Northampton Waterside Enterprise Zone Skills Research

A report for Northampton Borough Council and South East Midlands Local Enterprise Partnership (SEMLEP)

Appendix 3a - Phase One Employer Survey Analysis
# Executive Summary


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Executive Summary

- This first phase of the survey has recorded the viewpoints of 500 Northampton and wider SEMLEP based employers in relation to five specific issues: skills gaps and shortages; company engagement with training and professional development; future skills requirements; business performance; and locality as a place to do business;
- Just under 1 in 5 companies (18.2%) stated they were suffering from skills gaps or shortages, a figure that is broadly in line with data from the National Employer Survey;
- A far higher proportion of companies in Education (30%), Professional, Scientific and Technical (29%), Accommodation and Food Services (25.9%) and Business Administration (24.2%) reported the presence of skills gaps and shortages;
- Only 11.8% of Northampton based companies (9 out of 78) stated they were experiencing skills gaps and shortages, far lower than both the national and overall survey averages of 18%;
- Three particular types of skills were identified as being in short supply:
  - Basic and transferable skills;
  - Skilled trades and sector specific skills; and
  - Leadership and management and supervisory skills.
- Professional, Scientific and Technical and Production companies (including Advanced Manufacturing) stated that knowledge of domestic, European and International markets need to be improved;
- Companies with skills gaps and shortages are attempting to tackle the issue through three main mechanisms:
  - Widening the scope of their recruitment through increasing expenditure on advertising;
  - Internal training with existing staff to provide them with the required skills to fill the gap; and
  - Identification of suitable external training courses offered through colleges and private training providers.
- JCP should act as a more effective broker between potential employees and companies. They should play a more active role in identifying appropriate individuals based on the job descriptions and information provided by companies;
- More than three quarters of companies (76.8%) have undertaken either formal or informal training within the last 12 months;
- Of the 384 companies that have engaged with training, one third only use accredited training for between 1 and 10% of their overall training programme. Conversely, almost 1 in 5 companies used accredited courses for between 91 and 100% of their training needs;
- An overwhelming majority (88.6%) stated there were no barriers, leaving only 11.4% in a position to identify barriers. The most common were lack of courses locally (31.6%), cost of courses (26.3%), limited budgets (21.1%) and lack of customised training (17.5%), although clearly the sample sizes for these are very small.
- Future skills requirements were identified in 5 main areas:
  - Technical and Sector Specific Skills;
  - Industry Experience;
  - Management and Leadership Training;
  - Customer Service; and
  - Information Technology.
1.0 Employer Survey

1.1 Introduction

This section provides a detailed analysis of company responses to Ecorys’ telephone survey, which was completed during the last week of November and the first two weeks of December 2012, using a structured questionnaire, the content of which was designed in conjunction with Northampton Borough Council.

This first phase of the survey has recorded the viewpoints of 500 Northampton and wider SEMLEP based employers in relation to five specific issues:

- To identify skills gaps and shortages that are impacting on employers propensity to recover and grow following the economic downturn;
- To assess levels of company engagement with employment, training and professional development;
- To consider likely future skills that will be required to take advantage of market opportunities;
- Respondent views on their business performance in the 12 months preceding the survey; and
- Localities as a place to do business.

The survey has incorporated cross-tabulations by industrial sector (defined by Office for National Statistics Standard Industrial Classifications), together with additional cross-tabulations for locality, company size and, where appropriate, occupational profile.

1.2 Sampling

Phase One of the survey has collated and analysed responses from 500 companies across all industrial sectors within the boundaries of South East Midlands Local Enterprise Partnership (SEMLEP). In ensuring collation of sufficient data by key sectors, early stage discussions and meetings with the client group at Northampton Borough Council led to the incorporation of ‘booster’ samples for each of the six sectors identified via national, regional and local strategic and policy literature.

The sampling framework and associated survey quotas were developed to broadly reflect the structure of the study area’s economy as illustrated in the latest available Business Register and Employment data taken from NOMIS. It is important to note that the aim of this Phase 1 survey has been to provide local stakeholders and decision makers with an overview of business profile of the study area and its constituent localities, to ensure the development of a skills strategy that represents all sectors of the economy and not only those identified as growth sectors. However, in seeking to maximise information from respondents within the growth sectors, whilst also maintaining a representative survey, booster samples were introduced.

1.3 Company Background

The first section of the survey collated information detailing the profile of participating businesses, including organisation/company type (public or private sector), sectoral profile, age of business, company size, turnover and occupational profile.
1.3.1 Company Type

As Table 1.1 illustrates, 76.6% of all survey respondents classified themselves as being private limited companies and 9.4% were sole traders (the proportion of sole traders within the wider population is higher). Only 1.6% of respondents are public sector with 4.8% being public limited companies and 3% being third sector or social enterprises.

Table 1.1 Company Type

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Trader</td>
<td>47</td>
<td>9.4%</td>
</tr>
<tr>
<td>Private Limited Company</td>
<td>380</td>
<td>76%</td>
</tr>
<tr>
<td>Public Limited Company</td>
<td>24</td>
<td>4.8%</td>
</tr>
<tr>
<td>Company Limited by Guarantee</td>
<td>3</td>
<td>0.6%</td>
</tr>
<tr>
<td>Public Sector Organisation</td>
<td>8</td>
<td>1.6%</td>
</tr>
<tr>
<td>Third Sector Organisation/Social Enterprise</td>
<td>15</td>
<td>3%</td>
</tr>
<tr>
<td>Partnership</td>
<td>23</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>500</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

1.3.2 Sectoral Profile (Survey Sample)

As illustrated in Table 1.2 below, the sectoral profile of the survey sample is broadly similar to that of the population as a whole with one notable exception. The proportion of companies involved in Production, Construction, Finance and Insurance, and Professional, Scientific and Technical industries have been increased or have remained high to reflect their significance as key growth sectors for the local economy (with production incorporating advanced manufacturing and engineering companies).

