Employer Skills Survey Analysis and Findings
for
Hull and East Yorkshire LEP and
Hull and Humber Chamber of Commerce LSIP Employer Skills Survey

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Contents

1 Introduction **1**

Background 1
Study aims 1
Study methods 1
Structure of report 2

2 Employer Skills Survey Characteristics **3**

Business location 3
Sectoral mix 3
Size of business 4
Age of workforce 5
Understanding of LSIPs 5
Understanding of types of training and qualifications 6

3 Skills Demand **8**

Short term recruitment plans 8
Short term skills needs 9
Skills and training approaches 10
Apprenticeships 11

4 Skills Supply **14**

Recruitment difficulties 14
Skills gaps 16
Training difficulties 17
Training providers 18
Apprenticeships 20

5 Key Sector Findings **21**

Employer Characteristics 22
Skills demand 22
Skills supply 25
Focus Groups 27

6 Digital Skills **31**

7 Net Zero / Low Carbon Skills **34**

8 Conclusions and Implications **36**

Appendix 1 – Best-fit sector definitions **40**

Appendix 2 – Additional Sector Analysis **41**

1 Introduction

Background

ekosgen, in collaboration with IBP Strategy and Research, on behalf of the Hull and East Yorkshire Local Enterprise Partnership (HEY LEP) and Hull and Humber Chamber of Commerce have been commissioned to undertake an employer skills survey and analysis to better understand the skills needs of local businesses based in Kingston upon Hull and the East Riding of Yorkshire. The analysis seeks to identify the key priorities and changes needed to ensure education and training are more closely aligned to employer and local labour market needs.

Study aims

The purpose of the work is to inform the development of a Local Skills Improvement Plan (LSIP)[1] for Hull and East Yorkshire. The LSIP will:

- Engage and facilitate discussions with employers, providers and other stakeholders to identify employers' skills needs
- Provide an agreed set of actionable priorities that employers, providers and stakeholders in a local area can get behind to drive change
- Place employers at the heart of local skills systems and facilitate collaborative working between employers and providers

This analysis will inform the HEY LEP's Employment and Skills Board (ESB) which brings together providers and employers to help ensure local people are trained for jobs that are available and the Hull and Humber Chamber of Commerce who are the designated Employer Representative Body (ERB) for the Hull and East Yorkshire LSIP.

Study methods

The survey method comprised three elements:

- **Online survey**: businesses were invited to complete an online survey, featuring a combination of closed, structured questions and opportunities for more open ended responses. The survey link was shared via Chamber, LEP and stakeholder employer databases, as well as promoted via websites and social media
- **Telephone survey**: mirroring the content of the online survey to ensure full integration with a target of 100 respondents.
- **Focus groups**: five focus group / workshop sessions centred around HEY LEP target sectors.

Using these three survey techniques, intelligence was gathered relating to the nature of respondent businesses and the key issues they experience in relation to their recruitment, skills and training.

There were **278 respondents in total**, combining the online and telephone survey[2]. Surveys took place in late 2022 / early 2023.

[1] Local skills improvement plans (LSIPs) and strategic development funding (SDF) - GOV.UK (www.gov.uk)

[2] In the process of collating the responses it became clear that there were a small number of responses from multiple individuals within the same business (6) as well as multiple responses from the same individual (3) constituting only 3% of responses. Since this represents only a fraction of the total responses, this is considered unlikely to have any significant impact on the analysis findings and have therefore not been redacted or removed from the dataset.

Within the analysis of survey responses the number of respondents to the relevant survey question is clearly indicated using the base number of respondents.

Structure of report

The report is structured as follows:

- **Section 2** considers the characteristics of the respondent businesses, including their location, main sector alongside their size and workforce age profile.
- **Section 3** provides a summary of the key issues facing respondent businesses in relation to skills demand, including their short term recruitment and skills requirements, training approaches needed, including a focus on the demand for apprentices.
- **Section 4** summarises the key issues facing respondent businesses in relation to skills supply, including recruitment and training challenges faced and skills shortages / gaps.
- **Section 5** provides a more in-depth analysis of the key skills demand and supply issues within HEY LEP focus area sectors, including a triangulation of the survey findings with insight from the focus group / workshop sessions.
- **Sections 6 and 7** delve into cross-cutting themes relating to digital skills and skills linked to the transition to net zero / low carbon economy.
- **Section 8** summarises the key conclusions and recommendations emerging from the survey findings.

2 Employer Skills Survey Characteristics

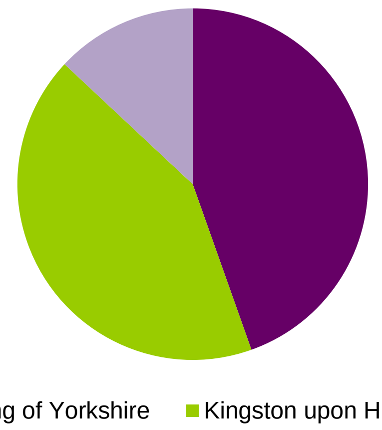
Summary

- The survey approach sought equitable geographic coverage across the HEY area. Compared to the business base of the area, Kingston upon Hull businesses are more highly represented in the survey.
- Manufacturing and construction firms made up 36% of the respondents. Firms in the rural economy and tourism were both significantly under-represented compared to their HEY area profile.
- Respondents represented employers across the size spectrum, however, micro firms (fewer than 10 employees) were significantly under-represented compared to their HEY area profile.
- Employers reported the greatest level knowledge on training and qualifications to apprenticeships, whereas there was comparatively lower knowledge levels for T-levels and Skills Bootcamps.

Business location

Around 87% of the businesses surveyed are located in the HEY area: 45% in East Riding of Yorkshire and 42% in Kingston upon Hull, indicating a balanced response rate across these key authorities. However, compared to the business base of HEY (32% of all businesses are located in Kingston upon Hull)[3], Kingston upon Hull businesses are more highly represented in the survey. The 'other' category is mainly composed of businesses in the Yorkshire and the Humber region (11%) and with representation from businesses located south of the Humber in North East Lincolnshire (6%).

Respondents by local authority



Q1.2 What local authority area is your business located in? (N=276)

Sectoral mix

Respondents were asked which main sector best represented the activities of their business, with a choice of 18 sectors, including an 'Another industry / sector' category. 59 respondents (21%) selected 'Another industry / sector' and were prompted to provide further details that were then used – alongside company name and associated Companies House records – to infer a best-fit to the broad sectors. To accommodate a small proportion of outlier responses, two additional categories were added: 'Other service activities' and 'Arts, entertainment & recreation'[4].

[3] ONS UK Business Counts (2022)

[4] Arts, entertainment & recreation is a recognised Broad Industrial Group but was omitted (erroneously) from the original survey.

The sectors best represented in the survey were the Manufacturing and Construction sectors (both 18% of responses). This response rate was double that of Education (9%) – the next best represented sector. Overall, the profile of responses indicated a wide range across broad sector groupings. All three of these sectors were over-represented in the survey in comparison to the business base of the HEY area, with Manufacturing and Education the most over-represented. Businesses within the Health and Financial & Insurance sectors were also overrepresented. Sectors that were the most under-represented in the survey included Agriculture, Forestry & Fishing and Accommodation & Food Services.

Respondents by broad sector

Broad Sector	% (survey)	% (HEY's business base)[5]
Manufacturing	18%	7%
Construction	18%	14%
Education	9%	1%
Professional, Scientific & Technical	8%	12%
Retail	6%	8%
Health	5%	4%
Finance & Insurance	5%	2%
Other Service Activities	5%	-
Business Administration and Support Services	4%	7%
Transport & Storage (including Postal)	4%	6%
Information & Communication	3%	3%
Accommodation & Food Services	3%	8%
Arts, Entertainment & Recreation	3%	6%
Mining, Quarrying & Utilities	3%	1%
Agriculture, Forestry & Fishing	2%	9%
Public Administration	2%	1%
Motor Trades	1%	4%
Property	1%	3%
Wholesale	1%	4%
Total	**100%**	**100%**

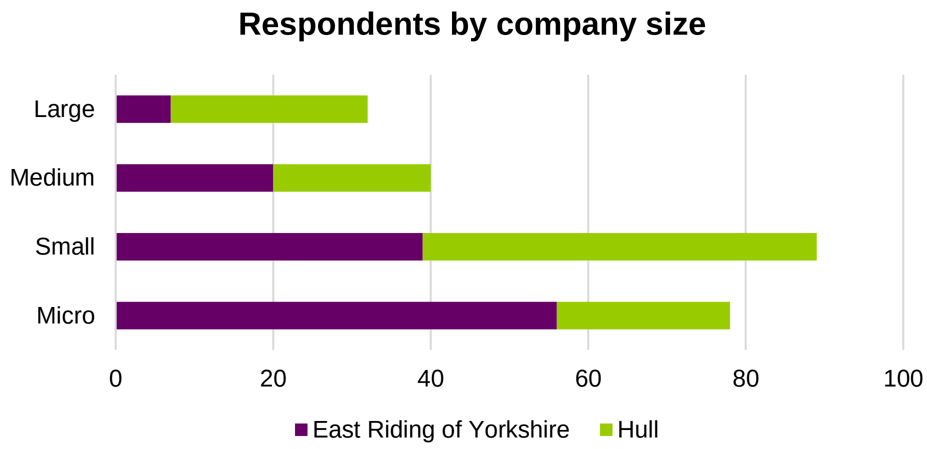
Q1.1b What is your main industry / sector? (N=278)[6] (Columns may not sum to 100% due to rounding)

Size of business

With respect to the size of the companies, the majority of respondents were small companies (10 to 49 employees at 36% of all respondents), followed by micro businesses (less than 10 employees at 30%) and medium size companies (50 to 249 employees at 18%). Compared to the HEY area's business base, small firms in the survey were over-represented (36% vs 10% of all businesses across the wider HEY area), as were medium firms (18% vs 2%) and large firms (16% vs 0.4%). Micro firms constitute 88% of the HEY area business base and were significantly under-represented in the survey.

[5] Source: ONS UK Business Counts (2022)

[6] Over-represented sectors in the survey (compared to the wider business base of the HEY area) are highlighted.

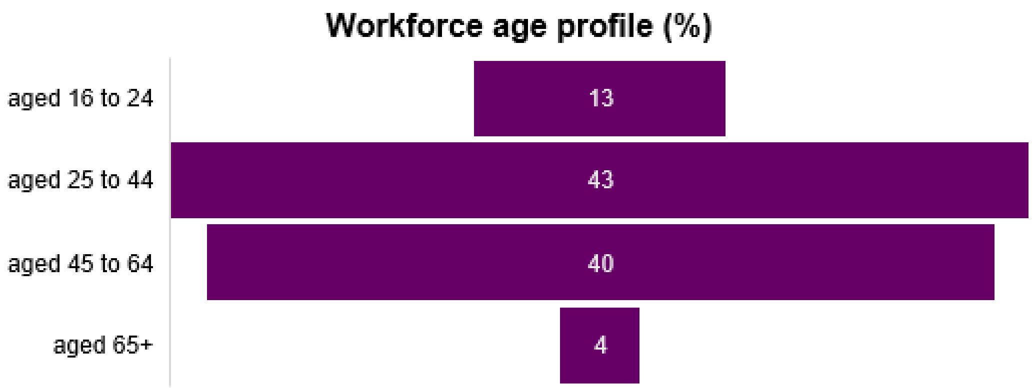


Q1.3 Which of the following best describes the size of your business? (N=276)

The main local authorities represented in the sample show a differing size distribution of their firms: in the East Riding of Yorkshire, almost one in two firms are classified as micro businesses, while in Kingston upon Hull large companies (>250 employees) have greater representation compared to the East Riding of Yorkshire (21% vs. 6%, respectively).

Age of workforce

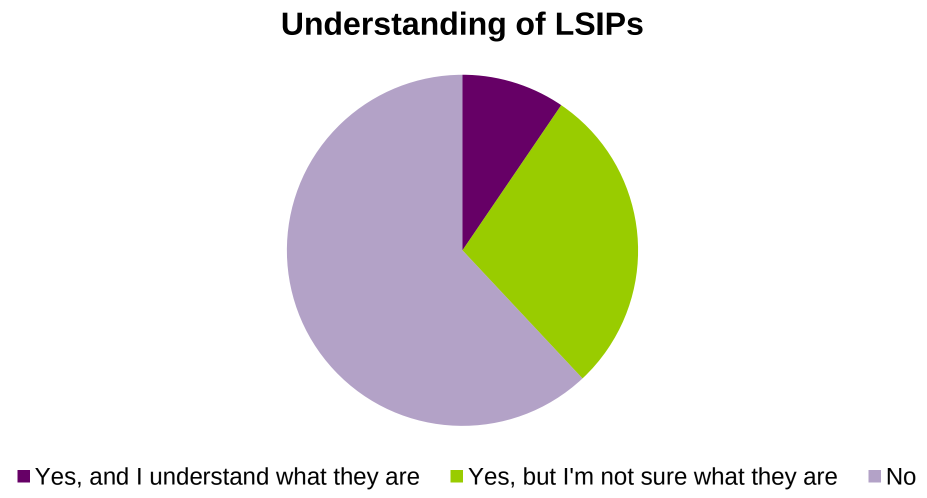
On average, 43% of the respondents' workforce is between 25 and 40 years old, with 40% between 45 and 64 years old. Workers aged 65 and over represented the smallest proportion of the workforce (4%), with nearly 70% of companies surveyed without any worker at that age. Young people constituted 13% of the labour force, and approximately one in three businesses do not hire anyone in that age range.



Q1.4 If you are able, please indicate what percentage of your workforce are in the following age groups. (N=233)

Understanding of LSIPs

62% of respondents reported that they have not heard about Local Skills Improvement Plans (LSIPs), and only 10% indicated that they understood what these plans are. When the latter group was asked to provide a brief explanation, most defined the LSIP as a plan that identifies the key skills needed in a local area and that helps to address these gaps.

