

Digital Skills Business Survey 2020

For Serco and the Black Country Local Enterprise Partnership

23 May 2020



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I. Executive Summary

- This research sets out to gain a better understanding of local skills demand issues so that resources can be allocated more effectively and local training provision can be more targeted, hence helping businesses in the Black Country to improve productivity and achieve their potential.
- A telephone and parallel online survey was completed with 203 businesses from across the Black Country between 29 January and 13 March 2020 (with the online survey remaining open for a further month). To ensure a representative sample, quota targets were set on SIC, number of employees and Local Authority area.
- Data from the IDBR highlights that 87% of businesses operating in the Black Country have fewer than 10 employees and survey data highlights that the majority have operated within the area for more than 10 years and are private businesses.

Skills shortages

- A relatively high proportion of businesses (23%) had current skills shortage vacancies (vacancies that are hard to fill due to a lack of skills, qualifications or experience amongst applicants), rising to 42% amongst those with 10 or more employees.
- A wide variety of skills shortage areas exist, with the most common relating to technical or practical skills (affecting 61% of businesses with a skills shortage) followed by 'general common sense' (58%), 'job specific skills' (55% - most commonly engineering, mechanical and electrician skills) and 'oral communication skills' (50%).
- Half (50%) of those reporting a skills shortage vacancy said that this included a digital related skills shortage, which equates to 11% of all businesses.
- Microsoft Office (26%) and digital marketing skills (22%) were the most common problem areas amongst businesses with skills shortages. Many other digital skills shortages were referenced by businesses, underlining the fact that the digital skills required varies from sector to sector, often caused by fundamental supply problems and competition from other better paid industries.

Skills gaps

- A fifth (19%) of businesses had a skills gap amongst their current workforce, rising to 27% amongst those with 10 or more employees.
- Again, the exact nature of the skills gap varied greatly by sector. The most common skills gaps concern 'advanced IT or software skills' (mentioned by 60% of businesses with a current skills gap), followed by 'written communication skills' (50%).
- Nearly two-thirds (64%) of those reporting a skills gap said that this involved some type of digital skill, which equates to 12% of all businesses.
- The most frequent digital skills gap related to 'digital marketing skills' (42%) and 'digital or web design skills' (41%). This was followed by 'set-up, support and management of computer systems and networks' (35%), 'CRM software skills' (28%), and 'Microsoft Office' (26%).

- The digital skills gaps that exist tend to affect all age groups, however evidence suggests that employees aged 25-49 were the most likely age group to be affected in each case.
- The follow-up interviews suggested that some key areas of digital focus for the coming five years might relate to digital marketing, and software gives them a competitive edge e.g. through using 3D technology (where appropriate to individual sectors).

Impact of skills shortages and gaps

- Where a digital skills gap exists this is likely to have a significant negative impact on business, with higher operating costs, delayed development of new products or services and losing business to competitors being the most common. For a small number of businesses skills gaps are evidently inhibiting growth.
- Many businesses are doing what they feasibly can to address the skills gaps that exist, which commonly involves changing working practices or increasing training. This impacts on business as it takes up precious time and resource, particularly when delivered on-the-job by another member of staff.

Training and development

- Half (51%) of businesses in the Black Country don't have any form of training plan, budget or skills analysis and just 13% have a specific digital skills analysis of their workforce. There is some interest in support with developing a digital skills analysis, particularly amongst those with existing skills gaps.
- Half (51%) of businesses had arranged or funded training or development in the past 12 months, increasing to 82% of those with 10 or more employees. Those facing current skills gaps or shortages were also more likely to have done so, hence underlining the high level of action in response to skills issues.
- This training or development may have covered any subject area, but 13% of all businesses had arranged or funded digital specific training or development in the past 12 months.
- Businesses arranging or funding digital training or development in the past 12 months used a variety of methods or tools to do so, instructor led / classroom training either onsite (74%) or offsite (67%) being the most common. Less than half (48%) had done so online or through e-learning resources. It is clear however that specific skills or occupations will dictate which method is most practical and word of mouth is important in some sectors.
- Nearly a quarter (23%) of businesses said that they didn't expect any digital skills needs to arise in the future, but for others the most popular tool or method for delivering digital skills training in the future was online/e-learning (52% of businesses would use this method), followed by instructor led / classroom training either onsite (49%). However, current circumstances may lead businesses to consider new methods or tools given the need to move training out of the classroom.
- Half (50%) of businesses do not face any barriers to training, but where they do exist the cost/lack of funds for training and the impact of having staff away from work tend to cause the biggest issues. Those facing current skills gaps are unfortunately more likely to face such barriers.

Attitudes to technology

- Businesses were very positive about their ability to understand and use digital technology. Seven in ten (70%) NET¹: agreed (combining strongly agree and agree) that 'we understand the skills our staff need to use digital technology in our business' and 60% NET: agreed that 'we have the confidence and skills to try out new digital technology'. However, there were lower levels of confidence in relation to training - 48% NET: agreed that 'our business encourages and helps staff understand and increase their own digital skills' and just 31% NET: agreed that 'we have training in place to allow our staff to increase their digital skills'.
- Microbusinesses (those with 1-9 employees) were less likely than those with 10 or more employees to agree with each of these statements, underlining the additional challenges faced by the smallest of employers.
- 12% of businesses were concerned about the impact that automation and robotics might have on them in the future, which primarily related to technology replacing humans (mentioned by 35% of businesses that are concerned). Other concerns varied from impacts on social interaction (16%), automation/robotics providing increased competition (12%), and employing staff to man the new technology (5%).

Future technology use

- To provide insight into future digital technology usage, businesses were asked what barriers existed to them using more digital technology. A third (35%) said that there were 'no barriers', with a wide range of other responses given by the remaining businesses. The most common barriers cited were 'time to invest in upskilling staff' (mentioned by 24% of businesses), 'resources to invest in appropriate technology' (20%), 'resources to invest in training' (19%) and 'staff are resistant to using digital technology' (13%).
- Covid-19 is and will continue to have an impact on businesses, but digital technology has facilitated business continuation by enabling remote working and addressing skills issues through online tools and training opportunities. Predicting how that might impact on businesses in the future is difficult but methods of doing business will likely change and in some cases that might alter the emphasis on digital technology and hence change training requirements.

¹ Note: A NET figure is where two similar responses have been combined to show the proportion that gave either answer. In this case, 'NET: agree' is the proportion that answered either 'agree' or 'strongly agree'.

2. Introduction

Skills Support for the Workforce (SSW) is a programme co-financed by the Education and Skills Funding Agency (ESFA) and European Social Fund (ESF).

It aims to upskill employees within small and medium-sized enterprises by providing recognised, accredited qualifications and bespoke training courses to enhance employees' skills, increase competitiveness and boost the local economy.

Serco Employment, Skills and Enterprise (ESE) is the Prime Contractor of the SSW programme in the Black Country Local Enterprise Partnership region and delivers training through a network of expert training providers.

This research has been funded by ESFA and ESF as part of the SSW programme, to provide research on the current and future skills needs of the Local Enterprise Partnership.

Qa Research is pleased to submit this research report to Serco and the Black Country Local Enterprise Partnership. It is based on the findings from a quantitative survey of businesses and follow-up depth interviews carried out between February and April 2020.

This research comes at a time when rapid advances continue to be made in artificial intelligence (AI), robotics and other technologies, which is impacting on industries throughout the UK economy. These advances are changing the nature of the jobs that need to be done, and the skills needed to do them, at a considerable rate.

Some members of the UK's workforce do not possess the required level of digital literacy skills to keep up with this pace of change, and hence it can be difficult for employers to fill roles and train existing staff. It is therefore important that skills needs are identified to ensure that provision is optimised and, where required, support can be provided to organisations that may find the process overwhelming which can inhibit growth. This has particular importance for SMEs, which make up a very high proportion of businesses across the UK and are also typically impacted more by barriers related to time and money.

Through gaining a better understanding of employer demand for digital skills and barriers to filling the skills gaps, resources can be allocated more effectively and local training provision (through Serco's Skills Support for the Workforce (SSW) programme) can be more targeted, hence helping the Black Country improve its productivity and achieve its potential.

To gather this data, a robust survey of businesses was carried out, and supplemented with a series of follow-up depth interviews, and the findings from this survey are outlined in this report.

3. Aims and objectives

The main objectives of this research were to;

- Undertake a survey amongst a **robust and representative sample** of Black Country based SMEs that includes participation by some important small and medium sized businesses.
- **Identify the main challenges that businesses face** and how these can be addressed.
- Determine to **what extent SMEs need digital skills**
- Establish what **digital skills shortages and gaps exist** and what support might best be provided to resolve these issues.
- Investigate whether these issues **impact on certain sectors or age groups** more than others.
- Review to what extent employers are already **attempting to fill these shortages and gaps through training or development**.
- Establish any **digital skills barriers** that employers have which are preventing growth and increased productivity of their businesses.
- Determine how Serco, the Black Country Local Enterprise Partnership and individual training providers can **support businesses to overcome challenges** and ensure business growth is not inhibited through the lack of appropriately skilled staff.

4. Methodology

4.1 Quantitative survey

To gather the required data a telephone survey was undertaken, with a parallel online survey made available to widen the opportunity to participate.

The sample for the telephone survey was sourced from Dun & Bradstreet. A sample of 3,000 in scope businesses were selected based on the quota specification, in order to achieve the required number of interviews by SIC, business size and area. Where available a senior decision maker was tagged to the sample, but this was not available in all cases.

To ensure that a representative sample of respondents was interviewed, quota targets were set to control the proportion of interviewed businesses by Standard Industrial Classification (SIC) code, number of employees and Local Authority area.

The quota targets were broadly representative of the business population in the Black Country (based on data from the 2019 IDBR for enterprises), however, micro businesses (fewer than 10 employees) were deliberately under-sampled to increase the number of small and medium sized businesses included in the sample for analysis purposes.

Additionally, some under-sampling and over-sampling by SIC was also applied to ensure that sectors with higher employment levels were adequately represented in the data. Weighting was applied at the analysis stage to ensure that the final sample was representative of the business community in the Black Country.

Qa Research carried-out the telephone survey with an achieved sample of 198 businesses between Wednesday 29 January and Friday 13 March 2020.

The online survey was scripted by Qa Research and a link was then provided to Serco and the Black Country Local Enterprise Partnership for inclusion on websites and in newsletters or emails, thereby allowing any business to access and complete the survey directly. The online link was sent out on 27 February and remained live until 25 March 2020. Just 5 responses were submitted during this period.

All data processing, coding and data preparation was carried out in-house by Qa Research.

Based on the business population of 36,880 SMEs in the Black Country area, the overall sample of 203 provides data which in research terms means we can be 95% confident that the data at an overall level has a variance of no more than +/-6.9% accuracy.

4.2 Follow-up interviews

A series of 10 follow-up telephone interviews were then carried out with businesses who participated at the survey stage and had agreed to a follow-up interview. The objective of these follow-up calls was to further investigate responses given and gain a more detailed understanding of skills needs and the barriers faced.

Of the 203 businesses participating in the first stage, a total of 86 agreed to take part in a follow-up interview which provided a sample frame for recruitment. The aim was to recruit a mixture of businesses based on sector (including creative, manufacturing, health/social care and construction), area and whether they had digital skills gaps, faced barriers or were addressing digital skills needs already.

Due to the impact of Covid-19 on business, and the associated availability of contacts, the interviews were postponed until mid-April when business availability was slightly improved. Interviews took place between Tuesday 21st April and Friday 1st May 2020.

The final sample comprised businesses from the following industries: manufacturing (3), creative/digital (3), health/social care (2), construction (1), community services (1). Four of these businesses had current skills gaps.

Three of the businesses were small (with between 11 and 49 employees), whilst the others were all microbusinesses.

Interviewers used a set discussion guide (included in the appendix for reference).

Please note that the results of qualitative research cannot be projected onto the overall population, due to the sample selection, interviewing methods and sample size.

The results of the interviews are used to add additional detail to the key findings section of the report (section 5), and four case studies are included in section 6.

5. Key findings

This section outlines the key findings from the survey.

5.1 Sample profile

This section details the profile of respondent businesses.

Firstly, the table below details the profile of businesses by SIC code, based on data from the IDBR and compares this with the unweighted achieved sample and the weighted sample.

Figure 1. Business activity - SIC

SIC	All Enterprises (IDBR 2019)		Achieved Sample (Unweighted)		Achieved Sample (Weighted)	
A - Agriculture, forestry and fishing	85	0.2%	0	-	-	-
B - Mining and quarrying	0	0.0%	0	-	-	-
C - Manufacturing	3,325	9.0%	44	21.7%	19	9.4%
D - Electricity, gas, steam and air conditioning supply	10	0.0%	1	0.5%	<0.5	0.0%
E - Water supply; sewerage, waste	225	0.6%	2	1.0%	1	0.5%
F - Construction	4,570	12.4%	9	4.4%	23	11.3%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	6,785	18.4%	31	15.3%	39	19.2%
H - Transportation and storage	3,075	8.3%	7	3.4%	15	7.4%
I - Accommodation and food service activities	2,105	5.7%	5	2.5%	10	4.9%
J - Information and communication	1,510	4.1%	11	5.4%	9	4.4%
K - Financial and insurance activities	505	1.4%	1	0.5%	3	1.5%
L - Real estate activities	1,080	2.9%	2	1.0%	6	3.0%
M - Professional, scientific and technical activities	3,655	9.9%	15	7.4%	21	10.3%
N - Administrative and support service activities	2,555	6.9%	8	3.9%	15	7.4%
O - Public administration and defence; compulsory social security	495	1.3%	0	-	-	-
P - Education	1,590	4.3%	23	11.3%	9	4.4%
Q - Human health and social work activities	430	1.2%	29	14.3%	6	3.0%
R - Arts, entertainment and recreation	1,555	4.2%	4	2.0%	9	4.4%
S - Other service activities	3,325	9.0%	11	5.4%	19	9.4%
Base	36,880		203		203	

For some SIC codes the unweighted, achieved sample differs from the profile of all businesses due to the over and under-sampling of certain types of businesses.

This was carried out to ensure that a robust number of businesses were interviewed in key sectors, particularly those with high employment levels, for analysis purposes.

The weighting applied corrected for these differences and consequently the weighted, achieved sample aligns with the IDBR profile. All findings in this report are based on the weighted sample and we can, therefore, be confident that the survey sample reflects the LEP area business population by SIC code.

The table below shows the profile of businesses based on the number of employees. Weighting has also been applied to correct for the deliberate under-sampling of micro-sized businesses.

Figure 2. Number of employees

Number of employees	All Enterprises (IDBR 2019)		Achieved Sample (Unweighted)		Achieved Sample (Weighted)	
Micro (0 to 9)	29,205	87.4%	93	45.8%	169	83.3%
Small (10 to 49)	3,530	10.6%	84	41.4%	28	13.8%
Medium-sized (50 to 249)	675	2.0%	25	12.3%	5	2.5%
Base	33,550		203		203	

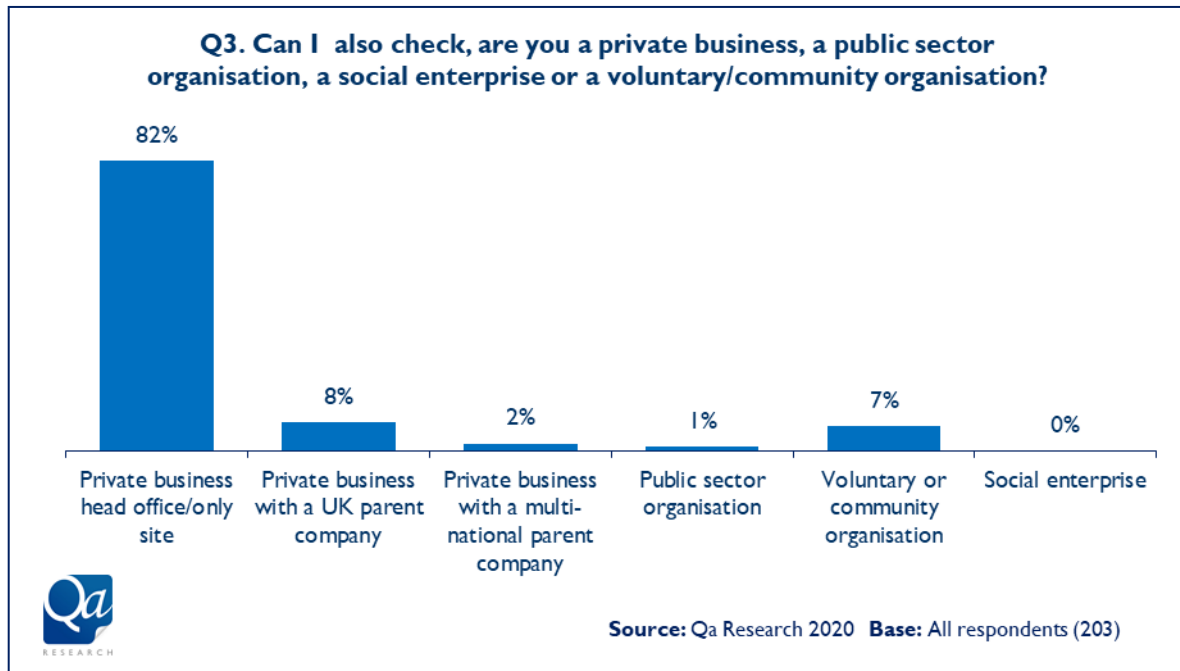
Quotas were also set on the proportion of businesses interviewed in each Local Authority area. The table below shows how weighting has been applied to ensure the final sample is representative of the business population across the LEP area.

