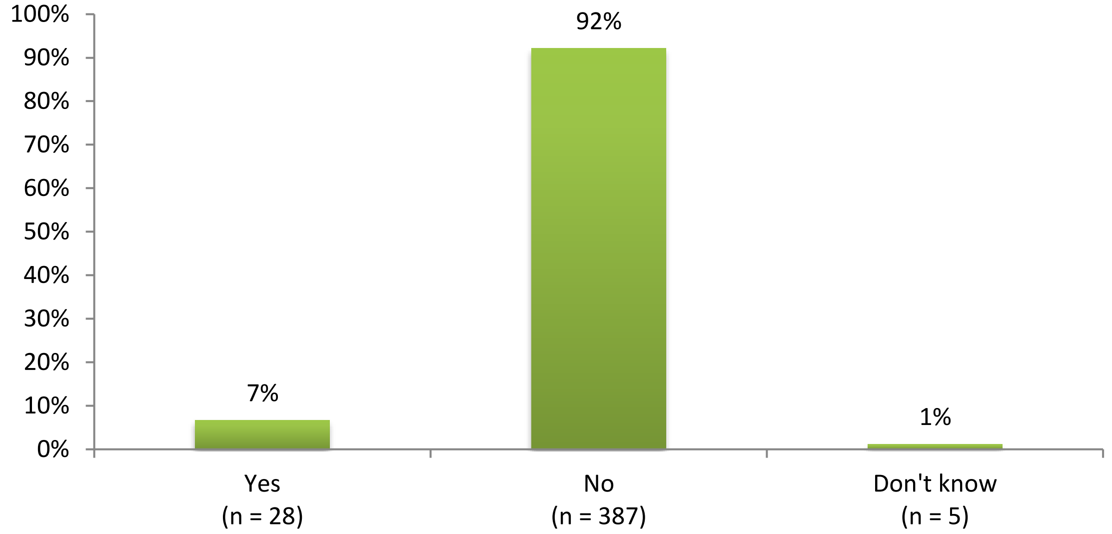
Figure 4.3.2: Difficulty recruiting young people by industrial group



4.4 Employee retention

Given that we find a high correlation between recruitment and staff turnover, we are interested in understanding the links between vacancies, recruitment, and efforts to retain existing staff.

Figure 4.4.1: Do you find it difficult to retain new employees?



Base: all respondents (*N* = 420)

Out of our sample of 420 businesses, only 7% (n=28) responded that they have difficulties retaining new employees, suggesting that there is a high rate of conversion of recruitment to retention in the Devon area. Even if we adjust this figure to only include businesses that have actually filled vacancies in the last three years, it still means that less than one in ten businesses engaging in recruiting actually have difficulty retaining those that they have employed.

Although the figures are low, we broke these data down to see if retention difficulties characterise the employment of young people as a group; only 11 of the businesses surveyed (39% or those who have had retention difficulties) associate those difficulties with holding on to young people in their labour force.

Table 4.4.1: Do you find it difficult to retain any of the following?

	n	%
Other	16	57%
Young people	11	39%
Graduates	1	4%

Base: respondents who reported difficulties retaining staff (*N* = 28)

Bearing in mind that the overall response numbers are low for these items (n=28), we wanted to know what factors employers feel make it difficult to retain staff that they have recruited. Businesses who responded to this question cited a lack of people interested in doing this kind of work (46%), followed by the geographic location of the site (39%) and the hours of work (32%) as the top three reasons explaining difficulties in staff retention.

Table 4.4.2: Which of the following are the main reasons why it is difficult to retain staff…?

	n	%
Not enough people interested in doing this type of work	13	46%
Geographic location of the site	11	39%
Long/unsocial hours	9	32%
Staff don't want long term commitment	8	29%
Wages offered are lower than those offered by other organisations	7	25%
Lack of career progression	7	25%
Other	7	25%
Impact of the benefits trap	6	21%
Unattractive conditions of employment	6	21%
Too much competition from other employers	4	14%

Base: respondents who reported difficulties retaining staff (*N* = 28)

5 The internal skills challenge

In section 5 of this report, we have mapped the skills needs, priorities, and challenges that are faced by businesses in the Devon area.

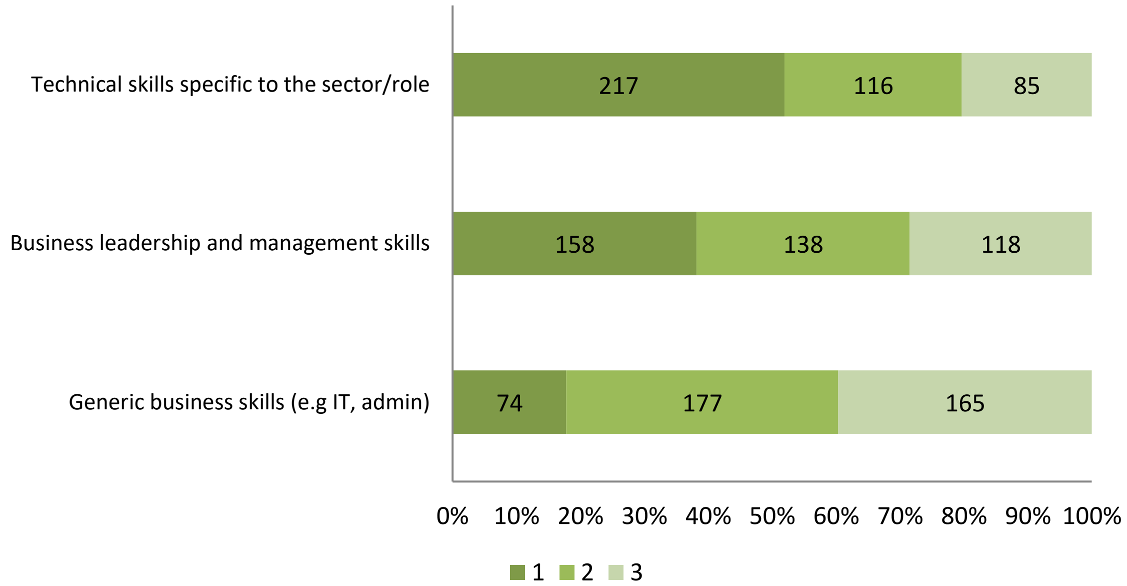
Section summary

There continues to be a strong emphasis on sector and job specific skills, with the majority of business surveyed identifying basic numerical and reading skills among their top requirements. In general, we do not find that addressing skills needs has become harder than two years ago. With regards to the special case of digital skills, we find that businesses are increasingly seeing them as important, and are emphasising them during the recruitment and training process. While gaps remain, the general level of satisfaction at the preparedness for work of recruits is quite high.

5.1 Skills priorities

As an introduction to the question of skills-related challenges, we asked businesses to tell us what kind of skills are important for their business growth, and the answers are displayed in Figure 5.1.1.

Figure 5.1.1: Could you rank the following in terms of what you feel is more important for your business growth? [1 = most important, 3 = least important]

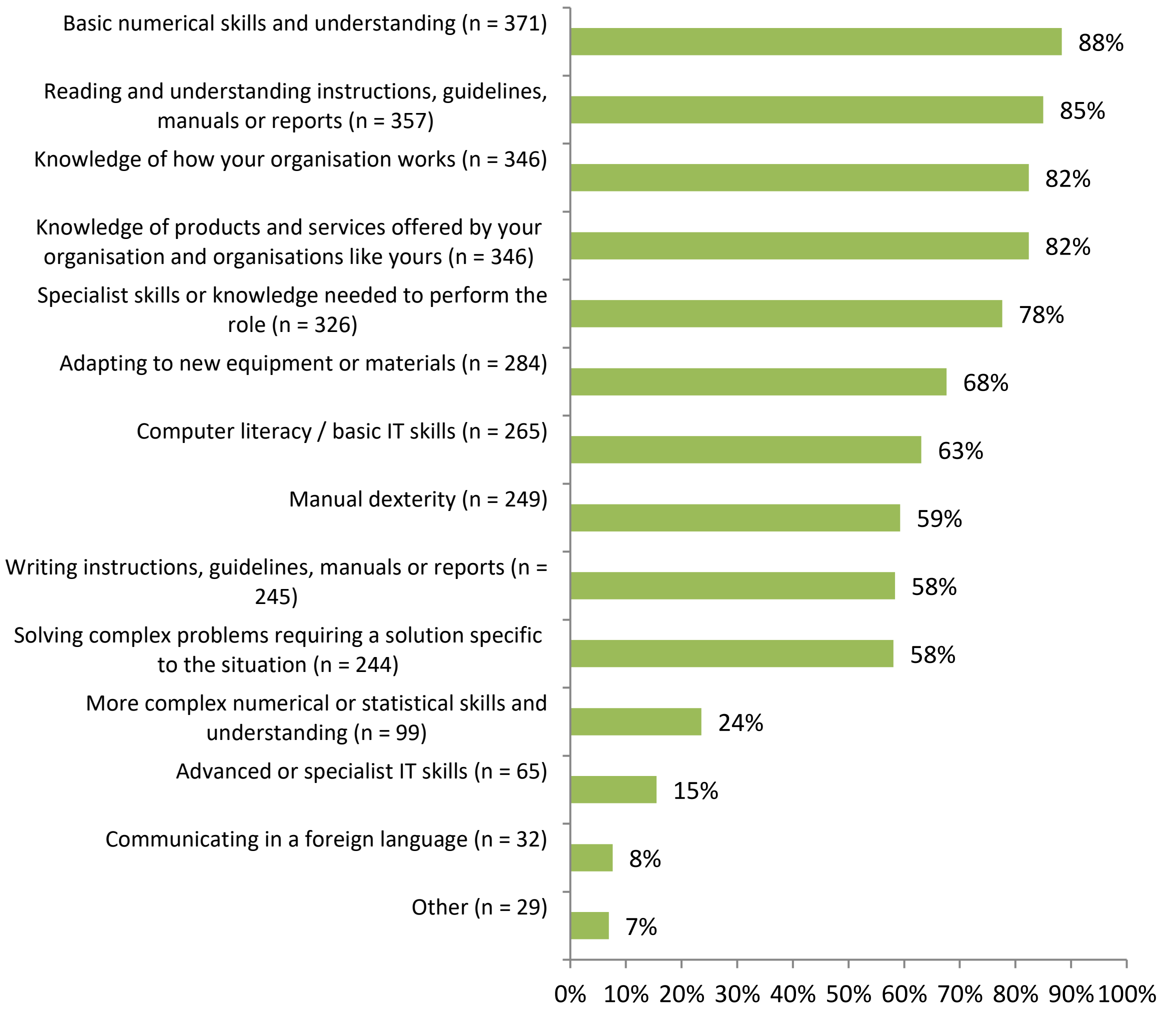


Base: 418, 414, 416 respectively

Over half (217 out of 418, 65%) of those responding to this survey item identified technical skills specific to the sector or role as being paramount for their business growth; the second highest ranked item was business leadership and management skills, generic skills such as IT and administration was ranked third.

Looking at these skills priorities in more depth, we asked respondents to tell us which specific skills, from a list read out by the interviewers, would be considered a priority for their business. Topping the list are basic numerical skills and understanding (cited by 88%) and job-related reading skills (cited by 85%). The next two highest cited items pertain to business-specific skills; knowledge of how your organisation works (82%) and knowledge of products and services offered by your organisation (82%), as well as job-specific skills; specialist skills needed to perform the job or role (78%). The ability to adapt to new equipment or materials (cited by 63%), basic IT skills and computer literacy (63%), writing (58%) and solving complex problems, i.e. critical thinking (58%), were also identified as skills priorities by more than half the businesses surveyed.

