Serco ESE research for South East Midlands LEP

Prepared for Serco

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Key Findings Summary

Skills Support for the Workforce

Co-financed by the Education and Skills Funding Agency and European Social Fund, Skills Support for the Workforce (SSW) is a programme developed to enhance employees' skills, increase competitiveness and boost the local economy.

As the Prime Contractor of the SSW Programme in South East Midlands, the ESFA commissioned Serco to conduct research to inform the Local Enterprise Partnership's (LEP) skills planning,; findings on the five key research questions / objectives are explored in this executive summary.

SEMLEP South East Midlands Local Enterprise Partnership | serco | Education & Skills Funding Agency | European Union European Social Fund

There were three main elements to the research:

1 A review of existing evidence to inform subsequent primary research conducted.

2 A survey of employers to be completed online or by telephone.

3 Qualitative interviews with stakeholders.

The employer survey was launched in February 2020 - it was evident that employers were focusing upon their Covid-19 response, therefore despite the survey being open for an extended period of time, and significant promotion by intermediaries, there was limited response from employers. As a result, and due to the questionnaires being very similar and the geographic areas in close proximity, the survey results from South East Midlands employers were amalgamated with responses from employers in Northamptonshire and Hertfordshire.

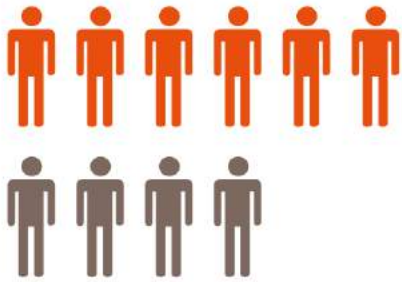
Summary Findings

1 Identify skills gaps that are preventing business growth and an increase in business productivity

The research shows substantial skills gaps in South East Midlands, particularly in digital, sales and marketing, complex analytical and job-specific skills across engineering, manufacturing, legal and contractual. Gaps most commonly cited by employers as impacting upon business growth and productivity included those in digital, technical or practical and sales and marketing.

60%

of employers say they have one or more skills gaps in their organisation



2 Clarify employer skills demand for the region's key sectors and identify other priority skills required to influence how / where efforts and resources are focused to increase skills training uptake.

86%

likely to take action to upskill staff in the next 12 months

70%

likely to engage with external training providers to upskill their staff in the next 12 months

There is demand for upskilling and recruitment amongst employers in South East Midlands, including within the area's priority sectors. One in five employers reported that, in the last twelve months, they had a hard to fill vacancy. The most common reason for this was perceived applicant quality – sub-optimal skills, attitude or motivation for the job. Employers predicted that in the next three to five years they would need greater numbers of staff with digital and technical / practical skills. Stakeholders envisaged growing opportunities and skills needs in manufacturing, health and social care, construction, logistics and manufacturing.

3 Determine employer interest in apprenticeships

The research shows interest amongst half of South East Midlands employers in taking on an apprentice in the future. However, there are widespread reservations to overcome i.e. on candidate quality, reassuring employers who have had a poor previous experience.

A sizeable minority of employers did not have a good understanding of apprenticeships. Wider stakeholders suggested employer education is required around the value of apprenticeships (in particular compared to other educational routes), and the range of sectors in which apprenticeships can now be delivered.

47% would consider taking on an apprentice in the near future

4 Explore the willingness of employers to support experimentation and early adoptions in the use of new technologies for future skills needs.

There is willingness amongst a majority of employers to invest in training for their staff that uses new technologies such as webinars, video and mobile learning, with many employers saying their staff have already engaged in training via one or more of these new technologies. Some employers had reservations around accessibility and interactivity, and whether online mechanisms are suitable for more practical types of work such as engineering or construction.

5 Determine employer concerns regarding Brexit in terms of recruitment and skills gaps

The majority of employers across South East Midlands and Northamptonshire do not expect that they will need to implement changes – such as upskilling existing staff, dealing with staff leaving and recruiting additional staff - as a result of Brexit. Of those that do expect that they will need to implement changes, only one in four said they are fully prepared.

Around one quarter of employers across South East Midlands said they were 'not prepared at all' regarding impending changes to employment law, identifying potential skills gaps and dealing with those skills gaps. Employers that acknowledged they were not prepared were disproportionately in the construction sector.

Finally, the research also highlighted some challenges for business support and skills organisations in engaging employers about their skills needs with the current focus of many businesses upon 'survival'.

1. Introduction

1.1. Background

Skills Support for the Workforce (SSW) is a programme developed to upskill employees within small and medium-sized employers. The programme provides recognised accredited qualifications and bespoke training courses to enhance employees' skills, increase competitiveness and boost the local economy.

SSW is co-financed by the Education and Skills Funding Agency and European Social Fund (ESFA).

Serco's Employment, Skills and Enterprise business (Serco Ltd) is the Prime Contractor of the SSW programme in South East Midlands Local Enterprise Partnership (SEMLEP) geographical region. The Education and Skills Funding Agency commissioned Serco to conduct research to understand employers' skills needs in South East Midlands as part of the Local Enterprise Partnership's (LEP) skills planning, which in turn forms part of their wider strategic agenda. Serco commissioned Winning Moves to deliver this piece of research.

1.2. Research objectives

The purpose of the research was to:

- Identify skills gaps that are preventing business growth and an increase in business productivity.
- Clarify employer skills demand for the region's key sectors and identify other priority skills required to influence how / where efforts / resources are used to increase skills training uptake
- Determine employer interest in apprenticeships and work experience
- Determine employer concerns regarding Brexit in terms of recruitment and skills gaps
- Explore the willingness of employers to support experimentation and early adoptions in the use of new technologies for future skills needs.

1.3. Method overview

The research for South East Midlands LEP is split into two geographic areas and two separate reports will be produced:

1. South East Midlands; covering the following local authorities; Aylesbury, Bedford, Central Bedfordshire, Milton Keynes and Luton

2. Northamptonshire; covering the following local authorities; Corby, Daventry, East Northamptonshire, Kettering, Northampton, South Northamptonshire and Wellingborough.

The research was conducted alongside that for another LEP area – Hertfordshire - due to the two LEP areas sharing similar research objectives.

The research was conducted in three stages:

1. A review of existing evidence to inform the primary research design.
2. Primary research with employers, comprising an online survey and telephone interviews to boost the response rate. The online survey was launched in February 2020, prior to Covid-19 having a significant impact on the UK. The survey was promoted and disseminated by Serco and the LEPs through a wide range of intermediary organisations, such as the regional Chambers of Commerce, trade associations and the Growth Hubs. The promotion of the survey was paused at the end of March 2020 as it became apparent that UK businesses were focusing on the impacts of lockdown and subsequent changes to working practices. Intermediaries started to promote the survey again in June 2020 and the survey remained open until October 2020. Despite the extended period of time the survey was open for, the multiple promotional pushes, and inclusion of incentives for completion, responses remained low. In total, there were 126 responses (87 online responses and 39 telephone interviews) across South East Midlands, Northamptonshire and Hertfordshire. From SEM employers specifically, there were 23 responses in total - 20 online responses and 3 telephone interviews.
3. 40 qualitative interviews with local stakeholders across the two LEP areas were conducted in July 2020, further exploring the research areas of interest. Stakeholders included local councils, business support organisations and training providers. Within the total of 40 interviews, 25 were focused on South East Midlands LEP area, also covering Northamptonshire.