Figure 3. Local Authority area

Area	All Enterprises (IDBR 2019)		Achieved Sample (Unweighted)		Achieved Sample (Weighted)	
Dudley	9,640	28.7%	61	30.0%	60	29.6%
Sandwell	8,890	26.5%	55	27.1%	58	28.6%
Walsall	7,665	22.8%	44	21.7%	41	20.2%
Wolverhampton	7,360	21.9%	43	21.2%	44	21.7%
Base	33,555		203		203	

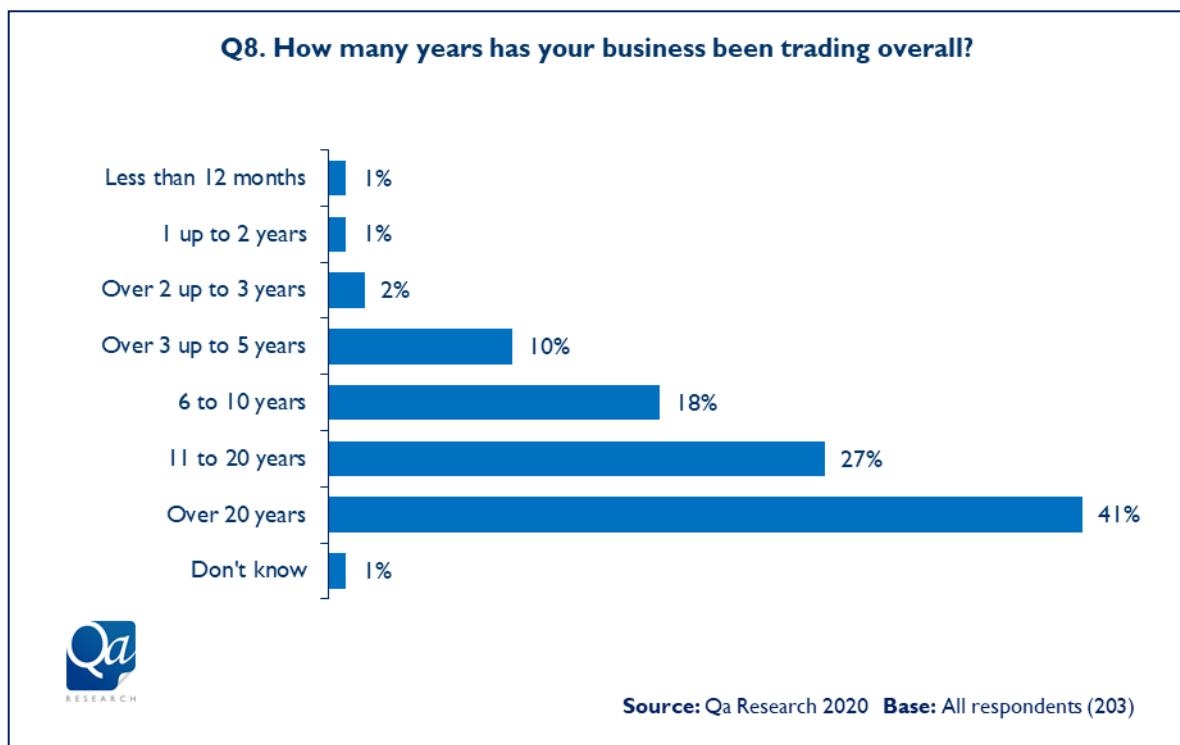
As shown in the following chart, the vast majority of businesses were private businesses and the site interviewed was the head office or only site (82%). A further 8% were a private business with a UK parent company and 2% were a private business with a multi-national parent company. Amongst the remaining businesses a total of 7% were voluntary or community organisations and just 1% were public sector organisations.

Figure 4. Type of business



A question was also included to explore how long businesses had been operating. As shown below the majority of businesses had been operating for more than 10 years (27% between 11 and 20 years, and 41% for more than 20 years).

Figure 5. Number of years business has been operating



5.2 Current skills shortages

This section explores the incidence of skills shortage vacancies in businesses, and the exact nature of the type of skills, qualifications or experience that they are finding it hard to find.

In total, 23% of businesses reported that they had current skills shortage vacancies (vacancies that are hard to fill due to a lack of skills, qualifications or experience amongst applicants). This is much higher than the proportion of all UK businesses reporting a skills shortage vacancy (6%).²

Skills shortage vacancies impacted on all types of business including private businesses and voluntary/community organisations. Businesses with 10 or more employees (42%) were more likely than those with 1-9 employees (20%) to have current skills shortage vacancies. Results should be treated with caution due to low base sizes, however, businesses operating within F. Construction (78%), N. Administrative and support services (37%) and C. Manufacturing (31%) were particularly likely to have current skills shortage vacancies.

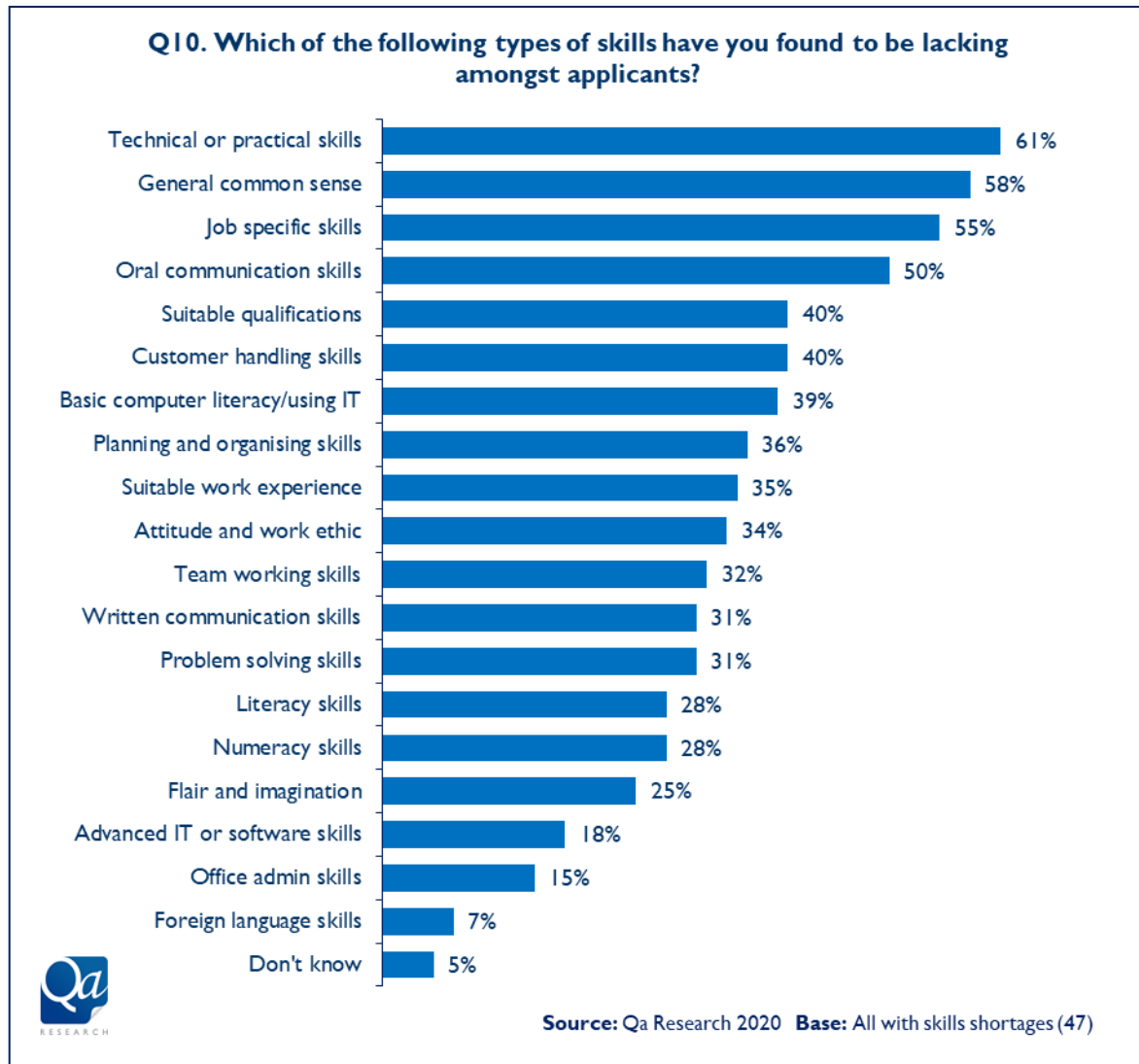
Specific skills lacking amongst applicants are shown in the following chart, which is based on those reporting a skills shortage vacancy only.

Where vacancies do exist, it is clear that the exact skills shortages underpinning them vary greatly. The most common type of skill mentioned was 'technical or practical skills' (61%), followed by 'general common sense' (58%), 'job specific skills' (55% - most commonly engineering, mechanical and electrician skills) and 'oral communication skills' (50%).

IT specific skills shortages were comparatively less common amongst businesses in the Black Country, 'basic computer literacy or using IT' (39%) being more prevalent than 'advanced IT or software skills' (18%) amongst those reporting current skills shortage vacancies.

² UKCES, UK Employer Skills Survey (2017)

Figure 6. Areas of skills shortage amongst applicants



During the follow-up interviews a number of businesses underlined the importance of some of these generic skills, particularly job specific skills, some of which are causing huge issues as far as introducing new entrants into the industry is concerned:

“There is a severe lack of good electricians and that has been an issue for some time. It is a dying trade now that it is easier to go to university and hard to find the aptitude amongst those available. Around one in ten will be kept on, the rest are kicked off within a day or two, so we have to use sub-contractors.”
(Construction, Dudley)

In some sectors more generic skills such as attitude and work ethic are also causing issues:

“Attitude to work is a huge issue. We have such a high turnover of staff, and people don’t resign they just disappear. We need to make the industry more attractive to applicants and the industry needs to pay more or this will just keep happening. Ultimately it pays better to work in a fast food restaurant and so that’s what people choose as it is easier work.” (Health and Social Care, Walsall)

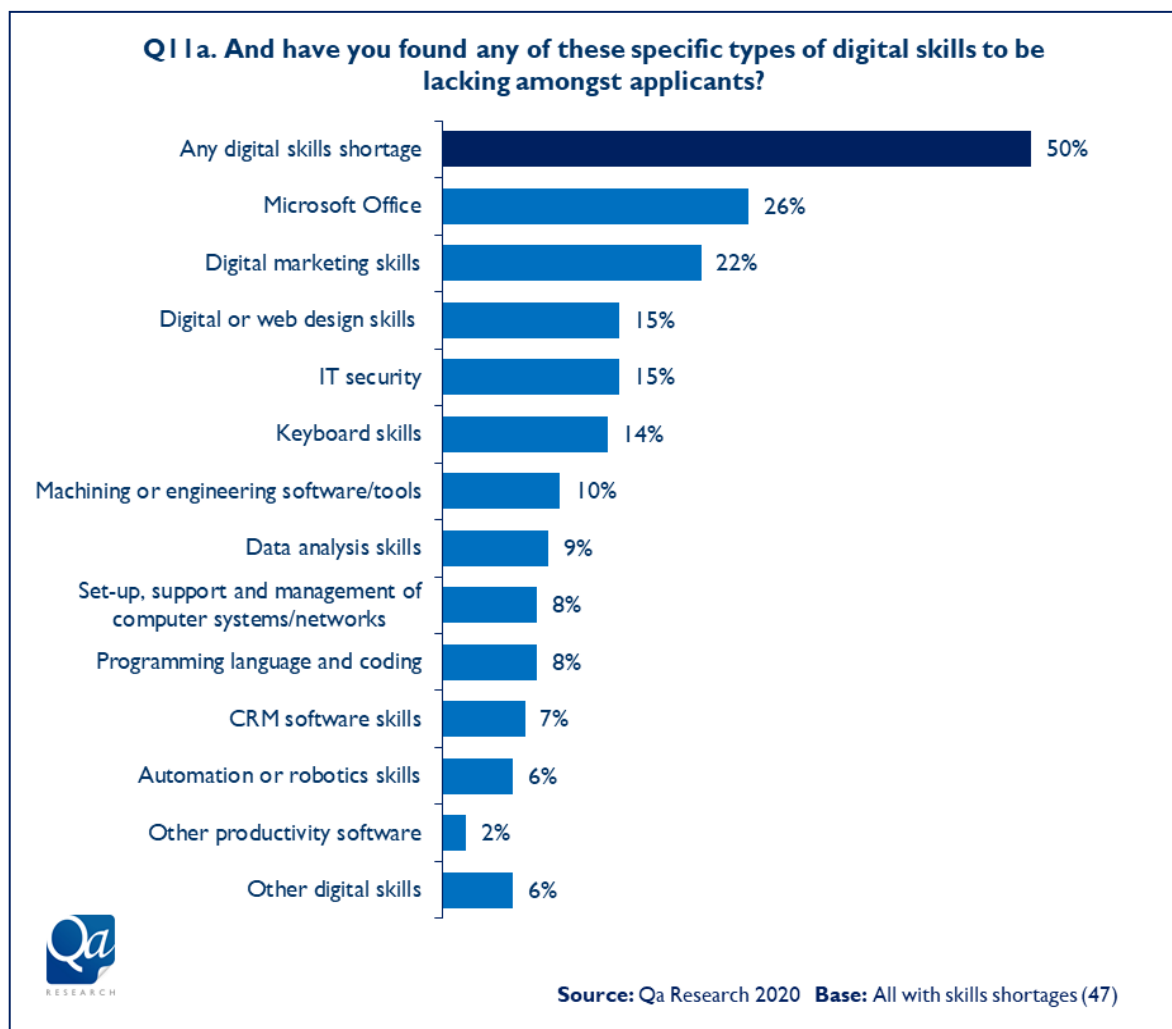
Businesses were also prompted with a list of digital specific skills that they might have found lacking amongst applicants. Results are shown in the following chart, which is again based on those reporting a skills shortage vacancy only.

Half (50%) of those reporting a skills shortage vacancy said that this included some type of digital skill. This equates to 11% of all businesses, which fall into the following sectors: C. Manufacturing, F. Construction, G. Wholesale and retail trade; repair of motor vehicles or motorcycles, J. Information and communication, N. Administrative and support services, P. Education, Q. Human Health and Social Work Activities, and S. Other service activities.

A wide variety of digital skills were mentioned, with 'Microsoft Office' (mentioned by 26% of businesses with current skills shortages) and 'digital marketing skills' (22%) the most frequent digital skills lacking in applicants.

Many digital skills shortages were referenced by businesses, underlining the fact that the digital skills required varies from sector to sector.

Figure 7. Digital skills found lacking amongst applicants



The 23 businesses reporting these digital skills shortages were asked to state the specific occupations that they were having difficulties with. The most frequent responses were engineering or technical roles and IT or software development roles.

During the follow-up interviews one business provided further details about the digital skills shortages currently impacting on their business. This was an issue created by the lack of high calibre young applicants looking to enter the care sector:

“We have a big issue with getting existing staff to use technology, but if we could attract younger staff this would be less of an issue. Basic IT skills are the main issue, just being able to use tablets (when we hopefully get them) and email.” (Health and Social Care, Walsall)

5.3 Current skills gaps

This section explores the degree to which businesses felt that skills gaps exist amongst their current workforce (skills that need developing or are missing amongst the current workforce). Again, businesses were prompted with lists of general and digital specific skills.

In total, 19% of businesses reported that a skills gap existed amongst their current workforce. This is higher than the proportion of all UK businesses reporting a skills gap i.e. that at least one member of staff is not fully proficient at their job (13%).³

Businesses with 10 or more employees (27%) were more likely than those with 1-9 employees (18%) to have a skills gap amongst their current workforce. Results should be treated with caution due to low base sizes, however, businesses operating within M. Professional, scientific and technical activities (35%), F. Construction (34%) and H. Transportation and storage (33%) were the most likely to have a skills gap amongst their current workforce.