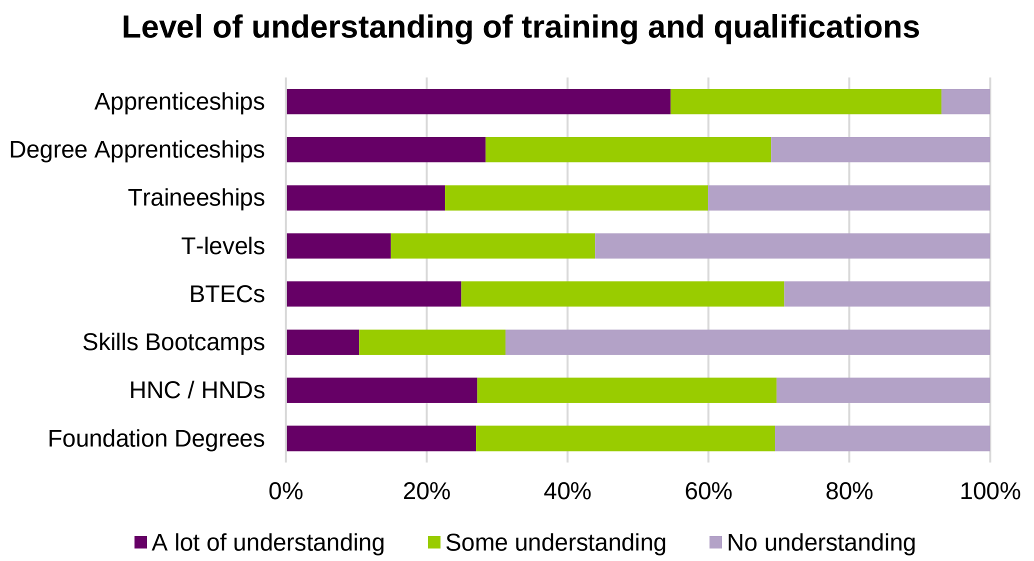


Q3.1a Have you heard of Local Skills Improvement Plans (LSIPs)? (N=263)

Understanding of types of training and qualifications

Respondents reported the greatest knowledge of apprenticeships above all qualification types with 55% of respondents reporting a lot of understanding and 38% some understanding. Degree apprenticeships, Traineeships, BTECs, Higher National Certificates (HNCs) / Higher National Diplomas (HNDs) and Foundation Degrees follow in respondents knowledge and share a similar distribution amongst them: around one in four respondents had a lot of understanding of these qualifications and around 40% have some understanding.

More recently launched schemes such as Skills Bootcamps and T-levels were least understood among respondents with 70% and 56% of respondents reporting no understanding of these, respectively.



Q3.6 How much understanding does your company have of the following types of training and qualifications? (N=261)

62% of respondents attributed their understanding of the vocational training options available, generally, to prior experience.[7] More specifically, 19% of respondents attributed their understanding to working directly with training providers, 14% attributed this to general knowledge / online research and 10% to having a dedicated in-house team dealing with these matters. Other attributable factors included collaboration with business networks / fora (6%), training course attendance (5%) and word of mouth or discussion with family members undergoing such routes themselves (4%).

[7] Q3.7 For those types of vocational training where you have some or a lot of understanding, how did you obtain this understanding? (N=206)

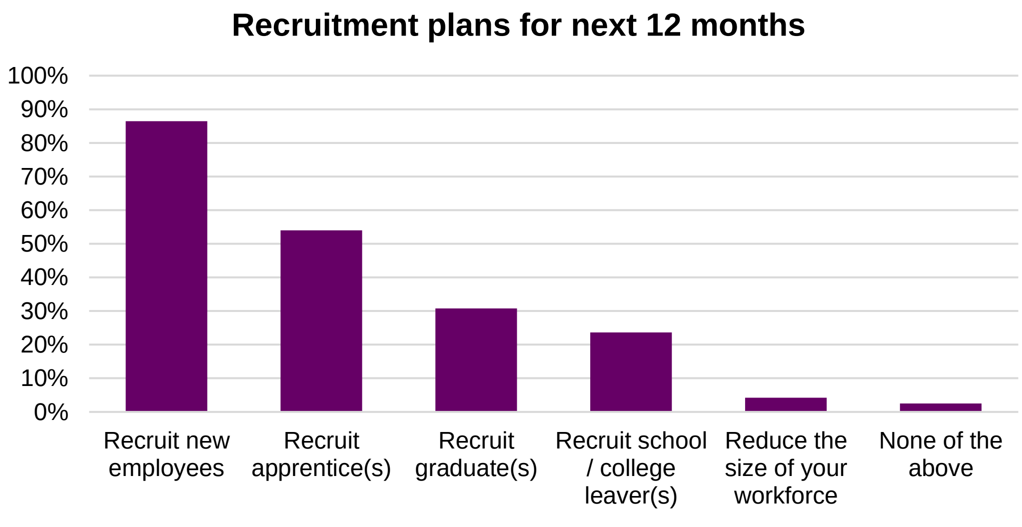
3 Skills Demand

Summary

- Employers reported a short term demand for labour with nearly 90% indicating their intention to recruit new employees in the next 12 months
- Two out of three respondents reported that over the next three years employability skills such as team working, attendance, time keeping and work ethic will be important for their business.
- Three in five respondents considered that access to funding for staff training would be beneficial for their business. Around half of respondents identified the importance of relationship building with training providers to provide tailored and flexible training courses.
- Employer demand for apprenticeships appears to be increasing with a larger share of respondents indicating their plans to recruit in the next 12 months (52%) compared to recruitment in the last 12 months (41%).
- Reflecting the nature of the survey sample, engineering and technical apprenticeship roles were reported as the most commonly sought after by businesses for both past and planned future recruitment.

Short term recruitment plans

Over the next 12 months, most respondents plan to recruit new employees (86%) and half intend to recruit apprenticeships. Around 4% plan to reduce the size of their workforce instead, with financial pressures, such as expected reductions in funding and revenues, cited as the main reasons for this.

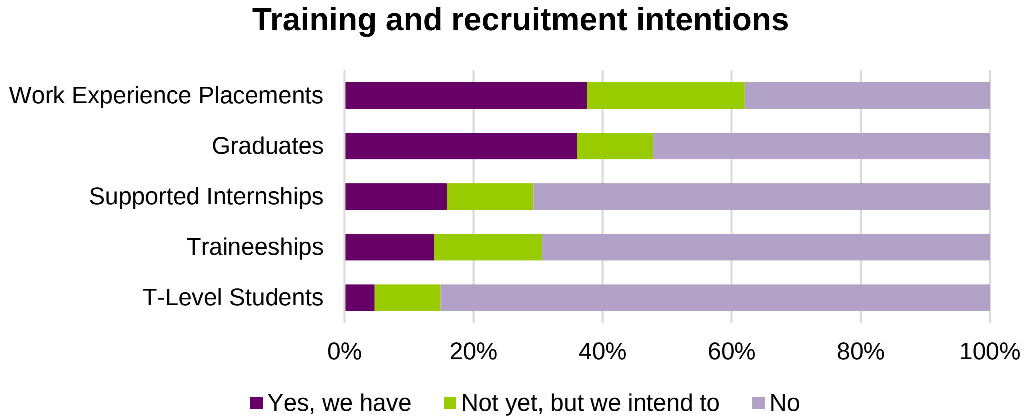


Q2.3a Which of the following do you plan to do over the next 12 months? (N=237)[8]

Regarding the current training programmes in the businesses surveyed, 38% have work experience placements, while 36% reported having graduates. Supported internships and traineeships were less common in local businesses (16% and 14%, respectively).

[8] 'None of the above' has been imputed based on companies responses about reasons for planning a reduction in their workforce such as 'retirement' and 'not to reduce but keep the same'.

Aligned with the level of knowledge about T-levels, only 5% of respondents in the sample reported having T-level students and 85% do not intend to enrol them in the future. Of training and qualification types that businesses were intending to take on (but don't accommodate already) were work experience placements (24% of respondents) and traineeships (17%). For T-level students and graduates the proportion of respondents was lower, at 10% and 12%, respectively.



Q3.8 Have you or are you planning to take on any of the following? (N=256)

Of the 66 respondents that indicated that they were not planning to take on any of the above, over three quarters of these cited either no explicit need at present (27%), the specific nature of work demanding more experienced staff (27%) or time, space or resourcing constraints (26%).[9]

Short term skills needs

Two out of three respondents reported that over the next three years employability skills such as team working, attendance, time keeping and work ethic will be important for their business. The other most important skills highlighted were customer service (59%) and specific technical, practical and occupation skills (56%). Skills that were expected to be less important are literacy (33%), financial management (29%) and skills related to low carbon and transition to net zero (21%).

These priorities change by size of the company. For example, customer service skills appear to be more relevant for microbusiness (75%), but for large companies specific technical, practical and occupation skills are identified as the most important skills needed (79%) followed by leadership and managerial (68%) and IT and digital skills (63%). Skills relating to the low carbon and net zero skills agenda appear to be most relevant to larger companies, with 42% of respondents in larger firms – double the rate for the survey average – considering these as important in the near future.

Relevant skills for the next three years, by company size

Skill / attribute	Total	Micro	SME	Large
Employability skills	66%	68%	68%	55%
Customer Service	59%	75%	56%	39%
Technical, practical or occupation specific	56%	45%	56%	79%
Leadership and managerial	49%	40%	49%	68%
IT and digital	48%	49%	43%	63%
Planning and organisational	44%	49%	42%	47%
Numeracy	35%	40%	33%	34%

[9] Q3.9 If you have not or are not planning to take on any of the above, can you give brief reasons for this below? (N=66)

Skill / attribute	Total	Micro	SME	Large
Sales and marketing	34%	45%	31%	24%
Creativity	34%	35%	33%	34%
Literacy	33%	38%	31%	34%
Financial management	29%	31%	24%	39%
Low carbon and transition to net zero skills	21%	21%	15%	42%
Other	2%	0%	3%	3%
Don't know	3%	5%	2%	3%

Q3.4 Which of the following types of skills and attributes will be important to your business over the next three years? (N=263)[10]

Skills and training approaches

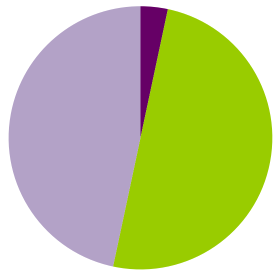
59% of respondents considered that access to funding for staff training would be beneficial for their business. Training courses for specific occupations and those that lead to qualifications are the least demanded by respondents (20%), although those formally accredited are preferred (35%). Instead, companies find relationships with training providers who understand business sector needs and short flexible courses designed specifically for their sector and its needs (52% and 49%, respectively) most useful.

Q3.3 Which of the following skills and training approaches would be of benefit to your business? (N=261)

The survey also explored business preferences for academic or vocational courses to train their staff. Half of respondents considered that vocational or work-based training is more useful. Although only 3% of businesses reported that academic or university training would be more useful, almost 47% considered that both are equally valuable for them.

[10] Top three skills / attributes by company size are highlighted

Usefulness of training courses by provider



Q3.10 Thinking about your staff training needs, do you feel that either academic or vocational courses are most useful to your business, or that these are equally useful? (N=240)

In providing reasons for their answers, the survey analysis indicated that the specific needs and skills requirements of respondents' business or sector was the principal driver of their response (89%).[11]

Apprenticeships

41% of respondents reported having recruited apprentices in the previous 12 months, while 52% plan to recruit them in the following 12 months. Among respondents that have hired apprenticeships in the past, 48% have not seen a change in their demand in the last three years. However, 47% reported to be more interested in this type of training, with only 5% respondents less interested.

Analysis of open text responses indicated that the primary reason(s) for not hiring or planning to hire apprentices was a lack of a specific need for apprentices at present (35%).[12] Other important factors included the cost to business to administer and support apprentices (17%), apprentice roles not deemed suitable for the specific business / sector (14%), past bad experience (11%) and a lack of supply locally (10%). Of respondents who cited past bad experiences, several highlighted the issue of their apprentices – whom they had invested in training and development – being poached by other firms who may not themselves have offered an apprenticeship pathway.

Only five respondents provided a reason for why their business was less interested in employing apprentices, with three citing past bad experiences.[13] Of the 38 respondents who provided a reason for why their business was more interested in employing apprentices, three in five of these cited a need to respond to their business development needs and emerging markets (30%) and a need to grow their own talent because of a lack of available skilled talent in the marketplace (also 30%).[14] 16% cited positive experiences with employing apprenticeships which has made them more interested in this route.

Reflecting the nature of the survey sample, engineering and technical apprenticeship roles were reported as the most commonly sought after by businesses for both past and planned future recruitment. This was followed by administrative roles, skilled trades and elementary occupations (encompassing factory or manufacturing jobs that may have technical skill requirements). There was a reported increase

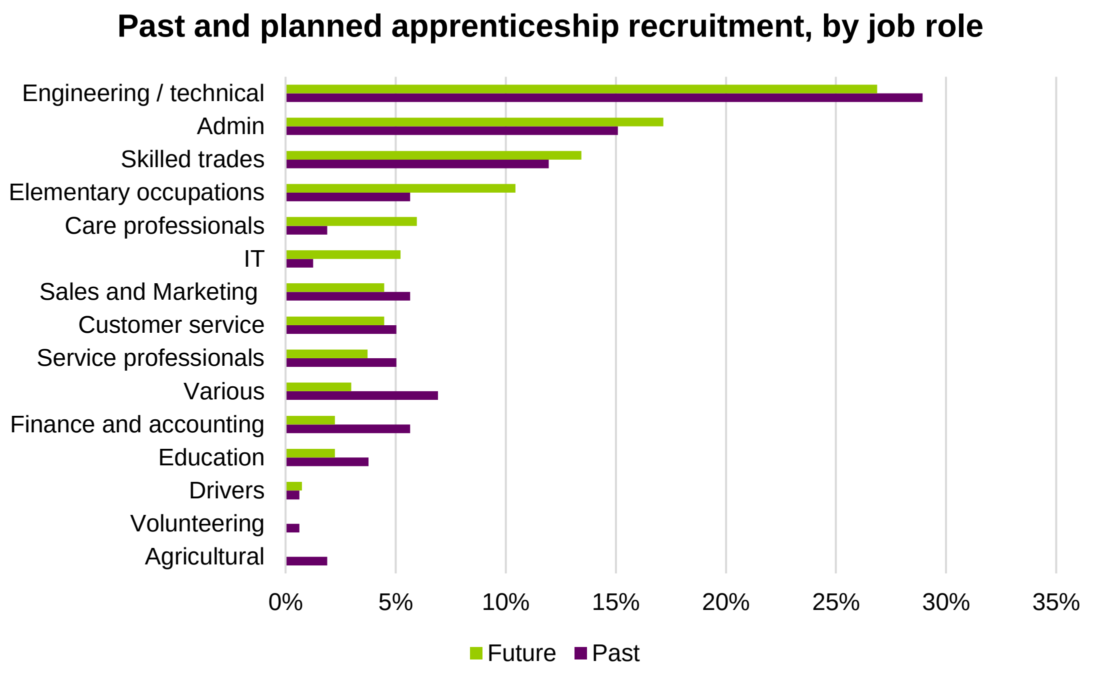
[11] Q3.11 Should you wish, please provide brief reasons for your answers. (N=144)

[12] Q4.3 If you have not or are not planning to recruit apprentices, can you give brief reasons for this below? (N=131)

[13] Q4.9a If your company is less interested in employing apprentices, why is this? (N=5)

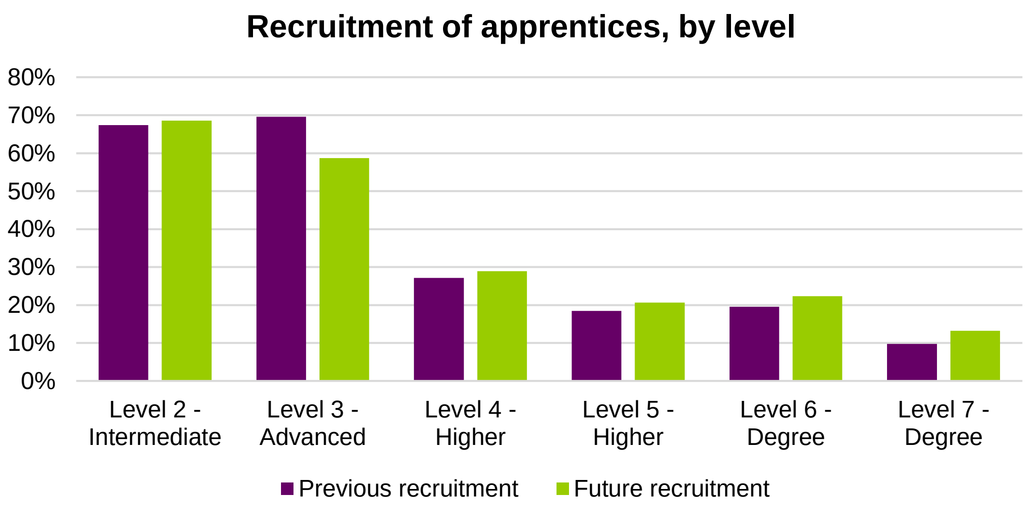
[14] Q4.9b If your company is more interested in employing apprentices, why is this? (N=38)

in demand (planned future vs past) for apprentices in the following job roles: elementary occupations, care professionals, IT, administration and skilled trades.