1.4. Limitations / interpreting the findings in the report

Mode: It is possible that the nature of the survey was of more interest to certain profiles / employers who are more likely to engage in the training and development of their staff. This was evident when conducting the telephone interviews with employers, whereby some felt the survey was not relevant to them either because they did not employ any / many employees or because they didn't feel that they needed any support with upskilling their staff. That the data collection was mainly online may have exacerbated this as the sample becomes more self-selecting.

Timing: Data collection started prior to Covid-19 having a significant impact on the UK. It is possible that the views and skills needs of those that responded to the survey prior to lockdown may have changed, as the impacts of Covid-19 may not have been fully appreciated by businesses at that point in time.

Sample size / robustness: The survey yielded a much lower response rate than was hoped for, despite the best efforts of the key partners in the research and relevant intermediary organisations to promote it. As a result, it was agreed that the responses from the three geographic areas would be amalgamated and reported on as a whole so that quantitative findings were more robust. Therefore, the majority of the quantitative findings in this report are based on employers across South East Midlands (including Northamptonshire) and Hertfordshire. These quantitative findings are supported by qualitative findings specific to South East Midlands - both wider stakeholder interviews, and themes arising / quotes from SEM employers responses. Where the data indicates potential differences between South East Midlands and the rest of the sample, this is noted in the report, but due to the low sample size there are no statistically significant differences.

The response data has been weighted during analysis to reflect the population of employers across the geographic areas of interest[1]. Percentages stated in this report are based on weighted data. Where charts are displayed, 'N' refers to the weighted total of respondents for a given question; and 'n' refers to the actual number of respondents unweighted. Appendix A of this report outlines the profile of businesses that responded to the survey in terms of location, size and sector. This shows where there was limited response to this survey from certain types of employers. It is important that the profile of respondent employers is taken into consideration when interpreting the findings in this report.

[1] Using ONS population data provided by each of the LEP's; SEMLEP and Hertfordshire LEP

2. Impact of Covid-19

This section summarises the views of stakeholders in South East Midlands relating to the impact that Covid-19 has had on employment and skills in the LEP area. The evidence gathered from stakeholders has tended to emphasise issues and challenges already well-publicised in the general media, with some region-specific examples.

There was a general consensus amongst stakeholders that Covid-19 was having a significant impact on both employment and the types of skills needed, although this varied by sector.

2.1. Impact on employment

The SEMLEP Growth Hub commented that they were inundated with enquiries during April and May with businesses in *"firefighting mode,"* and seeking to access Government support for their organisations. However, during the summer, stakeholders felt that some employers had started to look forward and adjust plans for their business.

Most stakeholders were aware that many employers in the South East Midlands had furloughed employees using the Job Retention Scheme, based on direct conversations they had with employers[2]. Stakeholders had also found that some employers had started to make redundancies during the summer, and in relation to this commented on the rising Claimant Count[3]. Other impacts cited by stakeholders include an increase in the proportion of people not in education, employment or training (NEET), fewer apprenticeships available and increasing challenges for individuals that were unemployed prior to Covid-19 that would now have to compete for jobs against larger numbers of candidates.

Reflecting on direct conversations with employers and knowledge sharing at networking sessions, stakeholders felt that some sectors within South East Midlands had been impacted particularly significantly by Covid-19:

Retail – with particular concern over high street stores and independent shops.

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[2] Data suggests that in the South East Midlands region, 31% eligible businesses had made a claim to the Job Retention Scheme: https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-statistics-august-2020/coronavirus-job-retention-scheme-statistics-august-2020

[3] This was based on an increase in the claimant count for Job Seekers Allowance, National Insurance credits and Universal Credit principally for the reason of being unemployed, from 27,000 in March to 65,000 in August 2020 in the SEMLEP region.

Hospitality and leisure - with some stakeholders commenting on the closure of some restaurants.

Luton airport - with subsequent impacts on the supply chain that serves the airport.

In contrast, stakeholders felt that some sectors had been less adversely affected by Covid-19, and there were examples of businesses that been able to adapt to the changing environment.

Health and social care – stakeholders commented that the care sector is always short of staff, therefore there was unlikely to be redundancies or use of the furlough scheme in this sector and the number of job vacancies in the sector had remained relatively stable.

Engineering and manufacturing – stakeholders commented that few businesses in this sector had made redundancies / used the furlough scheme, and some businesses had demonstrated their innovation and adaptability, for example through producing visors and other PPE for the NHS.

Food industry – whilst some businesses within the food industry have been adversely affected, others that have been able to adapt to changing consumer behaviour have *"weathered the storm"*, for example by offering take away or home delivery options.

Education – stakeholders commented that the number of job vacancies in this sector had remained relatively stable.

2.2. Impact on skills

The following themes were evident from discussions with South East Midlands stakeholders and employers around the impact of Covid-19 on skills:

Skills are not being seen as a priority by employers at the moment – at the time of the stakeholder interviews (July 2020), stakeholders felt that employers were in *"survival mode"*, focusing on managing cash flow and achieving sales. This was evident from the types of enquiries that businesses were making to the Growth Hub between March and August 2020, and conversations that training providers had had with employers during that time.

"The vast majority of businesses are not looking to increase the skills in the business / access training at this current time (or are not aware that they have a skills issue.) This is both a shame and a mistake."

It was also evident from the challenges experienced whilst recruiting employers to participate in telephone surveys; many employers said that they were not willing or able to participate in the survey because skills were not a current priority and / or they did not have time complete the survey due to addressing what they felt were more pressing issues facing their organisation.

Despite this, stakeholders were aware of some employers that were encouraging their employees to undertake training whilst furloughed.

Skills are important if a business is to be able to adapt - Despite stakeholders commenting that employers did not see skills as an important area for consideration at that time, the stakeholders themselves could see the importance of skills in determining the survival / success of a business. Stakeholders felt that the current economic climate will favour businesses that are able to adapt. In order to adapt, stakeholders felt that employers need good leadership and management skills, crisis management skills and changing sales and marketing skills.

Some employers may not know what skills they need to survive / succeed – Stakeholders were of the opinion that employers would be, and should be, looking for different skills in order to survive, given the rapidly changing business landscape. However, their conversations with employers and analysis conducted on job vacancies pre and post Covid-19, which did not show any changes in the skills sought after, led them to believe that some employers may not be fully aware of the skill-sets they should be recruiting.

"We've looked at the occupations pre-Covid, post-Covid in terms of what's being asked for and what the demand is and it hasn't changed that much. This may indicate that businesses aren't sure about what their real skills needs are, or what to require in staff."

Covid-19 has accelerated a need for improved digital skills - Stakeholders commented that there was room for improvement across the vast majority of employers regarding employees' digital skills. In particular, the ability to work remotely, a move from paper based to digital based processes, an increased use of apps, changing methods of communication, and more businesses selling online.