Table 1.2 Sector Profile

<table>
<thead>
<tr>
<th>Nature of Activity (Standard Industrial Classification)</th>
<th>Percentage (Sample)</th>
<th>Percentage (Population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>0.8%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Production</td>
<td>14.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Construction</td>
<td>12.6%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Motor trades</td>
<td>6.4%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>2.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Retail</td>
<td>8.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Transport and storage</td>
<td>4.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>5.4%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Information and communication</td>
<td>6.8%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>5.4%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Property</td>
<td>3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Professional, scientific and technical</td>
<td>13.8%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Public administration and defence</td>
<td>0.2%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>
### 1.3.2.1 Sector by Locality

There are some notable variations from the survey average in production (manufacturing), Retail and Professional, Scientific and Technical. For example, over one quarter of respondents in Bedford (27.8%), Daventry (28.6%) and Oxfordshire (28.6%) work in production, whilst this figure drops considerably to only 9% in Northampton.

As would be expected, there is a greater proportion of companies operating in the retail sector in Northampton (15.5%), Daventry (14.3%) and Kettering (13.3%) when compared to the overall survey average of 8.6% Given the focus on key growth sectors within national and local policy, it was interesting to note that the presence of Professional, Scientific and Technical companies was higher than the survey average and closer to the national average in Bedford (16.7%) and Milton Keynes (16.7%), significantly higher in South Northamptonshire (31.6%) and significantly lower in Northampton (7.7%)

### 1.3.3 Company Size

As in the case of sectoral profile, the breakdown of the survey sample by company size is broadly reflective of the SEMLEP business population as a whole, which is dominated by Small and Medium-sized enterprises employing 10 or fewer staff. The survey sample is also reflective of the very small number of large companies and company headquarters present in the study area,

Focusing attention on company size within particular sectors, Construction has a lower proportion of companies employing between 0 and 5 staff (37%) and a higher proportion employing between 6 and 10 staff (31.5%), Finance and Insurance have a significantly higher proportion of companies employing between 0 and 5 staff (70.4%) and Retail has a far higher proportion of companies employing 11-49 staff (55.8%).

<table>
<thead>
<tr>
<th>Sector</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>2.6%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Health</td>
<td>1.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Other services</td>
<td>5.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Business administration and support</td>
<td>6.6%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Sector</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>2.6%</td>
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<tr>
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</tr>
<tr>
<td>Other services</td>
<td>5.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Business administration and support</td>
<td>6.6%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>
1.3.3.1 **Size by Locality**

Whilst the size of company did not vary considerably from the survey average in the majority of localities, there were one or two exceptions. Most notably, two thirds of companies in Wellingborough (66.7%), 58.7% in Aylesbury and 58.1% in Luton, employ between 1 and 5 staff, a figure that drops to 47.4% in Northampton. At the other end of the scale, 7.1% of companies in Daventry employ between 50 and 99 staff, compared to the survey average of 3.2%.

1.3.4 **Age of Business**

As can be seen from Figure 1.2 below, almost one third of all companies surveyed (30%) have been established for at least 20 years and over two thirds (67%) have been established for at least 6 years. This indicates that the study area has a stable business profile, which is a particular strength, but also a limited influx of new business start-ups. In analysing company age by sector, a higher proportion of production companies have been operating for more than 6 years (79.5%) and over two fifths of retail companies (41.9%) and one third of transport companies (36.4%) have been in existence for at least 20 years. The age profile of the other key growth sectors is broadly similar to the overall survey population.
Figure 1.2 Time Since Establishment

![Bar chart showing the percentage of companies established for different periods.]

Ecorys Business Survey (Survey Response = 500)

1.3.4.1 Age by Locality

Analysis of company age by locality led to a number of interesting findings; findings that may well indicate higher levels of new business start-ups. 1 in 5 respondent companies in Kettering have been in business for less than a year, a trend also mirrored in East Northamptonshire (18.8%) and Milton Keynes (16.7%). At 11.5% Northampton was broadly in line with the survey average, with 11.5% of companies having been in existence for less than one year. It was interesting to note too, that over one quarter of companies based in Luton (25.8%) have been in business for between 1 and 2 years.

1.3.5 Turnover

Associated with company size, the survey also sought to interview companies with varying turnovers from less than £100,000 through to £10,000,000. Turnover is the best proxy by which to measure the performance of a business as it is almost impossible to obtain profitability figures.

As is often the case with responses to turnover, a significant proportion of companies (64.6%) did not wish to provide information, which means the analysis must be treated with a degree of caution. However of those that did (which totals 177 companies), 18.1% had turnovers of less than £100,000, 15.8% had turnovers between £100,001 and £250,000, 13.6% had turnovers of between £250,001 and £500,000 and 17.5% had turnovers of between £500,001 and £1,000,000. This would be broadly reflective of the wider profile of the study area given the high proportion of SMEs involved in the economy. In addition, 27.1% of the 177 had a turnover of between £1m and £5m with only 7% having a turnover in excess of £5m.
The reduced sample size resulting from respondents choosing not to answer the question means that analysis by locality does not yield any meaningful additional information.