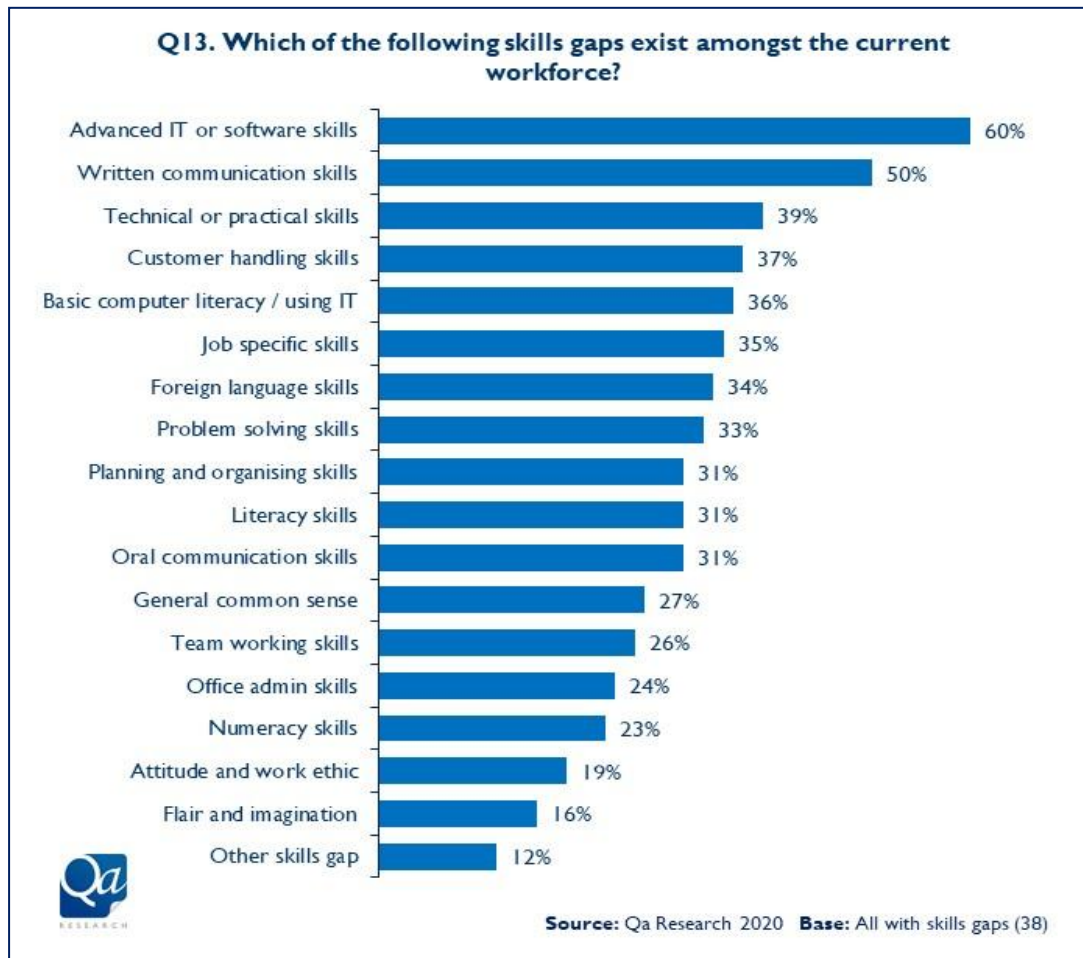
Specific skills gaps existing amongst the current workforce are shown in the following chart, which is based on those reporting a skills gap only.

The most common type of skills gap was ‘advanced IT or software skills’ (mentioned by 60% of businesses with a current skills gap), followed by ‘written communication skills’ (50%). A wide variety of other skills gaps also existed amongst businesses, including job specific skills which included a small number of businesses that specifically referenced manual handling.

It should be noted that a number of SMEs outsource IT or accounting work, hence filling a potential skills gap by acquiring the services of those who are ‘experts’ in these fields.

³ UKCES, UK Employer Skills Survey (2017)

Figure 8. Areas of skills gaps that exist amongst current workforce



During the follow-up interviews one business explained that when providing advice, the job specific skills required by their staff are always having to be evolve:

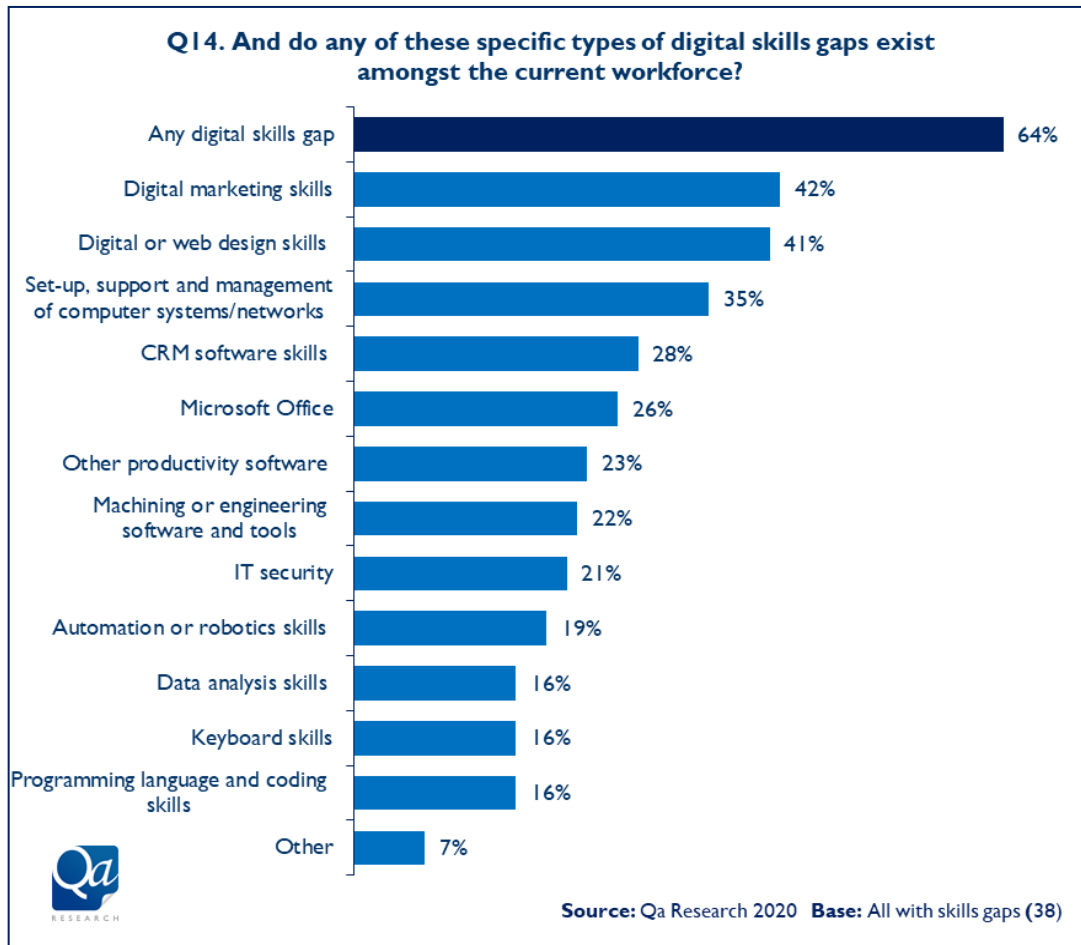
“Our advisors have to provide advice on so many different things and right now lots is changing, for example, about the way universal credit claims are done online. We received training for that via Sandwell Council though.” (Community Services, Sandwell)

Businesses were again prompted with a list of digital specific skills gaps that might exist amongst the current workforce. Results are shown in the following chart, which is again based on those reporting a skills gap only.

Nearly two-thirds (64%) of those reporting a skills gap said that this involved some type of digital skill. This equates to 12% of all businesses, and they fall into the following sectors: C. Manufacturing, F. Construction, G. Wholesale and retail trade; repair of motor vehicles or motorcycles, H. Transportation and storage, M. Professional, scientific and technical activities, P. Education, Q. Human health and social work activities and S. Other service activities. Digital skills gaps affected businesses of all sizes.

A wide variety of digital skills were mentioned, with ‘digital marketing skills’ (42%) and ‘digital or web design skills’ (41%) the most common. This was followed by ‘set-up, support and management of computer systems and networks’ (35%), ‘CRM software skills’ (28%), and ‘Microsoft Office’ (26%).

Figure 9. Digital skills gaps that exist amongst current workforce



Where a specific digital skills gap existed, businesses were asked to state whether this typically affected employees aged under 25, aged 25-49, or aged 50 and over. Due to the small number of businesses reporting each individual skills gap (varying from 3 businesses up to 16 businesses) results must be treated with caution, however, employees aged 25-49 were the most likely age group to be affected by each digital skills gap, with the exception of ‘other productivity software’, which was equally as likely to affect all age groups.

The 24 businesses reporting digital skills gaps were asked which specific occupations they affected. A number of different occupations were referenced, with the most frequent being administrative roles (7 businesses), sales/marketing roles (7 businesses), engineering/technical roles (5 businesses) and IT/software roles (3 businesses).

The follow-up interviews outlined some specific details regarding the digital skills gaps that impact on some businesses. Digital marketing skills will take on an even greater importance in the future, and two businesses had already pinpointed digital marketing as an area of focus. This includes promoting the business to potential clients and also funders (in the case of a community centre):

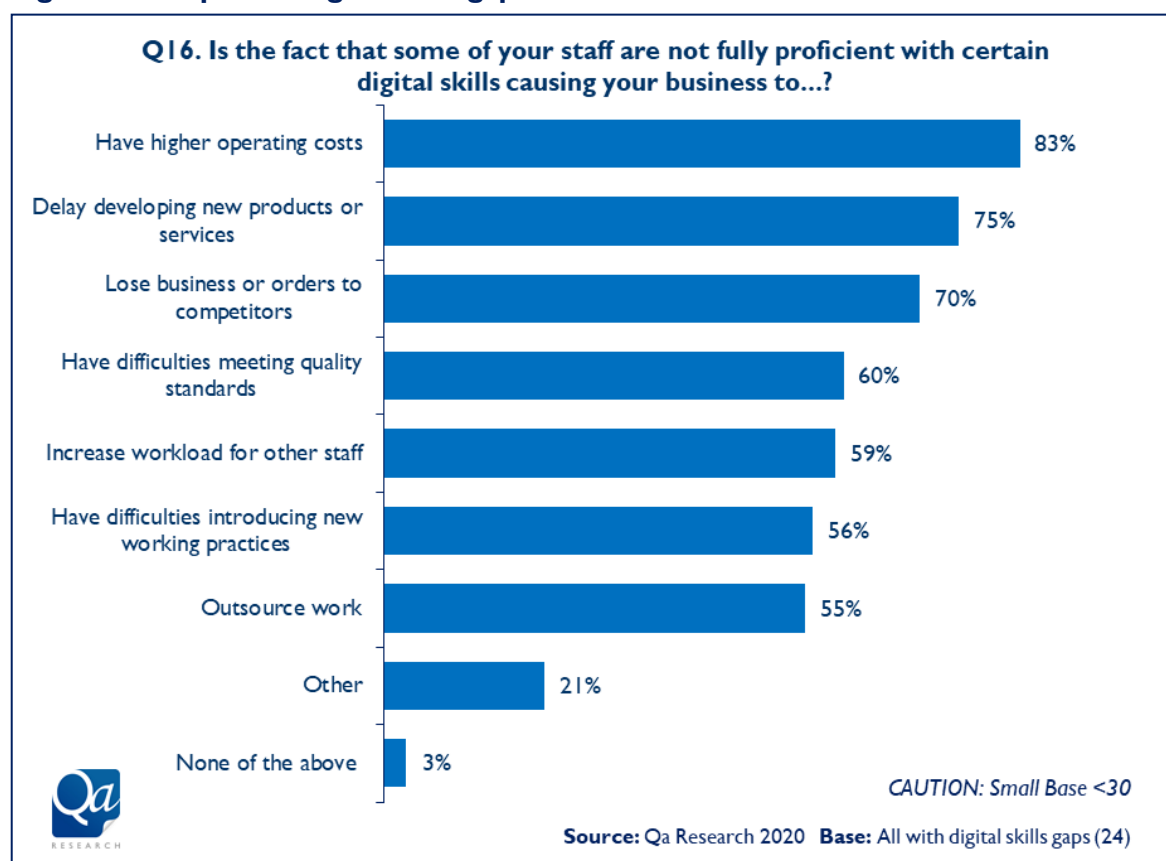
“Digital marketing is something I have been thinking about and I have a good idea of who I would like to target via Facebook or other social media. I would like to generate more enquiries, but I need to think about it further beyond just having a Facebook page and a website.” (Yoga practitioner, Sandwell)

Other examples showed the variety and specificity of digital skills that are required within a range of businesses depending on their sector of work. For example, 3D software skills to assist with new business acquisition in the construction industry and 3D mapping in the photography industry.

5.4 Impact of skills shortages and gaps

Businesses reporting a digital skills gap amongst their current workforce were then asked about the impacts of this shortfall. As shown below, the majority of the 24 businesses affected by a current digital skills gap did feel that there was a negative impact on the business (just 3% said that none of the listed impacts applied to their business). The most common impact was that the digital skills gap was causing the business to 'have higher operating costs' (83%), whilst three-quarters (75%) said that it was causing them to 'delay developing new products or services' and seven in ten (70%) that it was causing the business to 'lose business or orders to competitors'. More than half of those with a digital skills gap reported various other impacts (as listed below), showing that where a skills gap exists, there are various resultant negative impacts on the business.

Figure 10. Impact of digital skills gaps

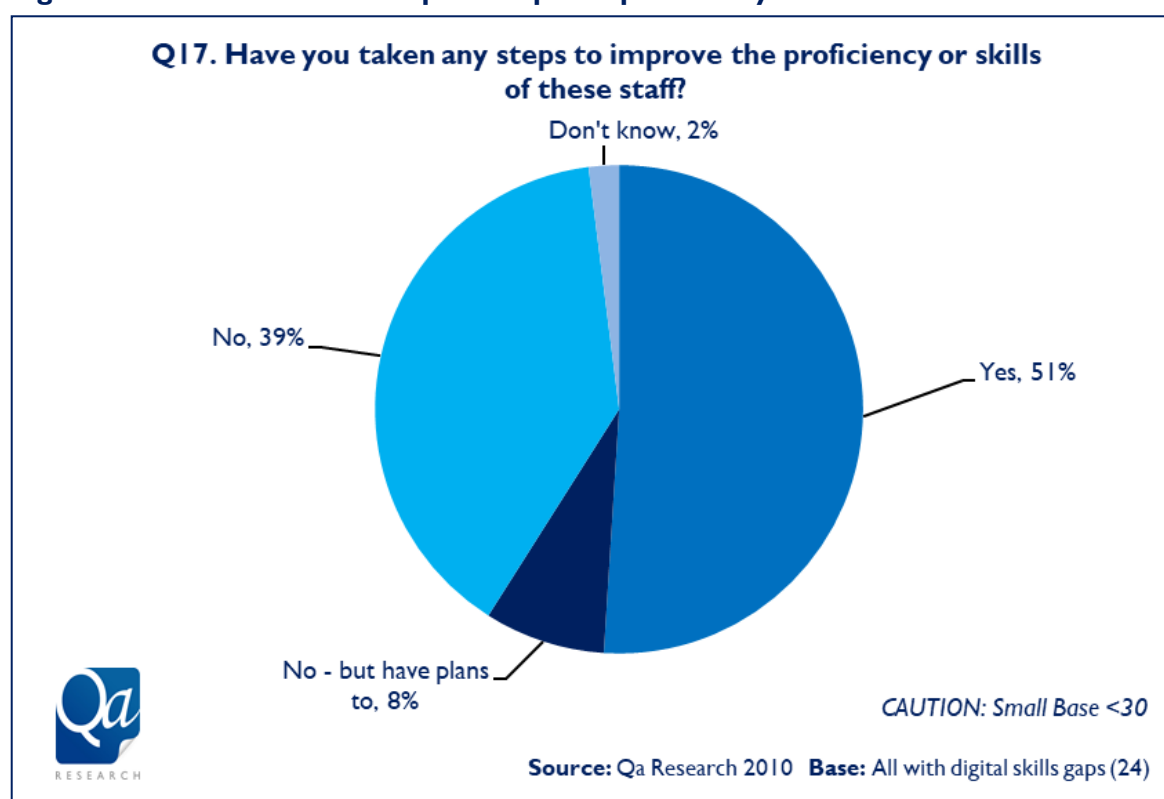


Where digital skills gaps exist the follow-up interviews further investigated the direct impacts of this on businesses. One affected business explained that the ongoing skills issues were causing a constant financial burden:

“Because of the turnover of staff and the fact that those that are attracted to the industry don’t have the relevant skills, I find we are constantly training, and I like to push staff forwards, but it costs so much.”
(Health and Social Care, Walsall)

Businesses reporting a digital skills gap were also asked whether they had taken any steps to improve staff proficiency or skills. Half (51%) had taken steps already, with an additional 8% having plans to do so. Businesses that had not yet taken any steps (NET: No and No – but have plans to), were all micro-sized businesses (with between 1 and 9 employees)⁴.

Figure 11. Whether taken steps to improve proficiency or skills

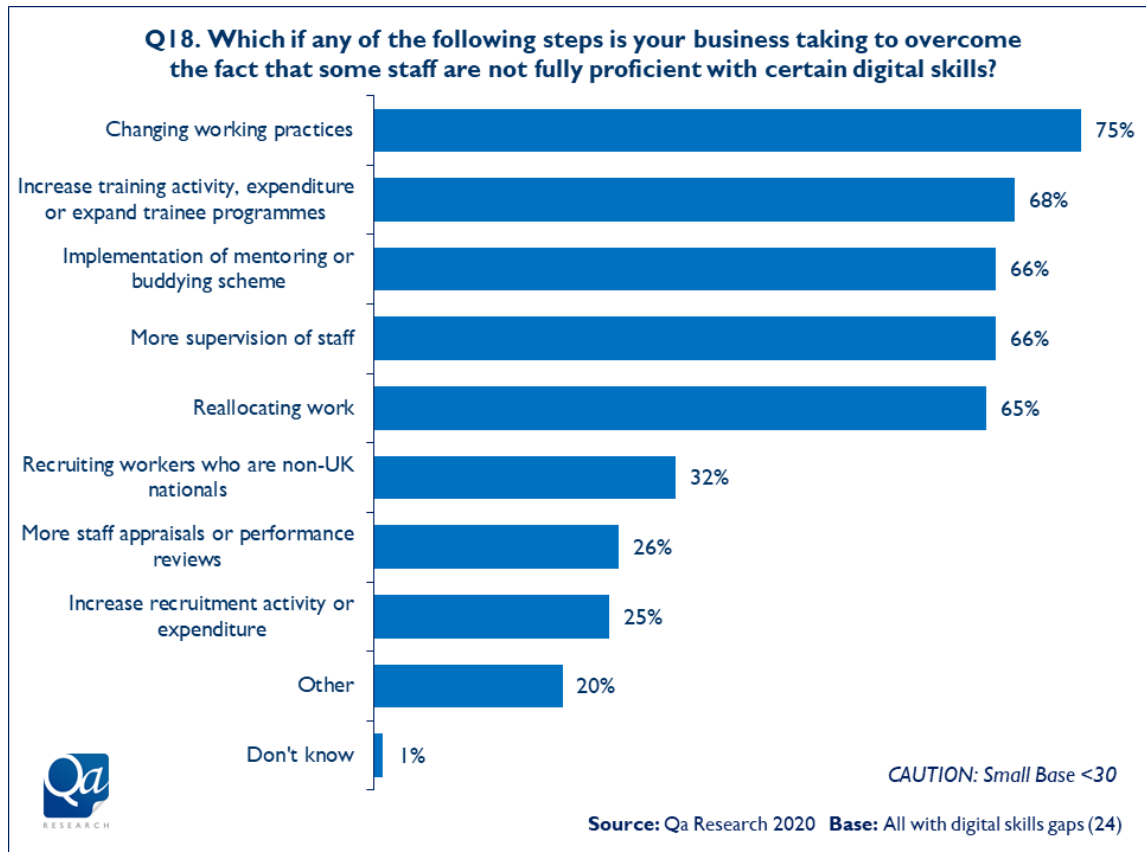


Businesses reporting a digital skills gap were then asked what steps they had taken to overcome it. This included businesses responding no at the previous question, as some of the steps listed may not have occurred to businesses when answering the unprompted question.