"There are a large number of over 30s who are not as savvy as the younger generation - it's things like how to share a screen, how to get on Zoom. These people are going to

be pivoting between working from home and working in an office and they will need to be able to do this efficiently if companies are to remain productive. It's about ICT skills, apps, and AI is an area that will become more important if we're not going to be left behind."

There will be a need to identify the transferable skills and the skills gaps of individuals that find themselves out of work – Stakeholders felt that there would be large numbers of individuals from the retail and hospitality sectors (amongst others) that may need to find work in a different sector and / or role. In doing so they felt that identifying transferable skills would be an important part of this.

"I think that we are still waiting to see what the new normal throws up in terms of what's needed because I just don't think you can treat everyone as a homogenous group; you're going to have really different skills gaps for different people depending on what they were doing previously and where they've come from."

Covid-19 has impacted upon training provision in the area – Stakeholders felt there were two main impacts relating to training provision. Firstly it has caused confusion around how apprenticeships can be delivered safely and a subsequent reluctance for employers to take on an apprentice at present. Secondly, it has moved courses and training delivery online, which required training providers to spend time adapting to this changed mode of delivery.

3. Current skills gaps

This section summarises the current skills gaps reported by employers, and the implications of these skills gaps for organisational performance / productivity.

In summary, almost two thirds of employers reported at least one type of skills gap within their workforce. The gaps most frequently cited across the whole sample were in digital skills, job specific skills, and sales and marketing skills. Complex analytical skills was also selected frequently by SEM employers. In terms of job specific skills, examples cited by SEM employers include engineering, manufacturing, legal and contractual.

Respondents that selected digital skills as a gap were asked which in particular - digital marketing, digital design and app development, Artificial Intelligence (AI) and CRM were the digital skills gaps most commonly selected by these employers.

In terms of implications for organisation's performance and productivity, the skills gaps that appear – from employer responses across the whole sample – to be having the biggest impact are job specific skills, numeracy, planning and organisational and knowledge of English. SEM employers however have more frequently selected job specific, digital, technical or practical and sales and marketing as those skills gaps having the biggest impact on their performance.

The consensus amongst stakeholders in South East Midlands was that gaps in digital skills, leadership and management skills, and sales and marketing skills were those having the most substantial impact on business growth and productivity.

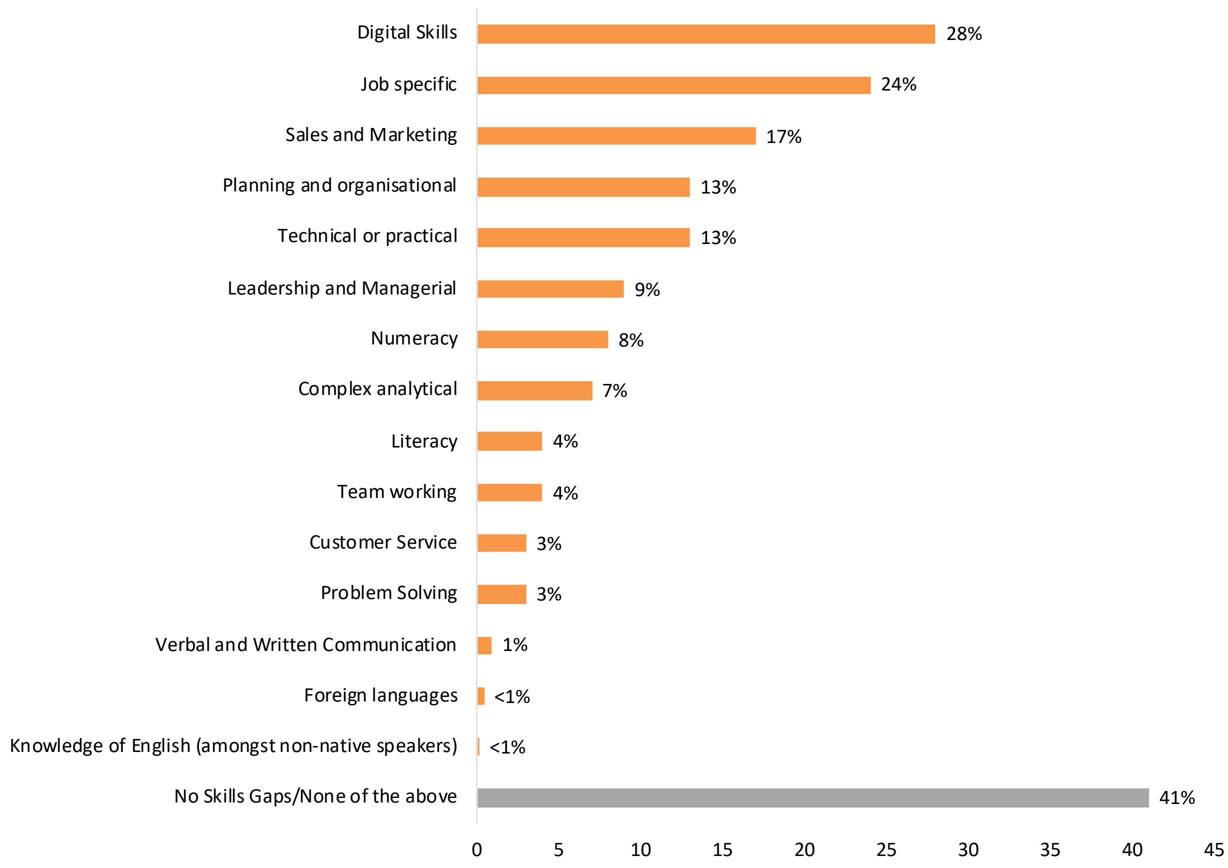
3.1. Current skills gaps

All respondents were asked if they had any skills gaps, based upon the following definition of skills gap; *"skills that your organisation needs, but either does not have at all, or at the right level to meet your goals."* All were given a list of potential gaps to select from, and were asked to consider all their workers, not just those that may normally take part in training.

Almost two thirds (60%) of employers reported one or more skills gaps in their organisation.

Figure 1 shows the percentage of employers selecting each of the specific skills gaps prompted.

Figure 1: Skills gaps reported by employers (N=80,255, N=126)



The skills gap most frequently selected by respondents was digital skills, with over a quarter (28%) selecting it. This is closely followed by job specific skills and sales and marketing skills.

Respondents that selected job specific skills gaps were asked to specify further. Examples cited by respondents across the whole sample included the following:

Six respondents from the South East Midlands selected job specific skills gaps, and specifically cited engineering, manufacturing, productivity, design, commercial, legal and contractual skills gaps.

Although the statistics should be approached with caution, the proportion of SEM employers reporting skills gaps was similar to that of the whole sample, with 58% of SEM employers reporting a skills gap, compared to 60% from the whole sample. Similar to the whole sample, skills gaps frequently cited by employers in the South East Midlands were digital skills and sales and marketing skills. Gaps in complex / analytical skills were also frequently selected by SEM employers (31% compared to just 7% in the whole sample).