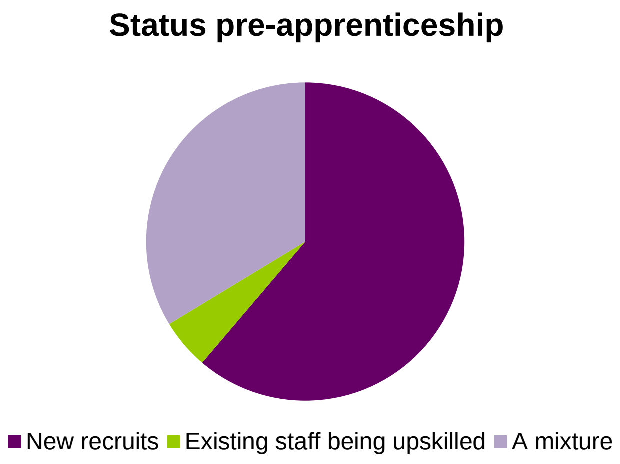
Q4.4a Which jobs have you recruited apprentices for? (N=93); Q4.4b Which jobs are you planning to recruit apprentices for? (N=115)

The survey indicated that Level 2 (Intermediate) and Level 3 (Advanced) were the most commonly hired levels of apprenticeships by local businesses in the past as well as expected to be recruited in the future.

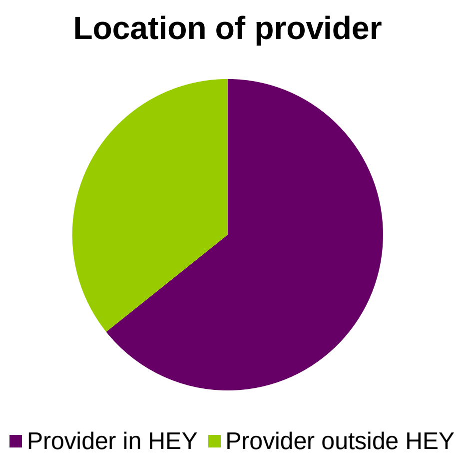


Q4.5a To what level have you recruited apprentices for in the past? (N=92) Q4.5b To what level are you planning to recruit apprentices for in the future? (N=121)

Current apprentices in local businesses were mainly new recruits (61%). Only 5% of companies reported that their apprentices are part of the existing staff being upskilled, while the remaining 34% reported a mixture of new recruits and existing staff. Just under two thirds of respondents indicated that the location of the apprenticeship provider was within the HEY area.



Q4.6 Are your apprentices...? New recruits to the company; Existing staff who are being upskilled; or A mixture (N=98)



Q4.7 Is your apprenticeship provider located within Kingston upon Hull City Council or East Riding of Yorkshire Local Authority areas? (N=98)

Apprenticeship Levy

The survey findings indicate that two thirds of businesses pay the apprenticeship levy[15], but only 52% of them use all of their funds.[16] When asked about why respondents do not use all of their levy, the most frequent answers were that the cost of releasing staff for training would be too high (44%) and the lack of suitable candidates (32%). Other reasons include that the apprenticeship standard does not meet their needs (16%) and that since the levy amount is too high it would be impossible to manage a higher number of apprentices (16%).

The scheme also allows levy paying employers to transfer part of their funds to other employers, particularly to help smaller businesses to invest in training for their apprentices. However, despite the fact that 48% of levy payers do not use all of their funds, only 19% of them transfer the unspent levy to another employer[17], and among those that do not currently transfer, 63% indicated a willingness to transfer it.[18] This is equivalent to 16% of the total sample.

Among businesses that do not pay the apprenticeship levy, 48% considered that they would benefit from receiving a transfer payment since it would enable them to take on an apprentice.[19] This is also equivalent to 16% of the total sample.

[15] Q4.10 Do you pay the apprenticeship levy? (N=91)

[16] Q4.11 Do you use all of your apprenticeship levy? (N=54)

[17] Q4.13 Do you transfer your unspent levy to another employer? (N=26)

[18] Q4.14 If no, would you be willing, in principle, to transfer your unspent levy to another employer? (N=19)

[19] Q4.15 Would you benefit from receiving a levy transfer payment from another employer to enable you to take on an apprentice? (N=27)

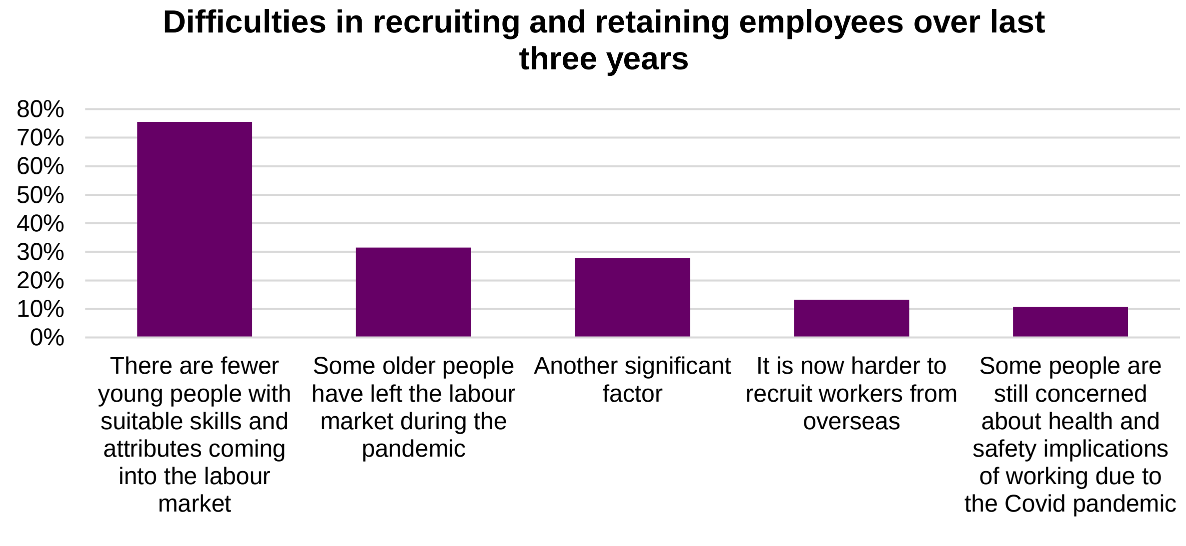
4 Skills Supply

Summary

- Over 80% of respondents have experienced recruitment challenges within the last 12 months.
- Overwhelmingly, recruitment challenges within the last three years were attributed to there being fewer skilled young people entering the labour market (75% of respondents).
- Alongside having a larger pool of skilled and experienced labour to draw from locally, two in five employers cited the candidates' quality, attitude and employability as the single thing that would make the biggest difference to easing current recruitment difficulties.
- Alongside employability skills and IT and digital skills, technical, practical and occupation specific skills shortages are being felt most keenly by employers at present.
- Half of employers considered that the time available to enable their staff to undertake training is a barrier. Financial assistance to support the time / cost of training and developing their workforce was identified as the most important single aspect to overcome existing barriers.
- While three in five employers reported that they knew where to access training services to support their needs, a significant proportion of employers (35%) indicated that they do not have any relationship with training and education providers in the HEY area.

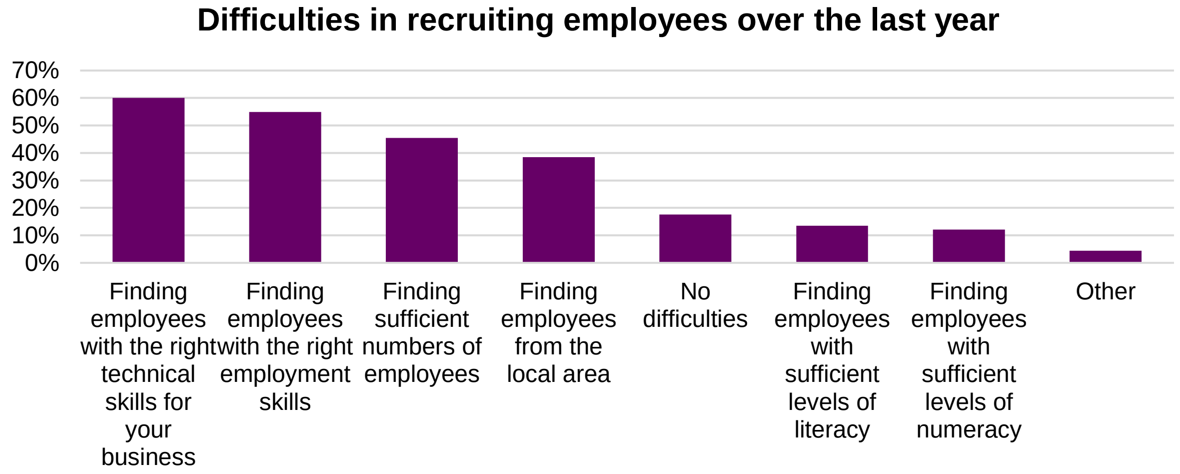
Recruitment difficulties

When asked about the difficulties that local businesses have been facing over the past three years to recruit and retain employees, three out of four respondents considered that there are fewer skilled young people coming into the labour market. Alongside this, 32% attributed recent recruitment difficulties to older people who have left the labour market during the pandemic. Within the 'Another significant factor' category, most businesses reported a shortage of qualified workers – particularly with engineering and digital skills (10%), as well as difficulties to compete with higher salary expectations (7%).



Q2.1 Which of the following factors have you found to be an issue in recruiting and retaining employees over the past three years? (N=241)

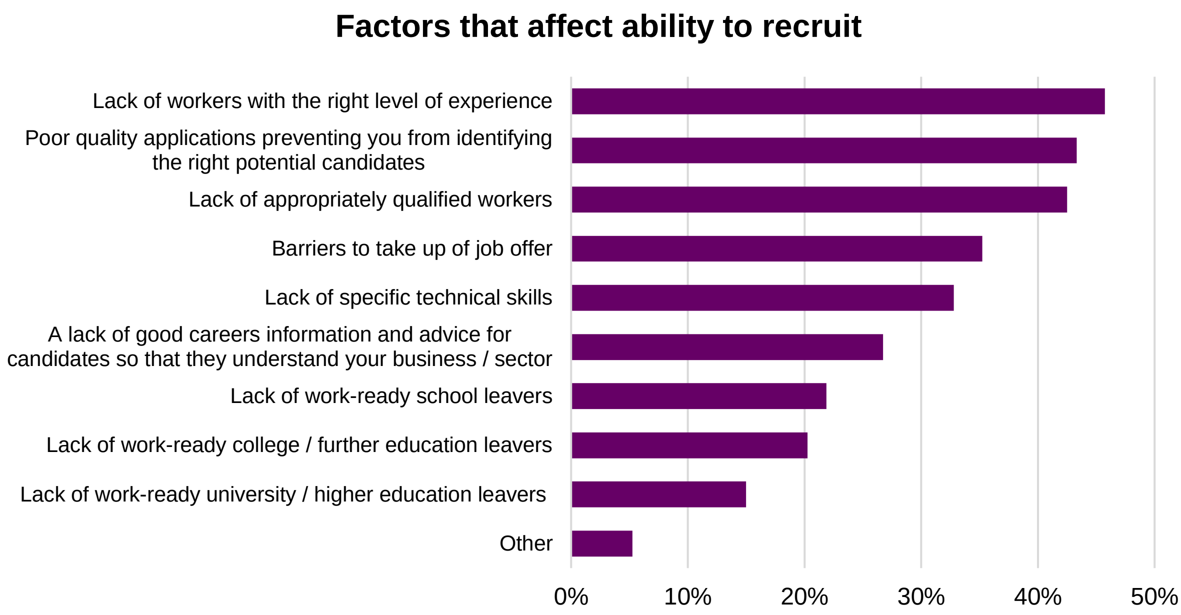
The recruitment of employees has been particularly challenging within the last 12 months, with 82% of respondents reporting a difficulty in the recruitment process. Finding employees with the right technical skills and employment skills represented an issue for 60% and 55% of respondent businesses, respectively. Finding sufficient numbers of employees was the third most frequent answer (45%), followed by difficulties finding employees from the local area (38%).



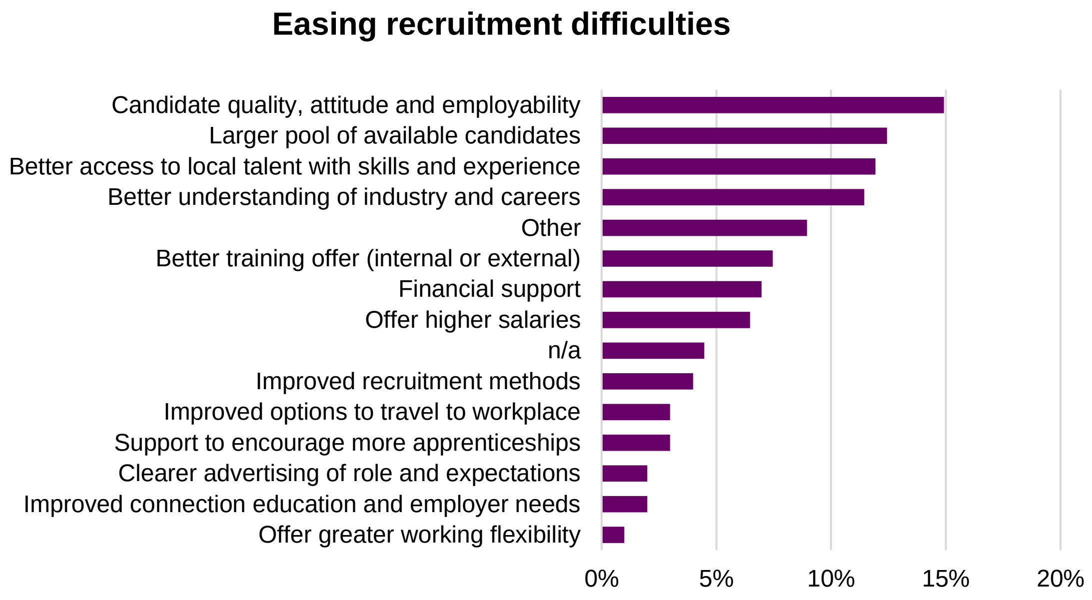
Q2.2 During the last 12 months have you experienced any of the following difficulties in recruiting? (N=273)

Generally speaking, finding employees with sufficient numeracy and literacy skills was not seen as a major recruitment challenge for respondents.