### 1.3.6 Location of Suppliers

All businesses operate within and are supported by a network of local, regional, national and international suppliers. The long-term sustainability and growth of a locality is predicated on maximising the usage of locally based suppliers and minimising the outflow of expenditure to different spatial locations outside the immediate locality.

The interpretation of this question needs to be explained as the percentages on both axes can be confusing. By way of example, in taking the second column of Figure 1.4 below, this states that 8.3% of respondents have a supplier base where between 11 and 20% are from the locality. In reviewing Figure 1.4 in greater detail, there is a concerning statistic that over one third of companies (36.8%) have a supplier base where less than 10% are located locally (within 10 miles). More encouragingly, 1 in 6 (14.9%) companies use local firms for between 91 and 100% of their supplies.
1.4 Employment

Following on from providing a general profile of their business, respondents were asked a series of questions relating to their workforce, with particular emphasis on understanding where they live, how staff numbers have changed and the occupational profile of the workforce.

1.4.1 Staff Numbers

Respondents were first asked the travel to work distance of their employees, together with any changes to staff numbers over the last 12 months. With reference to the former, almost two thirds of all companies interviewed stated that between 90 and 100% of their staff live within 10 miles. There were no significant variations by sector, geography or company size.

Almost one quarter (24.4%) of companies reported an increase in staff numbers over the last 12 months, with almost two thirds (62.2%) maintaining current staffing levels and only 12.6% stating a decrease in numbers. Analysis by sector served to identify some variance from this norm, with over one third of Finance and Insurance businesses (37%) recruiting new staff and just over one quarter of Wholesale businesses (27.3%) having to shed staff. In looking at trends in staffing by company size, as would be expected, the smaller the company the lower the proportion reporting increases in staff numbers. Only 15.7% of companies employing 1-5 staff have been able to recruit in the last 12 months compared with one third of companies employing between 6 and 49 and more than 2 in 5 companies (41.2%) employing 51 or more.

Respondents were asked to consider their future staffing levels and, positively, an overwhelming majority (89%) stated they would be looking to recruit staff in the next 2 years.
1.4.2 Occupational Profile

Table 1.3 below provides two comparable statistics, the occupational profile of our survey sample and the profile of the population of the SEMLEP area as a whole, with data for the latter derived from the NOMIS Annual Population Survey (APS). The survey sample has a higher proportion of Managers and Senior Officials and Skilled Trade occupations than the population as a whole. This can be explained by the need to weight the sample to take account of the 6 key growth sectors, some of which have a higher skills profile and a greater proportion of skilled trades (e.g sustainable construction and Advanced Manufacturing and Engineering). The occupational profile of the wider population is skewed towards lower level activities with only 10.3% employed in managerial positions and 12.5% employed in elementary roles.

Table 1.3 Occupational Profile

<table>
<thead>
<tr>
<th>Occupational Level (SOC Codes)</th>
<th>Sample</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers and Senior Officials</td>
<td>28.95</td>
<td>10.3</td>
</tr>
<tr>
<td>Professional</td>
<td>9.61</td>
<td>18.5</td>
</tr>
<tr>
<td>Associate Professional and Technical</td>
<td>5.83</td>
<td>14.0</td>
</tr>
<tr>
<td>Administrative and Secretarial</td>
<td>11.57</td>
<td>11.2</td>
</tr>
<tr>
<td>Skilled Trades</td>
<td>16.43</td>
<td>10.4</td>
</tr>
<tr>
<td>Personal Services</td>
<td>3.74</td>
<td>8.8</td>
</tr>
<tr>
<td>Sales and Customer Service</td>
<td>16.11</td>
<td>7.7</td>
</tr>
<tr>
<td>Process, Plant and Machine Operatives</td>
<td>3.29</td>
<td>6.3</td>
</tr>
<tr>
<td>Elementary</td>
<td>4.46</td>
<td>12.5</td>
</tr>
</tbody>
</table>

Analysis by sector highlights a far greater proportion of Skilled Trades in Production and Construction companies and Process, Plant and Machine Operatives in Production. As would be expected, the retail and Accommodation and Food sectors have a high proportion of Sales and Customer Service staff (57% and 44.3% respectively). The breakdown of other sectors is broadly the same as the sample data detailed above.

1.4.2.1 Occupational Profile by Locality

In analysing occupational profile by locality, there are some notable variations across the majority of occupational levels. Looking first at Managers and Senior Officials, there were higher average scores in Central Bedfordshire (31.25) and Kettering (35.83%) and lower average scores in Daventry (21.1) and Northampton (24.3), when compared to the survey average of 28.95. At professional level, there were considerably higher average ratings in Oxfordshire (22.43) and Luton (15.29) and lower than average ratings in Central Bedfordshire (6.62) and Corby (4.63) when compared to the survey average of 9.61. In Northampton the figure was slightly higher at 11.

There were equally interesting results among Skilled Trade occupations, with significantly higher average ratings among companies in Kettering (23.03), Oxfordshire (22.86) and Bedford (21.06) compared to 16.43 for the survey as a whole. Higher than average ratings for Sales and Customer Service staff were observed among companies in Daventry (28.36) and Luton (22.55), compared to the survey average of 16.11. The Northampton average was slightly higher at 19.29.
1.5 Skills Gaps and Shortages

This sub-section of the survey analysis sought to establish both the extent and nature of the skills gaps and shortages manifesting themselves in workplaces throughout the SEMLEP study area.