Lower proportions of SEM employers have selected gaps in technical / practical, job specific, numeracy and literacy skills compared to the whole sample.

The skills gaps reported by employers aligned with those reported by stakeholders. There was consensus amongst stakeholders in South East Midlands that the area has particular skills gaps in the following:

- **Digital** – stakeholders suggested that digital skills were lacking at all levels, from basic IT and remote working in some cases to advanced programming in others. Other digital skills gaps of particular concern in the area included cyber security and data analysis / visualisation.

"I would say that most businesses are still behind on this [cyber security] - and many will tend not to do anything until they have been hit. It is only a matter of time before government procurement will require cyber essentials / ISO 27001 in place for all their suppliers."

- **Sales and marketing** – stakeholders commented that sales and marketing approaches were changing in light of Covid-19, with shifts away from traditional account management and advertising to communications, marketing and lead generation.

"A lot of businesses are wasting their time and money on advertising still - although it is keeping millions of people employed. What businesses really want to know / achieve is lead generation, and there is lots more to it than just marketing."

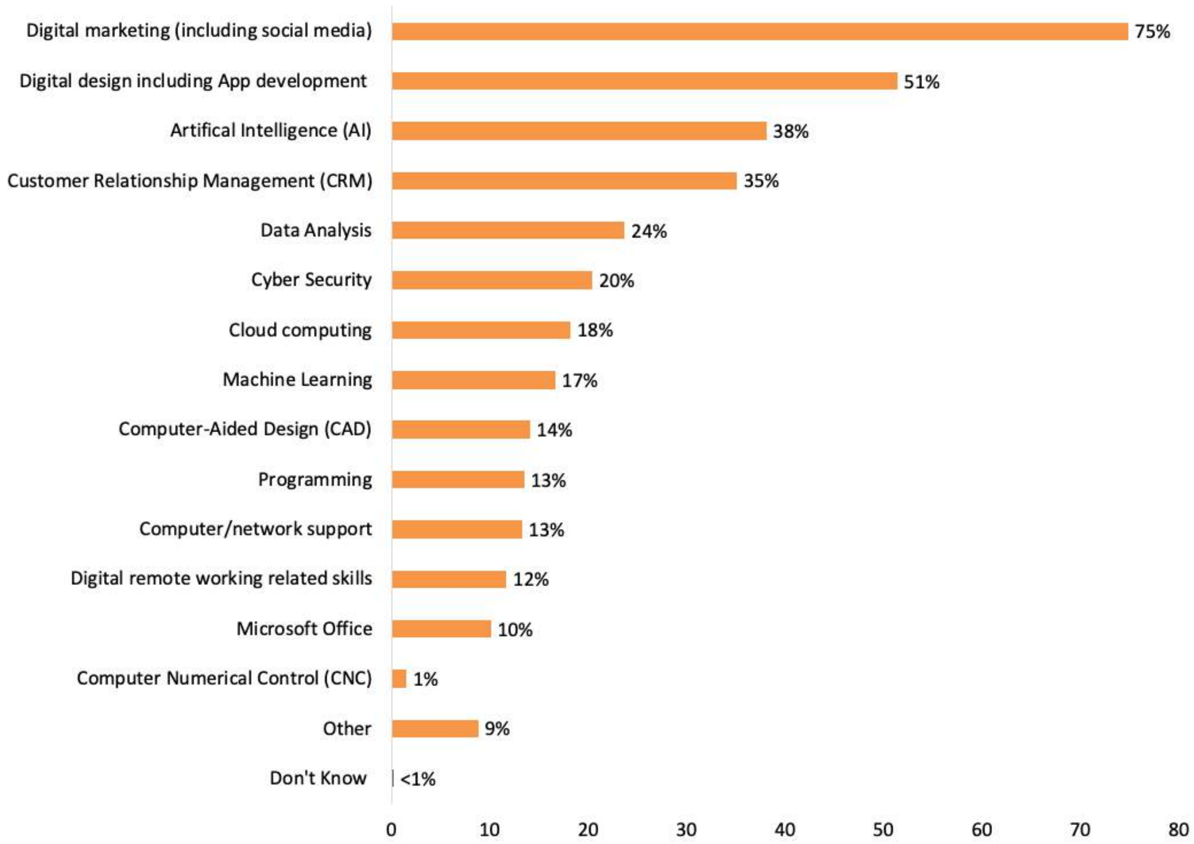
- **Leadership and management** – stakeholders felt that this was an area that affected businesses of all sizes and sectors; areas of particular concern were around skills in growing a business, crisis management, how to manage employees remotely, and how to create an adaptable workforce.

"I think we have opened employers' eyes to the value of having a really fluid workforce who can adapt to different situations, and instilling that resilience in your workforce as well, so that you can flex yourself like a chameleon really quickly into what is needed; that's probably something that will emerge."

3.2. Digital skills gaps

Respondents identifying digital skills gaps were prompted with a list of specific digital skills and asked to select those they felt were a gap within their organisation. Out of those employers that acknowledged digital skills gaps, three quarters felt that digital marketing was a skills gap, followed by digital design and app development, Artificial Intelligence (AI) and Customer Relationships Management (CRM).

Figure 2: Types of digital skills gaps in current workforce (N=25,526, n=44)



Analysis did not show any significant difference between the types of organisations that selected different digital skills gaps. Of the respondents that selected 'other' digital skills gaps, responses varied but comprise:

- The skills to understand what was required in setting up a remote office and operating digitally, for example setting up *"a digital telephone service, and understanding what equipment was needed to run digitally".*
- *"Communication aids"*, which include gesture, signing, symbols, communication boards and books, as well as Voice Output Communication Aids (VOCAs).