Three-quarters (75%) of businesses with a digital skills gap had changed working practices to overcome the fact that some staff were not fully proficient. Other steps commonly taken included increasing training activity, expenditure or expanded trainee programmes (68% of businesses having taken this step), implementing mentoring or buddying schemes (66%), increasing supervision of staff (66%) and reallocating work (65%).

⁴ Note: A NET figure is where two similar responses have been combined to show the proportion that gave either answer. In this case, ‘NET: no’ is the proportion that answered either ‘no’ or ‘no – but have plans to’.

Figure 12. Steps taken to overcome digital skills gap



The respondents participating in follow-up interviews that had taken steps to overcome digital skills gaps had all increased training activity (or planned to do so). They were commonly software related and hence these might be issues that are more easily addressed through training:

“Some businesses might sub-contract out the 3D plan work but that’s a really expensive way to do it, so we have already sent someone on a CAD course and when the first 3D requirements come in we will need to refresh that. But you don’t get a lot of notice in construction, so we had to pre-empt that” (Construction, Dudley)

5.5 Training and development

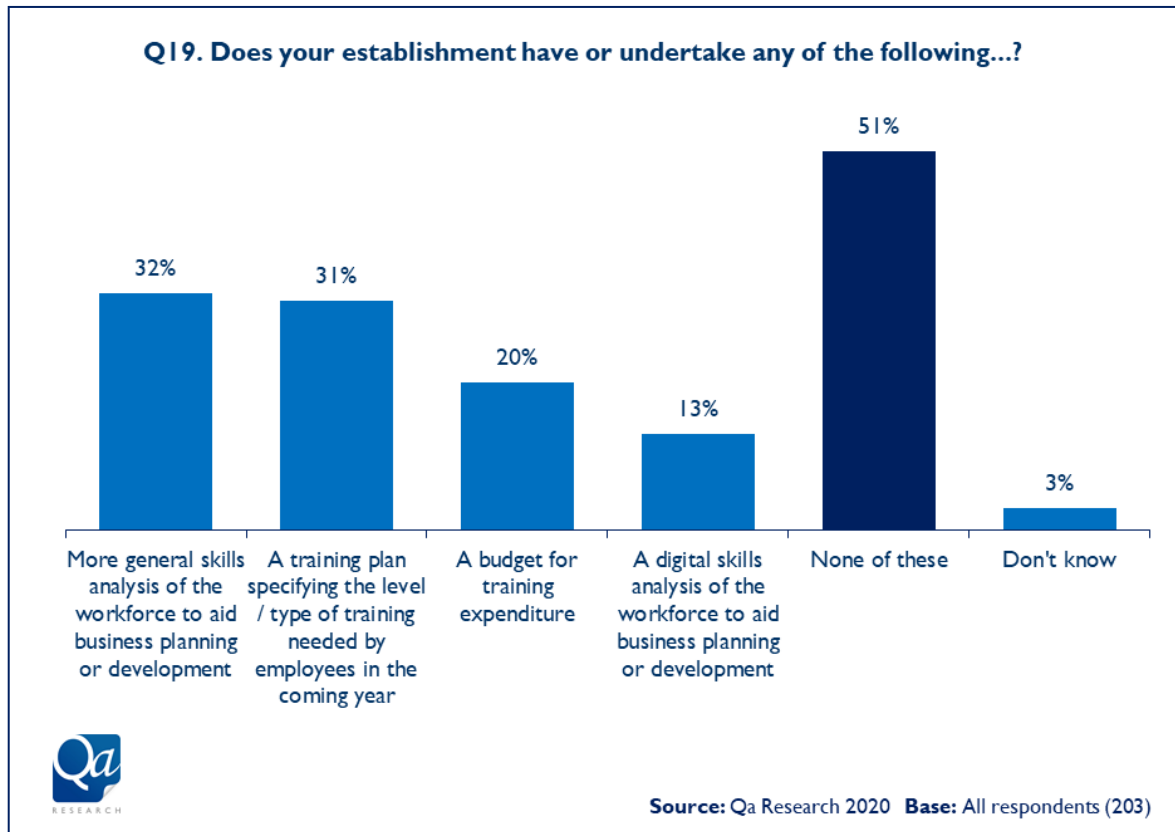
This section explores the extent to which training and development is undertaken within businesses, both in general and specific to digital skills. Preferences for future digital skills training are also explored.

5.5.1 Existence of a training plan, budget or skills analysis

All businesses were asked whether their establishment has a training plan or budget or has undertaken a digital skills analysis or more general skills analysis of the workforce.

As shown overleaf, the approach that businesses take is split evenly between those who utilise some form of plan, budget or skills analysis and those who don’t utilise any (51%). A third (32%) of businesses have a general skills analysis of the workforce, with just slightly fewer (31%) having a training plan that specifies the level and type of training needed by employees in the coming year. A fifth have a training budget (20%) and just 13% have a digital skills analysis of the workforce.

Figure 13. Approach to training and development

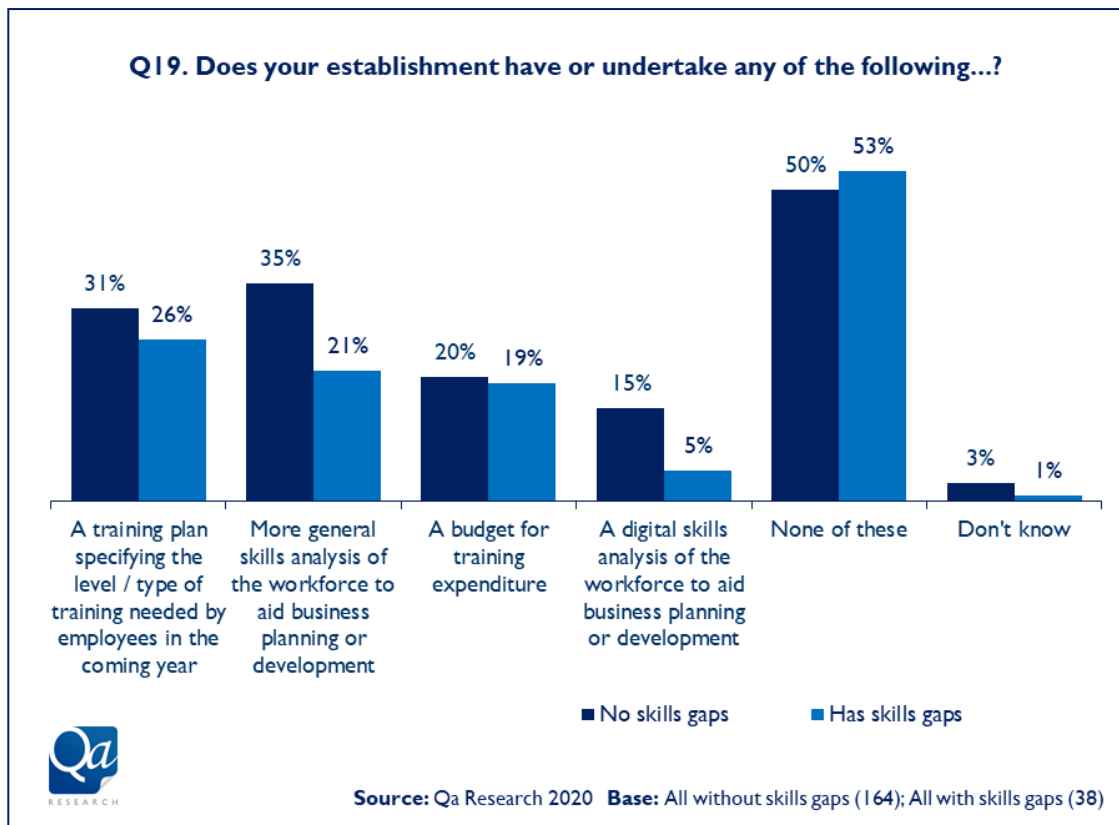


Micro businesses with between 1 and 9 employees were the most likely to say that they had '*none of these*' (56%, compared to 24% of those with 10 or more employees).

Results should be treated with caution due to low base sizes, however, businesses operating within S. Other service activities (76%), H. Transportation and storage (64%), N. Administrative and support service activities (64%) and G. Wholesale and retail trade; repair of motor vehicles and motorcycles (62%) were the most likely to say '*none of these*'.

Businesses reporting a skills gap within the business were more likely than those without a skills gap to have each of a training plan, a digital skills analysis of the workforce and a general skills analysis. However, overall a higher proportion of those reporting a skills gap didn't have any of these things (53%, compared to 50% of those with no skills gap).

Figure 14. Approach to training and development, by existence of skills gaps



Businesses that did not already have a digital skills analysis were then asked whether they would be interested in support from a local Growth or Skills Hub to develop or undertake one, and 15% (of those without one already) said that they would be interested in support with developing one. This service appealed to businesses of all sizes. Unsurprisingly businesses with current skills gaps (44%) were more likely than those without (8%) to be interested in such support.

In the follow-up discussions with businesses, it was clear that regardless of the existence of a formal training plan or skills analysis of the workforce, all business owners were actively interested in playing a part in the upskilling of their workforce. They were generally proactive in seeking training or development options, prepared to invest in the upskilling of their workforce, and knew where to go to access the training required.

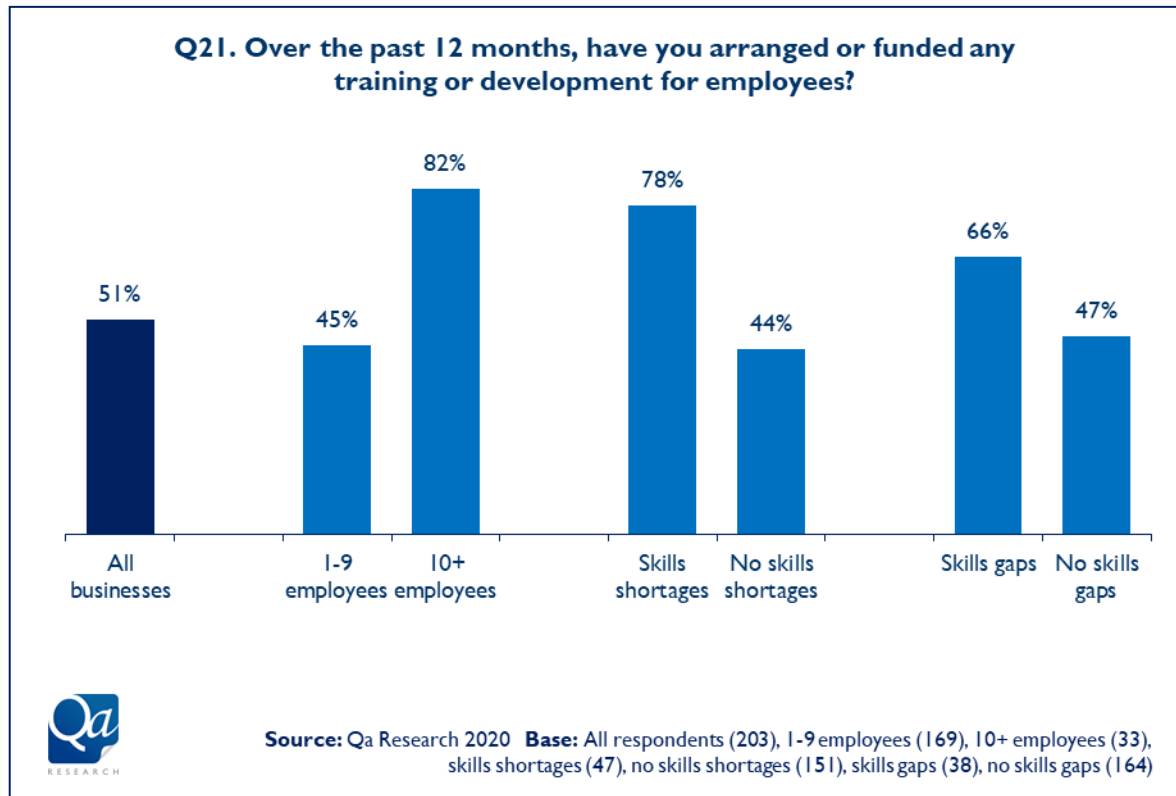
One business participating in a follow-up interview spontaneously mentioned this type of support being important for them, as well as the visibility of the Growth Hub more generally:

“I think the LEP needs to be more visible where training or skills is concerned, perhaps through a knowledge or growth hub. Communication is key so an email with news or links, seminars for relevant subjects (IT or employment law) or help with understanding digital skills needs.” (Manufacturing, Dudley)

5.5.2 Provision of training or development in past 12 months

Half (51%) of businesses had arranged or funded training or development in the past 12 months. Micro sized businesses (those with 1-9 employees) were less likely than those with 10 or more employees to have arranged or funded training or development (45% and 82% respectively). Interestingly businesses with current skills shortages (78%) were more likely than those without (44%) to have done so. The same pattern existed when comparing businesses with skills gaps to those without (66% and 47% respectively). This corresponds with the high proportion of businesses taking steps to improve the proficiency of staff (as reported in section 5.4).

Figure 15. Provision of training or development in past 12 months



Results should be treated with caution due to low base sizes, however, businesses operating within F. Construction (89%) and M. Professional, scientific and technical activities (71%) were the most likely to have arranged or funded training or development in the past 12 months. Conversely, businesses operating within I. Accommodation and food services (7%) were the least likely to have arranged or funded training or development in the past 12 months.

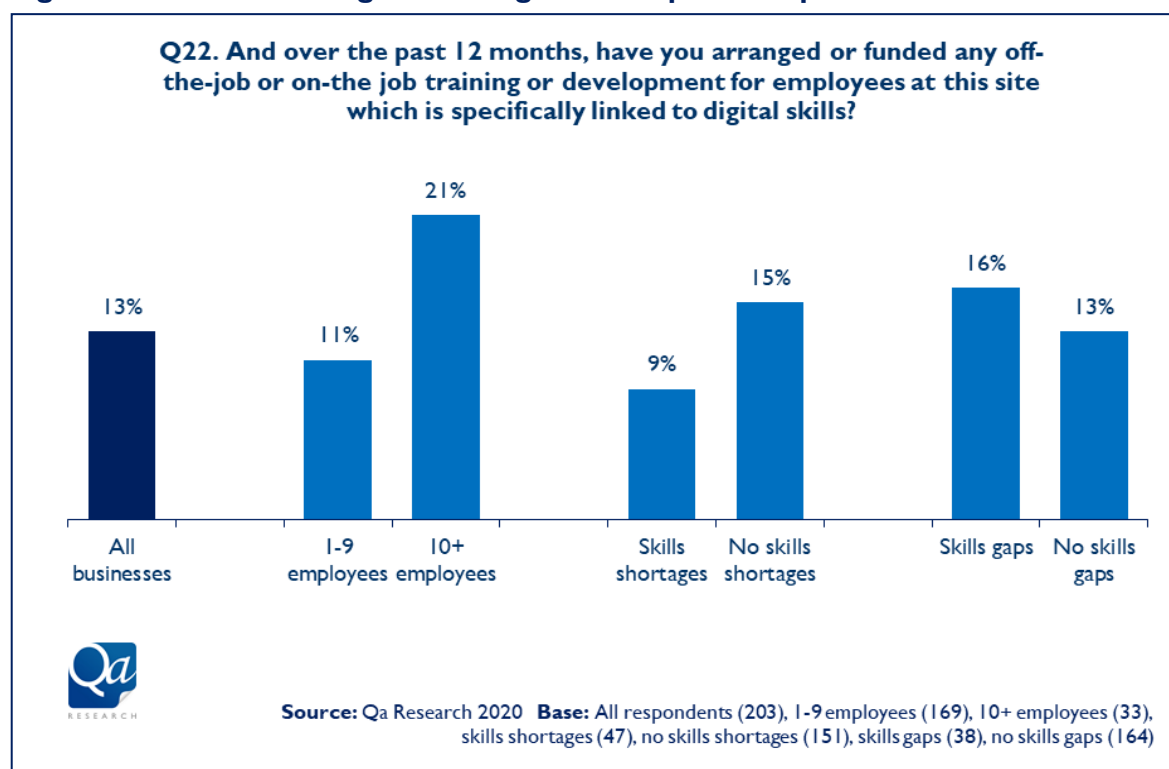
Businesses arranging or funding training or development in the past 12 months were asked whether this had included any digital related training or development. A quarter (25%) had provided digital skills specific training or development during this period, which equates to 13% of all businesses.