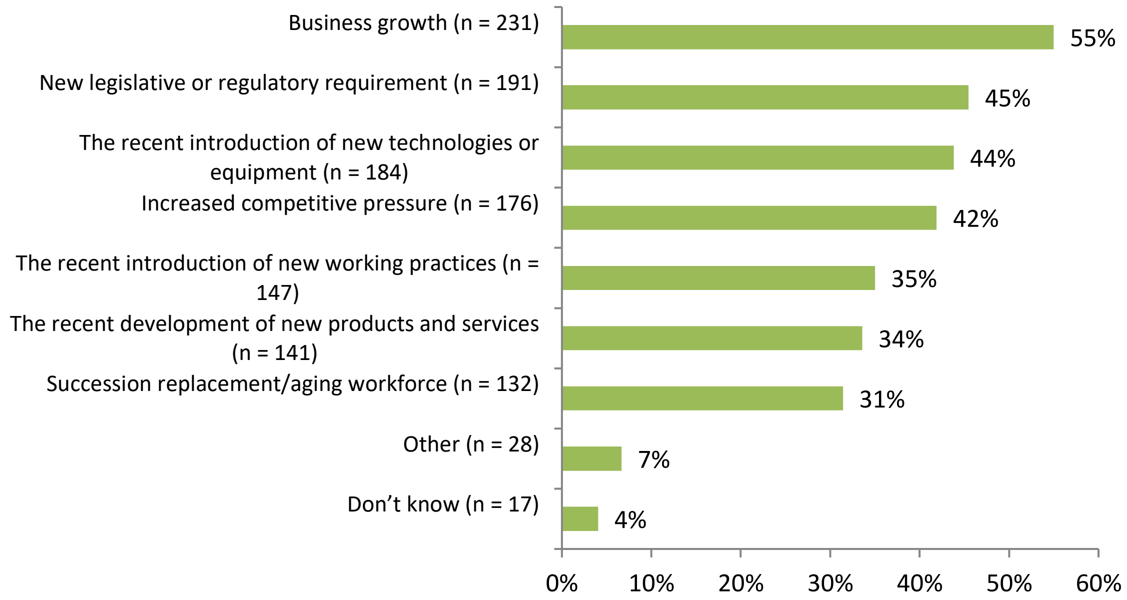
Figure 5.1.2: Thinking of the skills required in your business, please indicate your priorities:



Base: all respondents (*N* = 420)

Looking at the reasons for the skills priorities reported by our respondent businesses, the most commonly cited (by 55%) is business growth, followed by new legislative and regulatory requirements (45%), new technologies (44%) and increased competitive pressure (42%). About one in three businesses see skills needs emanating from the introduction of new working practices (34%), the development of new products and services (34%), and the succession or replacement of ageing workforce (31%).

Figure 5.1.3: Are the main reasons for the priorities that you mentioned above due to any of the following?

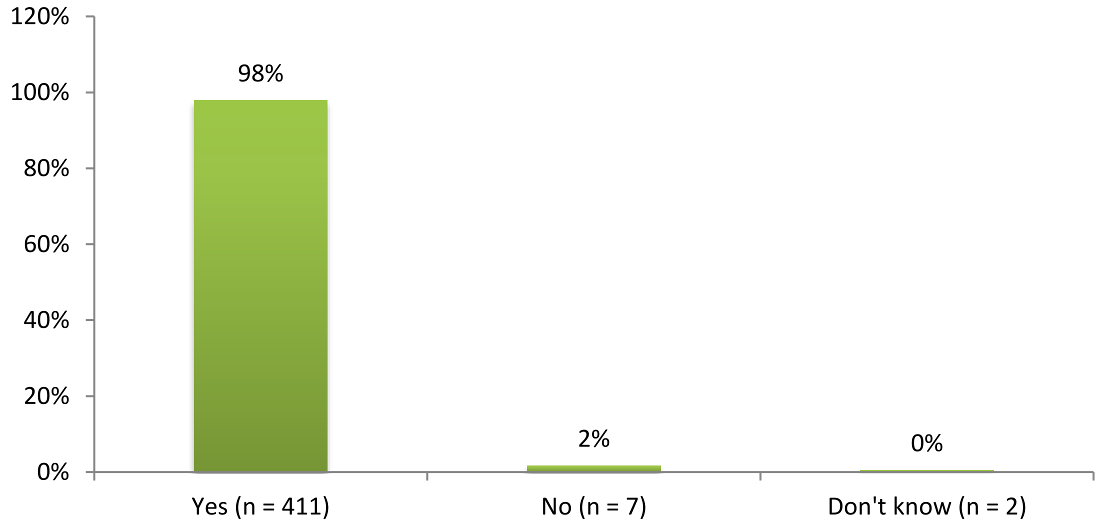


Base: all respondents (*N* = 420)

5.2 Difficulties addressing skills needs

Given the skills priorities and needs of businesses mapped in section 5.1, we asked businesses to tell us whether they are having more difficulty addressing skills needs than two years ago. As shown in Figure 5.2.1, almost all of our respondents (98%) have been based in the Devon area for more than two years, affording us confidence that the answers to the questions about skills priorities and difficulties meeting them are reflective of the experience of businesses in the area.

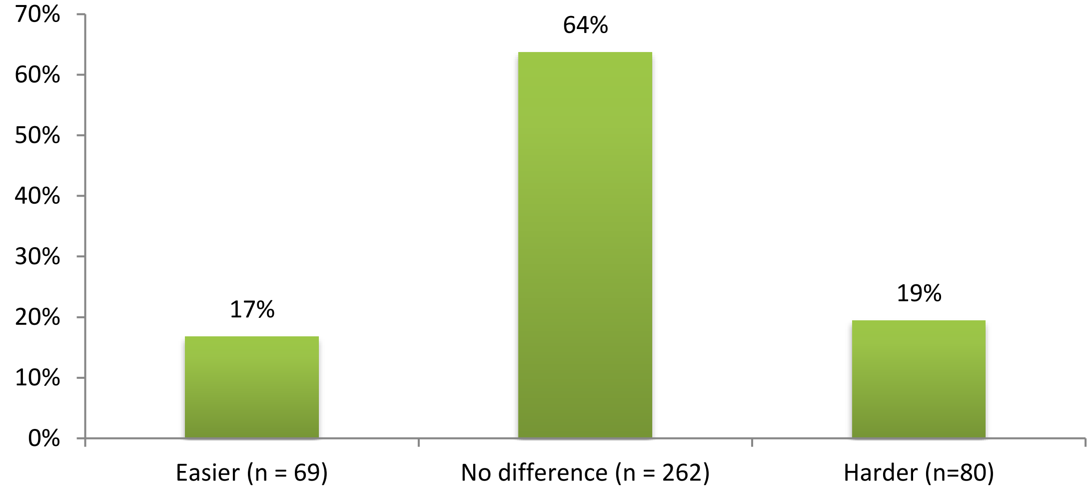
Figure 5.2.1: Has your business been located within the Devon area for more than two years?



Base: all respondents (*N* = 420)

When asked if they find skills needs easier or harder to address than two years ago, a two-thirds majority (64%) of respondents said that they find no difference, with a balance between those who find them easier (17%) and those who find them harder (19%). However, we find that there are clear opportunities for public authorities such as the Devon County Council to work with the business sector on helping them ease potential skills challenges.

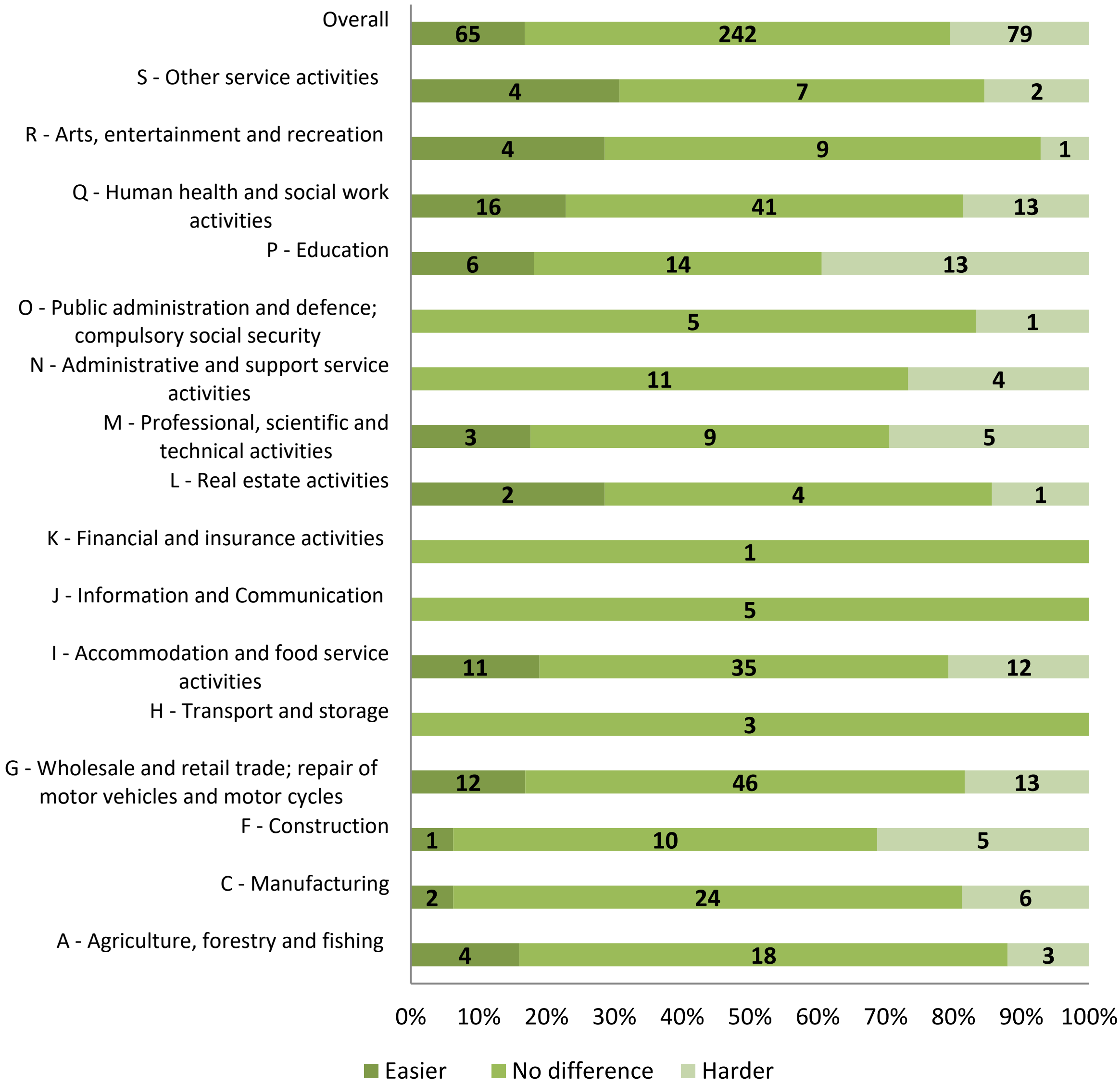
Figure 5.2.2: Is it easier for your business to address skills needs now than it was two years ago?