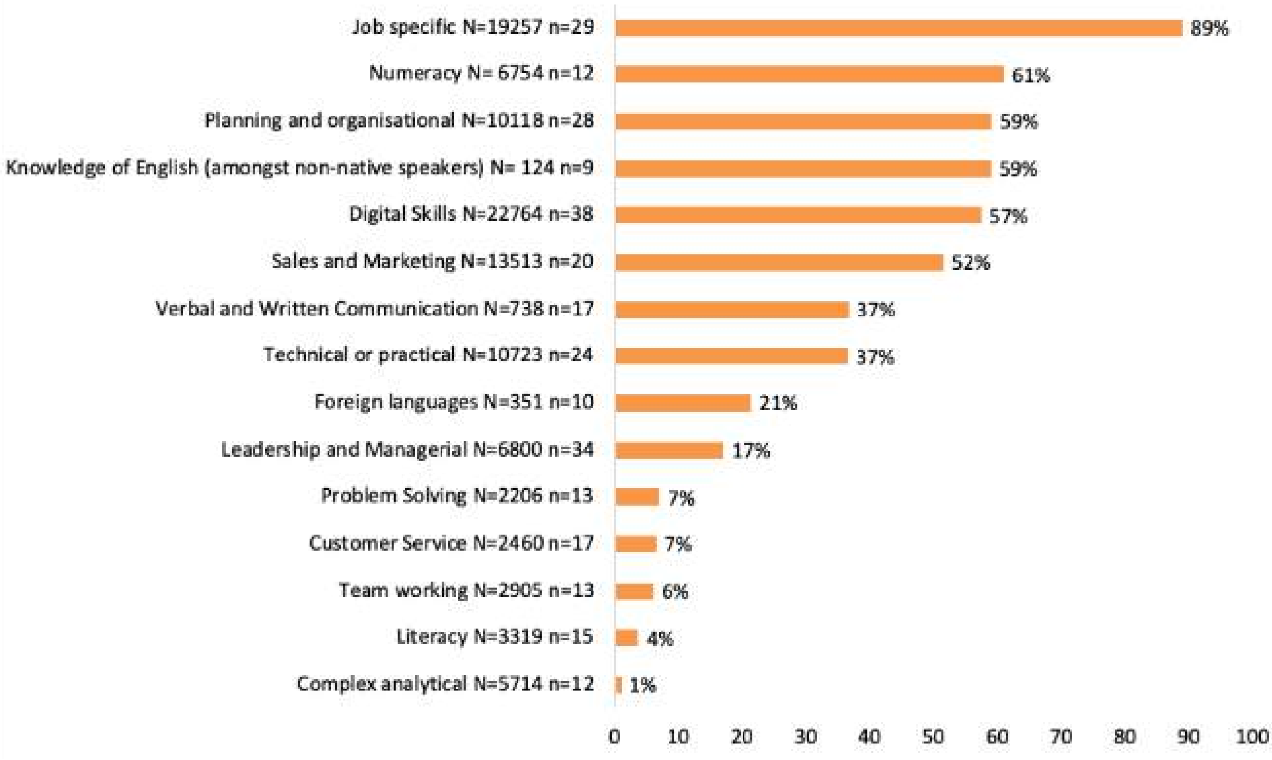
- Building Information Modelling (BIM) software, used by architects, engineers and construction professionals.
- Developing e-learning and on-line learning for training providers and other organisations in the education sector.

11 of the 23 SEM respondents selected digital skills as a gap, across a range of sectors and size bands. The profile of respondents selecting each digital skill type was broadly in line with the whole sample, with digital marketing, CRM, digital design, AI and data analysis as the most frequently selected digital skills gaps.

3.3. Skills gap implications

Respondents were asked to select up to three of their identified skills gaps that they felt were having the biggest impact on their performance / productivity. The chart below shows, for each skills gap, the proportion of respondents reporting it who then selected it as having one of the biggest impacts. For example, of the respondents that selected 'job specific skills' as a gap at all, 89% reported it to be one of the top three gaps impacting on their organisation's performance.

Figure 3: Skills gaps with biggest impact on organisational performance (N=47,715, n=77)

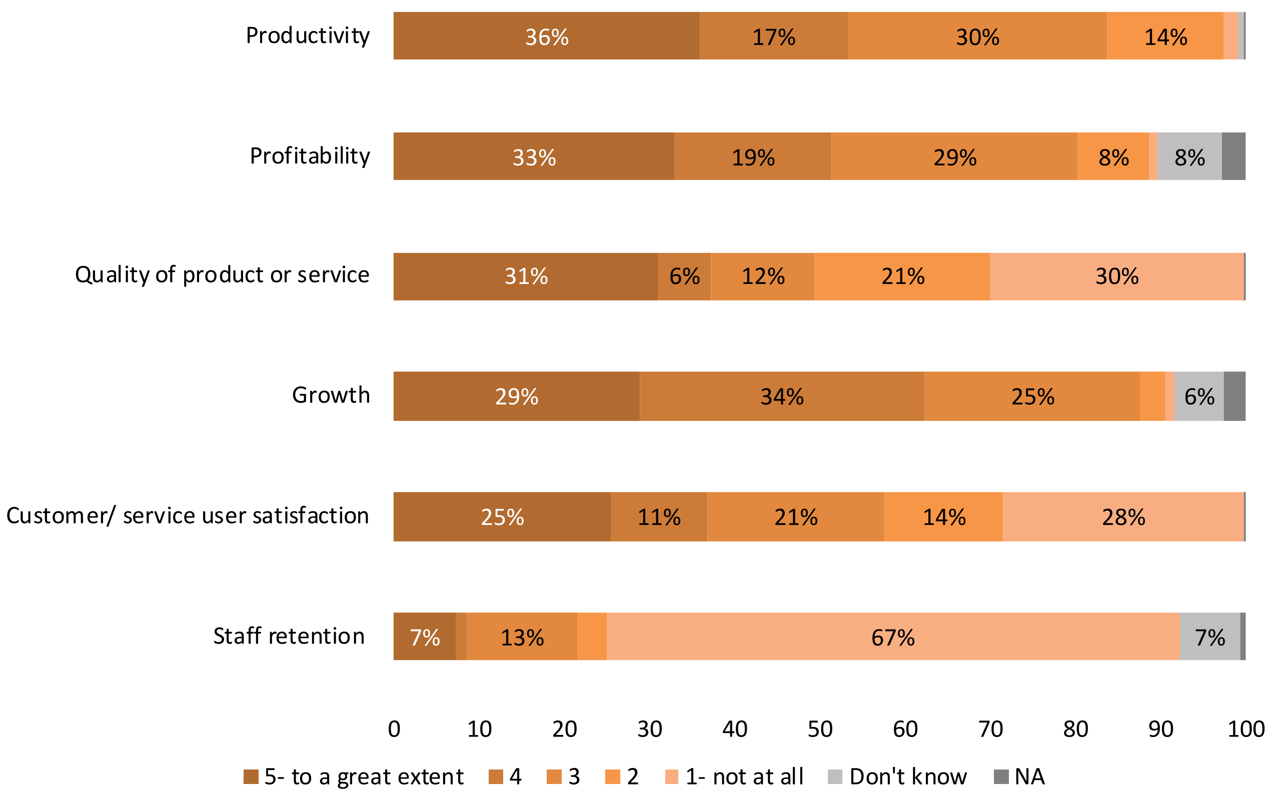


Although based on the small sample sizes, it suggests that job specific skills gaps have the biggest impact on organisational performance.

SEM employers most frequently selected job specific skills, digital skills, technical or practical skills and sales and marketing skills as those having the biggest impact on their performance.

All respondents reporting at least one skills gap were asked to rate (on a scale of one to five) the extent to which those gap(s) were impacting on five Key Performance Indicators (KPIs).

Figure 4: Employers' views on the extent to which their skills gaps are impacting on five KPIs (N=59,225, n=110)



The evidence suggests that employers felt that their skills gaps were having substantial impacts on productivity, growth and profitability, as opposed to product quality, staff retention and customer service. Analysis did not show any particular links between certain skills gaps and impact on specific KPIs.

Similar to the whole population, SEM employers more commonly felt that their skills gaps were having substantial impacts on productivity, growth and profitability, as opposed to product quality, staff retention and customer service.

Stakeholders were asked what they felt the impact of skills gaps are on the productivity / growth of organisations. Themes identified from stakeholder comments include:

- Businesses spending a lot of time and money trying to recruit employees.