Survey responses indicated that the lack of experience, qualifications and specific technical skills of workers explained the difficulties in recruitment (46%, 43% and 33%, respectively), but also the poor quality of applications which makes it difficult to identify the right potential candidates (43%). Barriers to take up of job offers (e.g. pay, shift patterns, transport and caring responsibilities) also affected the ability to recruit for 35% of respondents. The 'other' category (N=9) generally represented respondents who were dissatisfied with the quality of applicants.



Q2.4 Do any of the following affect your ability to recruit? (N=247)

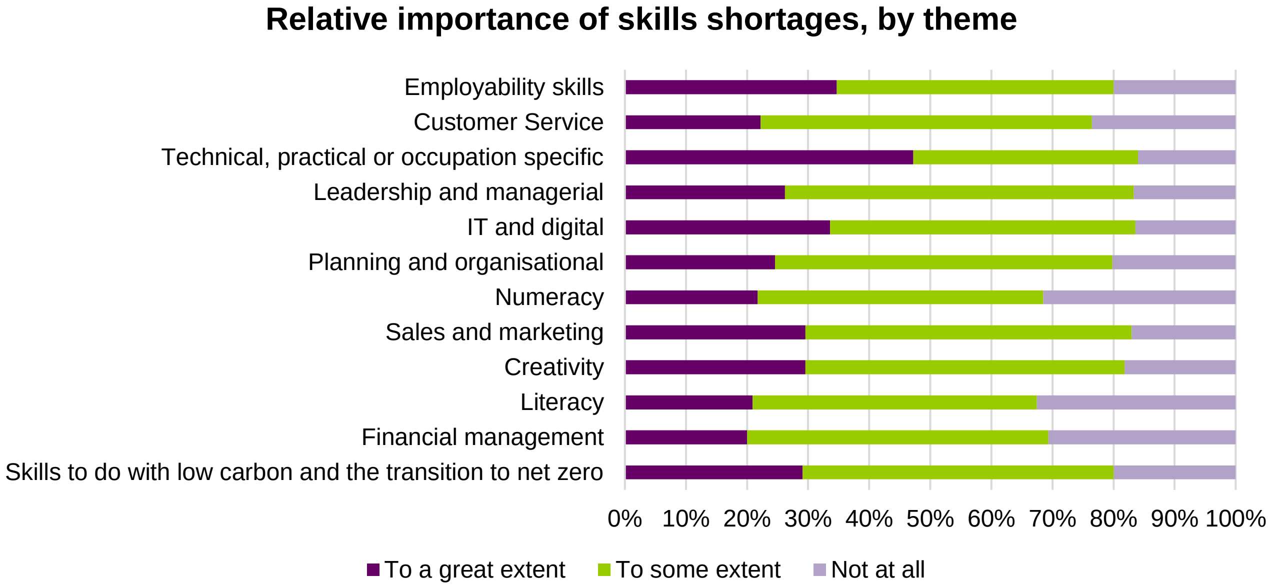


Q2.5 What single thing would make the biggest difference to easing any recruitment difficulties that you may have? (N=201)

The most commonly identified single factor in helping to ease current recruitment difficulties was candidate quality, attitude and their employability skills (15% of respondents). Having a larger labour pool also featured highly (12%) as did access to local skilled and experienced workers (12%) and helping to develop a better understanding among candidates, educators and wider society about the career paths and opportunities within different industries (11%).

Skills gaps

As mentioned in Section 3 (Skills Demand), the majority of respondents indicated that employability skills, customer service and specific technical, practical and occupation skills will be important for them over the next three years. In terms of how this is translated into skills shortages or gaps, nearly half of respondents indicated technical, practical and occupation-specific skills shortages were being felt to a great extent. The next most important skills shortages reported were employability skills (35%) and IT and digital skills (34%). In contrast, literacy, numeracy and financial management skills were reported as being the least important in terms of current skills shortages (33%, 32% and 31%, respectively).



Q3.5 To what extent are there currently skills shortages or gaps in those areas that you have said are important? (N=256) [20]

According to 40% of respondents, these skills gaps could be met through flexible, short training courses.[21] In particular, it was noted that IT and digital skills (20%) and technical, practical and occupation-specific skills (13%) were the skills shortages more likely to benefit from this kind of training.[22]

Training difficulties

With respect to staff training, almost half of the respondents considered that the time available to enable their staff to undertake training is a barrier, with other significant barriers including the relevance and cost of training courses (38% and 36%, respectively).

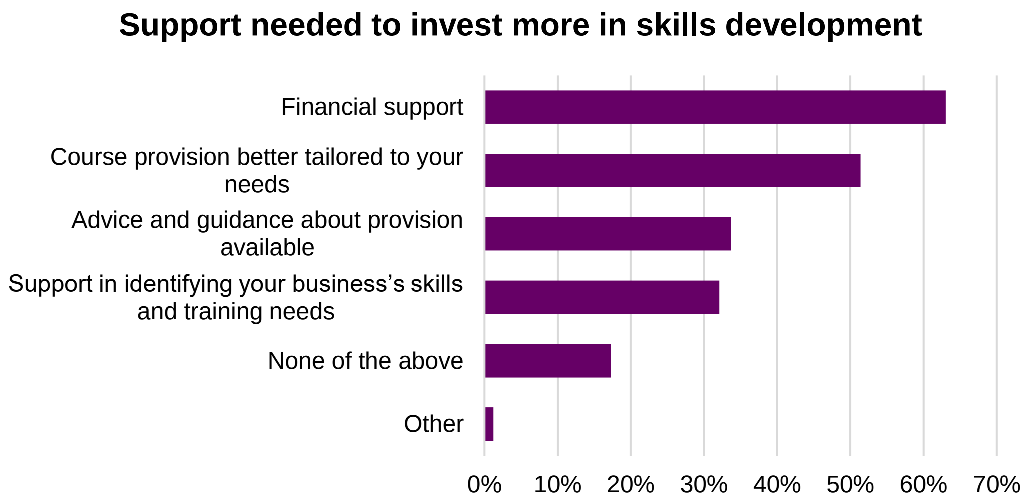
Q3.2 Which of the following are barriers to your business undertaking staff training? (N=262)

[20] Option 'Other' has been omitted in the chart because of the small number of observations (N=4).

[21] Q6.1 Do you have any specific skills gaps that could be met through flexible, short training courses? (N=240)

[22] Q6.2 Which skills gaps do you think could be met through flexible, short training courses? (N=96)

The survey responses indicated that financial support (63%) and provision of tailored courses (51%) are most needed by businesses to allow them to invest more in skills development and address training difficulties. A lower proportion of respondents suggested that they needed advice and guidance about available provision (34%) or needed support in identifying their business and training needs (32%).



Q3.12 Which of the following would encourage your organisation to invest more in skills development? (N=249)

When asked about the single thing would make the biggest difference to being able to successfully train and develop their workforce, the majority of respondents indicated that greater funding to support this was the most important factor (27%).[23] Other significant factors included improved access to (and availability of) local training providers and courses tailored to their business needs (23%) and the time to invest in training and developing their workforce (16%). To a lesser extent, respondents suggested that staff or candidate attitude and greater willingness to take part in training was important (5%), as were developing a business plan or better processes for training and development and greater flexibility of training to fit around business needs (both 4%).

Training providers

Around 58% of respondents reported that they had an understanding of where to access the training they needed for their workforce.[24] This displayed variation by business size, with only 46% of respondents from micro businesses showing an understanding of where to access training, compared to 69% and 68% for large and medium sized firms, respectively.

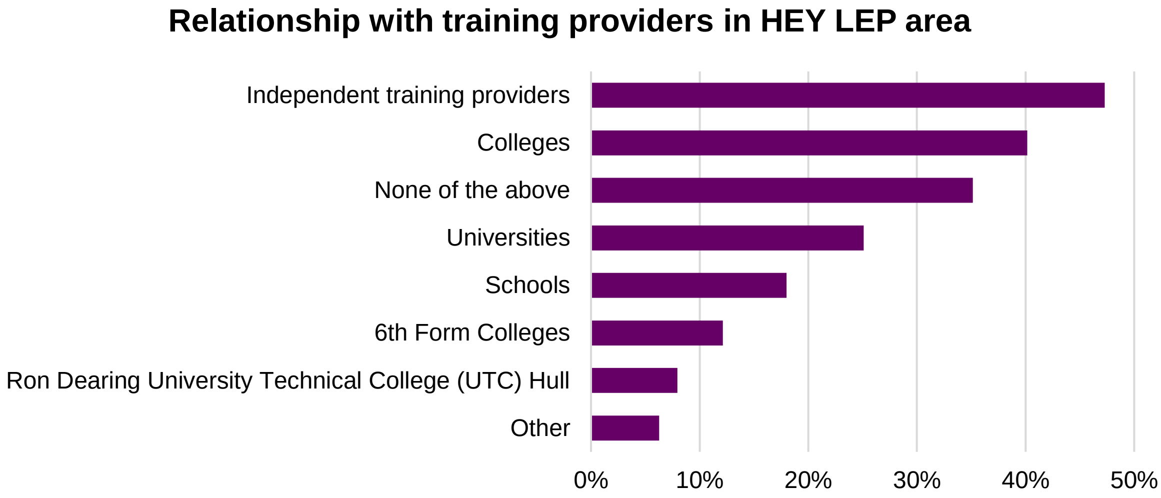
The majority of respondents reported that they access the training and development support needed for their workforce from local or regional training providers (29%).[25] In-house training or internal networking was the second most common form of accessing their needs (17%), followed by national organisations or providers such as sector professional bodies or national training boards (16%).

[23] Q3.13 What single thing would make the biggest difference to you being able to successfully train and develop your workforce? (N=180)

[24] Q6.3 In general, do you know where to go to access the training and development support you need for your workforce? (N=240)

[25] Q6.4 Where would you go to access the training and development support you need for your workforce? (N=129)

When asked about the existence of relationships with training and education providers within the HEY area, 35% of respondents indicated that they do not have one. Independent training providers emerged as the most engaged with local businesses (47%), followed by colleges (40%) and universities (25%).



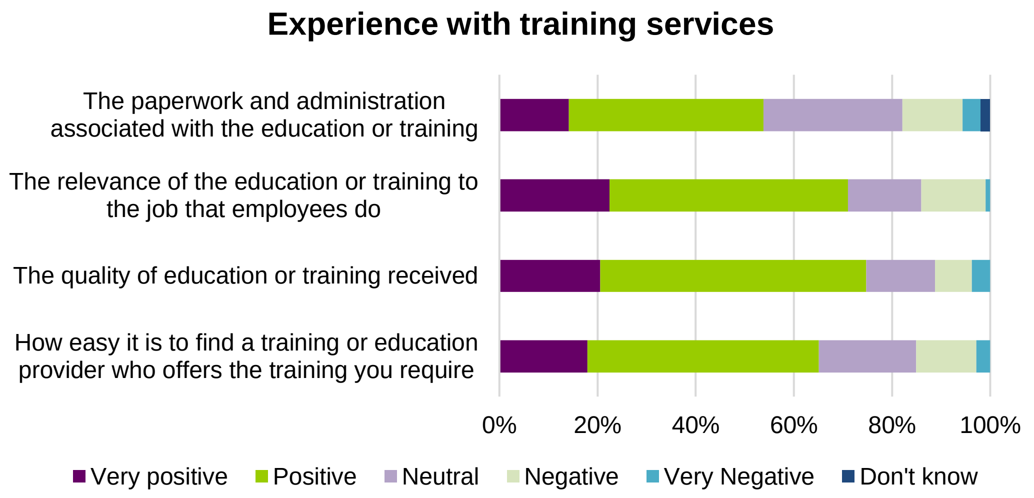
Q6.5 Do you have any relationships with any of the following training and education providers within Hull and East Yorkshire? (N=239)

Despite the existence of these relationships, only 47% of respondents reported that they have used training services from local providers in the last three years.[26] Businesses in Kingston upon Hull appeared to have accessed these services more compared to the East Riding of Yorkshire (61% vs. 38%). Similarly, large firms reported better access compared to micro businesses (69% vs. 22%).

Overall, 75% of respondents were satisfied with the quality of the training provided ('positive' or 'very positive'). Similarly, 71% were satisfied with the relevance of the training. Generally, a very low proportion of respondents reported being dissatisfied with the training service experience ('negative' or very negative'). Of the reasons cited as to why they were dissatisfied, 48% attributed this to the quality and consistency of the service provided and 19% indicated that the training did not meet their specific business needs.[27] Other key factors cited were local availability of training and the paperwork to administer (both 11%).

[26] Q6.6a Has your business / organisation used the services of any of the training and education providers within Hull and East Yorkshire that are listed above within the past 3 years? (N=239)

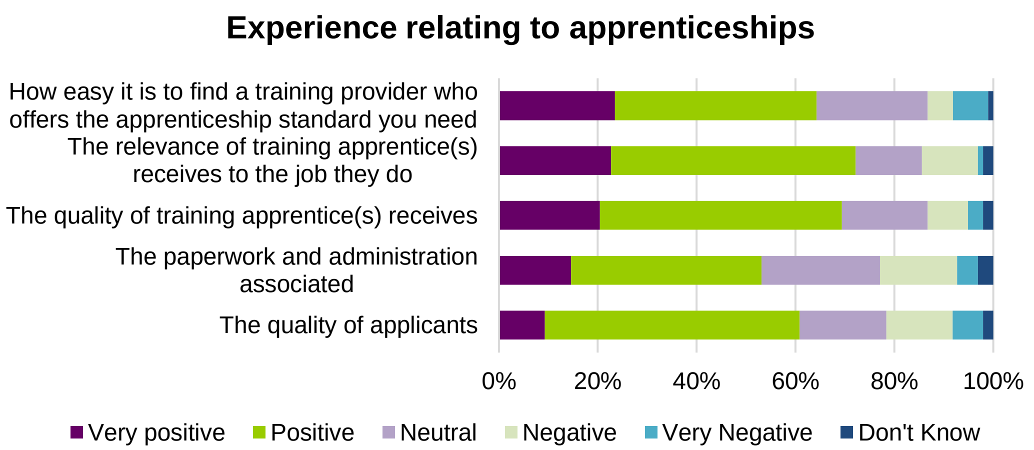
[27] Q6.6c You have said that you were dissatisfied with some aspect of these services. Should you wish, please give brief reasons for this in the space below. (N=24)



Q6.6b How would you rate your business's experience of these training and education services? (N=107)

Apprenticeships

When asked about their experiences relating to apprenticeships, a large proportion of respondents reported either a 'positive' or 'very positive' experience with respect to: how easy is to find a training provider (64%); the relevance of training to the job (72%) and quality of the training received by the apprentices (69%). There were fewer reported 'positive' or 'very positive' experiences in relation to associated paperwork and administration (54%) and applicant quality (61%). In respect of both applicant quality and paperwork/administration, around 1 in 5 respondents reported a 'negative' or 'very negative' experience.