Base: all respondents based in Devon for more than two years (*N* = 411)

As shown in Figure 5.2.3, the perception of the challenges posed by skills needs is relatively stable across industrial groups, although there are sectors such as Education (P) where it appears that there are more skills difficulties emerging today than in the past.

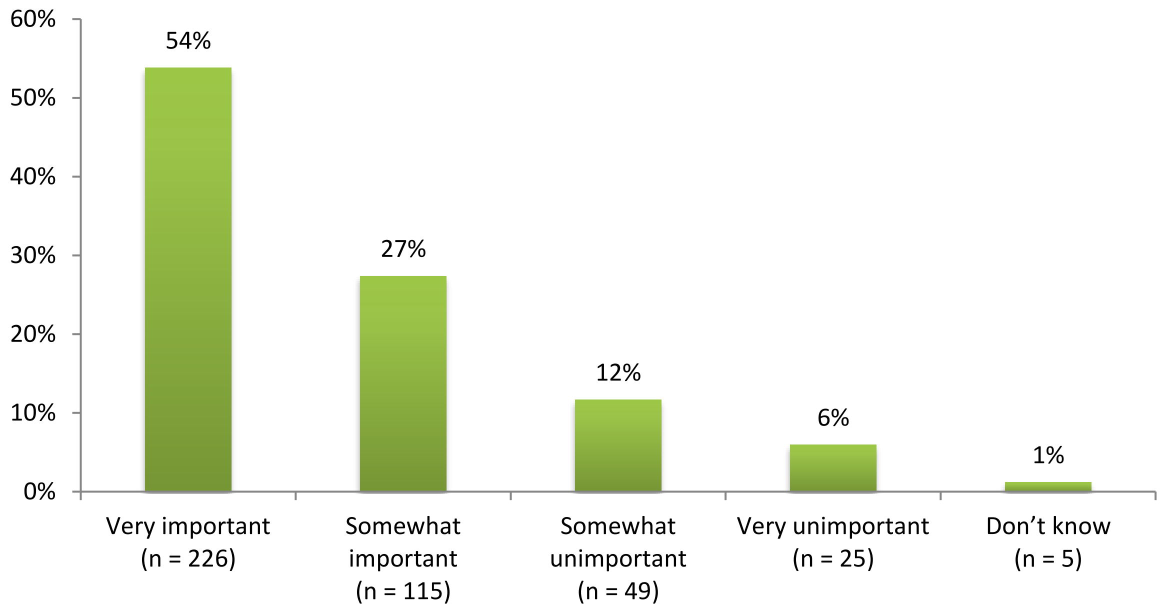
Figure 5.2.3: Easier to address skills



5.3 Digital skills

In the 2013 Devon Skills survey, it was found that 28% of the total sample (n=98) reported that they did not have any need of digital skills. Although there is some difference between item inclusion and question wording between the two surveys, in 2016 we found that only 18% (n=74) of businesses surveyed rated basic knowledge of everyday technology as either somewhat or very unimportant (Figure 5.3.1).

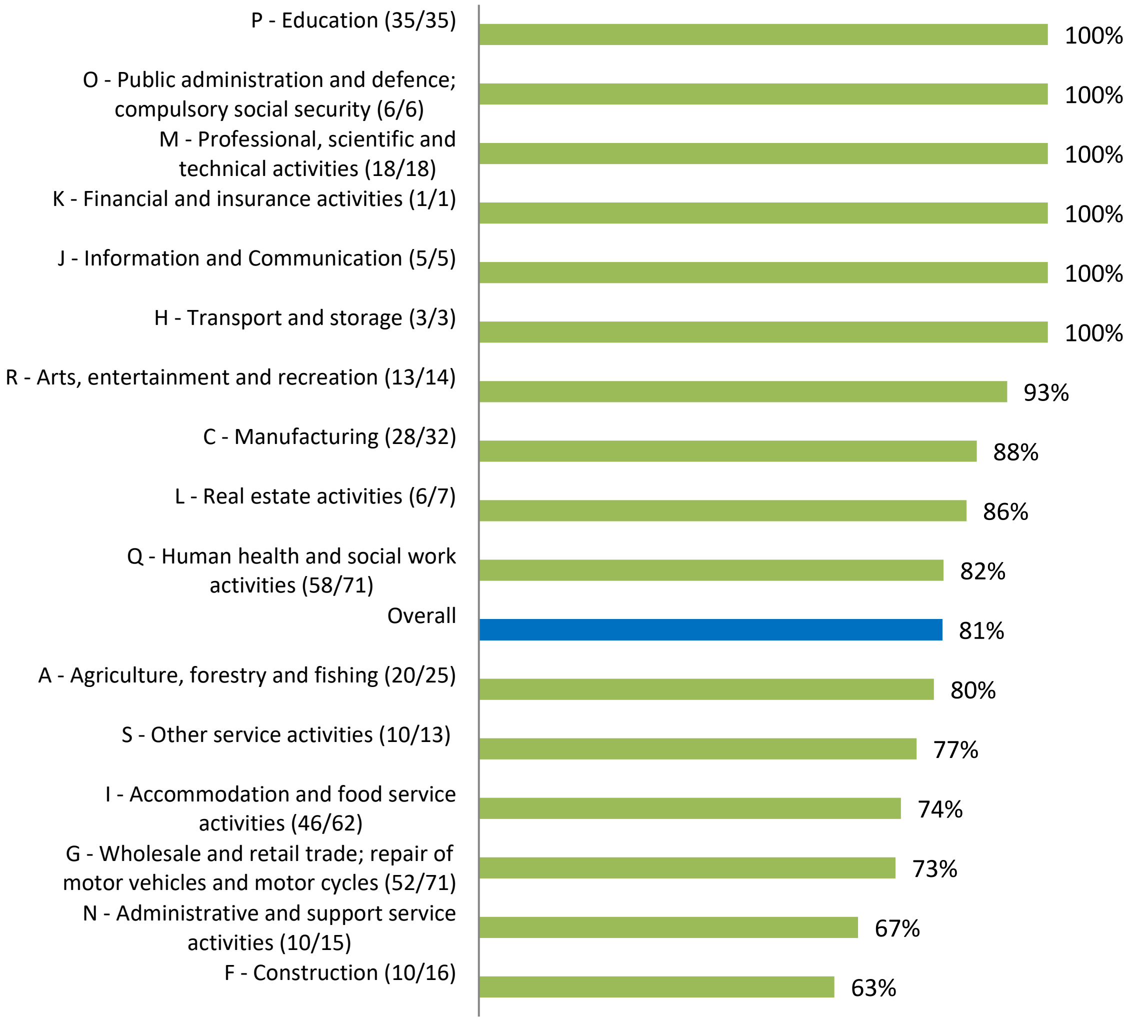
Figure 5.3.1: As an employer, how important is it that all or most of your employees have at least some basic knowledge of how to use every day technology?



Base: all respondents (*N* = 420)

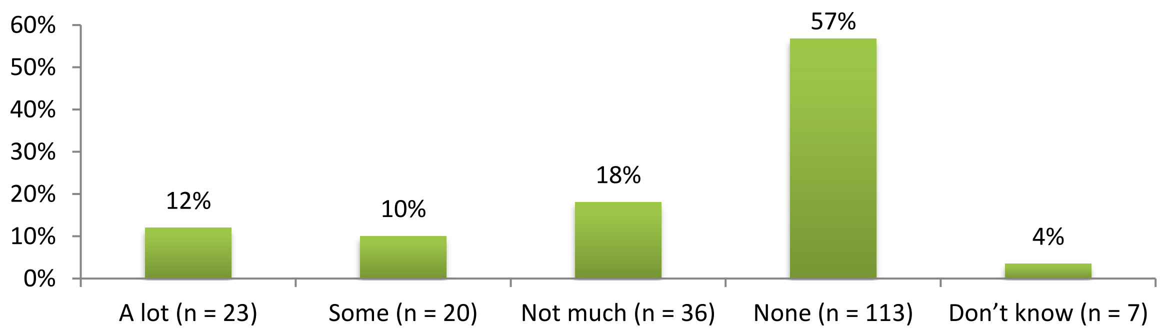
As might be expected, there is in fact a substantial variation across sectors with regards to the demand for basic digital skills. For example, in six of the sectors analysed in this report (Education, Public administration and defence, Professional, scientific and legal services, Financial and insurance, Information and communication, and transport and storage), all of those responding to the survey item said that they saw basic digital skills as somewhat or very important. On the other hand, in sectors such as construction and administrative and support services, only about two out of three employers answered in a similar way (63% and 67% respectively). These data are shown in Figure 5.3.2.

Figure 5.3.2: Importance of technology by industrial group



Relating these patterns to recruitment difficulties, we asked employers how much difficulty they have experienced recruiting young people with the right technology skills for their business, and the results are displayed in Figure 5.3.3. In general, the numbers suggest that, while digital skills are clearly important for employers as reported above, they are experiencing less difficulty recruiting young people with the required digital skills.

Figure 5.3.3: How much difficulty have you experienced recruiting young people with the right technology skills for your business?



Base: respondents who had employed someone within the last three years and felt that the question was applicable (*N* = 199)

5.4 Preparedness for work

Businesses were asked to tell us how prepared they consider those to be that they have recruited in the last three years. These responses are shown in Figure 5.4.1. As can be seen, there is a marked difference between those (a) who have already had workforce experience and university graduates and (b) school and college leavers and those new to employment. Although the data point towards skills challenges for businesses, they also support research that validates the effectiveness of on the job skills training, professional development, and further / higher education training.

Figure 5.4.1: Preparedness for work by vacancy type

6 Employer investment in training and skills development

Having laid out the perceived skills needs of businesses in Devon, in this section we look at whether employers are using training and professional development programmes to augment their existing skills base and to upskill their current workforce. We examine patterns of demand and provision for training and explore whether training provision is meeting the expectations of employers, focusing on independent training providers, colleges / further education (FE) institutions, and universities / higher education (HE) organisations.

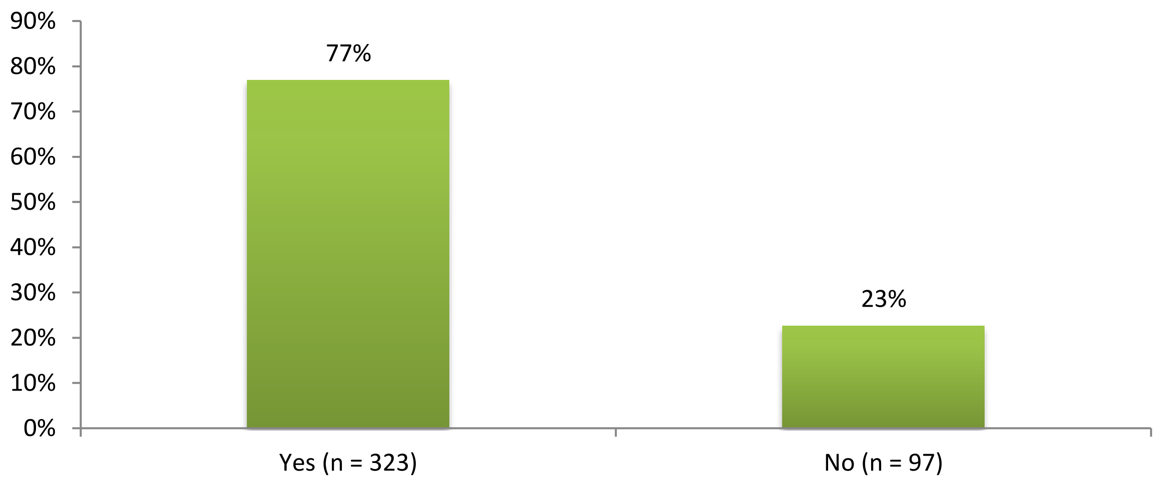
Section summary

Approximately three-quarters of Devon employers surveyed have provided training to existing staff in the last year and of those, about three quarters have done so through external providers. Training has been mainly focused on job and sector specific skills, already identified as the primary concern to employers in terms of business growth. We find that there are generally very high levels of satisfaction with external training programmes, more so with independent providers than through institutions of further / higher education, although satisfaction levels with the latter are still high. We note that it is encouraging that 43% of employers see no barriers to training provision, although it is of concern that more than half still see (primarily resource) factors that hold them back from further training for their staff

6.1 Mapping training in Devon

As we show in Figure 6.1.1, there is a steady take up rate for workforce training programmes, with three out of four employers (77%) stating that they have arranged training of some type for their employees in the last twelve months.