- Business owners, leaders, managers spending time on tasks in the business to fill the skills gaps, which takes them away from the more strategic elements of running a business. As a consequence, this impacts upon the productivity of the business.
- Leadership and management skills gaps mean that individuals do not develop, future leaders are not identified, and this leads to poor succession planning.

3.4. Reasons for skills gaps

Respondents reporting at least one skills gap were provided with a list of potential reasons for each skills gap(s) and were asked to select all the reasons that they felt applied. The table below lists the most commonly selected reasons for those skills gaps identified by SEM employers as having the biggest impact.

Table 1: Reasons for specific skills gaps selected by SEM employers

Skills identified as having biggest impact	Most commonly selected reasons *(where a majority of respondents selected the reason, and the reasons are listed in order of the most commonly selected to the least commonly selected)*
Digital Skills	Low number of applicants with the required skills and qualifications Lack of appropriate training or courses
Technical or practical	Low number of applicants with the required skills and qualifications Lack of appropriate training or courses
Sales and Marketing	Low number of applicants with the required skills and qualifications Insufficient training budget Staff are not seeking to upskill
Job specific	Training provision is not easily accessible e.g. remote location with inconvenient public transport Insufficient training budget Low number of applicants with the required skills and qualifications Lack of appropriate training or courses

Stakeholders were asked for their view on the reasons behind particular skills gaps in the South East Midlands. The following stakeholder perceptions were identified in responses:

- A reluctance of employers to pay for training.

- A lack of engagement between employers and schools, meaning young people do not leave school with the core competencies, attitudes and behaviours that employers want.
- Training providers teaching out of date systems/ approaches to apprentices, which means that when an apprentice tries to apply their learning in the workplace, they find it is no longer relevant. Stakeholders commented that this is particularly true for engineering and manufacturing sectors.
- The area's proximity to London meaning large numbers of individuals choose to either move to or commute to London for higher pay and / or for roles in firms with a higher profile.
- In some cases, regulations do not encourage individuals to upskill, for example in the construction sector regulations only require workers to gain a Level 2 qualification to get a CSCS card that enables them to work on-site. As a result, stakeholders felt there was limited interest in individuals upskilling beyond Level 2.

4. Training provision

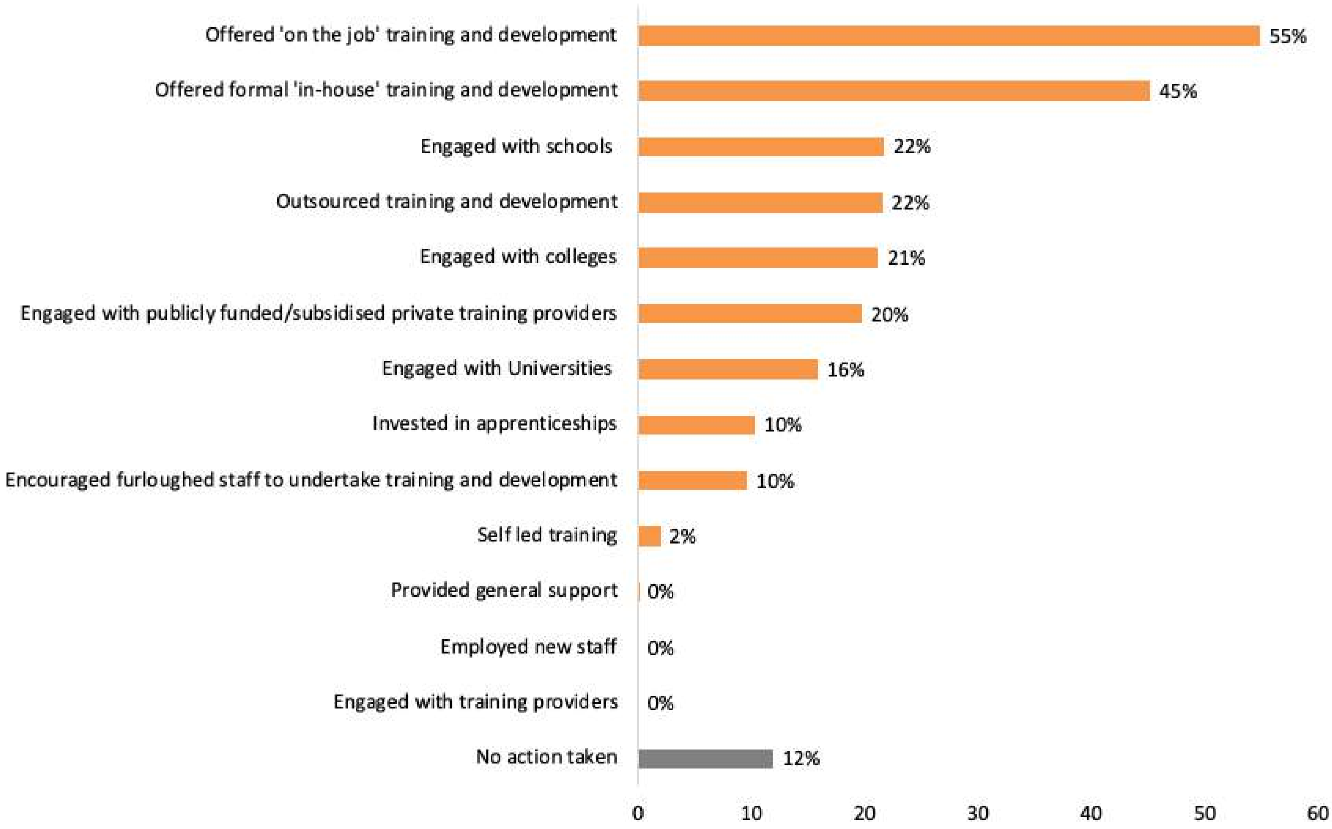
This chapter reports the extent to which employers had taken action in the last twelve months to improve the skills of existing employees, in particular exploring engagement with external training providers and employers' likelihood of doing so in the future. It also summarises the view of employers regarding improvements they would like to see to training provision in the LEP area.

The majority (88%) of employers reported taking action in the last twelve months to upskill existing employees, predominantly in-house training. The majority (87%) of employers also said they are likely to take action to upskill employees in the future. A few employers in the South East Midlands suggested improvements to training provision, each of which was specific to their own organisation but include greater capacity for apprenticeships particularly in construction and ICT, and an improvement in training options in leadership skills, numeracy, literacy and for higher level qualifications in general.

4.1. Upskilling action taken in the last twelve months

Respondents were asked if they had taken action to improve the skills of existing employees in the last twelve months and were prompted with a list of possible actions. The majority of respondents (88%) across the whole sample said they had taken at least one action in the last twelve months. The most common actions taken were on-the-job and / or in-house training and development.

Figure 5: Actions taken in the last 12 months (N=80,255, n=126)



Most of the employers that have taken action in the last twelve months have taken multiple actions. Analysis does not show any particular differences in action taken by employer profile. Respondents that stated that they had not taken action were asked why not. In these cases, the respondents stated that they didn't think there was a need to take action.