Figure 1.5 Skills Gaps and Shortages

As can be seen by Figure 1.5 above, just under 1 in 5 companies (18.2%) stated they were suffering from skills gaps or shortages, a figure that is broadly in line with the national figure, as reported in the Annual Workforce Survey.

Analysing skills gaps and shortages by sector does serve to identify some important variances. A far higher proportion of companies in Education (30%), Professional, Scientific and Technical (29%), Accommodation and Food Services (25.9%) and Business Administration (24.2%) reported the presence of skills gaps and shortages, whereas as lower proportion of companies identified gaps and shortages in the Retail (7%) and Wholesale (9.1%) sectors. Focusing briefly on the presence of skills gaps and shortages by company size, one quarter of companies employing between 11 and 49 staff and over one third of companies employing between 50 and 199 staff (35.3%) stated they suffer from them.

1.5.1.1 Skills Gaps and Shortages by Locality

An important aspect of this work is to identify notable differences and variations between the constituent localities that collectively make up the SEMLEP study area. With reference to the presence of skills gaps and shortages, there are some interesting findings. Most notably, only 11.8% of Northampton based companies (9 out of 78) stated they were experiencing skills gaps and shortages, far lower than both the national and overall survey averages of 18%. This proportion increases significantly among companies in Luton, South Northamptonshire and Wellingborough, where approximately one quarter of companies state the presence of skills gaps and shortages. It is important to note, however, that the number of companies interviewed in each locality is but a fraction of their overall business base meaning that these figures should be treated with a degree of caution.
1.5.2 Nature of the Skills Gaps and Shortages

Having highlighted the presence of skills gaps and shortages among the survey population, it is important to understand the nature of these skills gaps and, in particular the types of skills gaps and shortages by occupational level.

In focusing on the survey population as a whole, three particular types of skills were identified as being in short supply. Firstly, it was felt that there was a shortage of basic and transferable skills, including team working, literacy, numeracy and communication skills. Secondly, across all sectors, skilled trades and sector specific skills were considered to be in short supply and thirdly, leadership and management and supervisory skills need to be increased and improved. With reference to the latter, respondents in sectors such as Professional, Scientific and Technical and Production (including Advanced Manufacturing) stated that knowledge of domestic, European and International markets need to be improved if companies are to maximise the benefits from product export and supply import. These skills gaps and shortages relate closely to those identified at the various occupational levels. Before looking at the specific skills gaps at each of the occupational levels, there is a general trend that can be observed. As the occupational level lowers, the prevalence of transferable and basic skills gaps and shortages increase. Table 1.4 below lists examples of skills gaps and shortages by occupational level.

Table 1.4 Skills gaps and shortages by occupational profile

<table>
<thead>
<tr>
<th>Occupational Level (SOC Codes)</th>
<th>Skills Gaps and Shortages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers and Senior Officials</td>
<td>Leadership and Management, Man Management, Information Technology and Financial Management, Marketing, Knowledge of export markets (particularly among high growth companies)</td>
</tr>
<tr>
<td>Professional</td>
<td>Supervisory and management skills, product design and development, engineering, software development</td>
</tr>
<tr>
<td>Associate Professional and Technical</td>
<td>Electrical Engineers, Mechanical Engineering,</td>
</tr>
<tr>
<td>Administrative and Secretarial</td>
<td>Communication, Customer Service, Information Technology</td>
</tr>
<tr>
<td>Skilled Trades</td>
<td>Motor Mechanics, Precision Engineers, Programmers, Chefs, Baristas, Designers, Builders, Plasterers, Financial Advisors</td>
</tr>
<tr>
<td>Personal Services</td>
<td>Care Staff, Customer Service</td>
</tr>
<tr>
<td>Sales and Customer Service</td>
<td>Communication, literacy and numeracy, Transferable Skills, Information Technology</td>
</tr>
<tr>
<td>Process, Plant and Machine Operatives</td>
<td>Usage of new machinery, Technological change, Professionalism, Transferable Skills</td>
</tr>
<tr>
<td>Elementary</td>
<td>Basic Skills and Transferable Skills, Motivation, Time Keeping</td>
</tr>
</tbody>
</table>

1.5.2.1 Skills Gaps by Locality

Analysis of the nature of skills gaps by locality indicates an interesting finding among companies in Northampton. There is particular concern relating to the attitude of prospective employees to work. It can be difficult for companies to identify people with a ‘hard working’ attitude, who turn up on time and undertake what is required of their roles. This trend is repeated in South Northamptonshire and
Wellingborough, where 66.7% and 60% respectively cite the same issue. The lack of people with the required attitude may well go some way to explaining the reluctance of businesses, across all sectors and geographies, to recruit graduates in favour of other available individuals within the labour market. Looking briefly at verbatim responses highlighting skills gaps by Occupation, the majority of Northampton based companies cite skilled trades, such as precision engineers, chefs and finance and accounting. This reflects the skilled trades identified in the table above.