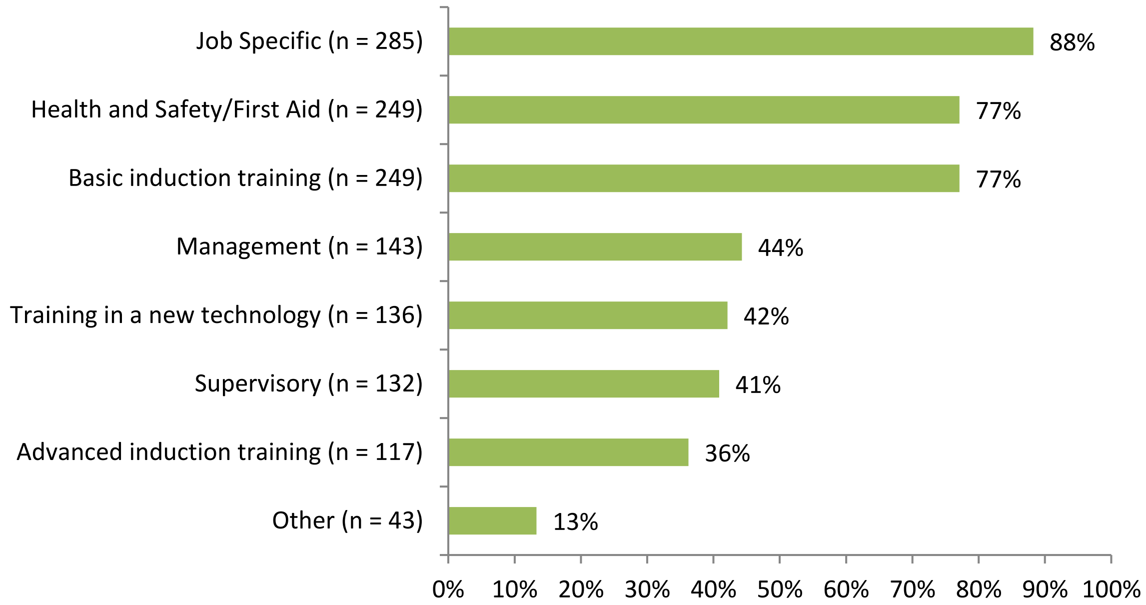
Figure 6.1.1: Have any of your staff undergone any form of training during the last 12 months?



Base: all respondents (*N* = 420)

To enable us to further map the training demand and supply in Devon, we asked a follow-up question to employers who had arranged training in the last twelve months to find out what types of training they had organised. The results of this question are displayed in Figure 6.1.2.

Figure 6.1.2: Which of all the following types of training have you arranged for staff in the past 12 months?



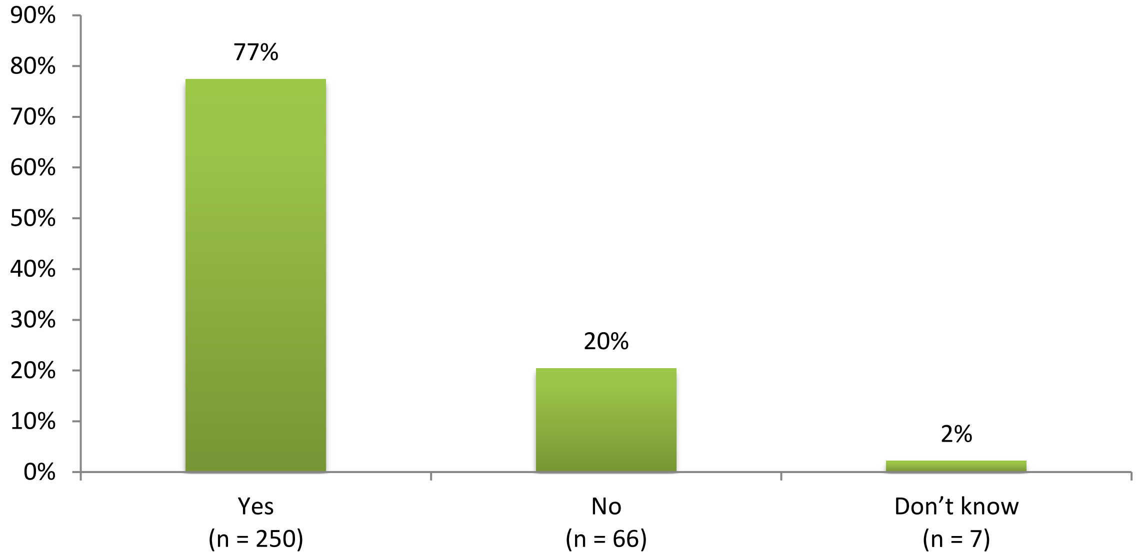
Base: all respondents who had arranged training, *N* = 323

Clearly there is an emphasis on workforce upskilling displayed in these figures, with almost nine out of ten employers who have arranged training having opted to provide access to programmes that enhance job specific knowledge or skills. The next two most frequently cited items pertain to training related to workplace operations and enhancement, namely health and safety (77%) and basic induction training (77%). Just under one in two employers (44%) in the Devon area have provided some form of management training in the past year, while a slightly lower number (41%) have engaged in supervisory training for their staff.

6.2 Training provision

We now turn to the sources of training provision. As can be seen in Figure 6.2.1, of the 77% of Devon businesses responding to our survey who have provided training in the past twelve months, just over three quarters (77%) have utilised external training providers in some form or other; these 250 firms represent about three-fifths (60%) of the overall sample. If we scale these numbers using the data presented in section 2 of this report, this would equate to businesses employing about 11,395 people, or about 175,260 employees Devon-wide. Clearly this indicates that there is a strong demand for high quality and adapted training programmes.

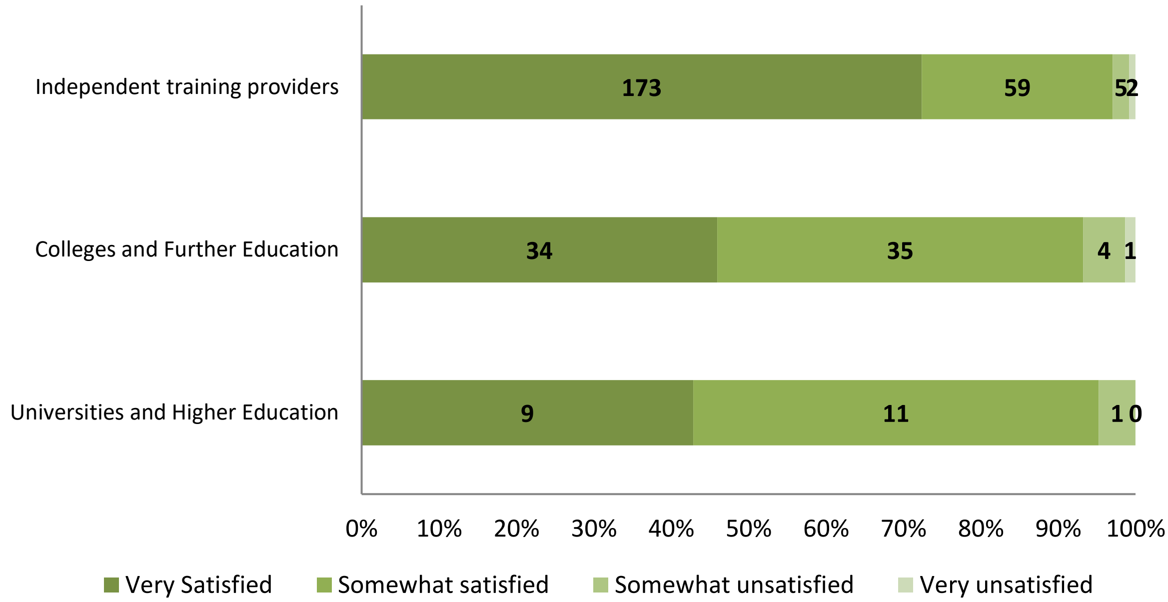
Figure 6.2.1: Have any of your staff been on training delivered by external companies, agencies, or organisations in the last 12 months (including government training)?



Base: all respondents who had arranged training, *N* = 323

Of those respondents who have sought external training provision, three quarters (75%, n=239) had provided training through independent training providers, 21 of them (7%) had sought training from universities and HE institutions, and just under a quarter (23%, n=74) had used the services of colleges and FE institutions. We asked these respondents to tell us how satisfied they are with their external training provision, and the results are displayed in Figure 6.2.2.

Figure 6.2.2: Overall, how satisfied are you with the quality of the training provided by:



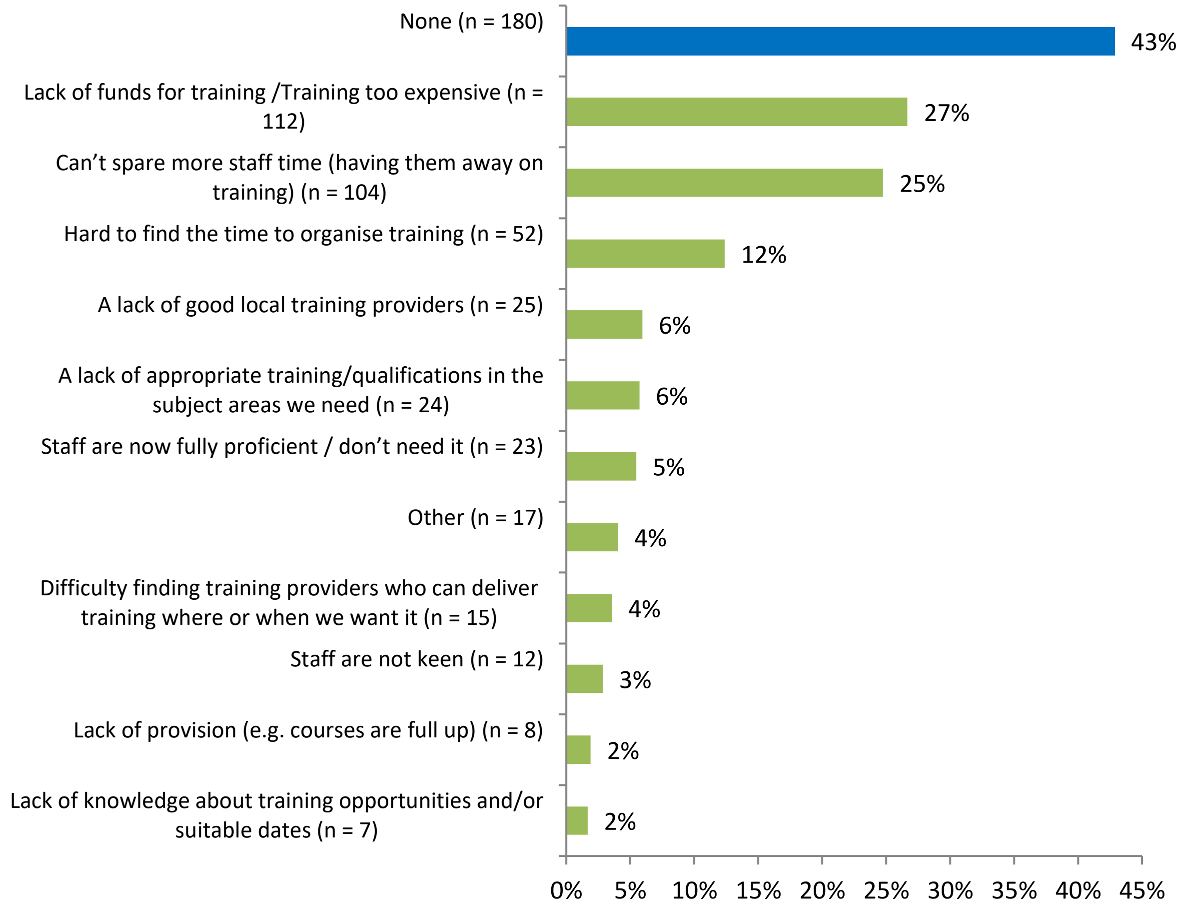
Base: independent training providers (*N* = 239); universities and higher education (*N* = 21); colleges and further education (*N* = 74)

In general, we can observe that satisfaction levels with external training provision in Devon is high, with an overall positive rating (very or somewhat satisfied) of 96%. Nonetheless, there is some variation between the most satisfied group, with independent training providers attaining higher levels of most positive ratings – about 74% of employers declaring themselves very satisfied with independent training provision – than for universities and HE institutions (44%) and colleges and further education (48%).

6.3 Barriers to training

Given the importance of access to training provision in upskilling a modern, prepared workforce, we wanted to know what barriers employers identify which have prevented them from providing either training that they do not currently provide or more extensive training where they already undertake some limited activities.

Figure 6.3.1: What barriers have prevented your business providing training to current staff?



Base: all respondents (*N* = 420)

It is an encouraging sign for workforce development in the Devon area that over two in five (43%) of those surveyed report that they do not perceive *any* barriers to training, and this response item leads among all those that were offered as response categories. Nonetheless, the remaining 240 businesses who *do* perceive barriers to providing workforce training collectively cited 384 reasons across the remaining eleven response categories, or a mean of 1.6 barriers per firm. Unsurprisingly, resources are a major factor; lack of funds or the training being too expensive was cited by just over a quarter of the survey respondents (27%), with a further 25% stating that they feel they cannot devote staff time to training programmes, and 12% saying that it is hard for the business or employer to find the time to organise the training. Encouragingly, only 6% of the respondents to the survey felt that there are not enough high quality training options **which conforms with the results presented above in section 6.2.**

While these results represent only a snapshot of the mapping and provision of training programmes in Devon, it is clear that there are relatively high levels of take up of training programmes and satisfaction with them. From a policy perspective, it would appear that there is a role for public authorities such as the Devon County Council to continue to play in designing interventions that ease access to training and most critically address the resource issues that businesses still encounter when seeking to upskill their existing workforce and provide professional development opportunities to current staff.

7 Apprenticeships and internships

In this section, we examine the provision of apprenticeships and work placement / internship programmes across Devon, with an emphasis on understanding their role in skills provision in the context of current central government policy.

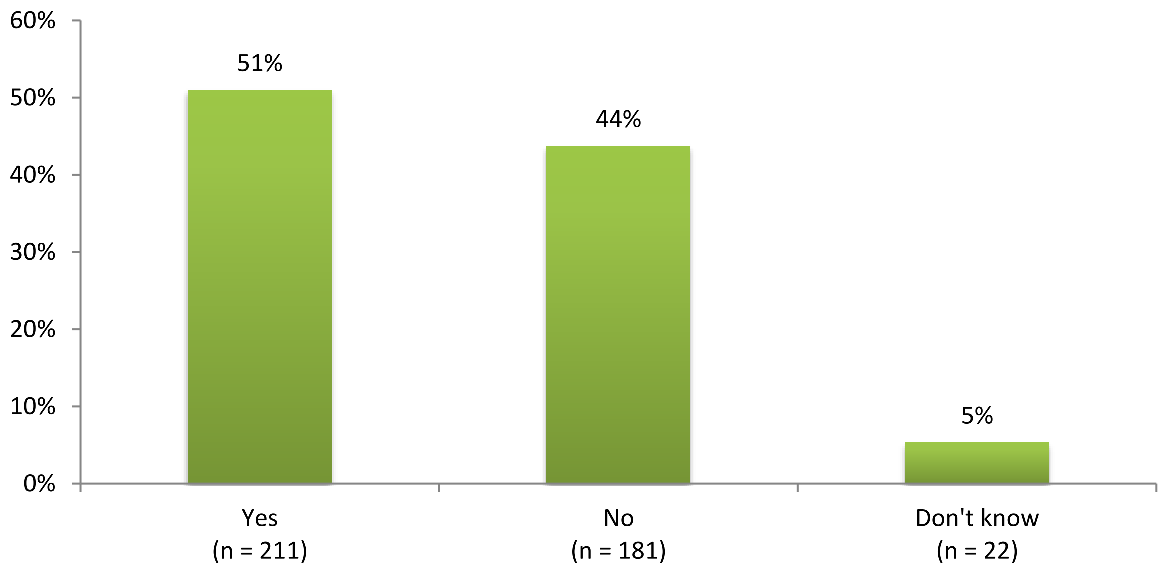
Section summary

Take up rates for offering apprenticeships and work placements / internship programmes in Devon are consistent with national patterns; about one in five employers in Devon offer apprenticeships and one in four offer work placements / internships. There is a pool of interest in the future development of apprenticeships and work placements / internships, although there is a general perception among smaller businesses that they may not be a relevant form of employment and workforce development. There is a clear preference for younger workers entering apprenticeship programmes. Analysing the qualitative responses to the survey, we find evidence that business are finding it hard to engage with FE/HE providers over apprenticeships and retain some latent preconceptions about them. Finally, we note that there is a good level of awareness about the impending (April 2017) national apprenticeship levy.

7.1 Mapping apprenticeships across Devon

In view of the impending apprenticeship funding changes across the UK, we asked businesses to tell us if they are aware of the levy that will apply to firms with an annual turnover of more than £3 million that is due to take effect in 2017. As shown in Figure 7.1.1, there is a relatively good level of information about it in Devon, with about one in two employers (51%) stating that they know about the policy changes.

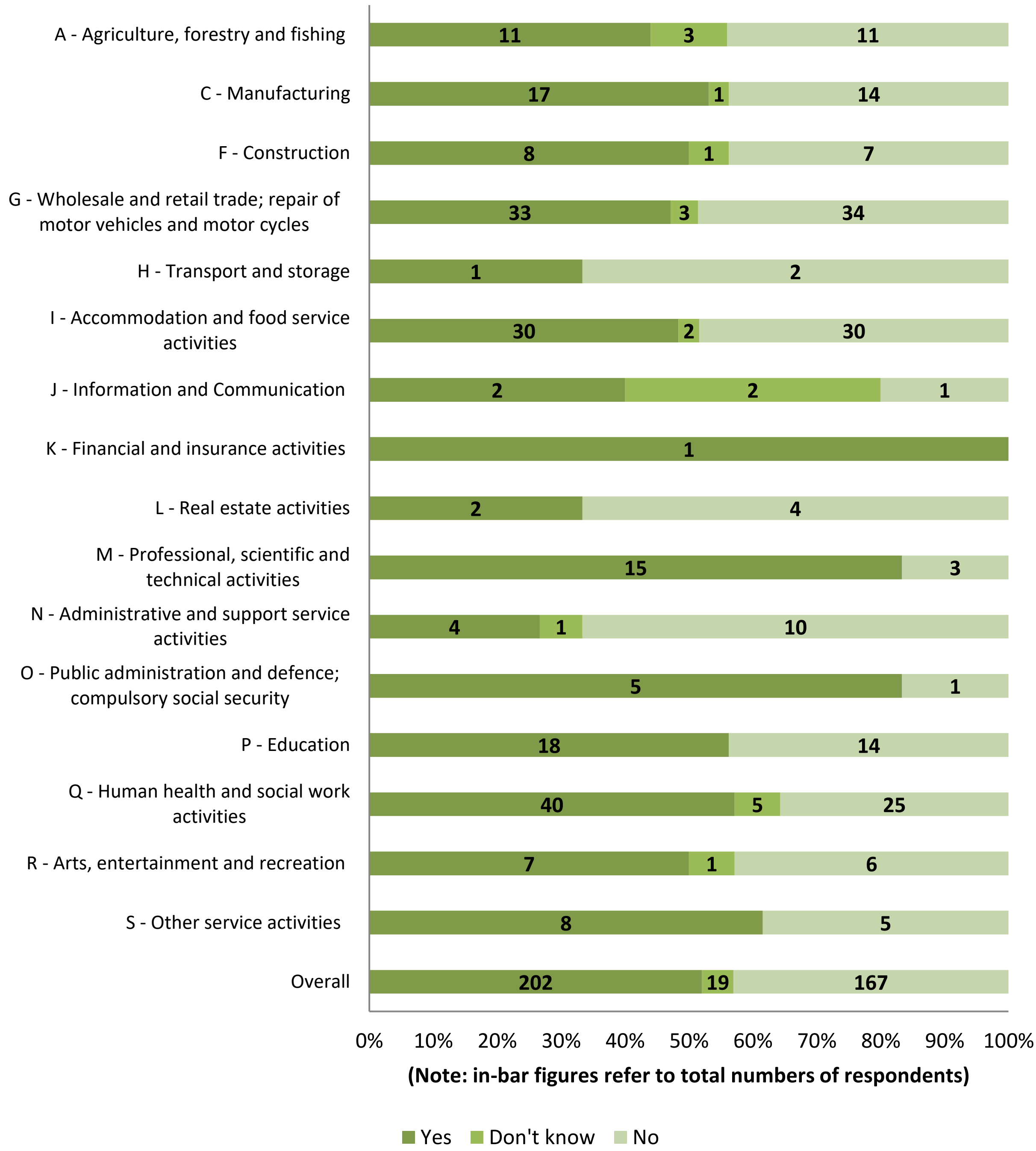
Figure 7.1.1: Are you aware of the apprenticeship levy?