Q4.8 How would you rate your experience of the following, relating specifically to apprenticeships? (N=99)

5 Key Sector Findings

Summary

- By a significant margin, the best represented sector in the survey sample was Manufacturing, Engineering and Construction. Low representation in some HEY LEP target sectors (e.g. Rural Economy & Tourism, Health, Social Care and Medicare and Ports, Logistics and Warehousing) means that the interpretation of findings should be treated with caution.
- Only one in ten workers within the Manufacturing, Engineering and Construction sector were aged 16-24 – the lowest proportion of all sectors.
- Employer demand for apprentices within the Manufacturing, Engineering and Construction sector and Services sector appears to be increasing with a larger share of respondents indicating their plans to recruit in the next 12 months compared to recruitment in the last 12 months.
- Key labour supply issues relating to Manufacturing, Engineering and Construction, Services and Public and Other Services can be summarised by finding sufficient employees from the local area with the right technical and employment skills.
- The best represented sectors reported far lower levels of satisfaction in relation to apprenticeships, with around three in five employers reporting either positive and very positive experiences.

The sectoral breakdown of survey respondents is shown in Section 2 (Employer Skills Survey Characteristics). As explained above, this analysis is based upon the respondents' selection of the relevant broad sector category. This section expands on this to group sectors by targeted categories based upon HEY LEP areas of focus. An explanation of the best-fit definition used for the purposes of this report is provided at **Appendix 1**.

Overall, 40% of respondents were from businesses within the 'Manufacturing, Engineering and Construction' sector – constituting a significant majority of survey respondents. The next best represented sectors were 'Public & Other Services' (19%) and 'Services' (17%). There was low representation from 'Ports, Logistics and Warehousing' (4%) and 'Health, Social Care and Medicare' (5%). The low representation of these sectors means that any sector insight needs to be appropriately caveated to ensure that a distorted analysis is not presented.

Respondents by broad sector and HEY LEP target sector

Broad Sector (see Section 2)	%	HEY LEP target sector best fit	%
Manufacturing	18%	Manufacturing, Engineering and Construction	40%
Construction	18%	Services	17%
Education	9%	Rural Economy & Tourism	8%
Professional, Scientific & Technical	8%	Health, Social Care and Medicare	5%
Retail	6%	Ports, Logistics and Warehousing	4%
Health	5%		
Finance & Insurance	5%	***Additional classifications***	
Other Service Activities	5%	Public and Other Services	19%
Business Administration and Support Services	4%	Wholesale / Retail	9%
Transport & Storage (including Postal)	4%		
Information & Communication	3%		
Accommodation & Food Services	3%		
Arts, Entertainment & Recreation	3%		

Broad Sector (see Section 2)	%	HEY LEP target sector best fit	%
Mining, Quarrying & Utilities	3%		
Agriculture, Forestry & Fishing	2%		
Public Administration	2%		
Motor Trades	1%		
Property	1%		
Wholesale	1%		

Q1.1b What is your main industry / sector? (N=278)

In total, 3% of respondents were classified under the 'Mining, quarrying and utilities' broad sector (N=7). Primarily, these respondents represented business activities relating to the oil and gas sector, renewables, energy and electricity generation and water utilities. Given the nature of these activities, these are captured under the Manufacturing, Engineering and Construction HEY LEP target sector.

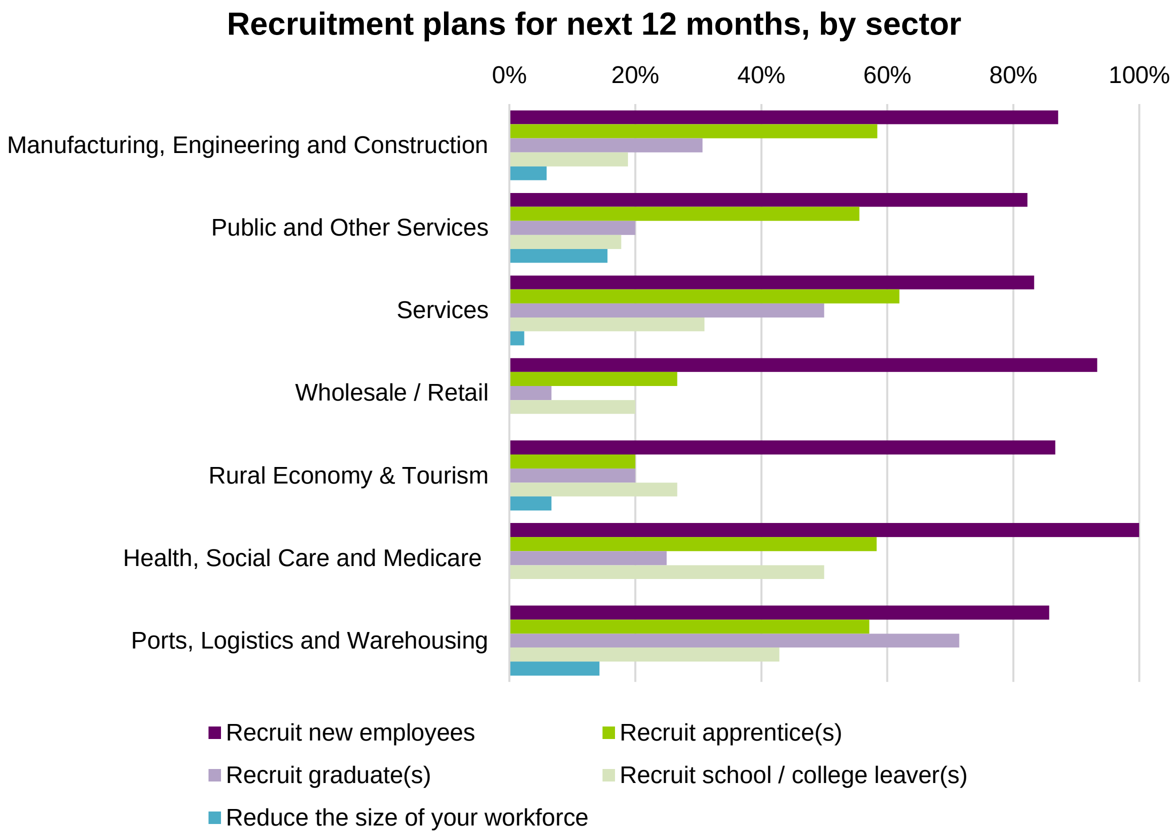
Employer Characteristics

Compared to the business size profile for the survey as a whole, the Manufacturing, Engineering and Construction sector was well represented for large firms (>250 employees) and small firms (10 to 49 employees). A similar picture was provided in the Public and Other Services sector whereas Services was best represented by small and micro firms. Wholesale / Retail was dominated by micro firms and Rural Economy & Tourism was well represented by micro and medium firms (see **Appendix 2** for further detail).

The sector with the youngest age profile was Rural Economy & Tourism with 17% aged 16-24 and 52% aged 25-44. The sector with the oldest age profile was Ports, Logistics & Warehousing with 48% aged 45-64 and 11% aged 65 and above. Both sectors had a low sample size. Of the best represented sectors, Manufacturing, Engineering and Construction displayed the lowest proportion of aged 16-24 (11%) although a relatively large proportion within the 25-44 age bracket (46%). Both Services and Public and Other Services displayed a similar workforce age profile with a relatively equal split between workers aged 25-44 and those aged 45-64 (See **Appendix 2** for further detail).

Skills demand

Amongst the strongest represented sectors in the survey, respondents from the Manufacturing, Engineering and Construction sector reported the highest level of demand for new employees in the next 12 months, constituting 87% of respondents in the sector. Respondents from the Services sector reflected a higher level of demand for apprentices (62%), graduates (50%) and school leavers (31%). The survey indicated that respondents within Public and Other Services were the most likely to reduce the size of their workforce in the next 12 months (16%).



Q2.3a Which of the following do you plan to do over the next 12 months? (N=237)

The top three most important skills / attributes for businesses over the next three years identified were:

- **Manufacturing, Engineering and Construction**: employability skills (68% of respondents in the sector), technical, practical or occupation specific (66%) and leadership and managerial (50%)
- **Public and Other Services**: IT and digital (58%), customer service (56%) and employability skills (54%)
- **Services**: employability skills (70%), customer service (70%) and technical, practical or occupation specific (57%)
- **Wholesale / Retail**: customer service (83%), employability skills (67%) and sales and marketing (58%)
- **Rural Economy & Tourism**: employability skills, technical, practical or occupation specific, leadership and managerial and financial management (all 56%)
- **Health, Social Care and Medicare**: employability skills (85%), customer service (69%) and leadership and managerial, IT and digital and planning and organisational (all 62%)

  Ports, Logistics and Warehousing: employability skills and customer service (both 78%) and technical, practical or occupation specific, leadership and managerial, IT and digital and financial management (all 67%).

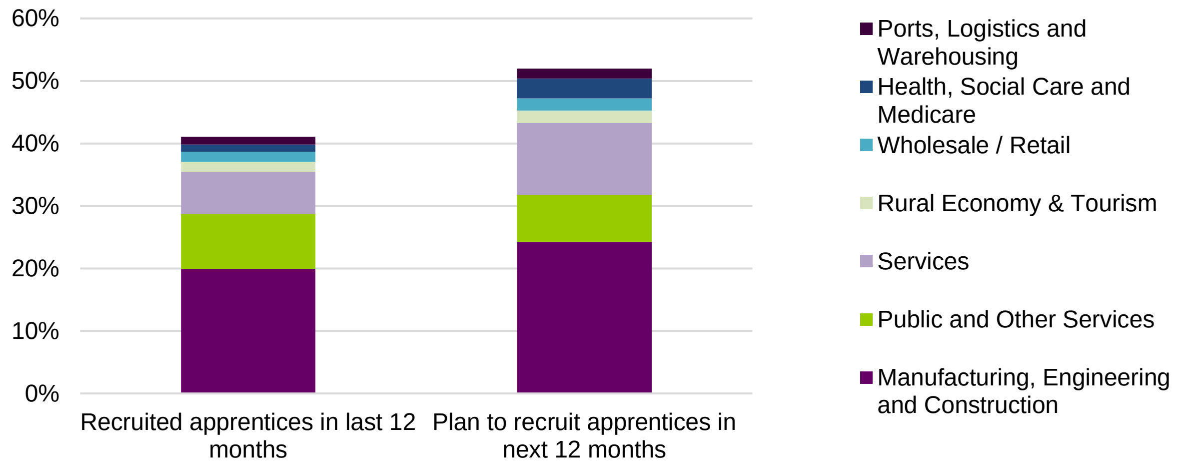
Relevant skills for the next three years, by sector

Skill / attribute	Manuf., Eng. and Const.	Public and Other Services	Services	Wholesale / Retail	Rural Economy & Tourism	Health, Social Care and Medicare	Ports, Logistics and W'sing	Total
Employability skills	68%	54%	70%	67%	56%	85%	78%	66%
Customer Service	50%	56%	70%	83%	50%	69%	78%	59%
Technical, practical or occupation specific	66%	50%	57%	29%	56%	31%	67%	56%
Leadership and managerial	50%	52%	46%	25%	56%	62%	67%	49%
IT and digital	39%	58%	52%	46%	39%	62%	67%	48%
Planning and organisational	44%	46%	50%	33%	33%	62%	44%	44%
Numeracy	27%	46%	30%	50%	28%	46%	56%	35%
Creativity	30%	44%	30%	38%	22%	46%	44%	34%
Sales and marketing	30%	19%	48%	58%	28%	23%	56%	34%
Literacy	22%	46%	33%	50%	22%	46%	56%	33%
Financial management	21%	23%	37%	21%	56%	31%	67%	29%
Skills to do with low carbon and the transition to net zero	27%	23%	9%	13%	22%	0%	56%	21%
Don't know	3%	4%	0%	8%	6%	0%	0%	3%
Other	3%	0%	2%	0%	6%	0%	0%	2%
Total respondents (N)	***105***	***48***	***46***	***24***	***18***	***13***	***9***	***263***

Q3.4 Which of the following types of skills and attributes will be important to your business over the next three years? (N=263)[28]

Respondents from the Manufacturing, Engineering and Construction sector indicated that they plan to recruit more apprentices over the next 12 months compared to the previous 12 months. A similar picture was highlighted by respondents in the Services sector whereas the demand for apprentices in the Public and Other Services sector was the only sector to report a decrease in short term demand.

Past vs planned apprentice recruitment, by sector



Q4.1 Have you recruited apprentices in the past 12 months? (N=251) Q4.2 Are you planning to recruit apprentices in the next 12 months? (N=252)

[28] Top three skills / attributes by sector are highlighted. For sectors with low sample size, equal percentages occur for frequently meaning that more than three 'top' attributes are highlighted.

Skills supply

In terms of recent recruitment, finding employees with the right technical skills and right employment skills represented an issue for 72% and 56% of businesses within the Manufacturing, Engineering and Construction sector, respectively. Finding sufficient numbers of employees (47%) and finding employees from the local area (43%) were also particular challenges within this sector. The same recruitment issues were also preferentially identified by other well-represented sectors in the survey such as Services and Public and Other Services, however, the sample size was too low for other sectors to provide meaningful insight.