1.5.3 Company Actions to respond to Skills Gaps

Companies with skills gaps and shortages are attempting to tackle the issue through three main mechanisms. Firstly, Human Resources Departments are widening the scope of their recruitment campaigns through increasing expenditure on advertising both within and outside the region. It is hoped this will attract individuals from outside the study area with the right skills. In addition, a number of companies seeking managerial staff have attempted to poach and head hunt individuals from rival firms. Secondly, companies have undertaken internal training with existing staff to provide them with the required skills to fill the gap. The use of internal training has focused on developing the sector or even company specific skills in the workforce and this tends to relate to skilled trades. Thirdly, companies have attempted to identify suitable external training courses offered through colleges and private training providers, although access to external training has been hampered by limited budgets and a lack of available funding support.

1.5.4 Vacancies

Respondent businesses were asked to identify whether or not they were having difficulty in recruiting staff to fill particular vacancies. As Table 1.5 below indicates, over three quarters of companies stated they had no difficulties in filling vacancies. Analysis by locality indicates notable variations from the survey average in Corby, where only two thirds of companies (68.4%) stated they had no problems with vacancies, and in Daventry, where the figure increases to 89.3%.

The main reason for this was the presence of a highly skilled and larger pool of labour as a result of higher levels of unemployment across all qualification and occupational levels. Interestingly, almost 1 in 6 companies stated difficulties in filling vacancies resulting from individuals lacking the experience or the required skills for the role.

<table>
<thead>
<tr>
<th>Problem</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No problems in recruiting</td>
<td>75.8%</td>
</tr>
<tr>
<td>DK haven't had to employ anyone</td>
<td>1.0%</td>
</tr>
<tr>
<td>Lack of experience/skills</td>
<td>12.2%</td>
</tr>
<tr>
<td>Quality of staff</td>
<td>3.0%</td>
</tr>
<tr>
<td>People with the right attitude</td>
<td>3.0%</td>
</tr>
<tr>
<td>Lacking in practical skills</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Companies are using a variety of means to tackle the problem of hard to fill vacancies. Examples of approaches to minimising the detrimental impacts of hard to fill vacancies include ‘muddling through’ or performing multiple tasks or roles, advertising more widely and further afield to fill particular roles, utilising internal training and the upskilling of staff already within the company, taking on apprenticeships and trainees and utilising agency and sub-contractor staff for short to medium-term periods of employment.
1.5.5 Role of Particular Agencies

When asked what particular agencies and organisations could do to assist companies in the recruitment of the right staff, companies struggled to identify a role for the local authorities aside from facilitating the advertising of vacancies. However, strong opinions were reserved for the role of Job Centre Plus (JCP). There was a general consensus of opinion among survey participants, of the need for JCP to change their approach to employment. In particular, they should act as a more effective broker between potential employees and companies. JCP should play a more active role in identifying appropriate individuals based on the job descriptions and information provided by companies. A number of companies stated there were ‘sick and tired’ of interviewing individuals who did not have the intention of working, but were ‘going through the motions’ in order to retain their benefits. JCP should filter these individuals out and only send people to interview who are genuinely interested in the role and working for that company. JCP are too fixated by the unemployment figures, resulting in highly qualified individuals being employed in lower level occupations where their skills are being under-utilised. One company stated ‘the skills needed by companies are out there, they are just in the wrong place and people do not know where to look’. Too many people are in roles that are different to what they trained for and are working at occupational levels below that which they qualifications enable them to obtain.

When asked explicitly about the role of the Enterprise Zone, companies were positive about how the zone could be used to attract new businesses through the offer of incentives and benefits to business start-ups. However, they were clear that decisions to locate were dominated by the need for the right skills.

1.6 Vision, Strategy and Forward Planning

Survey respondents were asked to identify whether or not they had plans, policies and mechanisms in place to facilitate the training and ongoing professional development of their staff. Responses to a number of specific questions are detailed in Figure 1.6 below.
1.6.1 Business Planning

When companies were asked whether or not they had a business plan, over two thirds (68.6%) stated that they had. Analysis by sector illustrated that a higher proportion of Wholesale companies (81.8%) and organisations operating in Finance and Insurance (74.1%) develop business plans, but only just over half of Transport and Logistics companies (54.5%) had done so. Analysis by company size shows that the larger the company, the more likely they are to develop a business plan, although even at the lower end of company size, almost two thirds of companies employing fewer than 5 staff (60.9%) have developed formal business plans.

1.6.1.1 Local Trends

Analysis by locality indicates a higher proportion of companies in Milton Keynes (79.5%), Corby (78.9%) and Bedford (72.2%) using business plans, with lower proportions in Daventry (53.36%) and East Northamptonshire (50%).

1.6.2 Training Plan

It was positive to note that over half of all companies surveyed (56.4%) have formal training plans for their staff. Training plans are particularly prevalent among the Education (76.9%) and Retail (65.1%) sectors. Although it would be expected that smaller companies would be less likely to develop formal training plans, it was concerning to note that only 37.5% of companies employing 1-5 staff have training plans.

1.6.2.1 Local Trends

Usage of training plans are more prevalent among companies in Northampton (65.4%), Corby (63.2%) and Bedford (61.1%) and significantly lower among companies in Luton and Central Bedfordshire at 41.9% and 46.6% respectively.
1.6.3 Available Training Budget and Training Needs Assessments

The responses for training budgets and TNAs are broadly the same with just over one third (35%) of companies stating they had either a training budget or TNA. In respect of TNAs, the results reflect the survey profile with a high proportion of companies employing a small number of staff. The proportion of companies that undertake TNAs varies considerably by size, with 94% of companies employing over 50 staff utilising TNAs to identify staff requirements.