The following chart shows the proportion of all businesses that had provided digital skills training or development, and comparative information for various sub-groups. Those with 10 or more employees (21%) were more likely than those with 1-9 employees (11%) to have provided digital skills training or development in the past 12 months.

Compared to the trends for any training or development there was much less difference between businesses who had or did not have skills gaps or shortages. This might reflect the fact that a lot of training being undertaken relates to non-digital subjects in these organisations.

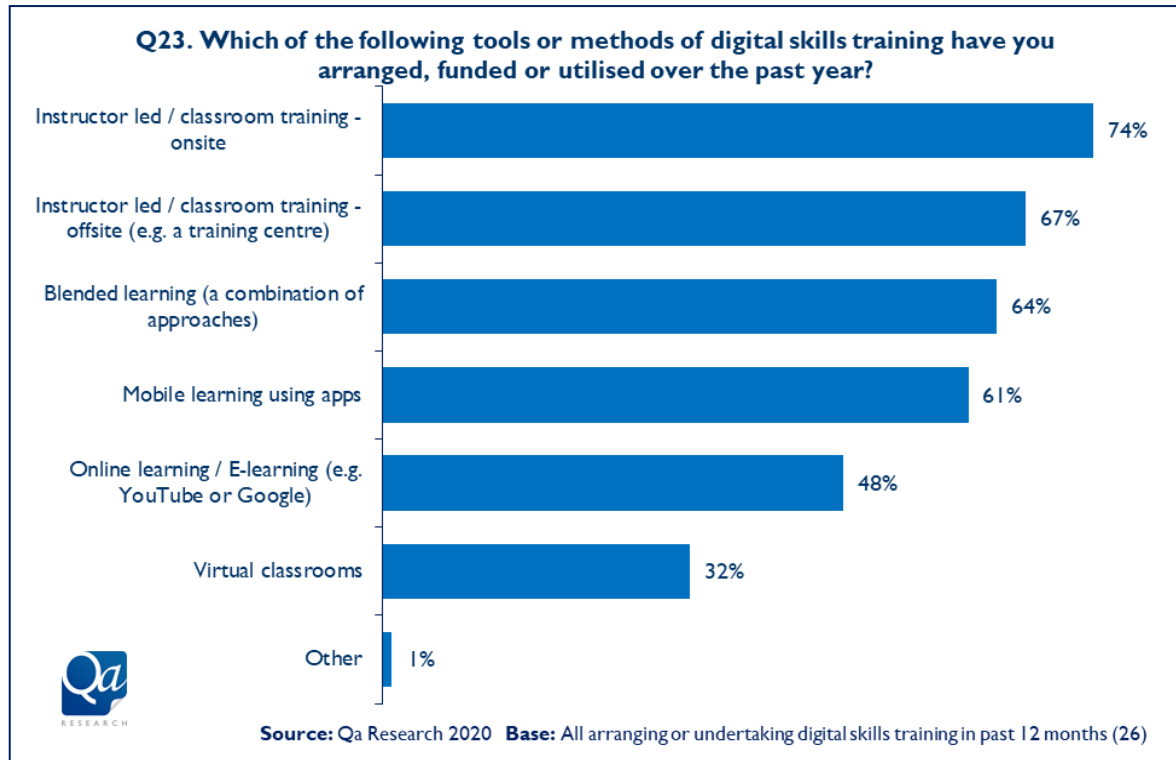
In addition, and being cautious of low base sizes, businesses operating within H. Transportation and storage (33%), J. Information and communication (33%) and M. Professional, scientific and technical activities (33%) were the most likely to have arranged or funded digital training or development in the past 12 months.

Figure 16. Provision of digital training or development in past 12 months



Businesses arranging or funding digital training or development in the past 12 months used a variety of methods or tools to do so, instructor led / classroom training either onsite (74%) or offsite (67%) being the most common. Less than half (48%) had done so online or through e-learning resources.

Figure 17. Methods of digital training or development in past 12 months



The follow-up interviews confirmed that businesses used different methods of training depending on industry. A lot of job specific training is done on-the-job, something that works well for SMEs where skills exist within the business already, which has the added bonus of keeping costs down. However, even within an individual business a different set of skills might require a different approach, in this case digital/IT skills:

"I am a qualified teacher and so I do a lot of training within our team meetings to keep costs down. We have our own training room in the office with a hospital bed and wheelchair, so it is the best way to do it for us where the job specific skills are concerned. However, I know my limits and the IT training I have outsourced previously to a local college. You have an assured level of quality then and a qualification. Last time I sent someone on a beginners spreadsheet course and 12 weeks later she was really good." (Health and Social Care, Walsall)

Where digital training is concerned this again commonly appears to be dictated by the nature of the skill concerned, for example some might best be tackled offsite:

"We have a good electrical engineer who is going to university one day a week to learn more about design (including CAD). He worked for the company who make the boards so is aware of the automated technology already but we want to push him on the design front." (Manufacturing, Wolverhampton)

But others may be more suited to upskilling on-the-job (e.g. a photographer trialling new software on-the-job as existing skills levels mean that it is relatively easy to pick up).

Ultimately for many SMEs cost is important as is the need to fit in with working life:

“In the past I have always attended evening courses but I work in the evening now so it would be useful to find other ways of undertaking training that fit better with the business.” (Yoga practitioner, Sandwell)

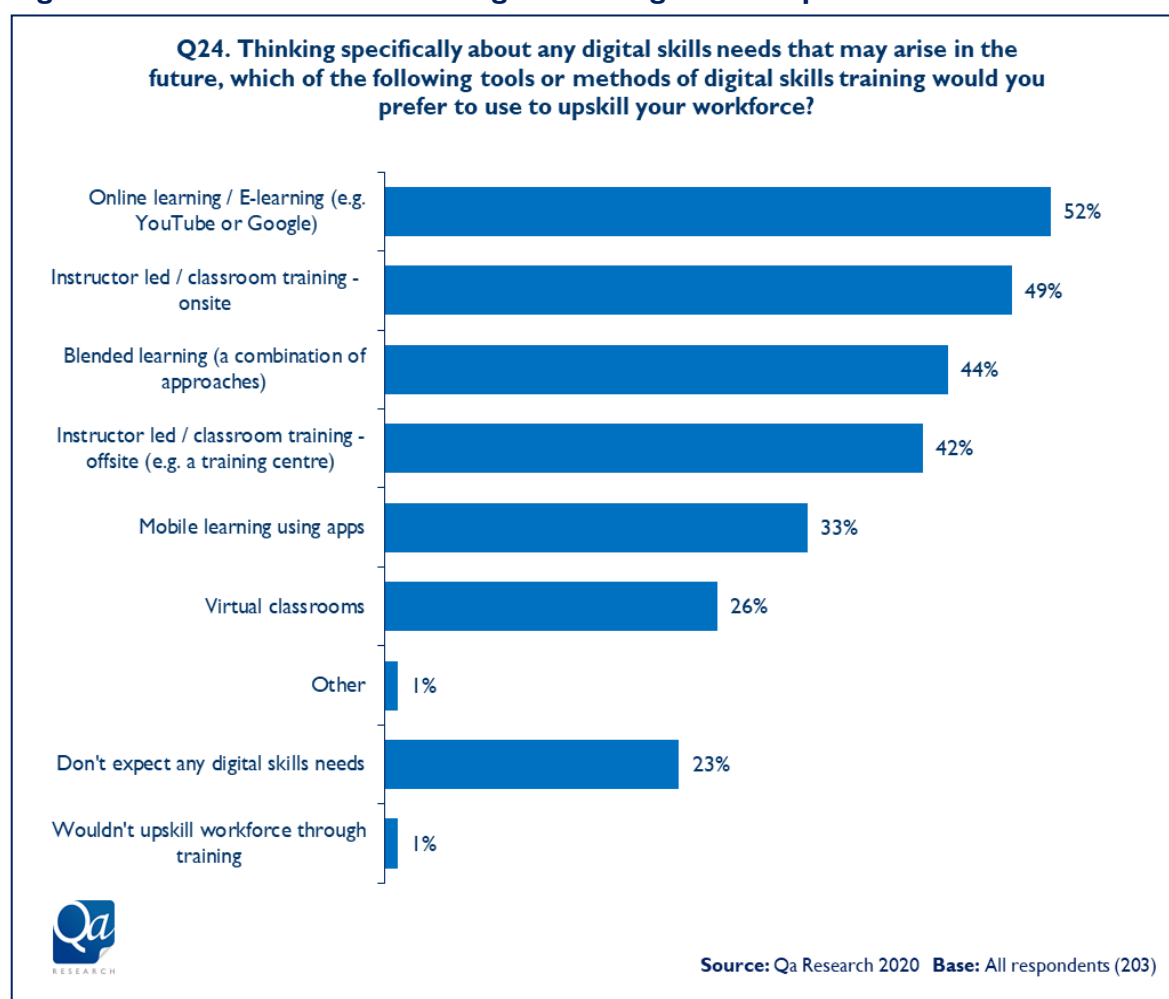
A more informal approach to learning was described by several SMEs, learning through peers and talking to people in the industry to find out what exists.

5.5.3 Preferences for future digital training or development

The same list of training delivery tools and methods was presented to all businesses and they were asked which they would prefer to use to upskill their workforce should digital skills needs arise in the future. Nearly a quarter (23%) said that they didn't expect any digital skills needs to arise in the future, whilst 1% said that they wouldn't use training to upskill the workforce.

Amongst those who did state a preference, the most common tool or method for delivering digital skills training in the future was online/e-learning (52% of businesses would use this method), followed by instructor led / classroom training onsite (49%). Mobile learning and virtual classrooms were less popular but were nevertheless still a viable option for more than a quarter of businesses (33% and 26% respectively).

Figure 18. Preferred methods of digital training or development in the future



Those with 1-9 employees (25%) were more likely than those with 10 or more (8%) to say that they didn't expect any digital skills needs in the future. In addition, but being cautious of low base sizes, businesses operating within I. Accommodation and food services (47%), and S. Other service activities (40%) were the most likely to say that they didn't expect any digital skills needs in the future.

Some interesting trends also exist regarding the method of training preferred by different businesses. For example, those operating within R. Arts, Entertainment and Recreation (89%) and M. Professional, scientific and technical activities (72%) were particularly likely to prefer online/e-learning methods of upskilling the workforce. Meanwhile those operating within F. Construction (64%) were particularly likely to prefer offsite instructor led or classroom-based training.

The follow-up interviews took place following the lockdown imposed in March 2020 and some businesses reflected on what they had already learnt about the way that training might differ in the future, which might potentially impact on the above results. Where classroom methods of delivery might have been prioritised in the past, different methods of delivery would be considered:

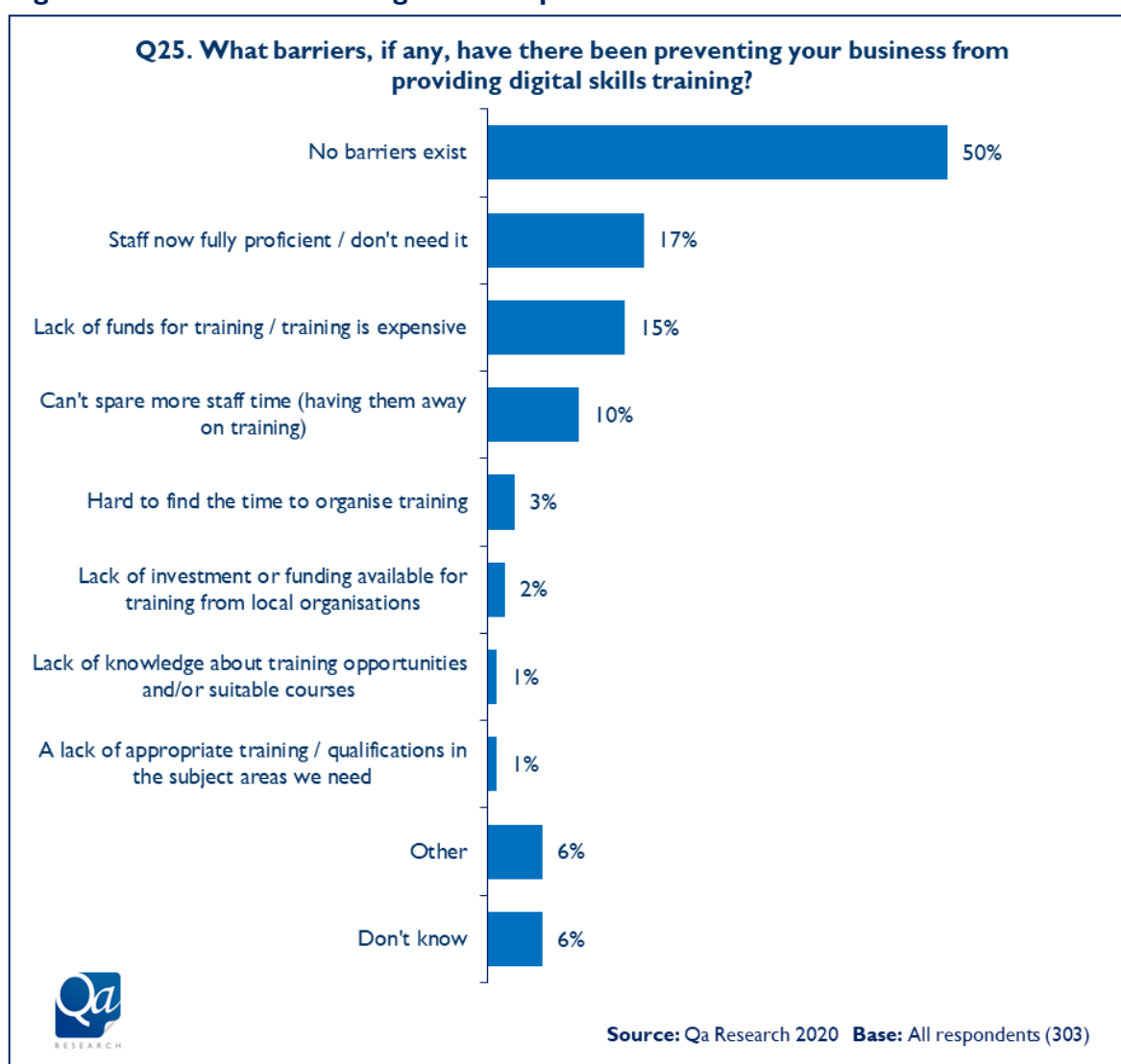
"We usually do our training face to face but I would consider other methods. We have about six members of staff that I would put on a social media course if it was funded and I think that could be done outside of a classroom, possibly online." (Community Services, Sandwell)"

5.6 Barriers to training and development

When asked what barriers, if any, prevent their business from providing digital skills training half (50%) stated that 'no barriers exist'. A further 17% said that their staff are now fully proficient and that training isn't required (hence meaning that as a result, currently there are no barriers).

Of those that did face barriers, the most common was a 'lack of funds for training / training is too expensive' (a barrier for 15% of businesses). This was followed by 'can't spare more staff time (having them away on training)' (a barrier for 10%). A variety of other barriers exist but only for a small minority of businesses. No significant differences exist between businesses of different sizes suggesting that these barriers exist for all regardless of size.

Figure 19. Barriers to training or development



Businesses with current skills gaps were more likely to face barriers to training (just 17% cited no barriers, compared to 57% of those without current skills gaps). They were more likely to cite a 'lack of funds for training / training is too expensive' (a barrier for 47%, compared to 8% of those without current skills gaps) and that they 'can't spare more staff time' (a barrier for 24%, compared to 7% of those without current skills gaps).

The follow-up interviews supported these findings, with most businesses explaining that they knew where to access training and appreciated the benefits of doing so even though that came at a cost to the business. However, where barriers existed they were significant and arguably cost has become even more of a barrier recently with the economy facing an uncertain future. One interviewee explained that the cost of training and taking an employee out of the business put even more emphasis on ensuring there would be a return on investment:

“It’s an expensive task to train, in terms of both money and time, as each member of staff has their own skillset so them going off training means work doesn’t get done. I have to weigh up the return on investment and that might also depend on the individual and whether I think it is worth the cost.”
(Manufacturing, Wolverhampton)

Other interviewees described that for them to be able to undertake training it would have to be free as even a small cost is difficult for the business to absorb. One interviewee even raised a concern over free training as felt there was often a catch such as a fee being payable after the first session, whilst another felt that some industries were put off by the red tape involved:

“When the Local Authority put training on for care you get charged whether people turn up or not. The people employed in this industry are not the type of people who take education seriously and so they haven’t turned up in past and you then have to pay anyway. I just can’t afford that so don’t but names down unless it’s for myself.” (Health and Social Care, Walsall)

It was also noted by one business that the location of courses isn’t always helpful, with a lot of courses requiring an hour journey which is off-putting. More central venues or those accessible to all (e.g. just off the M6) would be preferable.

5.7 Attitudes to training, development and technology

Respondents were also asked to what extent they agreed or disagreed with four statements about the role that digital skills and training plays within their business.

The following chart ranks these statements in order of the percentage responding ‘strongly agree’. Responses of not applicable or don’t know have been omitted from the data to ensure comparability across each score (amounting to around a fifth of businesses for each statement).