Base: all respondents who answered (*N* = 414)

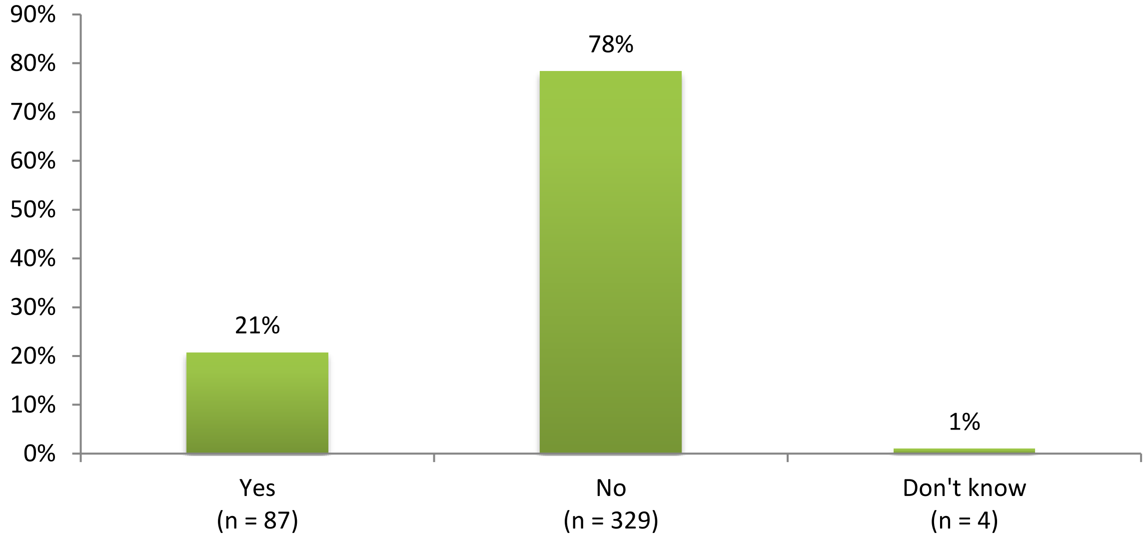
We examined the data broken down by industrial grouping (Figure 7.1.2) to see if there were any marked sectoral patterns; while there are a couple of sectors – notably Real estate (L) and Information and communications (J) – in which there are rather lower levels of information about the apprenticeship levy, in general it seems that knowledge is fairly evenly distributed across the other sectors.

Figure 7.1.2: Awareness of apprenticeship levy by industrial group



Of our sample, there were 87 businesses (21%) who responded that they currently employ apprentices, shown in Figure 7.3.1, which is considerably higher than the national average of 4.6% across all businesses and sectors.

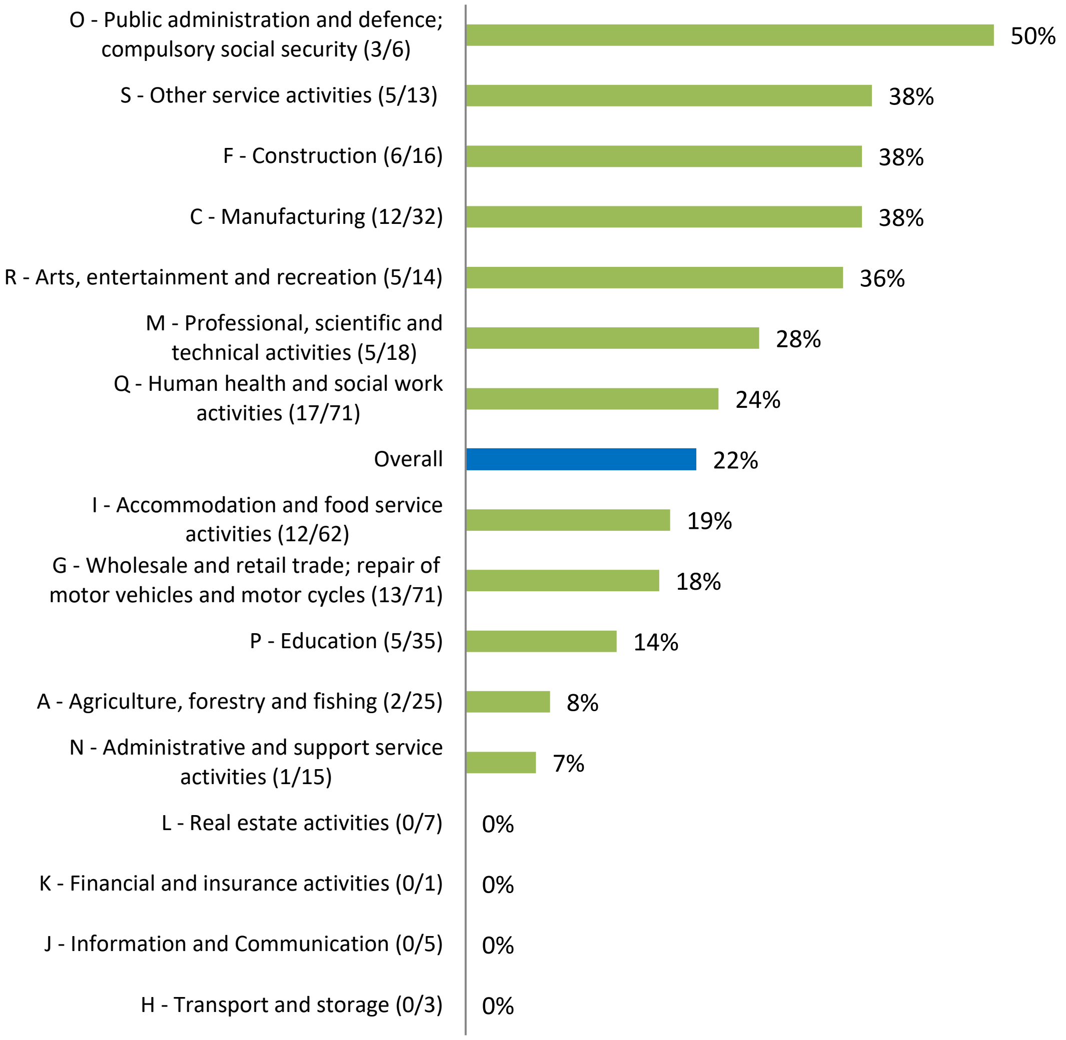
Figure 7.1.3: Do you currently employ any apprentices?



Base: all respondents (*N* = 420)

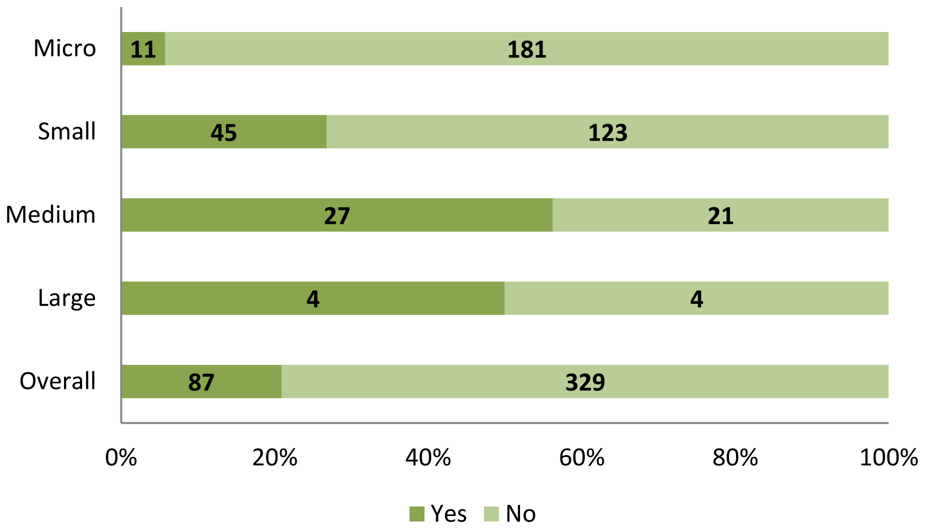
The provision of apprenticeships in the Devon area is quite variable by industrial sector, as shown in Figure 7.1.4. While the overall rate of provision is 22%, there are some sectors where between one-third and one-half of employers provide apprenticeships, and others where provision rates approach or are zero, notably in the service sector.

Figure 7.1.4: Currently employ apprentices by industrial group



One of the defining features of the landscape of apprenticeships nationwide is the variability of apprenticeship provision by business size. In 2013/14, data released by the Department of Business, Industry, and Skills shows that small firms (0-49 employees) have a take up rate of 3.8%, while for medium businesses (50-249 employees) it is 33.7%, and for large firms (250+ employees) it is 61.8%. In Figure 7.1.5, we show that the numbers in Devon mirror this pattern; of the businesses surveyed, micro and small businesses (0-49 employees) have an 18% take up rate (56 out of 304), medium firms have a take up rate of 56%, and half of the large businesses (50%, 4 out of 8) in our survey employ apprentices.

Figure 7.1.5: Apprenticeships by business size



7.2 Preparedness for work

In Table 7.2.1, we show the most often cited areas of work in which apprentices are employed in the Devon area. As can be seen, the most common areas are health and social services and administration (13 and 11 apprenticeships respectively), followed by engineering.

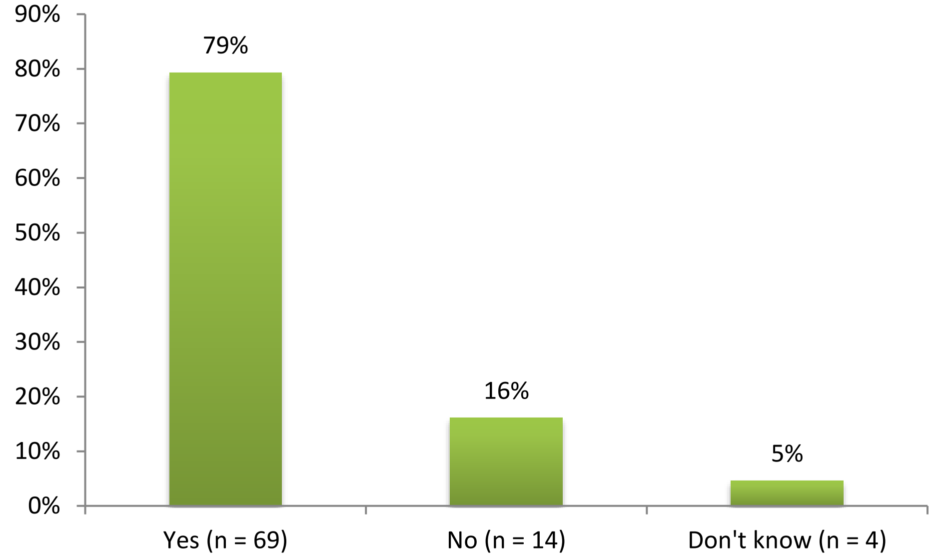
Table 7.2.1: Areas of learning in which apprentices were employed[6]

	n
Health and social	13
Administration	11
Engineering	10
Front of house / customer service	7
Electrical	6
Mechanics	6
Accounting	4
Chef	4
Childcare	4
Construction	4
Fitness	4
Hairdressing	4
IT	3
Landscaping	3
Agriculture	2
Manufacturing	2

[6] The table shows the principal general areas in which apprentices are employed for areas that received more than one mention.

We then asked employers to tell us whether they feel that the apprentices that they have employed have been adequately prepared for work. As can be seen from Figure 7.2.1, over three in four employers (77%) felt that the levels of skills training and preparation of their apprentices has been adequate, compared to only 16% who felt that they have been underprepared.

Figure 7.2.1: Would you say that the apprentices you have employed have been adequately prepared for work at your company?