1.6.3.1 Local Trends

The proportion of companies with Available Training Budgets is higher in Bedford (50%), Milton Keynes (46.2%) and Northampton (42.3%) and lower in South Northamptonshire (18.4%), Corby (21.1%), Luton (22.6%) and Daventry (25%).

The usage of formal Training Needs Assessments is more common among companies in Kettering (63.3%), Daventry (53.6%), Milton Keynes (53.6%), Aylesbury (50.8%) and Northampton, and is less common among companies in East Northamptonshire (31.3%), Corby (31.6%), Bedford (33.3%) and Central Bedfordshire (35.6%).

1.6.4 Internal Staff Appraisal

Aside from Business Planning, the use of Internal Staff Appraisal was the most commonly used mechanism for facilitating staff development and training. This was viewed by many respondents as the most efficient and effective way of gauging both individual and company training needs. Two thirds of all the companies interviewed undertake such appraisals. This proportion is significantly higher among Finance and Insurance (77.8%) Property (86.7%), Education (76.9%) However, a significantly lower proportion of Accommodation and Food (51.9%) and Construction (52.4%) companies undertake formal Staff Appraisals when compared to the overall average.

1.6.4.1 Local Trends

Looking briefly at Internal Staff Appraisals, a far higher proportion of companies in Daventry (82.1%) and a higher proportion of companies in South Northamptonshire (76.3%), Corby (73.7%) and Milton Keynes (73.1%) use internal staff appraisals whilst a smaller number of companies in Northampton (57.7%), East Northamptonshire (56.3%) and Central Bedfordshire (54.8%) utilise them.

1.6.5 Engagement with Training

Survey respondents were asked to state whether or not they undertake training within their businesses. Overall, more than three quarters of companies (76.8%) have undertaken either formal or informal training within the last 12 months, leaving just under one quarter of companies that have not provided training over the same period. When asking the same question of Sheffield businesses, as part of our 2011 Skills Strategy and Action Plan, only 43% had undertaken training in the previous 12 months. There were no significant variations by sector, however, in focusing briefly on company size, over 90% of companies employing more than 11 employees had provided some form of training over the last 12 months. This figure decreases to 64.5% of companies employing between 1 and 5 staff, but even this is very positive.

1.6.5.1 Local Trends

As would be expected, there were a cluster of localities with percentages close to the survey average. However, it was very positive to identify a significantly higher proportion of companies engaging in training in Kettering (93.3%), Corby (89.5%), Daventry (89.3%) and Oxfordshire (85.7%). Conversely,
only 54.8% of companies in Luton and two thirds of companies in Wellingborough have undertaken training over the same period.

**Figure 1.7 Engagement with Training**

![Pie chart showing 76.8% Yes and 23.2% No]

### 1.6.6 Type of Training

Respondents that had stated their engagement with training were then asked to state the type of training they provide to the workforce. The vast majority of companies (77.1%) that engage with training deliver at least some of their training via internal staff. Just over half undertake formal training and development (50.4%) with 55.2% undertaking more informal training. The trends outlined in Figure 5.9 below are broadly mirrored across sizes of company, with one exception, which sees the percentage of companies employing between 1 and 5 staff, utilising off the job training reducing to 41.9%.

Analysis by sector serves to identify a number of interesting findings. Firstly the proportion of companies delivering in-house training within Wholesale (90%), Retail (90.9%) and Production (85.7%) is significantly higher than the average. A higher proportion of Wholesale companies are also making greater use of distance learning (20%). Another point of interest has been the increased prevalence of online courses with almost 1 in 5 (19.8%) respondents having utilised such provision over the last 12 months. Again, a higher proportion of Wholesale businesses (40%) have used online provision, but it is Education businesses with 66.7% that are using online courses the most. Proportions are also higher than the average among Information and Communication (26.1%) and Finance and Insurance (28.6%)

Of interest, given the specific nature of some of the work in sectors such as ICT, Professional and Scientific, Manufacturing, Construction and Health, only 1 in 10 companies provide staff with bespoke training.
1.6.6.1 **Training by Locality**

Analysis by locality indicates a higher usage of online courses among respondents in Luton (29.4%), Milton Keynes (29%), and Northampton (28.8%), higher usage of bespoke training courses among companies in Luton (23.5%) and Northampton (16.9%) and a higher prevalence of in-house training among companies in Luton (94.1%).

1.6.7 **Accredited Training**

Having discussed with respondents the type of training delivery that is most commonly implemented, the questionnaire went on to consider the relative importance and usage of accredited training. Looking first at the proportion of accredited training used, there is a polar relationship with higher proportions of companies at either end of the scale. Of the 384 companies that have engaged with training, one third only use accredited training for between 1 and 10% of their overall training programme. Conversely, almost 1 in 5 companies used accredited courses for between 91 and 100% of their training needs. Analysis by sector illustrates the greater importance placed on accredited training among Construction (33.3% used accredited courses for at least 90% of their training) and Information Technology (26.1%) companies.

The types of accreditation most commonly used fall into three main categories. Firstly, there is the industry and sector specific training, examples including Builders and Master Craftsmen accreditation, Chartered Engineering and Surveying, Pharmaceutical Technician Training and HGV driving license. Secondly, and most commonly there is significant usage made of National Vocational Qualifications (NVQs), particularly Levels 2 and 3 and City and Guilds training. Thirdly, and an area of training particularly important in sectors such as Construction, Finance and Insurance, Accommodation and Food
Services, there is training relating to specific legislative requirements, two common examples being Health and Safety and Food Hygiene.