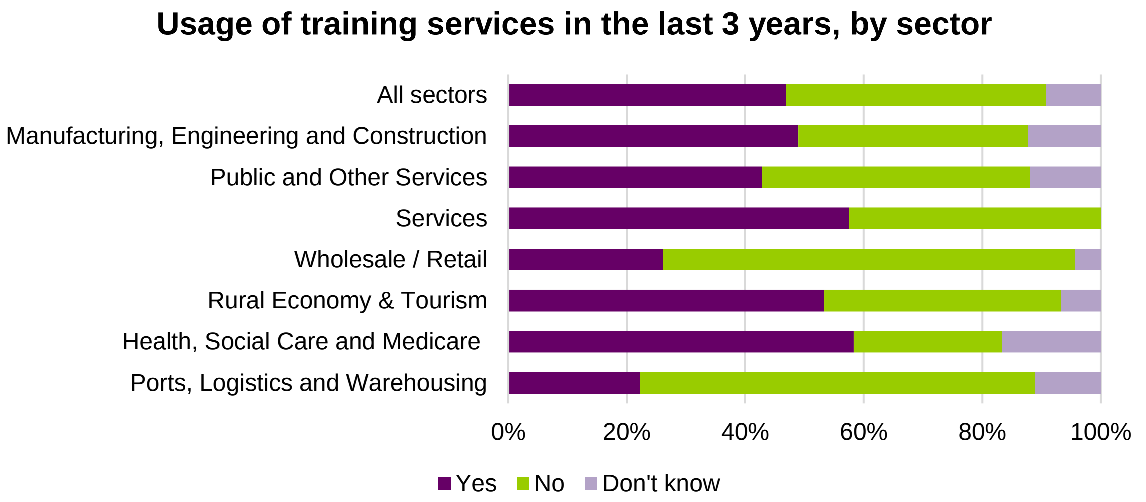
Difficulties in recruiting employees over the last year, by sector

	Manuf., Eng. and Const.	Public and Other Services	Services	Wholesale / Retail	Rural Economy & Tourism	Health, Social Care and Medi-care	Ports, Logistics and Ware-housing	All sectors
Finding employees with the right technical skills for your business	72%	67%	61%	26%	24%	43%	60%	60%
Finding employees with the right employment skills	56%	60%	50%	48%	57%	57%	50%	55%
Finding sufficient numbers of employees	47%	46%	36%	48%	38%	64%	50%	45%
Finding employees from the local area	43%	37%	41%	35%	14%	57%	20%	38%
Finding employees with sufficient levels of literacy	12%	23%	7%	13%	10%	7%	30%	14%
Finding employees with sufficient levels of numeracy	12%	23%	2%	13%	10%	0%	20%	12%
No difficulties	12%	17%	20%	39%	19%	7%	30%	18%
Other	5%	4%	2%	9%	5%	0%	10%	4%
Total respondents (N)	***109***	***52***	***44***	***23***	***21***	***14***	***10***	***273***

Q2.2 During the last 12 months have you experienced any of the following? (N=273) [29]

Notwithstanding caveats around sample size, the sectors with the lowest proportion of respondents reporting that their business/organisation has accessed training and education services in the last three years were Ports, Logistics and Warehousing and Wholesale / Retail. The two sectors reporting the highest levels of access were Health, Social and Medicare and Services.

[29] Top three difficulties by sector are highlighted.



Q6.6a Has your business / organisation used the services of any of the training and education providers within Hull and East Yorkshire that are listed above within the past 3 years? (N=239)

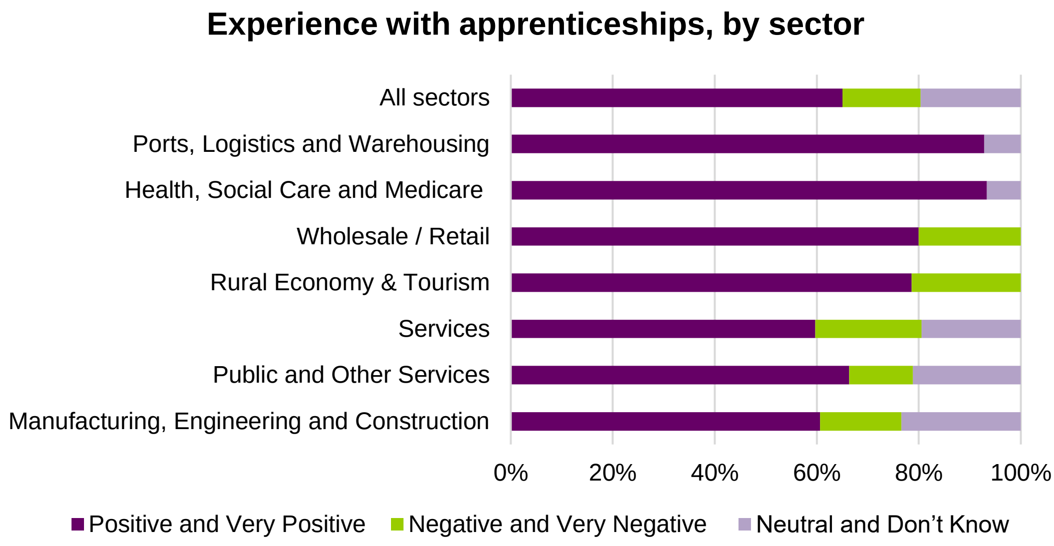
The time available within businesses was identified as the principal barrier to undertaking staff training across nearly all sectors. The relevance of local training courses and the cost of training were also important barriers for all sectors with the exception of Health, Social Care and Medicare and Ports, Logistics and Warehousing.

Barriers to undertaking staff training, by sector

	Manuf., Eng. and Const.	Public and Other Services	Services	Wholesale / Retail	Rural Economy & Tourism	Health, Social Care and Medicare	Ports, Logistics and W'sing	All sectors
Time available	53.3%	47.9%	39.1%	33.3%	41.2%	46.2%	44.4%	46.6%
Relevance of local training courses	44.8%	35.4%	34.8%	25.0%	41.2%	15.4%	44.4%	37.8%
Cost of training	35.2%	54.2%	26.1%	25.0%	35.3%	38.5%	22.2%	35.9%
Location of training	15.2%	29.2%	23.9%	54.2%	35.3%	38.5%	33.3%	26.0%
Knowing where to find the right training	34.3%	20.8%	4.3%	25.0%	0.0%	30.8%	11.1%	22.5%
None of the above	24.8%	16.7%	21.7%	20.8%	17.6%	23.1%	22.2%	21.8%
Other	2.9%	6.3%	2.2%	0.0%	0.0%	0.0%	0.0%	2.7%
Total respondents (N)	***105***	***48***	***46***	***24***	***17***	***13***	***9***	***262***

Q3.2 Which of the following are barriers to your business undertaking staff training? (N=262)

Considered across a range of factors relating to apprenticeships (including quality of applicant and training, training provider access, training relevance and paperwork) the sectors reporting the highest levels of positive and very positive experiences were Health, Social Care and Medicare and Ports, Logistics and Warehousing (notwithstanding sample size issues). However, the sectors that were best represented in the survey reported far lower levels of positive and very positive experiences were Manufacturing, Engineering and Construction, Public and Other Services and Services (all around 60%).



Q4.8 How would you rate your experience of the following, relating specifically to apprenticeships? (N=99)

Focus Groups

Manufacturing, Engineering and Construction

Despite being well represented in the survey, the focus group for this sector had low attendance with the views reflecting only one medium sized employer in food manufacturing. However, the sample was supplemented by subsequent one-to-one discussions with businesses in the offshore sector and through findings emerging from other focus groups sessions from construction and manufacturing sector respondents.

Key findings included:

- Finding employees with the appropriate attitude towards working in the sector, a willingness to adapt to changes and basic requirements such as time-keeping, behaviour and communication were specifically identified within the focus group. Key competencies affecting firms' ability to recruit included an ability to learn, attitudes towards/willingness to do shift work, willingness to working long hours as well as attitudes towards PPE (a specific concern to the food industry). This sentiment was strongly reflected in the survey analysis, with **employability skills** ranking higher than technical, practical or occupation specific skills as the most sought after attribute for businesses in the sector in the next three years. The impact of pandemic was highlighted as a potential cause of a lack of soft skills or good time-keeping and communication, particularly among younger age cohorts participating in internships.

- Age profile in manufacturing (specifically) is a labour supply challenge, with a generally older workforce profile. This reflected difficulties in attracting school leavers who do not see manufacturing as a sector where they can progress and develop a career. This point was echoed to some extent by survey findings which indicated that, on average, the Manufacturing, Engineering and Construction sector had the lowest percentage of workforce within the aged 16-24 cohort (11%).

- A respondent from the defence sector reported a need to get defence products cheaper and quicker (in response to recent events such as the war in Ukraine) which has driven a need to build in digitalisation in the process from testing, manufacturing through to evaluation. This digitalisation has increased the need for blended skills, and people to work with the technology and become systems operators.

- Digitisation and automation (in manufacturing) has not radically altered the skills requirement but requires slightly higher level IT skills (more of a challenge given age profile of workforce and a need to build confidence and aptitude in these areas).

Specific to Offshore sector:

- Increased requirement for data science, coding and robotics skills in the sector, although competition for skilled labour in fields such as data science (where pay can be higher in other sectors e.g. finance) has made recruitment more challenging for these technical roles. One respondent cited the fact that only a low proportion of its apprentice intake had previously been studying STEM subjects.

- Although recruitment in highly-skilled technical positions was identified as a challenge for respondents in the offshore sector, there was a general requirement for basic skills such as an ability to correctly complete paperwork, basic IT skills and observational skills. Respondents from the offshore sector re-iterated the point that literacy and numeracy skills were essential for their sector.

- Reported difficulties in developing the soft skills required to lead and manage teams at a senior level and a need to develop a leadership programme.

- Issues of workplace diversity were highlighted, citing a need for an improved gender balance.

- Challenges around misconceptions that all roles in the sector are technical were identified, with respondents highlighting a need for non-technical roles such as project management and business development. Allied to this was a need for a better understanding of job roles within the sector and how to access them.

- Recruitment and retention can be challenging due to geography of the Humber and East Yorkshire area which is comparatively less accessible and is affected by external perceptions, despite the significant opportunities that the area and its employers have to offer.

Specific to Construction sector:

- One attendee reported significant skills deficits in specific areas such as welding and fork lift drivers.

- A gap was reported between the education system and the construction industry. Attendees also highlighted there was a perception that construction is not viewed as a worthwhile career. Linked to this point was the identification of expectation management for those entering the labour market.

Ports, Logistics and Warehousing

Only one business engaged on this sectoral theme, therefore findings reported should be treated with caution.

Key findings included:

- Need to develop softer skills (management) among technical specialists and to ensure that these skills are developed among younger cohorts of workers to ensure long term sustainability. This is particularly important given a recent reduction in the workforce among older cohorts where these skills are most prevalent.

- Recruitment challenges reported due to a range of factors, citing the quality (lack of) of applicants, applicant requirements regarding work flexibility and lack of desire to work nights or non-traditional shift patterns. This was highlighted as most pertinent to younger generations.

- The impact of COVID-19 has affected the haulage sector, specifically, where it takes a long time to train people and there has been a long backlog as a result of the pandemic. The pandemic has also impacted younger cohorts through reduced levels of confidence, literacy and social skills which are affecting employment prospects in the sector.

- The sector is heavily male-dominated and there is a need to promote diversity particularly relating to gender.

- In relation to training, the length of time to build credibility and experience with training providers is an issue. Courses are currently not affordable and there is a lack of knowledge around funding routes for training and apprenticeships.

Services Sector

The focus group for this sector was well attended, however, there was a spread of participating businesses with some providing insight into the manufacturing and construction sectors (as highlighted above) as well as the voluntary sector and from local FE colleges. Notwithstanding this, attendees represented service businesses from applied technology activities, IT and communications and recruitment.

Key findings included:

- Attendees highlighted trends towards digitalisation and a need for the aligning new technologies with education / curricula which at present is too slow to meet current employer needs.

- Some attendees reported recruitment challenges at all levels, even at basic entry level. For some lower paying sectors which are less able to compete on wages, the recruitment challenge can be more acute given the cost of living crisis. Staff retention and the loss of skilled labour to the private sector – particularly among higher level technical skills – was noted as a significant challenge by attendees from FE colleges.

- Others highlighted the lack of clear skills pathway that allows easier access – for both the talent pool and employers – to knowledge of skills and training requirements for certain jobs. This point was made with reference to the current labour market and a need to differentiate between a job in 'tech' and the use of technology in other sectors that might not necessarily be perceived as 'high tech'. It was noted that this could be communicated more clearly and to broaden opportunity to people from areas of higher socio-economic deprivation where knowledge of people who work in 'tech' might be lower.

- Employability skills (such as time and communication skills) were highlighted as a recruitment challenge – particularly among younger people. One attendee indicated that young peoples' expectations of work can be unrealistic and that there is a generational divide in this respect.

Health, Social Care and Medicare

The focus group for this sector included representation from the social care and charity sectors, with three attendees in total.

Key findings included:

- There is a generational gap with digital skills/capabilities in the sector the need for which is becoming greater given trend towards digitalisation and digital health care service delivery. One attendee reported that there is a general dislike of computers and IT systems as well as basic user interface requirements such as passwords.

- Skills requirements for the sector focus around temperaments and attitudes, such as emotional resilience and softer skills such as sensitivity and boundary skills (e.g. talking to family members) which can be lacking among younger people entering the sector. Customer service skills also a useful competency for the sector which presents an opportunity to look to the retail sector for workers seeking a career change.

- Attendees reported that access to the skills and competencies they require was mixed, with some reporting that pressures in this respect had eased somewhat post-pandemic and others reporting challenges with recruitment, citing factors such as the area's location and transport links and difficulties attracting apprentices due to the challenging nature of the work.

- Attendees reported that they all knew where and how to access external training if they needed it. One attendee reported that its staff expressed a preference for classroom learning over online/virtual learning.

Rural Economy & Tourism

The focus group for this sector included representation from farming and agricultural businesses, a solicitor from the farming sector, visitor economy businesses and a local college representative. There were twelve attendees in total.

Key findings included:

- Attendees reported demand for roles from across the skills spectrum, ranging from professional roles (e.g. agronomy, specialist solicitors) to managerial roles and skilled labour (e.g. crop spraying) through to broader trades and manual occupations.

- The twin agendas of digitalisation and drive to net zero are aligned, with the former leading to emerging requirements around automation, robotics and AI in agriculture which in turn will deliver better cost-effectiveness that will assist with the delivering the latter. Both agendas will require upskilling of staff, particularly in relation to digital skills and the wider use of technology.

- A lack of benchmarking in relation to net zero / sustainability targets or outcomes is a challenge for the sector and the shifting landscape of information on this topic can be difficult to navigate at present.

- One of the key skills supply issues focused around the need for fundamental skills such as attitude and enthusiasm towards work and communication skills (employability). Attendees suggested that routes are available to upskill staff within the current system but finding the right people in the first place is the key challenge. This issue is compounded by inherent labour supply challenges specific to the sector (lifestyle) and rural location (access) meaning that it is more difficult to recruit.

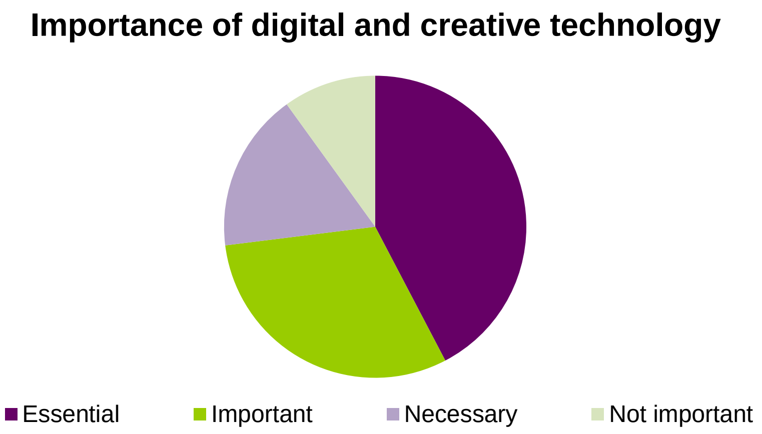
- Key areas to address when considering how to remove current skills gaps include improving education pathways for the sector (e.g. better links between employers, colleges and work experience providers) and improving the quality and variety of work experience / careers advice.