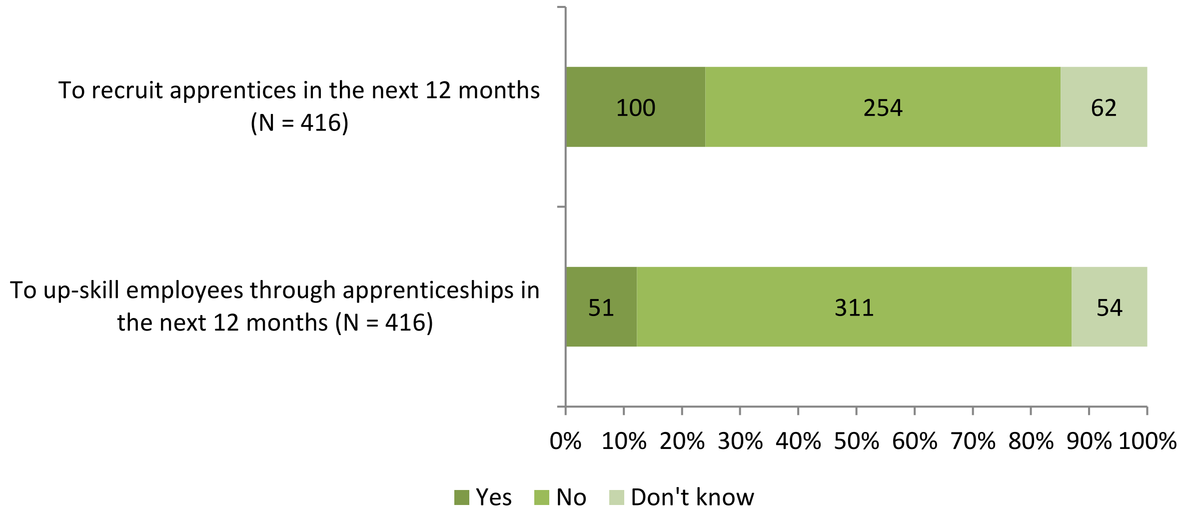
Base: respondents who currently employed apprentices (*N* = 87)

7.3 Recruitment of apprentices

National data show that almost 44% of employers have said in the recent past that they are ready to take on apprentices by 2019.[7] Asked whether they are ready to hire apprentices in the next twelve months, about one in four of the firms in our sample (24%) said that they are, with a further 62 of them (15%) saying that they are not sure at this point. When probed, 52 of them (12%) said that they are ready to upskill existing employees through apprenticeship training programmes in the same period. If we assume that there is no overlap, and adding these categories together (sure of hiring + unsure but maybe will hire + upskilling existing employees) we see a potential pool of just over half (51%) of businesses in the Devon area who have not ruled out engaging in apprentice programmes in the next year.

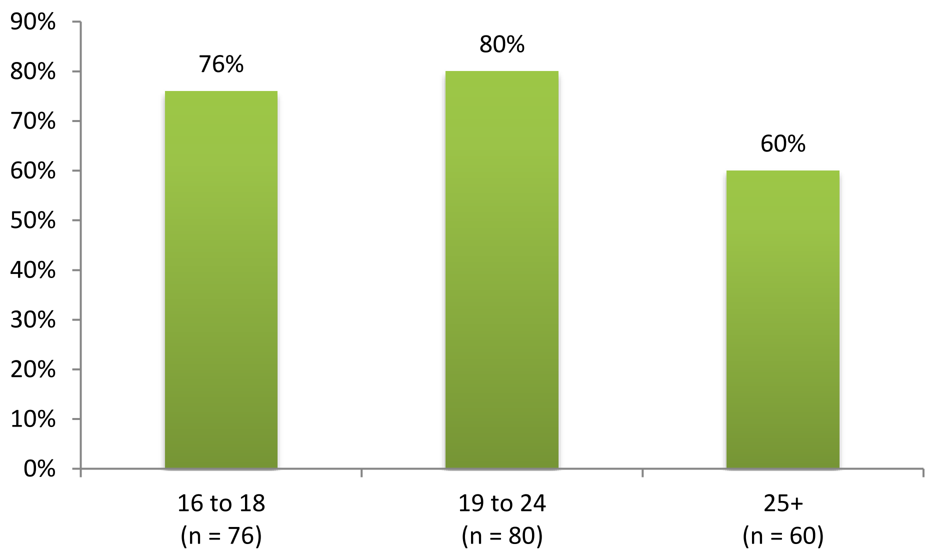
[7] Department of Business Industry and Skills, 2014 (https://www.gov.uk/government/news/almost-half-of-all-firms-set-to-hire-apprentices-by-2019).

Figure 7.3.1: Do you plan…



As shown in Figure 7.3.2, there is a marginal preference among our respondents for taking on younger workers as apprentices; 76% of our sample indicating that they are ready to hire say that they would consider taking on apprentices in the 16-18 age bracket, and 80% would take on those between 19-25. However, two out of five employers (40%) are not willing to consider hiring those 25 and over in an apprenticeship role. These data support the conclusion that employers tend to see apprenticeships as a vehicle for new entrants to the workforce and younger workers to upskill, rather than a means of workforce reconversion for older or more experienced employees.

Figure 7.3.2: What are the age groups you would recruit?



Base: all respondents who said they planned to recruit apprentices in the next 12 months (*N* = 100)

In Table 7.3.1, we provide an overview of the qualitative comments associated with attitudes towards apprenticeships, categorised into positive and negative thematic areas; we have also provided illustrative comments taken from survey responses.

Table 7.3.1: Attitudes towards apprenticeships – quotes showing key themes

Positive	• *Apprenticeships are very good. They are excellent and provide experience of a workplace environment whilst also providing pay. But the individuals have to be motivated.* • *It's working quite well for us to use them, it's been one of the more successful youth initiatives we've tried in recent years.* • *They are great because you get to mould the person into the kind of worker you want and they are cheaper!*
Lack of motivation/employability skills	• *We need apprentices with more energy and motivation. They think that they can do what they do at college. They lack the basic skills that employers want.* • *We're always satisfied with the younger apprentices as they usually have a lot of motivation but the older age groups tend to lack motivation.* • *We interviewed a lot of candidates for apprenticeships. They did not have good communication skills. They did not have good qualifications. They were unrealistic about the role. They had high expectations of the role that was not practical.* • *I think apprenticeships are great, it's a great shame that the colleges don't promote it as much as they should. When we recruit apprentices they have no employ-ability, the colleges haven't taught them how to speak professionally and they haven't even taught them life skills.* • *Poorly prepared in terms of interview and communication skills and basic workplace expectations.*
Lack of practical skills/manual dexterity	• *I think that it's a great scheme and needs to be encouraged because there is a shortage of skills in this country. It does need to be more practically based to produce engineers who can get their hands dirty… It's cultural, when we were kids we worked on cars, now they tend to prefer more IT based or cleaner activities. We notice in the apprenticeships, particularly at levels 4 or 5, that there's a lack of practical training but we're in discussions with the local college to address this. We also use Group Training Development which is made up of directors and members of local engineering companies who organise the engineering apprenticeships, they're practical guys with more commercial awareness which is great.*
Difficulties filling vacancies	• *It can be difficult to fill vacancies for apprenticeships. There are not usually a lot of applicants.*

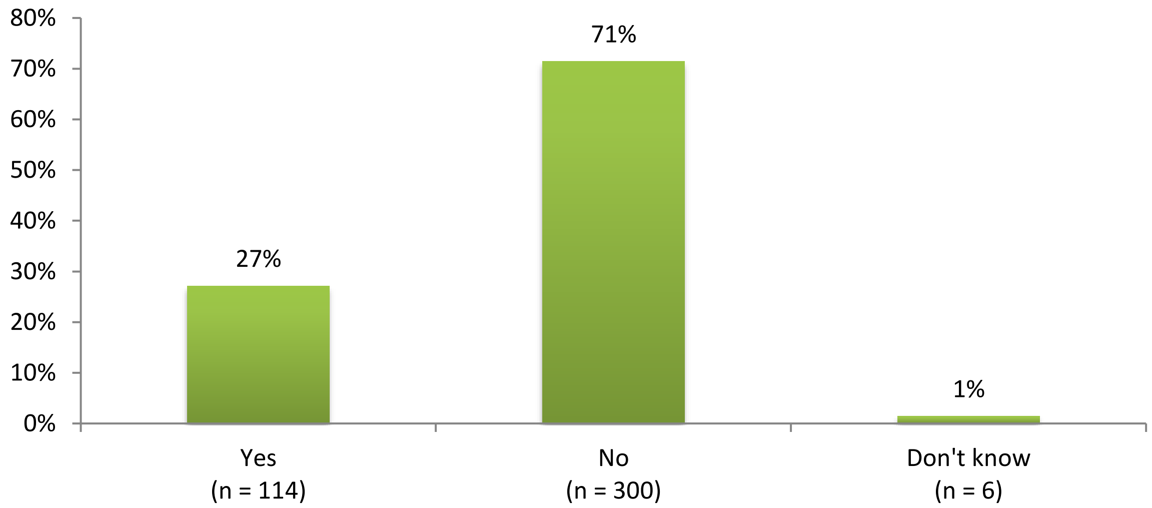
Unease with idea of 'cheap labour'	• *We don't think it's fair to employ apprentices, the wage they get payed is totally unacceptable. Apprentices work the same*

	hours and work just as hard as the staff we have working for us therefore it's not fair, we'd rather offer them a full time job. • *We're not always sure of employing apprentices because the wage they get payed isn't fair, they work just as hard as our staff. We would rather pay them the same wage and offer them a full time job.* • *I think the wage that they are given is absolutely appalling, that's usually why a lot of apprentices lose the motivation to work because they work as hard as the staff being payed quadruple that. I once paid an apprentice twice as much as he was getting payed because it's that unfair for them.*
Lack of interested applicants; often due to low wages	• *We would be interested in an apprentice in the future. We would love one. But no-one is interested.* • *I'm trying to recruit an apprentice at the moment and my staff are trying to tell me the wage is too low and they're better off on benefits so no one will apply.*
Relationships with colleges and schools	• *We never get approached from colleges or schools. We have no connections or links with them.* • *I find working with some schools really tough. They are not open to relationships with local businesses.*
Difficulties for small businesses	• *Apprenticeships can be expensive for small businesses.*

7.4 Mapping work placements / internships

As we show in Figure 7.4.1, the take up rate for work placements and internships is slightly greater than that of apprenticeships, with just over one out of four employers (27%) saying that they have offered such a placement in the last twelve months.

Figure 7.4.1: Over the last 12 months have you offered a placement or internship?