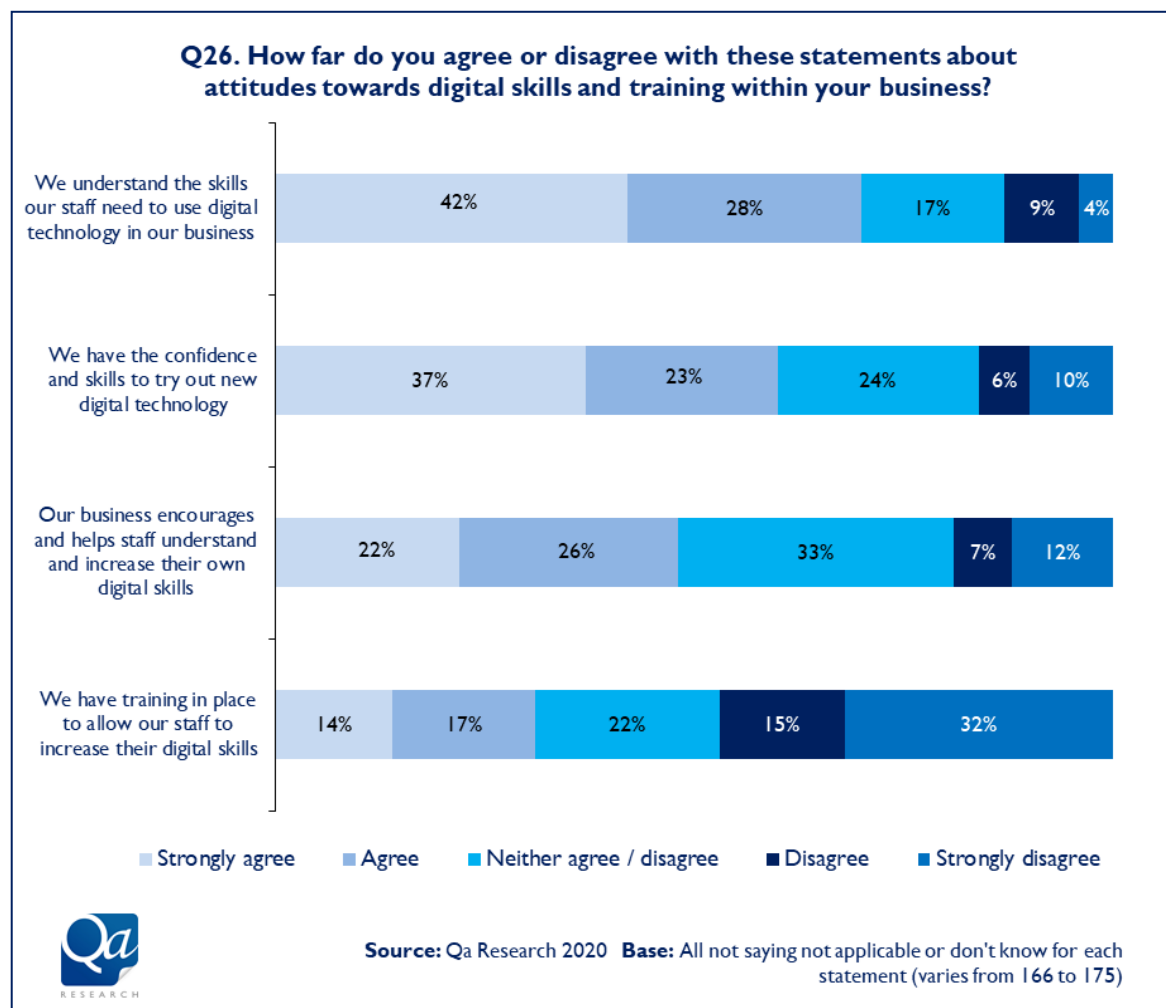
Overall businesses were very positive about the fact that ‘we understand the skills our staff need to use digital technology in our business’ with seven in ten (70%) NET: agreeing (combining strongly agree and agree) with the statement, including 42% that strongly agreed. Three-fifths (60%) of businesses NET: agreed that ‘we have the confidence and skills to try out new digital technology’, including 37% that strongly agreed.

Whilst these results suggest that digital technology itself is embraced within businesses, responses to the other two statements suggest that there might be less confidence in relation to training and skills. Less than half of businesses (48%) NET: agreed that ‘our business encourages and helps staff understand and increase their own digital skills’, whilst just 31% NET: agreed that ‘we have training in place to allow our staff to increase their digital skills’.

Across each of the four statements, businesses with 1-9 employees tended to be less likely than those with 10 or more employees to agree with each one.

Some variation in attitudes was also evident between different sectors. Looking specifically at the statement ‘we have training in place to allow our staff to increase their digital skills’, those working within J. Information and Communication and P. Education were particularly likely to agree that they have the necessary training in place for digital skills.

Figure 20. Attitudes to training or development

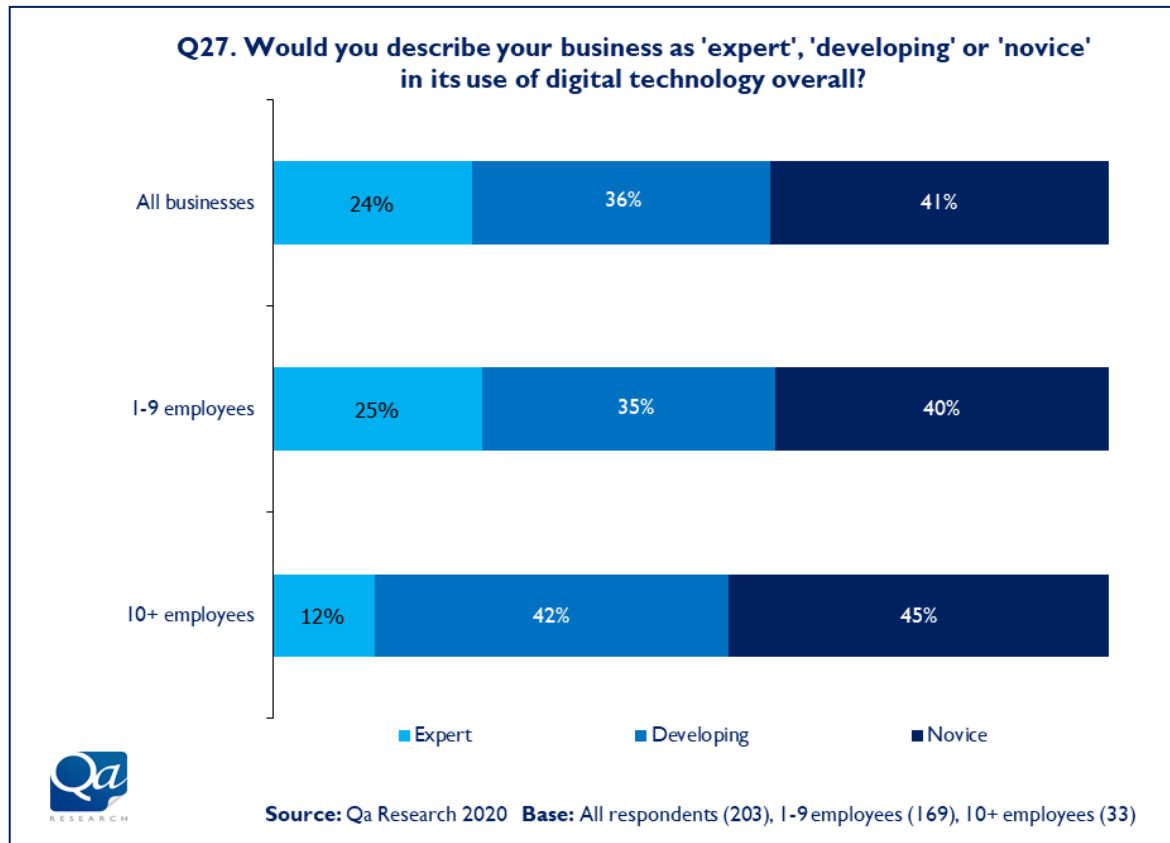


Businesses were also asked to assess whether they felt that their business was expert, developing or novice in its use of digital technology. The following chart shows that a quarter (24%) of businesses described themselves as ‘experts’, with a further 36% saying ‘developing’ and 41% ‘novice’.

Interestingly, businesses with 1-9 employees were more likely than those with 10 or more employees to rate their approach as ‘expert’ (25% and 12 % respectively), although this could link to the sector profile of these businesses. For example, a high proportion (77%) of those in the Information and Communication sector rate themselves as expert in their use of digital technology and they are also predominantly microbusinesses.

Results should be treated with caution due to low base sizes, however, businesses operating within J. Information and communication (77%) and M. Professional, scientific and technical activities (55%) were the most likely to describe their business as ‘expert’ in its use of digital technology. Conversely those operating within H. Transportation and storage (97%) and R. Arts, entertainment and recreation (89%) were the most likely to describe their business as ‘novice’.

Figure 21. Level of digital technology usage



5.8 Future technology usage

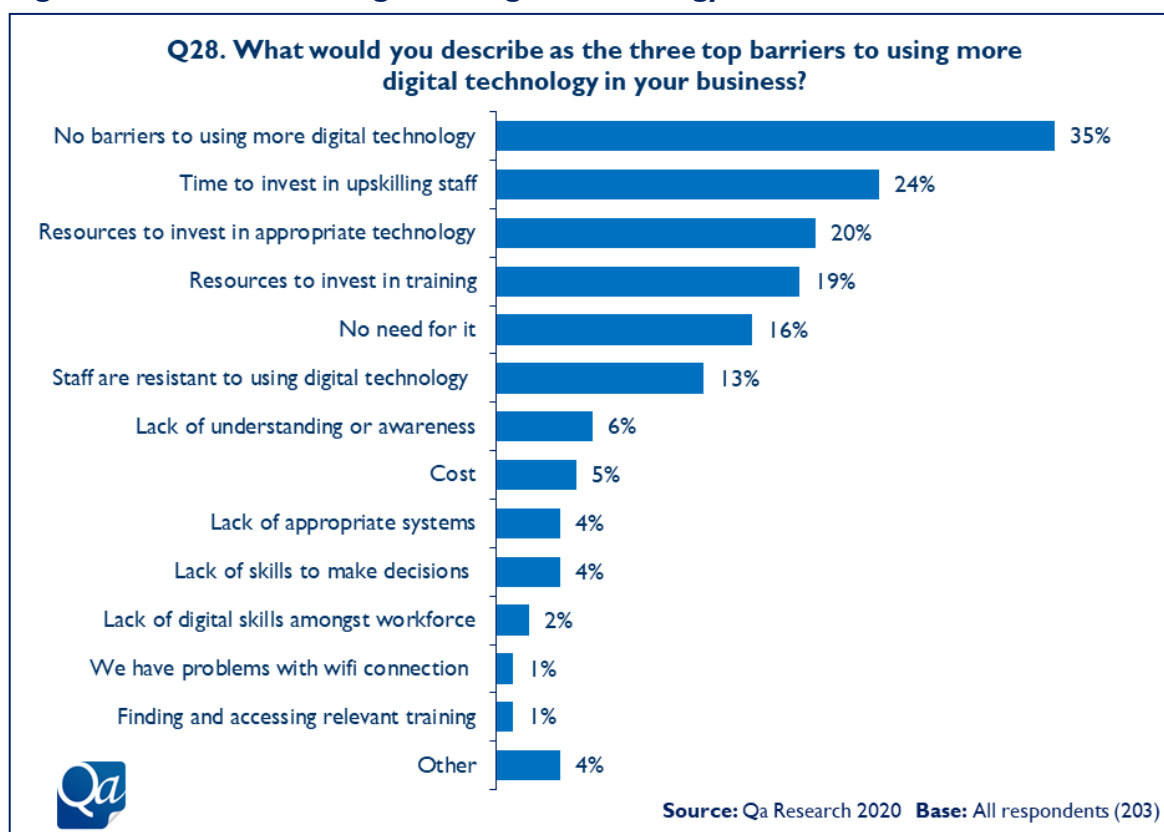
This section provides insight into any specific barriers to using more digital technology, concerns regarding the role that automation might play in the future and finally the impact of Covid-19 on the role that technology plays.

5.8.1 Barriers to using more digital technology

To provide further insight into future digital technology usage, businesses were also asked what barriers existed to them using more digital technology. Just over a third (35%) said that there were 'no barriers', with a wide range of other responses given by the remaining businesses. The most common barriers (closely reflecting the barriers to training) cited were 'time to invest in upskilling staff' (mentioned by 24% of businesses), 'resources to invest in appropriate technology' (20%), and 'resources to invest in training' (19%). One additional barrier impacting 13% of businesses is that staff are resistant to using digital technology.

These barriers to using more digital technology impacted on businesses of all sizes and within different sectors. Businesses describing their use of digital technology as 'expert' were more likely to state that there were no barriers to using more digital technology (59%, compared to 22% of those that are 'developing' and 31% of those that are 'novice').

Figure 22. Barriers to using more digital technology



The follow-up interviews supported this evidence, in that some SMEs clearly face issues with sparing time for training and digital technology alike. One business described the challenges they face and went on to give a specific example of one particular issue that they would like to resolve:

“As an SME you go from one reactive situation to another and time to find out what is available is limited. Ideally I’d like to improve our IT, particularly stock management, as that would improve efficiency, but that would mean upgrading our ERP software and I don’t have the time right now. It is a bespoke add on in our industry and that takes a lot of time dealing with the software company to get it right.” (Manufacturing, Dudley)

Resources and costs involved in acquiring technology were also highlighted as a major barrier to business growth and quality of work:

“I would like everyone to have a tablet to take into clients’ homes to avoid all the paperwork. There is software that would enable them to fill in all the information that will instantly be submitted to the office, which would also prompt them to give medication, however the licences are £1,000 up front and then £300 per month regardless of business size. I look at software every day in the hope I can find something that ticks all the boxes and is affordable.” (Health and Social Care, Walsall)

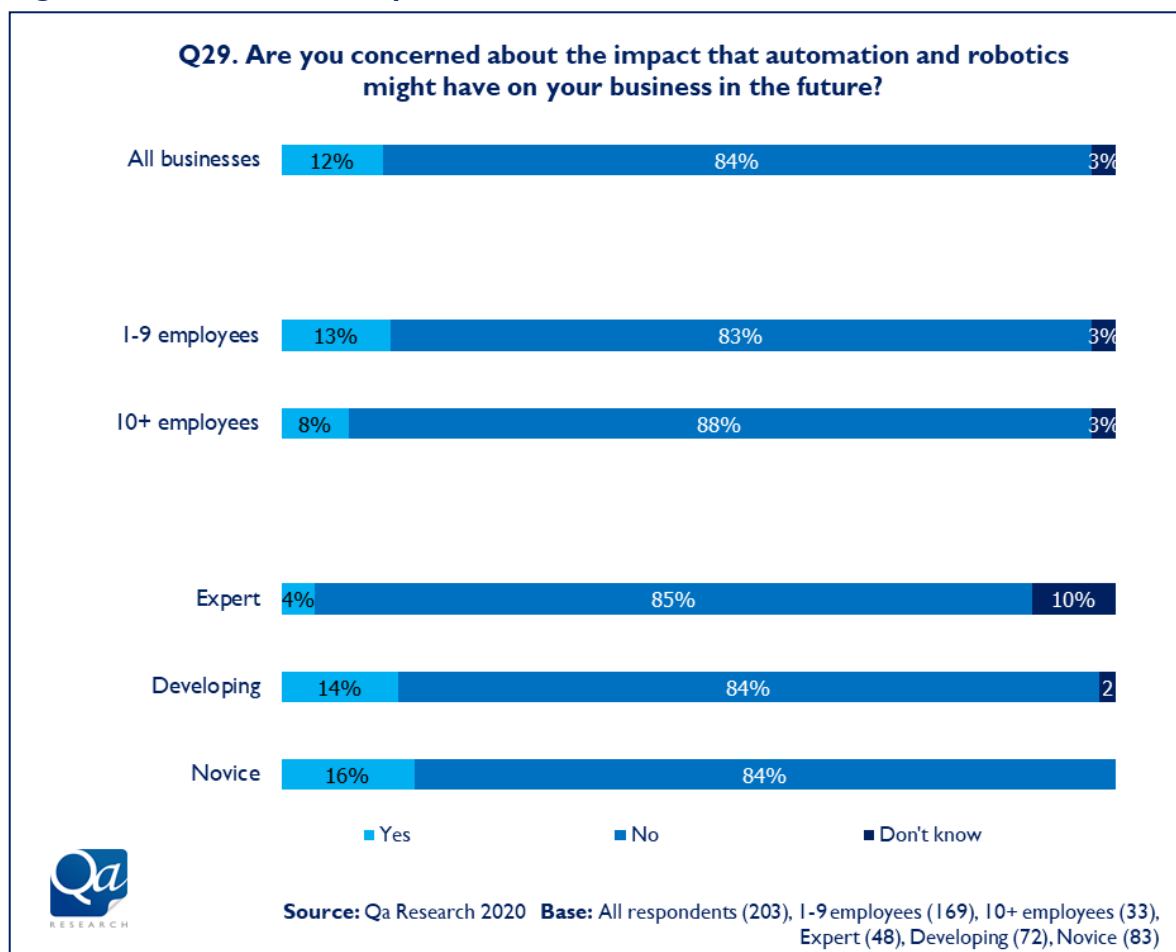
5.8.2 Impact of automation and robotics

To gauge future impacts of technology, businesses were asked whether they were concerned about the impact that automation and robotics might have on them in the future. Just over one in ten (12%) said that they were concerned, with a minority (3%) not sure, but the majority (84%) said that it is not a concern for them.