6 Digital Skills

Summary

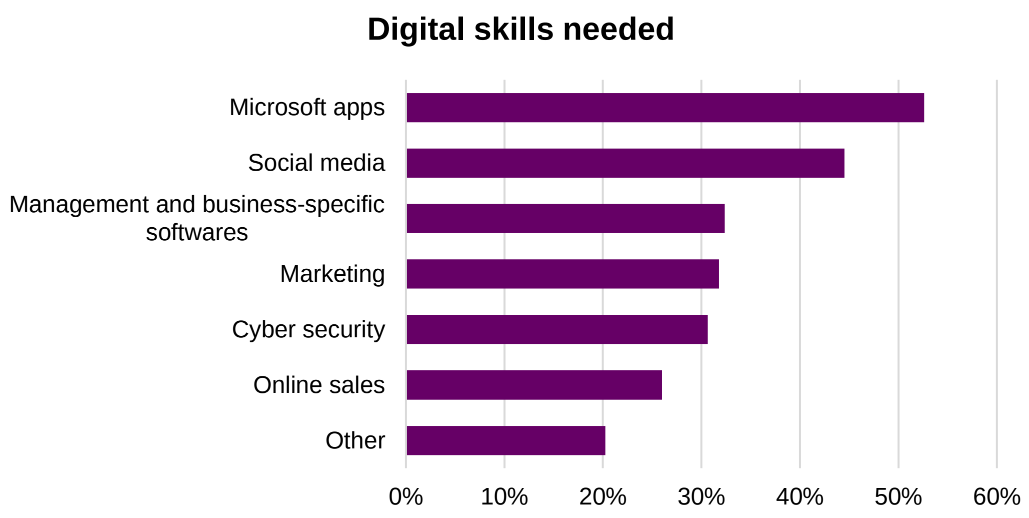
- Two out of five employers reported that digital and creative technology was essential for their business, with Microsoft applications and social media representing the most sought after digital skills.
- Fewer large firms reported being adaptable to emerging digital technologies and opportunities compared to the survey sample as a whole.
- Only half of the respondents reported that they were able to access all the digital skills training they needed, with SMEs reporting the lowest proportion of firms being able to access them.
- Despite the awareness of free SME support for building digital capabilities being relatively low, the availability of courses was cited as the most important factor limiting access to training.

42% of respondents reported that digital and creative technology is essential for their business, while 10% did not consider it important. The sectors with the highest proportion of firms considering this theme essential for their businesses were: Information & communication (100%), Professional, scientific & technical (67%) and Business administration and support services (60%). In contrast, the sectors with least importance attributed to digital and creative technology skills are Motor trades (50%), Agriculture, forestry & fishing (20%) and Other services activities (18%).



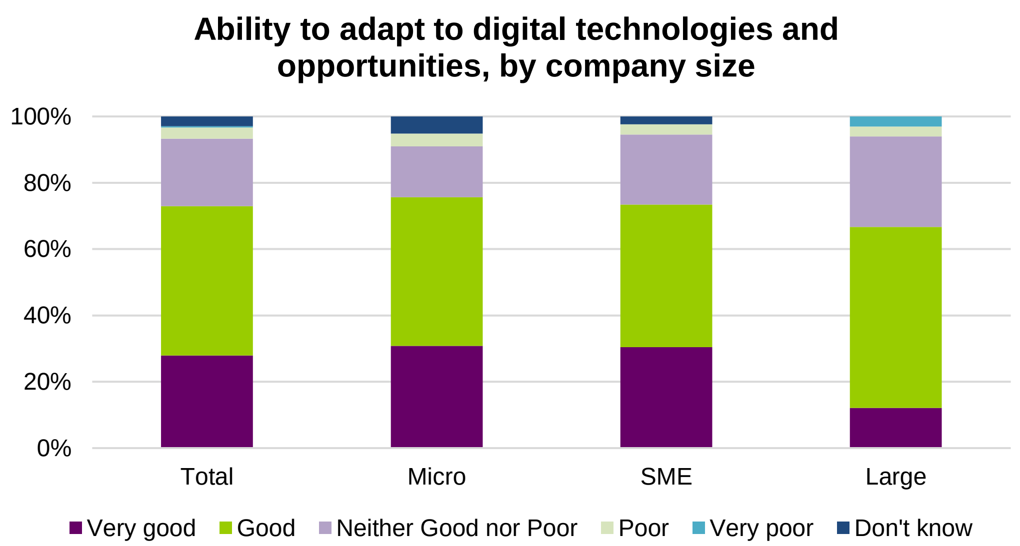
Q5.1 How would you describe the extent to which Digital and Creative Technology is important to your business? (N=241)

In terms of the specific digital skills needed, 53% of respondents reported that Microsoft applications were essential for them, while 45% highlighted the relevance of social media skills.



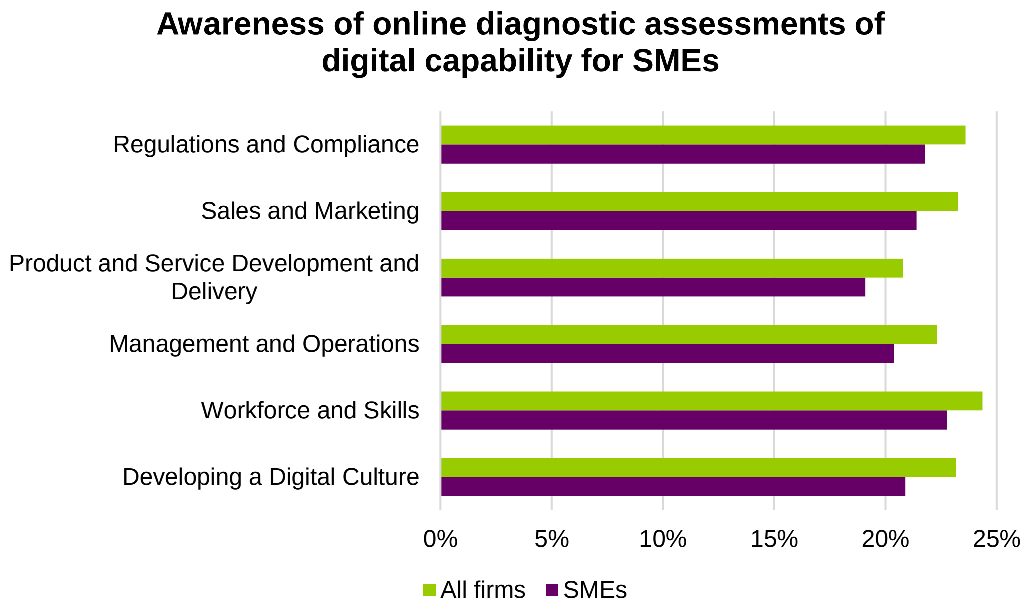
Q5.4 What type of digital skills are needed within your business (e.g. Microsoft applications, online sales and marketing, social media, cyber security)? (N=173)

When asked to rate themselves with respect to their ability to adapt to digital technologies and opportunities, 28% of respondents considered themselves 'very good' and 45% 'good'. Only 4% of the respondents rated their ability as 'poor' or 'very poor' and 20% remained neutral. This distribution varies with company size: there are fewer large companies optimistic about their adaptation abilities, with only 12% describing their adaptation capabilities as 'very good' and 6% describing the same as 'poor' or 'very poor'.



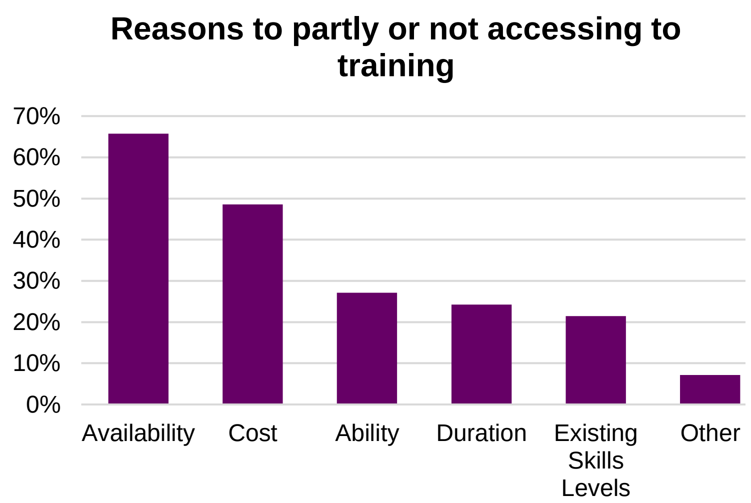
Q5.2 How would you describe the extent to which Digital, Technology and Creative Technology is important to your business? (N=240)

There is a relatively low awareness of the existence of free online diagnostic assessments of digital capabilities for SMEs: only one of four respondents reported knowledge about these assessments, and in the case of SMEs, only one of five reported awareness of them. There was a higher reported awareness of assessments related to workforce and skills and regulations and compliance (24% in both cases).



Q5.3 Are you aware that Small and Medium Sized Enterprises (SMEs) can access free online diagnostic assessments which can assess your organisation's digital capability in the following areas? (N=235)

Only half of the respondents reported that they were able to access all the digital skills training they needed. Respondents from SME businesses reported the lowest proportion fully accessing their digital skills training requirements (41%), compared to micro (57%) and large (50%) firms. Among businesses that reported only partial (43%) or no access (9%), 66% considered that their restriction was attributable to the availability of training, while 49% reported that the cost of training was the main reason.



Q5.5 To what extent are you currently able to access the required digital and technical skills training for your business? (N=148) Q5.6 Which of the following have been reasons why you have not been able to access digital skills training? (N=70)

7 Net Zero / Low Carbon Skills

Summary

- Only one in five employers reported a short-term demand for skills relating to low carbon and the transition to net zero, rising to two in five among larger employers.
- Over half of Manufacturing, Engineering and Construction firms reported a short term demand for these skills, referencing a need to respond to the emerging green technology, clean energy and fuel markets, among others.
- Approximately four in five employers reported that they were experiencing skills shortages in relation to low carbon / net zero related skills to some extent or to a great extent.
- Employers highlighted a need to expand the specific technical skills base of their workforce by providing training courses and through employing apprentices.

As indicated in Section 3 (Skills Demand), 21% of respondents reported that skills relating to low carbon and the transition to net zero were needed to fulfil their short term requirements, with this proportion rising to 42% among large firms. Despite this, these specific skills were relatively low ranked in comparison with other relevant skills requirements such as employability, customer service and technical, practical or occupation specific skills.

When analysing by sector, over half of respondents in manufacturing, engineering and construction firms indicated that net zero / low carbon transition skills will be important in the short term. This percentage rose to 69% for larger firms in this sector. The sector that placed the next greatest importance on these skills was Public and Other Services (20%). The importance placed on these skills in other sectors was comparatively low.

Short term importance of net zero / low carbon transition skills, by sector and company size

	Total	Micro	SME	Large
All sectors	21%	21%	15%	42%
Health, Social Care and Medicare	0%	0%	0%	0%
Manufacturing, Engineering and Construction	51%	53%	36%	69%
Ports, Logistics and Warehousing	9%	18%	5%	6%
Public and Other Services	20%	6%	27%	25%
Rural Economy & Tourism	7%	6%	14%	0%
Services	7%	12%	9%	0%
Wholesale / Retail	5%	6%	9%	0%

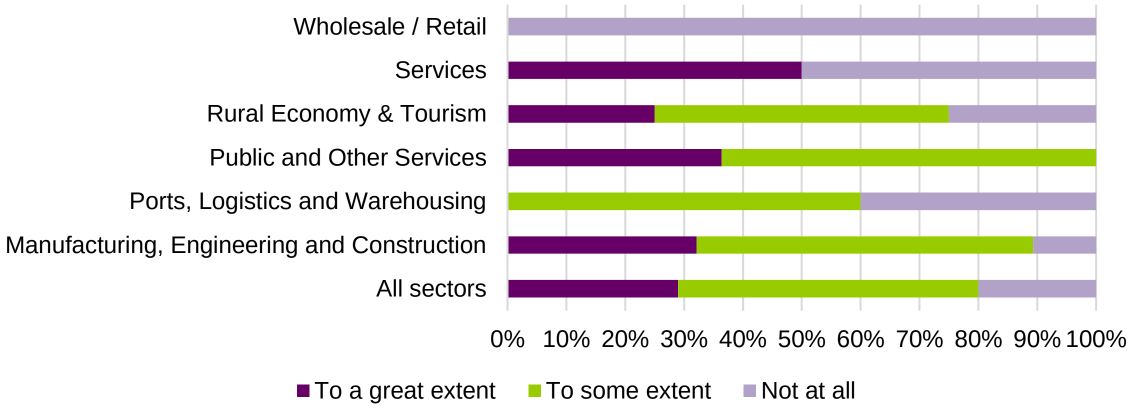
Q3.4 Which of the following types of skills and attributes will be important to your business over the next three years? (N=55)

Where detail was specified, respondents from within the manufacturing firms indicated a need to respond to the emerging green technology markets of clean energy and clean automotive fuels which are likely to increase their demand for specific technical skills in the future. They highlighted a need to expand the specific technical skills base of their workforce by providing training courses and through employing apprentices.

Of the respondents that indicated they were planning to reduce their workforce size in the next 12 months, the cost of net zero requirements was cited as a major factor in this.

Approximately 80% of respondents across all sectors reported that they were experiencing skills shortages in relation to low carbon / net zero related skills to some extent or to a great extent. The equivalent proportion for the Manufacturing, Engineering and Construction sector was 89%. The only sector that displayed a higher proportion was ‘Public and Other Services’ (100%). Respondents from the ‘Wholesale and Retail’ sector highlighted these particular skills were not an important driver of current skills shortages (100% ‘not at all’). Respondents from the ‘Services’ sector indicated a mixed picture, with 50% reporting that these skills were not at all important in driving skills shortages, whereas the other 50% placed great importance of them.

Relative importance of low carbon /net zero related skills shortages, by sector



Q3.5 To what extent are there currently skills shortages or gaps in those areas that you have said are important? Please select one option in each row. Not at all, To some Extent, To a Great Extent. (N=55)

Where detail was specified, a small number of responses from construction firms indicated that a lack of appropriately qualified workers was affected their ability to recruit, citing a need for greater integration of construction and green / renewable technology courses and training made available in the local area.

8 Conclusions and Implications

This section draws out conclusions from the survey research and the implications arising to inform the development of the LSIP and other stakeholders involved with strategic skills planning.

There is a need to raise awareness of LSIPs and qualification types amongst employers…

A high proportion of respondents (62%) have not heard of LSIPs and there is a relatively low level of understanding of different qualification types, with apprenticeships being the greatest understood qualification.