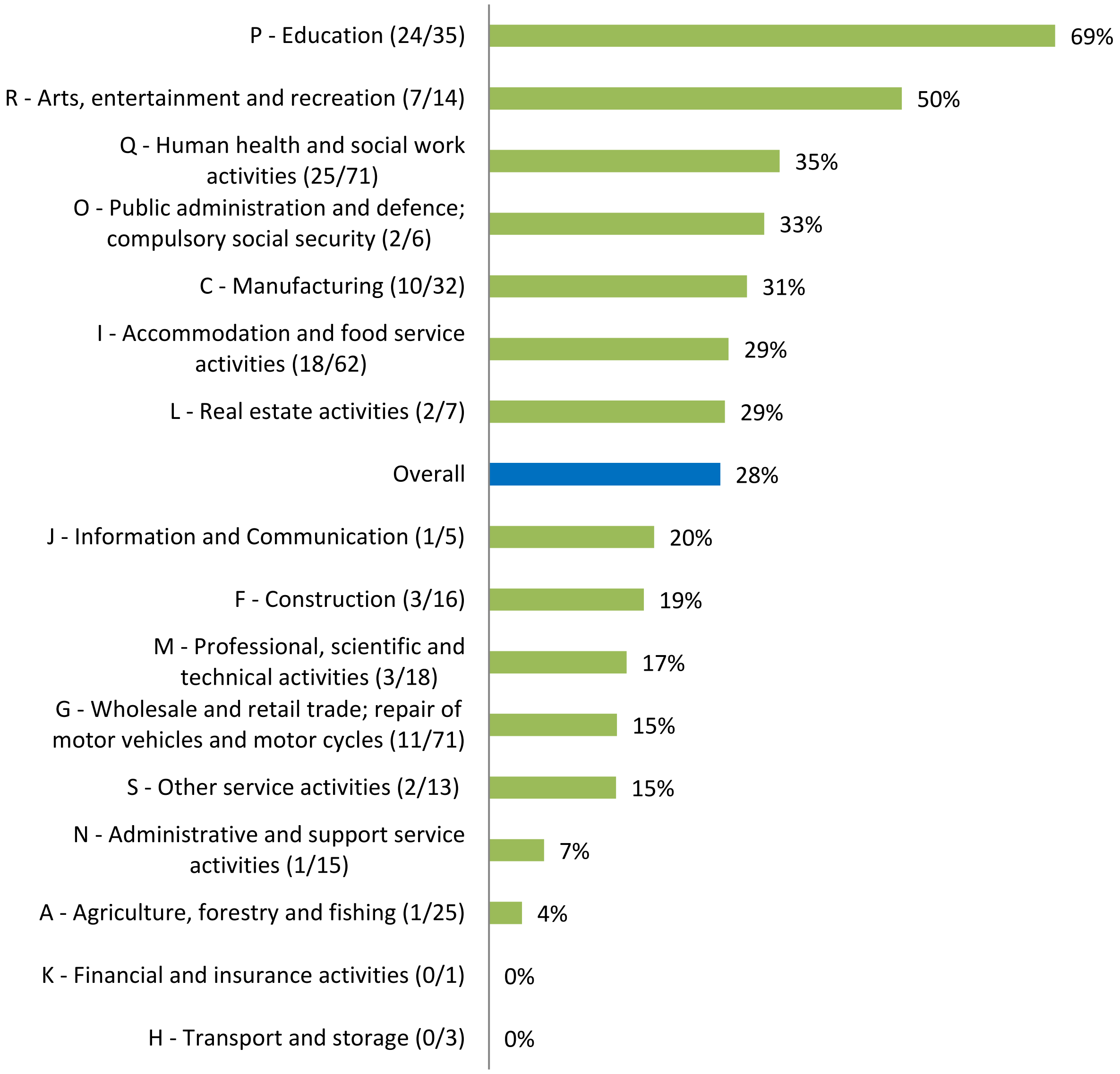


Base: all respondents (*N* = 420)

Again, as shown in Figure 7.4.2, there is a substantial variation across industrial sectors with the highest rates of placement displayed in many, although not all, of the service sectors.

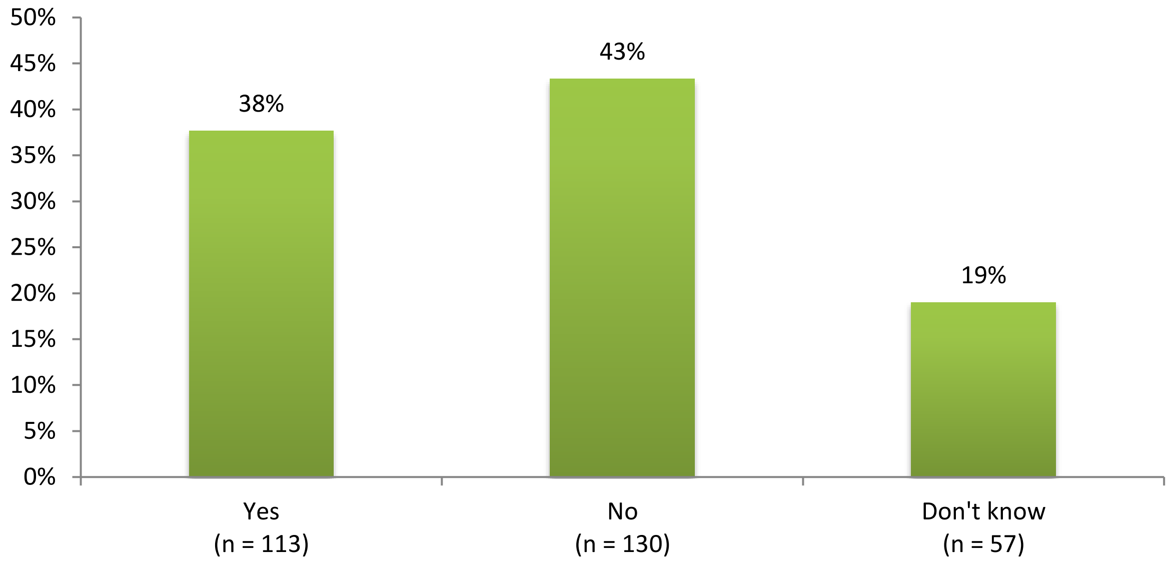
Comparing with the data presented above in Section 7.1, we note that there is a fairly good correlation between sectors that are offering apprenticeships and those that are engaged in offering internship and work placement programmes.

Figure 7.4.2: Work placement by industrial group



Of those who are not currently offering work placements and internships, over one out of three (38%) suggest that they would consider offering such placements in the future (Figure 7.4.3).

Figure 7.4.3: (if not currently) Would you consider offering a placement / internship?



Base: all respondents who had not offered a placement or internship in the past (*N* = 300)

Looking at the reasons why businesses might not want to move towards offering work placements and internships, reasons frequently cited include the time and cost associated with them (18%), the lack of need due to business size (15%) and the general sense that there is either no need or that they are not applicable to the business concerned (30% total of both items).

Table 7.4.1: If no, can you please explain why?

	n	%
Training time and cost	23	18%
Business too small	19	15%
No need	20	15%
Not applicable	19	15%
Lack of experience/industry requires specific skills	8	6%
Too much hassle	6	5%
Prefer long-term staff	5	4%
Age inappropriate work	2	2%
Don't know	3	2%
Insurance	3	2%

Base: all respondents who said they would not consider offering a placement/internship (*N* = 130)

This information is probed more fully in Table 7.4.2, where we investigate further some of the reasons that were given for not offering work placements or internships by presenting selected responses to the question.

Table 7.4.2: Qualitative probing of reasons for not offering placements or internships

Training time and cost	• "[It costs] *time and money in terms of supervision needed…We need staff who are reliable and fully committed"*
Practicality	• *"It's not practical business wise, it's dangerous machinery and we're too small to have one person training or overseeing someone on a placement or internship"*
Inapplicability	• "[Like with] *apprentices, it's not the sort of career for them. It's a minimum wage job with no prospects"* • *"They're not suitable for our industry"*
Lack of experience/industry-specific skills	• *"Sadly, although we're in education we find those coming straight from school or those below degree level can't cope with the complexity and professionalism of what we do"*
Business too small	• *"We are just too small and it's work dependent, if you take someone on when we're busy we still have to keep them on when it goes quiet"* • *"We're a small business and have only 4/5 staff working at a time. I wouldn't feel I could offer this as I don't think we'd actually be able to monitor the placement"*
Preference for staff likely to stay for the long-term	• *"I want the right person committed to the business. A focused person with the right attitude who actually wants to work for the business is what I want"*

8 Conclusions and recommendations

Our research has clearly indicated that the job market continues to be fluid in Devon, with three out of five employers surveyed reporting vacancies and many of those, almost one in two, telling us that they are having difficulties filling them. Given that we have a representative sample of employers across the Devon area, and using the sample mean as a base, we can extrapolate from these numbers an estimate of 13,474 hard to fill vacancies in the preceding twelve months. As we have shown, employers report that these vacancies are producing significant drag on their economic performance, both in terms of increased workloads for existing staff and also for lost market opportunities. In addition, our respondents indicate that hard to fill vacancies impose additional costs (both financial and resource / time) in additional recruitment effort. The overall message is clear; hard to fill vacancies are linked to shortages in skills provision, and employers are bearing the burden of them.

Responses to vacancies and hard to fill vacancies involve workforce retention, targeting skilled recruits, and internal training and professional development programmes. It is encouraging that employers, in general, are able to retain their most valued employees and that they do not report significant difficulties in doing so. On the other hand, their preference for the recruitment of older and experienced workers implies that there may be challenges for those new to the workforce, especially young school leavers with no formal skills education. These preferences are also reflected in the take up rates of apprenticeships; while one in five employers report having engaged apprentices as part of their workforce skills provision, the four out of five that do not do so display varying degrees of scepticism about the role that apprenticeships might play in their particular business environment. From the data that we have analysed above, we make the following recommendations;

Business support programmes should continue to help employers address hard to fill vacancies and mitigate the impact of additional recruitment costs upon employers seeking skilled recruits;

Public authorities have a role to play in connecting businesses to external training providers; where businesses engage in external training, it appears to be successful and well-received;

Particular attention should be paid to the barriers and challenges facing the young, particularly those with a lack of formal training or skills certification;

There is a clear need to better engage businesses in apprenticeship and internship programmes, and to break down negative perceptions and erroneous assumptions of them that are held by many employers;

That Devon County Council consider establishing a panel of business respondents who are willing to participate in future skills surveys, which will enhance the robustness of the longitudinal element in the analysis;

That the survey be conducted on a biennial basis to harmonise reporting

Appendix 1

The 2016 Devon Skills Survey was undertaken from a base of 36,690 VAT-registered enterprises currently operating in Devon. Telephone calling was initiated from a database of 17,978 contacts provided by the Devon Skills Survey project management team to Wavehill. Collectively, those businesses were listed in the database as employing 187,967 employees.

The frequencies of businesses for each size banding in this sample is shown in Table A1.1

Table A1.1: Frequencies of businesses by employee count in the contacts database

Size banding (employees)	Number	Percentage
1	5511	30.6
2-4	7244	40.3
5-9	2374	13.2
10-24	1607	8.9
25-49	627	3.5
50-249	538	3.0
250+	77	0.5
Total	**17978**	**100.0**

From this sample, 5243 calls were made between 24th August and 30th September 2016, over a total of 554.75 hours. 325 of those calls resulted in no contact, 370 refused to take part, 76 were to a wrong number, and 410 complete and 10 partial interviews were conducted.

The breakdown of businesses by size band is given in Table A1.2

Table A1.2: Percentages of businesses by employee count in the completed sample

Size banding (employees)	Percentage
1	1
2-4	33
5-9	11
10-24	25
25-49	15
50-249	12
250+	2
Total	**100.0**

At a confidence level of 95%, and given the population size (all businesses in Devon), our sample yields an unweighted confidence interval of +/- 5%.

In statistical terms, if we wanted to know the actual percentage of all employers, not just those in our survey, who are aware of the apprenticeship levy (see Section 7) we can be confident that 95 times out of 100 that the true answer lies within +/- 5% of our survey response (51% in this case), or somewhere between 46-56%.

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