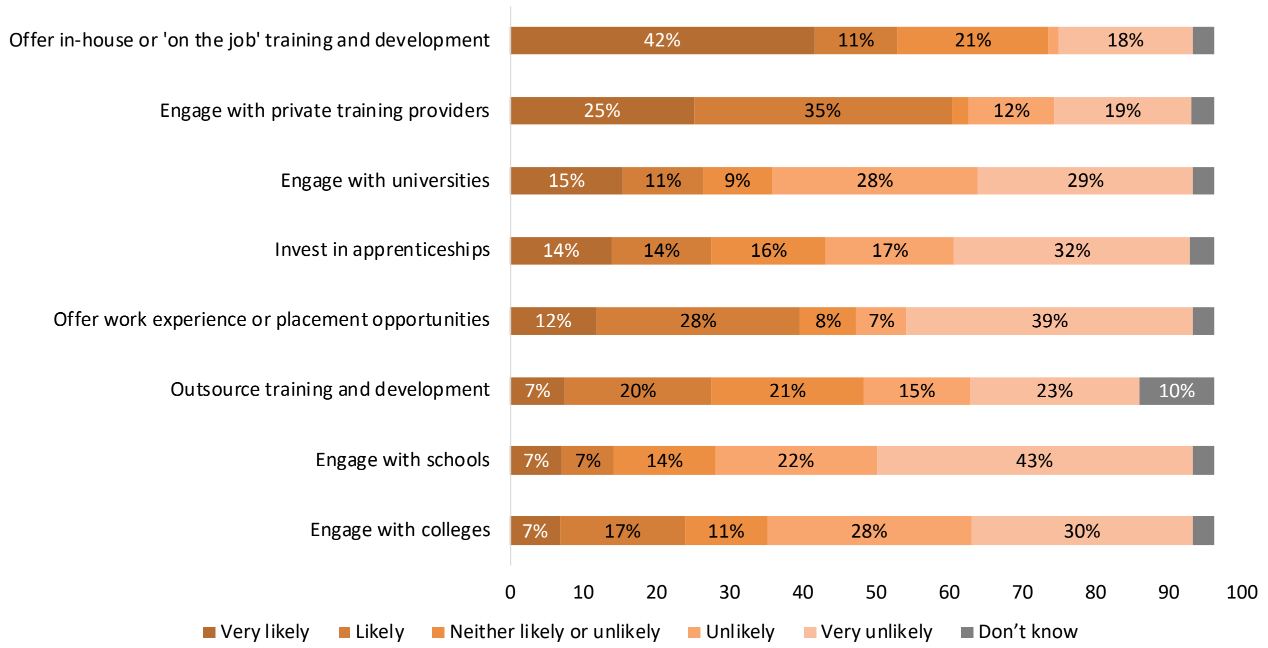
Almost all (91%) of the SEM employers responding to this survey said they have taken one or more of the prompted actions over the last 12 months. Similar to the whole population, the most frequently selected actions were on the job training and formal in-house training. A greater proportion of SEM employer respondents said they engaged with colleges, schools and universities compared to those in Northamptonshire and Hertfordshire.

Respondents that had not taken action in the last 12 months commented that they felt no need for them to take action, either because their employees were already fully trained or because they did not have any employees.

4.2. Likelihood of future engagement with training providers

All respondents were asked how likely they are in the future to take any of a prompted list of actions to upskill their existing workforce. No timeframe was given. The majority of respondents (86%) said that they would be likely to take one or more actions in the future.:

Figure 6: Likelihood of taking action in the future (N=80,255, n=126)



Encouragingly, in total almost three quarters (70%) said they are likely to engage with external providers and / or other stakeholders in some way. In particular, over half of employers (60%) said they are likely to engage with private training providers and over a quarter (28%) said they are likely to invest in apprenticeships.

In general, the actions employers expect to take in the future mirror those taken in the last twelve months, hence roughly half of respondents said they are likely or very likely to offer internal / on the job training.

Similar to the whole sample, all SEM employers (100%) said that they are likely to take one or more actions in the next 12 months to upskill their existing workforce. Two thirds (67%) said they are likely to engage with private training providers and 44% said they are likely to offer in-house training. A greater proportion of SEM employers (58%) selected 'engage with universities', 'invest in apprenticeships' and 'offer work experience opportunities' compared to employers in the other two regions.

4.3. Effectiveness of training provision in South East Midlands

Stakeholders were asked their views on the effectiveness of training provision in the South East Midlands. Most stakeholders felt that they did not know enough about the training provision in the region to comment in detail, but felt that on the whole the training provision is good in the area.

> ***"The training provision is good; we work closely and actively with the local authority and there is a good skills team to work closely with to understand the needs in the area. They are very proactive when a new business comes to the area. There is ample provision for key sectors."***

Two stakeholders felt that there was some room for improvement in training provision in the area:

- Inadequate training provision for apprentices, resulting in some young apprentices having to travel a long way to access the college aspect of their apprenticeship as the local training provider was full.
- Training is provision is not as good at Levels 4 and above compared to the training provision for Levels 2 and 3.

Employers were asked if they felt any improvements could be made to local training provision. Across the whole sample, just over half of respondents (56%) felt improvements could be made; within the South East Midlands, 12 of 23 employers suggested improvements. Improvements suggested by SEM employers were wide ranging, and in some cases very specific to their own organisation:

- A better range of apprenticeship courses available locally, with one respondent requesting more craft apprenticeships and one suggesting that there were no ICT apprenticeship courses offered in Luton. One respondent also commented that there should be more flexibility in the Apprenticeship Levy, but did not explain further.
- Increased training provision for skills such as leadership behaviours and skills, numeracy, literacy, and higher level qualifications in general.
- Better quality training for technical training and cost-accounting.
- More affordable training opportunities
- Increased awareness raising of training opportunities to employers
- More flexibility in the times offered for training for English as a second language
- Greater effort to engage with SMEs to ensure training opportunities better reflect their needs (the respondent did not expand further but was from the construction sector).

5. Recruitment

This chapter outlines employer concerns regarding the extent of hard-to-fill vacancies in the last 12 months, and the methods they are using to recruit.