Implications for Strategic Skills Planning:

- Greater awareness raising of LSIPs and their intent is required to support understanding of skill requirements, the case for intervention and secure buy-in to support delivery
- The greatest levels of understanding is gleaned from personal experience, followed by collaboration with providers and online research. This highlights the importance of employer provider networks as a mechanism for sharing knowledge and experience; the provision of online content; and mechanisms for showcasing experience and success stories.

Work experience placements and graduates are a well utilised mechanism for recruitment and training…

Over a third of respondents host work experience and graduate placements. Less utilised routes include supported internships and traineeships but the demand for this is growing amongst employers. Those not considering investing in these routes attribute a lack of need (27%), the requirement for more experienced staff (27%), and space or resourcing constraints (26%).

Implications for Strategic Skills Planning:

- Raising awareness amongst employers of the value of different types of recruitment and training strategies in meeting identified need and providing support to employers to help them establish these recruitment routes and training pathways

There is a lack of knowledge about T-levels which is contributing to low demand…

Only 5% of respondents currently have T-Level students and 85% of respondents do not intend to enrol them in the future.

Implications for Strategic Skills Planning:

- T Levels are being gradually rolled out including provision in HEY such as Bishop Burton College. Employers can support the roll out through working with providers to develop T Levels and ensure course content meets sector needs, and through the provision of work placements. Targeting T Levels aligned to HEY key sectors will support productivity growth and ensure that important sectors can access the practical and technical skills they need.

There is a positive appetite for recruitment in the next 12 months but specific skill requirements need to be met…

Over the next 12 months, most respondents plan to recruit new employees (86%) and half intend to recruit apprenticeships.

Key attributes sought by two thirds of respondents include employability skills such as team working, attendance, time keeping and work ethic; customer service skills (59%) and specific technical, practical and occupation skills (56%).

Large companies are more likely to require technical, practical and occupation skills (79%); leadership and managerial skills (68%); IT and digital skills (63%). There is a growing demand for skills related to the low carbon and net zero agenda (42%).

Implications for Strategic Skills Planning:

- Consideration should be given to Local Training Boards to ensure that the skills system reflects the needs of key sectors. An opportunity to pilot activity to allow flexibility around existing resources will strengthen the alignment between supply and demand of skills.

Addressing barriers to investing in skills and training…

Respondents highlighted that access to funding for staff training would be beneficial (59%) and that relationships with training providers who understand business sector needs (52%) and can provide short flexible courses designed specifically for their sector (49%) are most useful.

Implications for Strategic Skills Planning:

- Mechanisms for incentivising investment in training through subsidy and flexible course provision require further investigation. This includes raising awareness amongst employers about what already exists, as well as informing new provision.

There are barriers to apprenticeship take-up which need to be addressed…

41% of respondents reported having recruited apprentices in the past 12 months, and 52% plan to recruit apprentices in the next 12 months. Engineering and technical apprenticeship roles are the most sought after, followed by administrative roles, skilled trades and elementary occupations. Level 2 (Intermediate) and Level 3 (Advanced) apprenticeships are the most commonly hired however there is increasing demand for higher level and degree apprenticeships.

Those not hiring or planning to hire apprentices point to a lack of need at present (35%) however other barriers include the cost to the business to administer and support apprentices, a lack of suitability of apprenticeship roles for the business or sector, past bad experience or a lack of supply locally.

The survey found that 48% of levy paying respondents do not use all of their funds. Of this figure, less than 20% transfer the unspent levy to another employer, despite a high level of willingness to do so (63%).

Implications for Strategic Skills Planning:

- The barriers to apprenticeship provision include costs of releasing staff, a lack of suitable candidates, and a mismatch between apprenticeship standards and employer needs. An Apprenticeship Strategy would provide a tailored response to demand and supply, including more demand-led provision which seeks to mitigate the impact of time off the job and provides a more bespoke solution to employer needs. The creation of more bite size and modular provision aligned to key competencies is an important prerequisite to meeting employer needs.
- Employers require greater awareness of the ability to transfer levy money to another employer and the benefits to them in doing so. More flexibility is required through the Apprenticeship Levy to enable spend to be better matched to what employers need and the system needs to reflect sector specific requirements at a local level.

A substantial proportion of employers face recruitment challenges…

Finding employees with the right technical and employment skills is a key challenge for employers in the HEY area. The survey found a lack of fewer skilled young people entering the labour market as a key recruitment challenge. Furthermore, 32% attributed recent recruitment difficulties to older people who left the labour market during the pandemic. Other significant factors include shortages of qualified workers, particularly holding engineering and digital skills, and difficulties competing with higher salary expectations.

Key skill gaps found amongst candidates include quality, attitude and employability, in addition to IT and digital skills, and technical, practical and occupation specific shortages. Poor quality applications makes it difficult to identify potential candidates.

Implications for Strategic Skills Planning:

- Career inspiration activity and progression pathways that inspire and support young people to progress into local employment opportunities to meet identified demand can help to build a future talent pipeline. This requires enhanced understanding by learners, educators and CEIAG about the career paths and opportunities within key sectors.
- Embedding employability skills, digital skills and work experience further in the curriculum can help to address issues/shortages associated with quality, attitude and practical skills.
- Supporting those looking for work, or those in work looking to progress, with the skills they need to write good quality applications could help recruitment. Labour market brokerage, advice and guidance can play a role here.

There are a number of barriers stopping employers from investing in training…

Almost half of the respondents identified time to undertake training as a significant barrier, followed by the relevance of training (38%) and the cost of training (36%).

The survey identified that 35% of respondents do not have any relationship with training and education providers in the HEY area.

Implications for Strategic Skills Planning:

- Opportunities to provide financial support to employers and provide more tailored course provision will facilitate investment in skills development and address training difficulties. Mechanisms for encouraging interaction between providers and employers can help to align skills needs. Furthermore, business support which helps employers to diagnose current and future skill needs and provides advice and guidance about available provision.
- Future reforms to the Apprenticeship Levy may provide more flexibility in how these funds are spent to provide financial support to employers to invest in training. Meanwhile, encouraging the transfer of levy funds and raising awareness of the benefits of doing so can help supply chains to meet their skill needs.
- Raising awareness of all types of local training provision in the HEY area through mapping supply by qualifications and competencies can help to connect local employers to providers.

Important local sectors face key labour challenges presenting a barrier to productivity and growth…

Reflecting its strong representation in the survey, respondents from the Manufacturing, Engineering and Construction sector report a high level of demand for new employees in the next 12 months with 43% of respondents seeking to recruit. Key skills/attributes sought from this sector include employability skills, technical, practical or occupation specific skills, and leadership and management skills. This sector reports a growing demand for apprentices. Key challenges include an ageing workforce, difficulties in attracting school leavers, and increased demand for digital skills.

Implications for Strategic Skills Planning:

- Retaining an older workforce through upskilling, reskilling and flexible working patterns can support recruitment challenges. Building confidence is key.
- Career inspiration activity which shines a spotlight on the breadth of opportunity in key sectors and dispels misconceptions through positive case studies and employer interaction with schools, including the provision of work placements, can encourage young people to pursue careers

Digital and creative technology is increasingly essential for local businesses…

42% of respondents identified that creative and digital technology is essential for their business, with Microsoft applications and social media skills the most sought after. Only half of respondents reported that they were able to access all of the digital skills training that they needed, and this proportion was lowest amongst SME businesses. The survey found relatively low awareness of digital diagnostic tools which could support businesses to understand how digital skills can help them to grow.

Implications for Strategic Skills Planning:

- Embedding Microsoft applications and social media in the school curriculum will help acquisition of these basic digital skills.
- Provision of business support advice and guidance to diagnose digital skill needs and signpost to digital training provision.
- Identifying gaps in digital skills provision and addressing through targeted intervention. This can be facilitated through the Digital Skills Partnership (DSP).

There is a growing understanding of the importance of green skills…

Only one in five employers reported a short term demand for skills relating to low carbon and the transition to net zero, rising to two in five among larger employers. This demand was highest amongst the Manufacturing, Engineering and Construction sector.

Implications for Strategic Skills Planning:

- Supporting employers to understand the implication of net zero and decarbonisation policies for their business through diagnosis of need, and the implication arising for future skills development. This can be supported through drawing on current insights from the HEY Green Skills report and providing regular updates in response to the rapid technological drivers of change influencing skill demands.
- Horizon scanning and collaborative work with providers will help position local providers to respond to future skill requirements.

Appendix 1 – Best-fit sector definitions

- The survey responses relating to the respondents' main sector have been mapped across to the HEY LEP targeted sectors and sectors within which individual focus groups – or one to one discussions – were held.
- In order to encourage participation in the survey it was advised that sector / industry category choices were kept to minimum. This meant that respondents were asked to indicate their best fit with broad industrial classifications rather than down to a more granular two digit SIC (Standard Industrial Classification) level.
- The table below therefore provides a **best-fit** of respondent sectors with HEY LEP target sectors and as a result of this broad sector approach there will inevitably be some areas of potential overlap.
- Where respondents did not indicate their main sector or indicated 'other' an appropriate main sector has been allocated on the basis of other respondent information, notably its name (to allow cross-refencing with Companies House classifications) and its business or organisation description.
- Not all main sector classifications allowed an obvious fit with the five focus sectors. Further broad categories have therefore been added that encompass wholesale and retail activities as well as a 'Public & Other Services' category to capture education, public administration, activities of voluntary or charitable organisations as well as services that do not necessarily align with a professional services remit (e.g. Business administration & support services). These additional sectors are highlighted below.
- Respondents operating within the energy, utilities and offshore sector do not readily fit within the five focus sectors outlined below. However, given the proclivity of these activities to use engineering skills it was decided that the 'Manufacturing, engineering and construction' represented the best fit.

HEYLEP target / focus group sector	Best-fit based on broad sector classification
Manufacturing, Engineering and Construction	• Manufacturing • Construction • Energy, offshore and utilities
Ports, Logistics and Warehousing	• Transport & storage
Services Sector	• Professional, scientific & technical • Finance & insurance • Information & communication • Property
Health, Social Care and Medicare	• Health
Rural Economy & Tourism	• Agriculture, forestry & fishing • Accommodation & food services
Public & Other Services	• Education • Public administration • Business administration & support services • Other service activities • Activities of voluntary or charitable organisations
Wholesale & Retail	• Wholesale • Retail

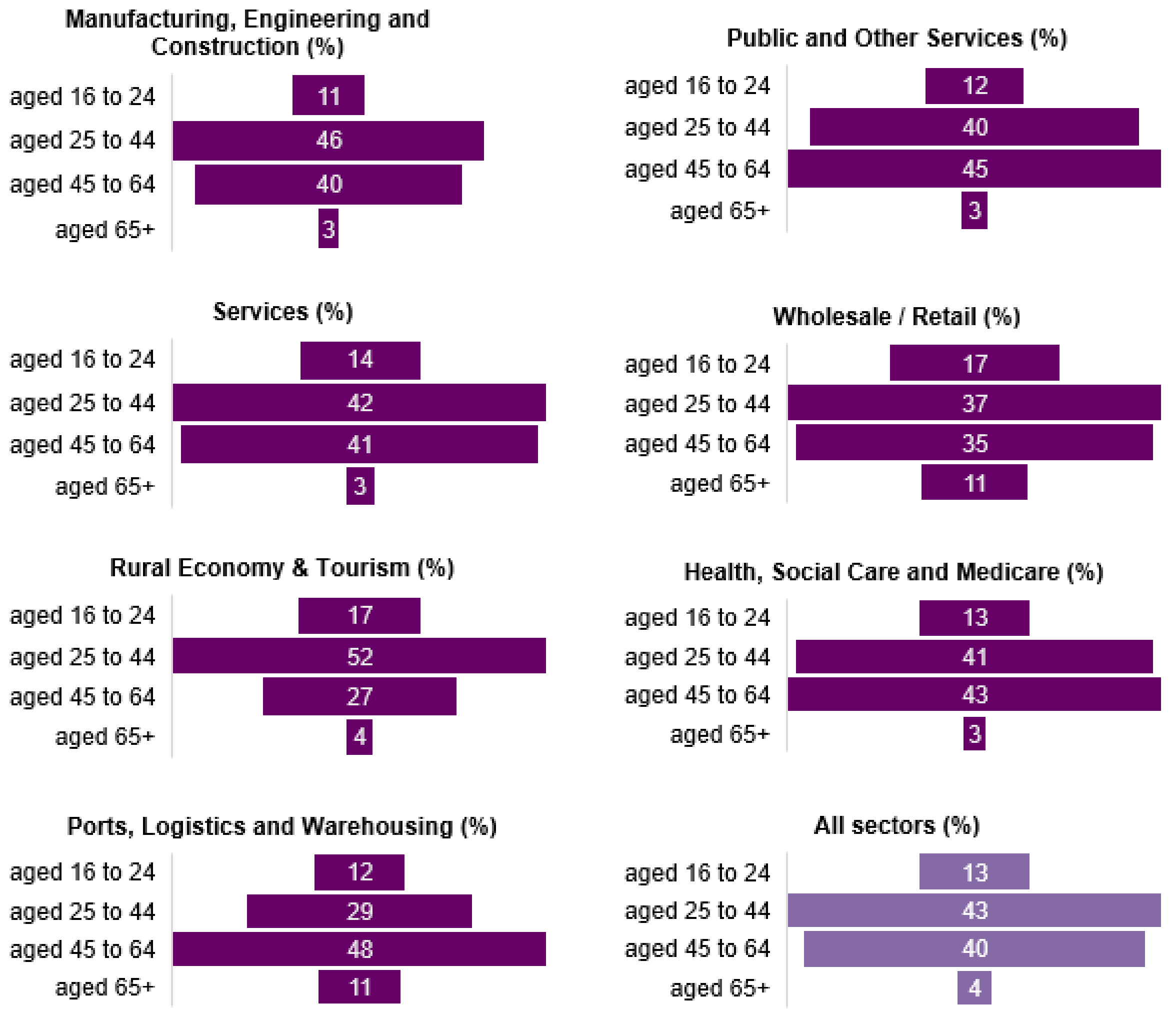
Appendix 2 – Additional Sector Analysis

Percentage of firms by size, by sector

Sector	Large	Medium	Small	Micro	*Sample size (N)*
Manufacturing, Engineering and Construction	23%	18%	38%	21%	*111*
Public and Other Services	18%	14%	39%	29%	*51*
Services	4%	15%	43%	37%	*46*
Wholesale / Retail	4%	4%	22%	70%	*23*
Rural Economy & Tourism	5%	29%	33%	33%	*21*
Health, Social Care and Medicare	21%	43%	36%	0%	*14*
Ports, Logistics and Warehousing	20%	30%	10%	40%	*10*
All sectors	**16%**	**18%**	**36%**	**30%**	***276***

Q1.3 Which of the following best describes the size of your business? (N=276)[30]

Workforce age profile, by sector (%)



Q1.4 If you are able, please indicate what percentage of your workforce are in the following age groups. (N=233)

[30] Highlighted if the value exceeds the all sector average.