Businesses with 1-9 employees were slightly more likely than those with 10 or more employees to be concerned (13% and 8% respectively).

Businesses with a higher level of understanding of digital technology (those rating themselves as 'expert') were the least likely to be concerned about the impact that automation and robotics might have on them in the future (4% were concerned).

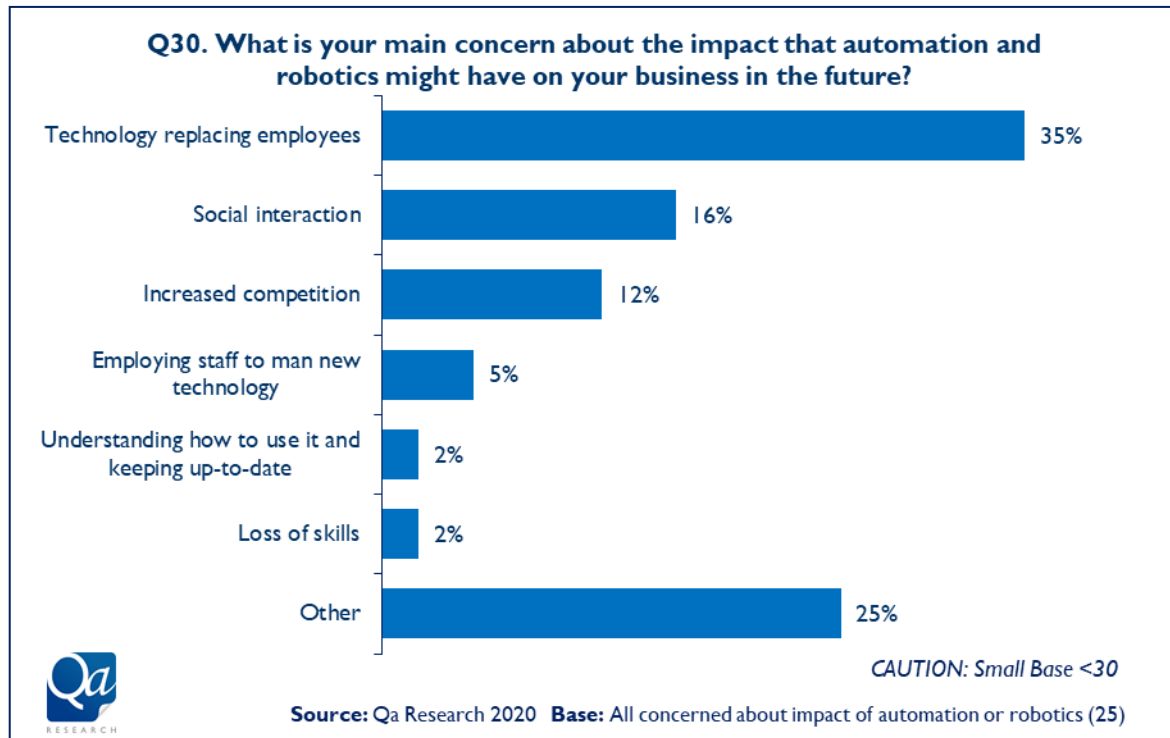
Figure 23. Concern over impact of automation and robotics



Results should be treated with caution due to low base sizes, however, businesses operating within I. Accommodation and food services (49%) were the most likely to be concerned about the impact that automation and robotics might have on them in the future.

Amongst businesses who were concerned for the future, the most common concern regarded technology replacing humans (mentioned by 35% of businesses that are concerned). Other concerns varied from impacts on social interaction (16%), automation/robotics providing increased competition (12%), and employing staff to man the new technology (5%).

Figure 24. Main concern about the impact of automation and robotics



5.8.3 Impact of Covid-19 on future digital technology use

The follow-up depth interviews explored the impact that Covid-19 was having on businesses and, unsurprisingly, fortunes were mixed dependent on business sector. In some sectors business has become busier, for others it has required different ways of working (e.g. undertaking team meetings or running events remotely), and unfortunately some business has inevitably taken a downturn or stopped altogether. The focus for these companies is on “survival rather than growing the business”.

One thing that did emerge is that some businesses are using this time as an opportunity to reflect on the future and consider how that future might look. They are aware that trade will be impacted, methods of doing business will likely change and in some cases that might alter the emphasis on digital technology and hence change training requirements in the future (although the point was made that this will apply at the point that the skills are required and the income is coming in to finance training).

“The whole market has changed now so perhaps I need to look at other ways of delivering classes as well as a return to the typical face to face classes in a village hall.” (Yoga practitioner, Sandwell)

“There are warning bells for us given hospitality might not be up and running until the end of the year, so we will try and determine where the money might go and try and follow it. We have a couple of ideas but need to make sure that the margins are in the new technology to make it a viable investment as it will be 3 or 4 weeks of investment up front. A lot of research and development time will be involved.” (Photography, Dudley)

6. Case studies

6.1 Business A - Health and Social Care

- Business A is active in the care sector
- It has been based in Walsall since 2005
- It currently has 5 employees
- They provide care to the elderly and disabled, and demand continues to grow.
- Training is critical to the offer due to the skills levels of those entering the business and the need to adhere to guidance from the Care Quality Commission.
- The business would benefit from being able to use more digital technology e.g. tablets that would minimise the need for form filling and improve the service offered.



Challenges faced

- Finding a reliable and loyal workforce has and continues to be a major issue e.g. one person has just left without any notice which is frustrating. When someone suitable is found and they are trained/qualified they then often go and work for a bigger organisation. They have to be well trained to do the job though so it is accepted that this is a cycle that will continue.
- There is a fundamental need to make the industry more attractive and offer higher wages, as the caliber of applicants is poor. They would get paid more working in a fast food restaurant and that work is more appealing to them as it is perceived as easier.
- The cost of bringing more technology into the business is high, and the software costs present a further challenge. Licenses for the software cost £1,000+ upfront and then up to £300 per month, regardless of business size. This would make a huge difference to the business but at the moment, without financial support, it isn't feasible.

Skills issues

- A fundamental issue exists in attracting a reliable and loyal workforce with the relevant job specific skills. This also impacts on digital skills as there is a major barrier to recruiting those in the 20-30 age band, who would bring with them a higher level of IT skills. The business is lacking these at the moment.
- Marketing is another skills gap, so recruiting someone to be office based and lead on marketing would be beneficial as the owner currently has to 'wear so many hats'.
- They use apprentices for the care side of the business, but these people aren't creative enough for the office side.

Approach to training and development

- Training is very important in the care sector and they like to push staff to develop professionally not just stop at the minimum standard.
- The owner is a qualified teacher so does some job specific training in-house to keep costs down when time allows. This is frequently done in normal staff meetings, using the second half to cover subjects such as personal hygiene or infection control. That is done 'virtually' now and works well.

- This approach also includes refresher training where it has been initially developed externally. NVQ teachers may not have the time to go through everything thoroughly so it's a chance to make sure everything has been understood.
- IT skills such as Microsoft Office would be outsourced, and in the past a local college has been used, such as recently when a member of staff successfully undertook a beginners course on spreadsheets. This means there is an assured level of quality and a qualification too. The same would apply if the basic maths or English skills of new recruits needed improvement.
- Online training works well for the business as it minimises cost and can be done to fit in with workloads.

Barriers

- It is too expensive to put people through training, hence they do what they can internally.
- Staff aren't always accepting of change or keen to use IT, particularly the older staff, so they are not keen to do any related training.
- The people employed are not the type of people who take education seriously and so they haven't showed up to Local Authority training in the past. However, you get charged whether people turn up or not and that is a barrier to signing up to this training again as there is no return if staff don't attend.

6.2 Business B - Construction

- Business B provides electrical services to the construction sector
- It is based in Dudley and was founded in 1998
- It currently has 12 employees
- It specialises in electrical design and installation projects for varying sectors and requires traditional electrician skills which are in short supply across the UK.
- Marketing is typically via word of mouth in a competitive industry.
- Usage of digital technology is limited more to the design and estimation software used when writing quotes.



Challenges faced

- The main challenge is an external issue affecting the wider industry which makes it increasingly hard to compete and win projects against companies that are undercutting competition.
- At the moment a 2D plan of a building is used in plans, but most government funded projects will require the use of a 3D plan in the future i.e. where you can see all of the services such as cabling in relation to pipework or ductwork. That will require an investment in software (either to buy or to rent) and further development of skills. Some businesses are sub-contracting it out but because it is a niche market people are charging high prices for that too.

Skills issues

- The main issue is a lack of good electricians, which is a dying trade now that it is easier to go to university. It is hard to find the aptitude amongst those available to the industry, with only around one in ten of those taken on lasting longer than a day or two. This has been an issue for at least a decade and the gap is expected to increase as the existing workforce gradually retires.
- The only way to get round this is to call on labour only sub-contractors when required.
- Has previously tried out Apprentices, but this hasn't been successful.
- There are a sufficient number of training bodies, the caliber just isn't high enough.

Approach to training and development

- Job-specific electrician skills would be done on the job, but they have pretty much given up on it for now due to the supply issue.
- In advance of the 3D software requirement they have sent a member of staff on a CAD course, done offsite, but this will probably need to be refreshed when they start using it within the business. You don't tend to get a lot of notice in construction so the training had to be done so that they can be reactive when the skills are needed for a quote.

Barriers

- No barriers to training exist for their business.

6.3 Business C - Manufacturing

- Business C is a manufacturer in the steel industry
- It has been based in Dudley for 8 years
- It currently has 15 employees
- It is a niche and specialised field. Clients are generally UK based across a number of sectors, including the automotive industry and construction. Recently their materials have assisted in the building of the Nightingale hospitals.
- There may be some role for robotics in the future, but as an SME they manufacture in batches not continuously, so that requires individual operators to set a machine then run it.



Challenges faced

- The industry is very sensitive to changes in the economy and so the first challenge will be getting through Covid-19, and hoping people return to going out and buying things.
- Brexit will also have an impact in due course, and the industry would benefit from a free trade deal that allows companies to import/export into Europe, without tariffs, safeguards and rules of origin problems.
- With the automotive sector being a major client, electric cars also provide uncertainty as it is currently unclear which car plants will be converted and which won't.
- To combat some of these challenges, it would be beneficial to create more regional hubs within industry to allow more targeted communication and sharing of best practice ideas.

Skills issues

- No skills issues currently but the biggest recent improvements to the business have been in IT efficiencies e.g. an enterprise resource planning (ERP) system which marries up accounts and production. This reduces the need for paperwork, and people entering data into spreadsheets.

Approach to training and development

- From a business development perspective, they would appreciate more skills development or seminars related to IT or employment law being offered through the LEP e.g. getting 50 businesses together to learn and network.
- Whilst the current need to do things remotely is clear, it is important to still do this face to face going forward.

Barriers

- As an SME you go from one reactive situation to another and there is limited time to find out what technology or training is available.
- Would like to improve IT, particularly stock management, which would require an upgrade on existing ERP software when the software company are able to deliver on that, but bespoke elements are more time consuming.
- Some training courses require a car journey of an hour, so locations would benefit from being more accessible e.g. so somewhere more central off the M6.

6.4 Business D - Community Services

- Business D is a voluntary organisation, funded through the local council and National Lottery
- It runs 2 local community centers and was founded in 1985
- It currently has 12 employees
- They provide a range of services such as training, employment advice, youth clubs, welfare advice and fitness classes to the local community in each area. Business has grown more recently, particularly through advice for those on low or no income.
- Technology is important to the business as they provide internet access to the local community to aid job searches or online applications, however, they would not describe themselves as being at the forefront technology wise.



Challenges faced

- The main current challenge is changing how they provide services, as many members of the community actually require more help as the nature of their work means that they need advice and support with benefits advice or claims as a result of the impacts of Covid-19. Also by offering virtual opportunities to join in with youth clubs.
- They do not have the digital technology infrastructure to support this fully and would benefit from having more laptops to use within the organisation.

Skills issues

- The business would benefit from having someone with digital marketing skills, to promote the business to both the local community and to potential funders. Finding these skills will be a challenge as they do not have a recruitment budget or the funds to access training. They have requested social media training for six members of staff but the budget is very small.
- A lot of upskilling is required within the business to ensure they are able to give the most accurate and up to date advice possible e.g. recently ensuring the advisors were familiar with doing universal credit claims online.

Approach to training and development

- In the past training has typically been delivered face to face, however, some could be delivered online and they would consider that in the future especially if it helped to keep costs down.
- Have recently benefitted from training on benefits advice from Sandwell Council which was provided to community groups.
- The business also supports staff in undertaking Advice and Guidance NVQs.

Barriers

- There is no budget for training and so as a voluntary organisation, anything they do needs to be free. There is very little training around that is free of charge though.

7. Conclusions

This research provides a robust assessment of the views of the business community in the Black Country amongst a representative sample of firms from all sectors.

The incidence of skills gaps and/or shortages amongst businesses in the region is relatively high, and they tend to be very sector specific in nature hence meaning that the training needs arising are varied in nature. Some of these skills issues are caused by a fundamental problem with supply and others are caused by competition from other better paid or higher-profile industries.

Around a fifth of Black Country businesses are impacted by either a digital skills shortage or a digital skills gap (some are affected by both). The most common digital skills shortages and gaps relate to digital marketing, software skills (varying by sector but often tending to be focused on future technology and adapting to give them a competitive edge) and IT specific skills (including basic skills and specific systems).

For a small number of businesses, the digital skills gaps that exist are having a negative impact and evidently inhibiting growth. Businesses are nevertheless doing what they can to address the skills gaps that exist, which commonly involves training, but this also impacts on business as it takes up precious time and resource.

Those facing current skills gaps or shortages were more likely to have undertaken training or development in the last 12 months. This suggests that action is commonly being taken in response to skills issues.

Evidence suggests that business owners are generally proactive in seeking training or development options and often know where to go to access the training required. However, this isn't always the case and some businesses would benefit from more direction and awareness of the Growth Hub, and what it has to offer, could be improved. There is furthermore some interest in support with developing a digital skills analysis, particularly amongst those with existing skills gaps, so this could be one method of reducing the amount of shortages and gaps that exist.

Methods and tools used to deliver training or development is very much dictated by the skill concerned, with some better suited to classroom-based delivery away from distractions. However, online/e-learning is the most popular method for future digital training amongst businesses, particularly as that fits in better around the working day for many. Current circumstances may further necessitate the use of online training methods, even for subjects that might previously have been delivered face to face.

Where barriers to training exist the cost of training and the impact of having staff away from work tend to cause the biggest issues, particularly amongst those with skills gaps, underlining the severity of having such gaps for some businesses. These barriers are also a particular issue for microbusinesses and evidence also suggests that they have less confidence in being able to address skills and training amongst their workforce.

Future digital skills needs will doubtless be impacted by Covid-19, with some businesses facing a potential change in direction, others placing more emphasis on digital marketing and new methods of delivering training coming to the fore.

8. Appendix

8.1 Quantitative survey

Good morning/afternoon. My name is xxxx and I'm calling from Qa Research. We are conducting a survey with a selected group of businesses in the Black Country on behalf of the Black Country Local Enterprise Partnership and Serco.

The survey asks about digital skills shortages and gaps that may exist within your business and the training that may be required as a result both now and in the future. Your participation is important to ensure that the needs of organisations like yours are fully considered in the future.

The findings will help the Black Country Local Enterprise Partnership and Serco to identify digital skills barriers and how best training opportunities can be promoted to ensure growth is not inhibited.

May I speak to a decision maker regarding workforce and skills who is based at this site, such as an owner, director, or manager?

WHEN PUT THROUGH TO A POTENTIAL RESPONDENT REPEAT INTRO

Can I just check that you are an appropriate senior person to discuss the skills gaps and training needs that may exist within your organisation?

INTERVIEWER INSTRUCTION (IF REQUIRED): You should be able to answer questions about current and future skills needs within the organisation and the support that you might require with this.

We would really appreciate it if you would be able to spare some time to participate in this research. The interview should take no more than 15 minutes depending on your answers. Would it be convenient to conduct the interview now?

INTERVIEWER (IF REQUIRED): If you would like to speak to someone at Serco about this research you can contact Ruth Bardsley, Senior Performance Manager, 07738 897278 or at Ruth.Bardsley@serco.com

This interview will be carried out according to the Market Research Society's Code of Conduct and all your answers and information you provide will be treated as confidential in accordance with the Data Protection Act and GDPR legislation. Your answers will not be linked to your company.

The legal basis for this research is 'consent' and the data controller for this research is the Black Country Local Enterprise Partnership. If you'd like to see a copy of the Privacy Information Notice that accompanies this survey we can provide you with this. This details the background to this research, how your data will be kept securely and your rights.

This call will be recorded, but for internal quality procedures only. Is this OK?

SECTION I: ABOUT YOUR BUSINESS

First, we just need to ask you a few profile questions to ensure we speak to a good cross-section of businesses and organisations.

Q1. We have [import company name] as your company name, is that correct?

Yes

No

ASK Q2 IF 'NO' AT Q1, IF 'YES' GO TO Q3

Q2. What is your company name?