Overall, just over one third of companies (35.8%) viewed accredited training as very important, just under one quarter considered it to be quite important and 40% stated accredited training was not important at all.

1.6.8 Satisfaction with Training

Survey respondents were asked to state their levels of satisfaction with training in five areas: availability, quality, range, affordability and relevance. The analysis below is based on all 500 business respondents.

**Figure 1.9 Satisfaction with Training**

Taking an overall view of Figure 1.9 above, there are very similar trends across all five categories discussed. It is important to note that a significant proportion of companies did not know a suitable response to these questions, meaning that the analysis below should be treated with some degree of caution.

**Availability:** Just under half (44%) of all companies were either satisfied or very satisfied with the availability of training with only 9.8% stating they were dissatisfied or very dissatisfied. Levels of satisfaction with availability of training were highest among companies operating in Health and Social Work (all companies at least satisfied with the training) and Education (61.6%) and lowest among property companies (33% satisfied with training) Analysis by company size indicated a higher level of satisfaction among companies employing between 50 and 199 staff.
**Availability by Locality:** Looking at location, the highest levels of satisfaction were found in Milton Keynes and Bedford (both 50%) whilst the highest levels of dis-satisfaction with training were to be found in Kettering (16.7%), Corby (10%) and Northampton (10%)

**Quality:** 45.6% of all companies were either satisfied or very satisfied with the quality of training with only 6.6% stating they were dissatisfied or very dissatisfied. Analysis by sector showed higher levels of satisfaction in ICT (52.9%), and Education (77%). There are no other variations by sector. Analysis by company size shows a slightly lower satisfaction level among companies employing between 1 and 5 staff (37.5%).

**Quality by locality:** Focusing on location, highest satisfaction levels are to be found in Northampton (53%) and South Northamptonshire (52.6%), whilst lowest levels of satisfaction with quality were to be found in Central Bedfordshire (10.9%) and East Northamptonshire (12.6%). There is a correlation between these last two figures and the higher usage of in-house training among companies in these localities.

**Range:** 44% of all companies were either satisfied or very satisfied with the range of available training, although 10.6% stated they were dissatisfied or very dissatisfied. Levels of satisfaction with the range of training were broadly similar to the average, with no significant variation. However, of greater concern were the higher levels of dissatisfaction among 3 of the 6 ‘growth sectors’. 15.9% of Construction, 14.5% of Professional, Scientific and Technical and 13.7% of Production companies were at least dissatisfied with the range of training available.

**Range by Locality:** Analysis by location highlighted greater levels of dissatisfaction among companies in East Northamptonshire (18.8%) and South Northamptonshire (15.8%).

**Affordability:** Levels of dissatisfaction with the cost of training was not dissimilar to the proportions in each of the other 4 areas. 42% of all companies were either satisfied or very satisfied with the affordability of training with only 8.4% stating they were dissatisfied or very dissatisfied. There were no significant variations by company size or sector, but there was some variation by location.

**Affordability by locality:** Most notably, levels of dissatisfaction with affordability were in Northampton (12.8%), Luton (12.9%) and East Northamptonshire (12.5%).

**Relevance:** It was positive to note that this category had the lowest levels of dissatisfaction out of the five categories, with only 5.6% stating they were dissatisfied. The only variations were associated with Construction and Professional, Scientific and Technical companies where the level of dissatisfaction increased to 9.6% and 10.1% respectively.

### 1.6.9 Barriers to Training

Although respondents were asked to consider whether there were any barriers to training an overwhelming majority (88.6%) stated there were no barriers, leaving only 11.4% in a position to identify barriers. The only variation came in the company size cross-tabulation, surprisingly among larger companies, with 17.6% of companies employing between 50 and 99 staff identifying barriers. Among the 57 companies that did identify barriers to training, the most common were lack of courses locally (31.6%), cost of courses (26.3%), limited budgets (21.1%) and lack of customised training (17.5%), although clearly the sample sizes for these are very small.
1.6.9.1 Barriers to Training by Locality

There were no significant variations by locality in respect of barriers to training, although slightly higher percentages were identified for South Northamptonshire (18.4%), Kettering (16.7%) and Wellingborough (14.3%).

1.7 Future Skills Requirements

When asked to comment on the current skills gaps and shortages apparent in their businesses, the majority of respondents stated they did not suffer from any. Their response to this question was influenced by two labour force issues. Firstly, the pool of available and skilled labour has increased significantly following the almost exponential growth in unemployment over the last two years, making the prospect of recruitment less daunting. Secondly, companies, particularly SMEs are simply looking to survive into the short-term. This has resulted in staff undertaking numerous corporate roles and covering the duties of staff made redundant in order to ensure cost efficiencies. However, once the economy begins to recover, many companies who have sought to ensure short-term survival will not be as well placed to benefit from the upturn in fortunes.

When asked about the future skills requirements for their company and for the wider local economy as a whole, the most common responses centred on five main areas.

Technical and Sector Specific Skills: A high proportion of companies stated that technical and sector specific skills will remain and become increasingly important. Such skills were of particular importance among Production, Construction, Professional, Scientific and Technical companies and ICT. Examples of such skills included engineers, electricians, hardware and software designers, chefs and electronics.

Information Technology: This was arguably the most commonly cited requirement of companies, with a need for more ICT proficient staff in all sectors and across all occupational levels, but particularly with Management and Supervisory roles.

Management and Leadership Training: This type of training is always flagged up in skills surveys and relates strongly to the higher occupational levels and to the smaller companies that often have managers that lack business acumen and leadership, financial and team management skills. They have often come up with the idea for a marketable product but do not know how to effectively manage the business.

Customer Service: These skills are generally needed at the lower end of the occupational and skills profile and are particularly prevalent among retail food and accommodation and the finance and insurance sectors.

Industry Experience: Lastly, and arguably most importantly from the standpoint of the identified ‘growth sectors’ companies have stated the need for individuals with higher levels of industry experience. This can be obtained via vocational training and work experience, particularly Apprenticeships, which now hold a more prominent place within the training environment. Such training is of particular importance among production, constructions and professional, scientific and technical companies. Many state that graduates and new recruits know all the theory in the world but lack the capacity to channel it effectively within a business context.
1.8 Business Performance

A short section at the end of the business survey questionnaire sought to obtain views on the performance of businesses and their perceptions of likely performance moving forward. Key issues discussed included the quality of their local area, concerns regarding a loss of skills, possible barriers to growth and potential for improved business performance moving forward.

1.8.1 Local area as a place to do business

Looking first at the issue of location and the relative business perception of their locality as a place to do business, the results are highly positive. Focusing on Figure 5.11 below, which details findings for the whole survey population, over two thirds (68.6%) consider their locality to be a good place to do business, with 29% stating their locality is a very good place to do business. Only 4.4% consider their locality to be a poor or very poor place to do business, although almost one quarter (23.6%) of respondents only consider their locality to be an average place to do business.

Figure 1.11 Place to do business

1.8.1.1 Place to do business by Locality

Analysis of the 14 areas incorporated within the SEMLEP boundary, does serve to highlight some notable variations. For example, whilst 52.1% of businesses consider Central Bedfordshire to be a good or very good place to do business, more than one third (35.6%) only view it as average. 10% and 12.9% of businesses in Kettering and Luton respectively, stated their locality as being a poor place to do business, and 42.9% of companies in Wellingborough consider the locality as an average business location. Higher proportions of companies in Milton Keynes (84.6%) and Northampton (74.3%) stated these areas as either good or very good places to do business.
Reasons for positive perceptions of their area included strong transport links, proximity to London, a strong customer base and a strong local business climate, characterised by clustering of activity, particularly in relation to advanced manufacturing and logistics. Negative reasons given related to the proportion of vacant premises in town centre locations, associated dilapidation in such locations, and the need for significant town centre redevelopment, the latter being a point that came across strongly in Northampton despite the broadly positive perceptions of the area. An important strength for companies within, Production, Professional, Scientific and Technical, and Finance and Insurance businesses, was the strong network of universities and higher education institutions, although as discussed later, there are some interesting findings in relation to graduate retention.

1.8.2 Loss of Skills

Results from the business survey show that 91.8% of companies do not consider retirement and the associate loss of skills to be a major issue. However, there are some interesting variations by geography and sector. With reference to the former, 15.8% of companies in Corby and 12.3% of companies in Central Bedfordshire are concerned, both proportions significantly higher than the survey average of 5.8%. In relation to sector, a higher proportion of companies in Production (15.1%) and Wholesale (18.2%) sectors are concerned.

**Figure 1.12 Graduate Retention**

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<th>Yes</th>
<th>No</th>
<th>Don't Recruit Graduates</th>
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<tbody>
<tr>
<td>Proportion</td>
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<tr>
<td>37.2%</td>
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<tr>
<td>3.6%</td>
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<td></td>
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</tr>
<tr>
<td>59.2%</td>
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A more interesting set of results occurred when companies were asked to consider the issue of graduate retention. If we were to simply look at the ‘yes’ and ‘no’ responses, it could be assumed that the study area does not have a problem with graduate retention. However, a statistic of some concern is that more than one third (37.2%) of all companies do not recruit graduates. This statistic is even starker among companies in Production, Construction and Finance and Insurance, where 53.4%, 50.8% and 40.7% respectively, do not recruit graduates. Analysis by company size also highlights that 41.5% of companies employing between 1 and 5 staff do not recruit graduates. The reason in all three cases is simple, experience. Companies stated that graduates have impressive theoretical knowledge but lack the practical understanding to make the most of it. Graduates also lack business acumen, which is a real problem for smaller companies, where staff will have to perform a number of roles and responsibilities.
1.8.3 Barriers to Growth

The last couple of questions asked companies to consider whether or not they had any barriers to growth. As would be expected given the current economic climate and associated uncertainty, one third of the companies interviewed stated they were detrimentally affected through barriers to growth, a situation that appears worse among companies in the Transport (45.5%), Accommodation and Food (44.4%) and Production (37%) sectors and for companies employing between 1 and 5 staff (39.1%). Looking briefly at barriers to growth by locality, a higher proportion of companies are experiencing barriers to growth in Kettering (56.7%), Luton (45.2%), Central Bedfordshire (43.8%) and Northampton (37.2%). Barriers to growth appear to be less of an issue for companies in Milton Keynes (24.4%).

The most commonly cited barriers were cash flow (15.5%), access to finance (13.7%) and competition (12.4%). Only 8.1% of companies that identified a barrier, stated availability of skilled labour to be a problem. The sample sizes by location are too small to discern any meaningful conclusions in relation to barriers to growth.