CODES OPEN

Q3. Can I also check, are you a private business, a public sector organisation, a social enterprise or a voluntary/community organisation? INTERVIEWER: IF PRIVATE BUSINESS CHECK WHETHER HEAD OFFICE/ONLY SITE OR HAS A PARENT COMPANY IN UK OR OVERSEAS

SINGLECODE

A private business – head office/only site

A private business – with a UK parent company

A private business – with a multi-national parent company

A public sector organisation

A social enterprise

A voluntary or community organisation

SHOW IF 'A PUBLIC SECTOR ORGANISATION' AT Q3

Just to say that in the following questions I will refer to 'your business', but I note that your organisation is actually a public sector organisation.

ASK ALL

Q4. I have [IMPORT SIC FIELD FROM SAMPLE] as a general classification for your business. Does this sound right?

SINGLECODE

Yes

No

ASK Q5 IF 'NO' AT Q4, IF 'YES' GO TO Q6.

Q5. What is your main business activity at this site?

PROMPT: What is the main product or service of this business?

CODES OPEN

CODE TO SIC 2007 AS FOLLOWS:

- A. Agriculture, forestry and fishing
- B. Mining and quarrying
- C. Manufacturing
- D. Electricity, gas, steam and air conditioning supply
- E. Water supply; sewerage, waste management and remediation activities
- F. Construction
- G. Wholesale and retail trade; repair of motor vehicles and motorcycles
- H. Transportation and storage
- I. Accommodation and food services activities
- J. Information and communication

- K. Financial and insurance activities
- L. Real estate activities
- M. Professional, scientific and technical activities
- N. Administrative and support service activities
- O. Public Administration and Defence; Compulsory Social Security
- P. Education
- Q. Human Health and Social Work Activities
- R. Arts, entertainment and recreation
- S. Other service activities

ASK ALL

Q6. How many people does your business employ at this site?

PROBE FOR BEST ESTIMATE. WRITE IN AND CODE BELOW.

INCLUDE FULL AND PART TIME

INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF

NUMERICAL RESPONSE

CODE TO BANDS BELOW

1-9

10-49

50-99

100-249

250+ - THANK AND CLOSE

Don't know

Q7. Which Local Authority area is your company based in?

SINGLECODE

Dudley

Sandwell

Walsall

Wolverhampton

Other - THANK AND CLOSE

Q8. How many years has your business been trading overall? PROBE FOR AN ANSWER

SINGLECODE

Less than 12 months

1 up to 2 years

Over 2 up to 3 years

Over 3 up to 5 years

6 to 10 years

11 to 20 years

Over 20 years

Don't know

SECTION 2: SKILLS SHORTAGES AND GAPS

Q9. Do you currently have any skills shortage vacancies in your business? These are vacancies that are hard to fill due to a lack of skills, qualifications or experience amongst applicants.

SINGLECODE

Yes

No

Don't know

ASK Q10 and Q11a IF 'YES' AT Q9, OTHERS GO TO Q12

Q10. Which of the following types of skills have you found to be lacking amongst applicants? READ OUT

MULTICODE

Basic computer literacy / using IT

Advanced IT or software skills

Oral communication skills

Written communication skills

Customer handling skills

Team working skills

Foreign language skills

Problem solving skills

Planning and organising skills

Numeracy skills

Literacy skills

Office admin skills

Technical or practical skills

Job specific skills (please record)

Attitude and work ethic

General common sense

Flair and imagination

Suitable qualifications

Suitable work experience

Any other skills (please specify)

Don't know

Q11a. And have you found any of these specific types of digital skills to be lacking amongst applicants? READ OUT

MULTICODE

Key board skills

Microsoft Office

Other productivity software e.g. project management software or Enterprise Resource Planning (ERP)

Programming language and coding skills e.g. Java, SQL, Python

Set-up, support and management of computer systems and networks

IT security i.e. how to protect yourself/ your systems

Data analysis skills e.g. Stata, Big Data, Data Science

Digital or web design skills

CRM software skills e.g. Salesforce or Microsoft Dynamics

Digital marketing skills e.g. social media or analytics tools e.g. Google Analytics

Automation or robotics skills e.g. Robotic Process Automation (RPA)

Machining or engineering software and tools e.g. CNC machining or computer aided design (CAD – 2D or 3D modelling)
Any other digital skills shortages (please specify)
No digital skills shortages

ASK Q11b IF DIGITAL SKILLS SHORTAGES AT Q11a, OTHERS GO TO Q12

Q11b. In what specific occupations or roles are you finding digital skills to be lacking amongst applicants?

CODES OPEN

Don't know

ASK ALL

Q12. Does your business have any skills gaps amongst the current workforce?

INTERVIEWER NOTE: THESE ARE SKILLS THAT NEED DEVELOPING OR ARE MISSING AMONG THE CURRENT WORKFORCE

SINGLECODE

Yes

No

Don't know

ASK Q13 and Q14 IF 'YES' AT Q12, OTHERS GO TO Q19

Q13. Which of the following skills gaps exist amongst the current workforce? READ OUT

MULTICODE

Basic computer literacy / using IT

Advanced IT or software skills

Oral communication skills

Written communication skills

Customer handling skills

Team working skills

Foreign language skills

Problem solving skills

Planning and organising skills

Numeracy skills

Literacy skills

Office admin skills

Technical or practical skills

Job specific skills (please record)

Attitude and work ethic

General common sense

Flair and imagination

Any other skills (please specify)

Don't know

Q14. And do any of these specific types of digital skills gaps exist amongst the current workforce? READ OUT

MULTICODE

Key board skills

Microsoft Office

Other productivity software e.g. project management software or Enterprise Resource Planning (ERP)

Programming language and coding skills e.g. Java, SQL, Python

Set-up, support and management of computer systems and networks

IT security i.e. how to protect yourself/ your systems
Data analysis skills e.g. Stata, Big Data, Data Science
Digital or web design skills
CRM software skills e.g. Salesforce or Microsoft Dynamics
Digital marketing skills e.g. social media or analytics tools e.g. Google Analytics
Automation or robotics skills e.g. Robotic Process Automation (RPA)
Machining or engineering software and tools e.g. CNC machining or computer aided design (CAD – 2D or 3D modelling)
Any other digital skills gap (please specify)
No digital skills gaps

ASK Q15-18 IF ANY DIGITAL SKILLS GAP AT Q14, IF NO DIGITAL SKILLS GAP GO TO Q19

Q15a. And again for each of the digital skills gaps that exist within the current workforce, which age groups do they typically apply to? READ OUT

MULTICODE

Employees aged under 25
Employees aged 25-49
Employees aged 50 and over

LOOP - IMPORT LIST FROM ANSWERS IN Q14

Q15b. In what specific occupations or roles do these digital skills gaps exist within your current workforce?

CODES OPEN

Don't know

Q16. Is the fact that some of your staff are not fully proficient with certain digital skills causing your business to...? READ OUT

MULTICODE

Lose business or orders to competitors
Delay developing new products or services
Have difficulties meeting quality standards
Have higher operating costs
Have difficulties introducing new working practices
Increase workload for other staff
Outsource work
Other (please specify)
None of the above
Don't know

Q17. Have you taken any steps to improve the proficiency or skills of these staff?

SINGLECODE

Yes
No – but have plans to
No
Don't know

Q18. Which if any of the following steps is your business taking to overcome the fact that some staff are not fully proficient with certain digital skills? READ OUT

MULTICODE

Increase training activity, expenditure or expand trainee programmes
Reallocating work
Increase recruitment activity or expenditure
More staff appraisals or performance reviews
Implementation of mentoring or buddying scheme
More supervision of staff
Recruiting workers who are non-UK nationals
Changing working practices
Other: specify
Nothing
Don't know

SECTION 3: TRAINING AND DEVELOPMENT

ASK ALL

Q19 Does your establishment have or undertake any of the following...? READ OUT

MULTICODE

A training plan that specifies in advance the level and type of training your employees will need in the coming year
A budget for training expenditure
A digital skills analysis of the current workforce to aid business planning or development
More general skills analysis of the current workforce to aid business planning or development
Neither of the above
Don't know

ASK Q20 IF DO NOT HAVE OR UNDERTAKE A DIGITAL SKILLS ANALYSIS AT Q19, OTHERS GO TO Q21

Q20. Would you be interested in support from the Black Country Growth Hub to develop or undertake a digital skills analysis of your workforce?

Yes
No
Don't know

ASK ALL

Q21. Over the past 12 months, have you arranged or funded any training or development for employees (including managers)? Please include both on-the job training and off-the-job or informal training and development.

SINGLECODE

Yes
No
Don't know

ASK Q22 IF 'YES' AT Q21, OTHERS GO TO Q24

Q22. And over the past 12 months, have you arranged or funded any off-the-job or on-the job training or development for employees (including managers) at this site which is specifically linked to digital skills?

SINGLECODE

Yes
No
Don't know

ASK Q23 IF Yes AT Q22, OTHERS GO TO Q24

Q23. Which of the following tools or methods of digital skills training have you arranged, funded or utilised over the past year? READ OUT

MULTICODE

Instructor led / classroom training - onsite
Instructor led / classroom training - offsite (e.g. a training centre)
Virtual classrooms
Online learning / E-learning (e.g. YouTube or Google)
Mobile learning using apps
Blended learning (a combination of approaches)
Other (please specify)
Don't know
None of the above

ASK ALL

Q24. Thinking specifically about any digital skills needs that may arise in the future, which of the following tools or methods of digital skills training would you prefer to use to upskill your workforce? READ OUT

MULTICODE

Instructor led / classroom training - onsite
Instructor led / classroom training - offsite (e.g. a training centre)
Virtual classrooms
Online learning / E-learning (e.g. YouTube or Google)
Mobile learning using apps
Blended learning (a combination of approaches)
Other (please specify)
Don't Know
Don't expect any digital skills needs (DO NOT READ OUT)
Wouldn't upskill the workforce through training (DO NOT READ OUT)

Q25. What barriers, if any, have there been preventing your business from providing digital skills training? DO NOT READ OUT

MULTICODE

Lack of funds for training / training is expensive
Can't spare more staff time (having them away on training)
Staff now fully proficient / don't need it
Staff not keen
A lack of good local training providers
Lack of provision (e.g. courses are full up)
Difficulty finding training providers who can deliver training where or when we want it
A lack of appropriate training / qualifications in the subject areas we need
Hard to find the time to organise training
Lack of knowledge about training opportunities and/or suitable courses
Other (please specify)
Don't Know
No barriers exist

Q26. I am going to read some statements about attitudes towards digital skills and training within your business. For each one, please tell me how far you agree or disagree giving your answer on a scale of 1-5, where 1 means you disagree strongly and 5 means you agree strongly.

SINGLECODE

- 1 – Disagree strongly
- 2
- 3
- 4
- 5 – Agree strongly
- Not applicable
- Don't know

LOOP - RANDOMISE ORDER OF ASKING

We understand the skills our staff (including managers/the management team) need to use digital technology in our business

Our business encourages and helps staff understand and increase their own digital skills

We have training in place to allow our staff to increase their digital skills

We have the confidence and skills to try out new digital technology

SECTION 4: USE OF DIGITAL TECHNOLOGY

Q27. Would you describe your business as 'expert', 'developing' or 'novice' in its use of digital technology overall?

SINGLECODE

- Expert
- Developing
- Novice

Q28. What would you describe as the three top barriers to using more digital technology in your business? DO NOT READ OUT

MULTICODE

- Lack of skills to make decisions
- Time to invest in upskilling staff
- Resources to invest in appropriate technology
- Resources to invest in training
- Staff are resistant to using digital technology
- We have problems with Wi-Fi connection
- Lack of appropriate systems
- Lack of leadership from employers and managers
- Other (please specify)
- No barriers to using more digital technology

Q29. Are you concerned about the impact that automation and robotics might have on your business in the future?

SINGLECODE

- Yes
- No
- Don't know

ASK Q30 IF 'YES' AT Q29, OTHERS GO TO Q31

Q30. What is your main concern about the impact that automation and robotics might have on your business in the future?

CODES OPEN

Q31. Do you have any other comments that you'd like to make about digital skills and training?

CODES OPEN

SECTION 5: Consent to Re-contact

The final question asks for your consent to re-contact you.

D1. As part of this research we, Qa Research, will be carrying out some further interviews with people who have completed this survey to ask them for a bit more detail about the answers they have given. This would take the form of a telephone interview lasting around 20 minutes and would be an opportunity for you to tell us more about the issues we've discussed today. Would you be happy to be re-contacted by us for this reason?

SINGLECODE

Yes

No

D2. Also, the Black Country Growth Hub itself may conduct further research in the future on some of the subjects raised in this questionnaire. If so, would you be willing for them to recontact you directly? If you agree they will only re-contact you for the purposes of research (not for marketing or selling) and will treat your contact details as strictly confidential (they will not pass them on to any third party). Only your name and contact details will be provided to the Black Country Growth Hub, your answers to this survey will remain confidential.

SINGLECODE

Yes

No

IF 'YES' AT D1 or D2 ASK D3, OTHERS THANK & CLOSE

D3. Can I take some contact details please?

Name:

Phone:

Email:

Business Name:

Thank you for taking the time to complete this survey.

8.2 Qualitative discussion guide

This script provides a guide for the research and wherever possible the interviewer will seek to keep questions in order. However, feedback from the interviewee may lead to having to adjust the nature of the questions and the sequence of questioning.

Introduction and context

Thanks for agreeing to take part in this in-depth interview for the Black Country Local Enterprise Partnership and Serco. This interview follows on from the survey that you recently undertook and aims to understand more about skills and workforce development in your business.

The results from this interview and the survey will be used to determine how best training opportunities can be promoted to ensure growth is not inhibited.

Explain nature of interview:

- All information provided will be treated confidentially
- No right or wrong answers
- Audio recording for analysis purposes – is that ok?
- Lasts approx. 30 mins depending on how much you have to say
- Any questions?

Section 1 Business background

Reconfirm details collected in quantitative stage:

- Main sector of business and products/services
- How long in business
- Size

Also cover

- Workforce skill levels (high, medium, low)
- Use of digital / AI / automation to produce, distribute or market products/services

Section 2 Business challenges: current and future

How is business going at the moment?

- Up/Down/Steady?
- What impact has Covid-19 had?

How do you expect business levels to be over the next few years?

- Up/Down/Steady?
- What impact might Covid-19 have on your business going forward?

What would you say are the main challenges the business faces over the next five years? *Probe for..*

- External / macro factors
- Internal / micro factors

What are the main things you think might change in the next five years that might impact your business?

- Does this reflect your wider industrial sector?

(If not already mentioned) How do you think technological change or advancement might impact on your business?

- What about automation or artificial intelligence (where machines may take on tasks previously delivered by people), to what extent are you aware of these concepts?
 - To what extent might this impact your business in the next five years?
 - If necessary and how might this impact on the productivity of your business?
- What other digital sector changes might impact on your business? *Probe for...*
- Possible opportunities – explain
- Possible threats – explain
- How significant is the threat / opportunity? Why?
- Will technology or automation affect the number of employees that you require in your business in the future?
 - Do you expect this to be long term or temporary?

Section 3 Recruitment into digital roles

Referring to any relevant survey data:

Thinking specifically now about digital or artificial intelligence (AI) related skills within your business. Has the demand for staff with digital or AI related skills increased in the last three years?

- What has driven this change? (probe whether e.g. technological change, need to reduce costs, staff turnover, to remain competitive, meet customer needs)?

Have your expectations about digital or AI skills levels changed over this time? *Probe for...*

- The proportion of roles requiring digital or AI skills?
- The level required i.e. basic or advanced digital skills?

Have you recruited into any digital or AI roles?

- How easy was it?
- How well equipped are new entrants? Are any skills lacking E.g. software packages?
- To what extent has this impacted on business growth/turnover/productivity?

Aside from digital roles, have you experienced any difficulties recruiting into any other roles in the past year? *Probe for...* areas of work/roles in which skills shortages exist.

Section 4 Skills gaps and shortages: current and future

Referring to any relevant survey data: We are now going to talk about skills and training within your workforce now and in the future. To what extent do you feel your current workforce has the right level of digital skills to deliver your product / service?

- Why do you say this?

If do not have the right level of skills and referring to survey data: You told us previously that the following skills gap exists within the current workforce....

- Could you tell me a little more about these skills?
- Does it vary by particular business areas or occupations? If so, in which areas?
- Have you tried to recruit to fill these digital skills gaps? Or develop existing staff?
- To what extent does this impact on business growth/turnover/productivity?

Do any other digital skills gaps occur to you now?

To what extent do you feel your business will need the workforce to have different skills over the next five years?

- Why is this? Does technology play a role?
- What impact might this have on business growth/turnover/productivity?

If different skills needed, what type of skills and why?

- How about digital skills?

(If not mentioned already) how about automation. To what extent do you see skills needing to be different or adapt in relation to automation?

Section 5 Preferred channels / types of training provision

If provided training or development in past year and referring to survey data: You mentioned that you have provided digital skills training in the last 12 months?

- Can you tell me a little more about the format that the training took?
- Who provided it?
- Was it successful in filling the skills gap?

If you did need to up-skill your workforce in the next five years, how would you go about this?

- What methods of training would appeal?
- Why these preferences?

If looking for external help / courses where would you look for what is available?

- Google search and then call / email
- Use someone you already know – who?
- Contact the local authority
- To what extent would this apply if seeking to develop digital skills or skills related to automation?

Section 6 Barriers to training

If barriers to training exist and referring to survey data: You mentioned that barriers exist to accessing training specifically relating to digital skills?

- Could you tell me more about these barriers?

If no barriers exist, what about more general skills? Do barriers exist?

What have you done/would you do to overcome these barriers?

What support would best help you to overcome these barriers to training?

Section 7 Final comments

Do you have any final suggestions or comments?

Repeat assurances about confidentiality

Thank you very much for your time today