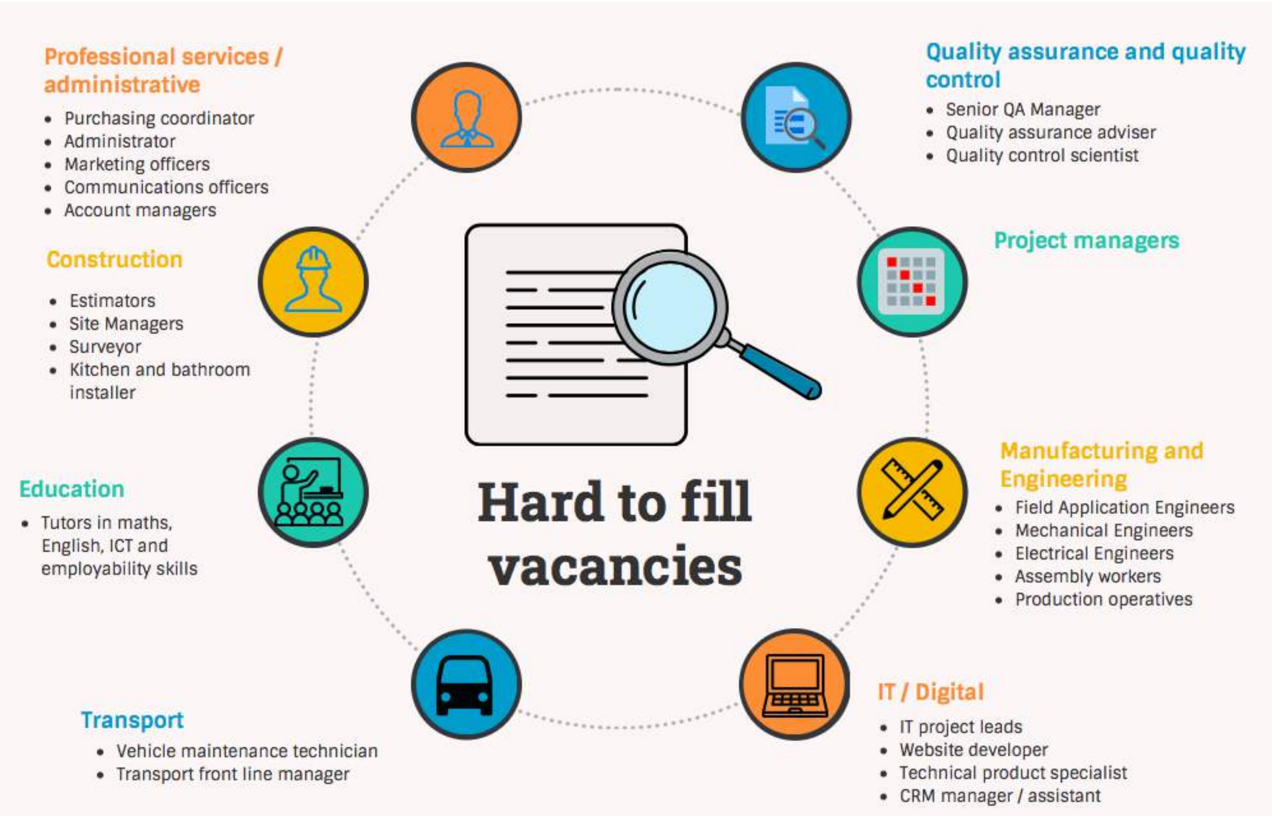
One in five employers said that, in the last twelve months, they have had a vacancy that has been hard to fill. The most common reason for this was perceived applicant quality – sub-optimal skills, attitude or motivation for the job. Organisations are using a range of methods to recruit new employees, perhaps unsurprisingly focused mainly on free or low cost approaches.

Employers most frequently selected digital skills and technical / practical skills as those that they will need in greater numbers in the next three to five years. Stakeholders in the South East Midlands envisaged greater numbers of people working in – and therefore skills needed in – the following sectors; food manufacturing, health and social care, construction, logistics and manufacturing and engineering.

5.1. Hard-to-fill vacancies

All respondents were asked whether, in the last twelve months, they had any hard to fill vacancies. One fifth of respondents (20%) across the whole sample reported that they had.

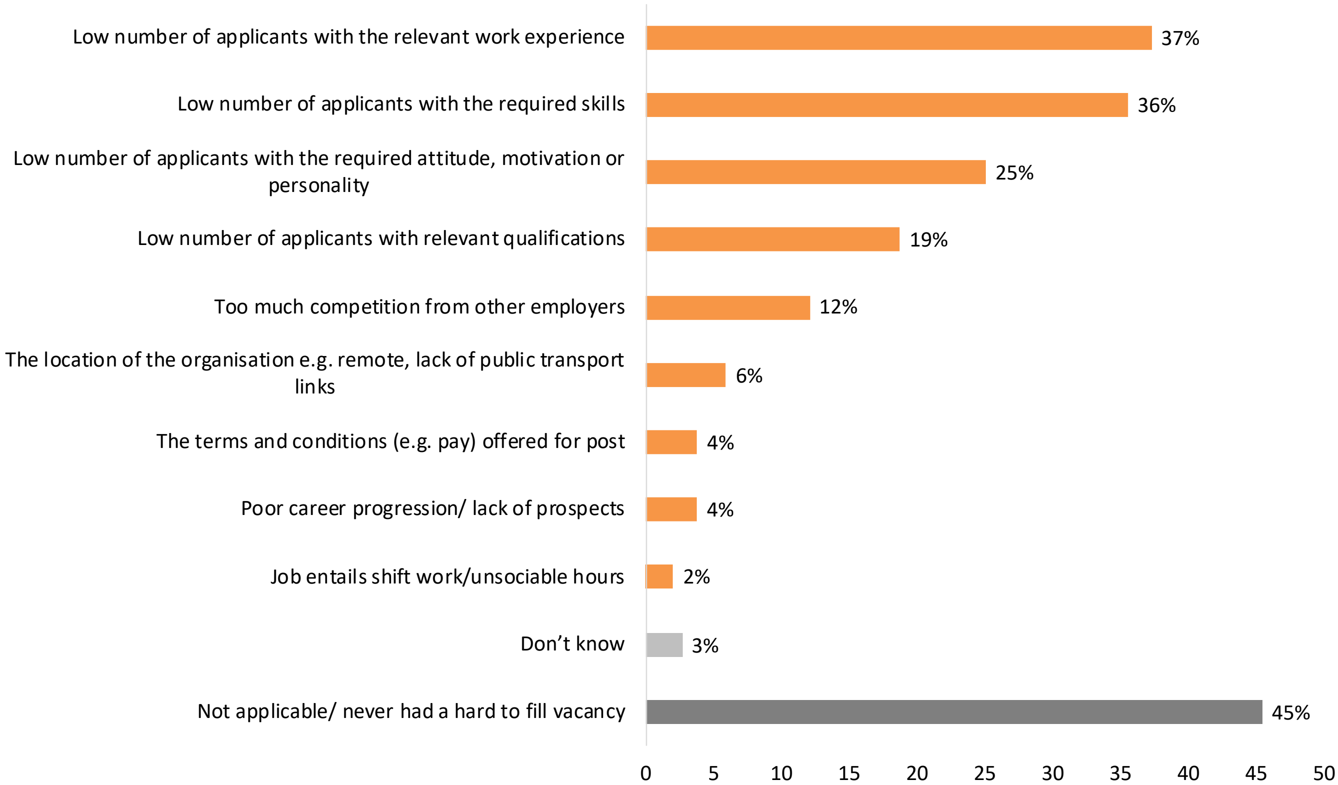
Analysis shows that hard to fill vacancies were particularly evident in the following sectors; education, construction and manufacturing. When asked to specify job roles that they found hard to fill in the last twelve months, the following were specified by respondents:



Causes of hard to fill vacancies

All respondents were prompted with a list of potential causes of hard-to-fill vacancies and were asked to select all they felt had applied / could apply to their organisation:

Figure 7: Typical causes of hard to fill vacancies (N=80,355, n=126)



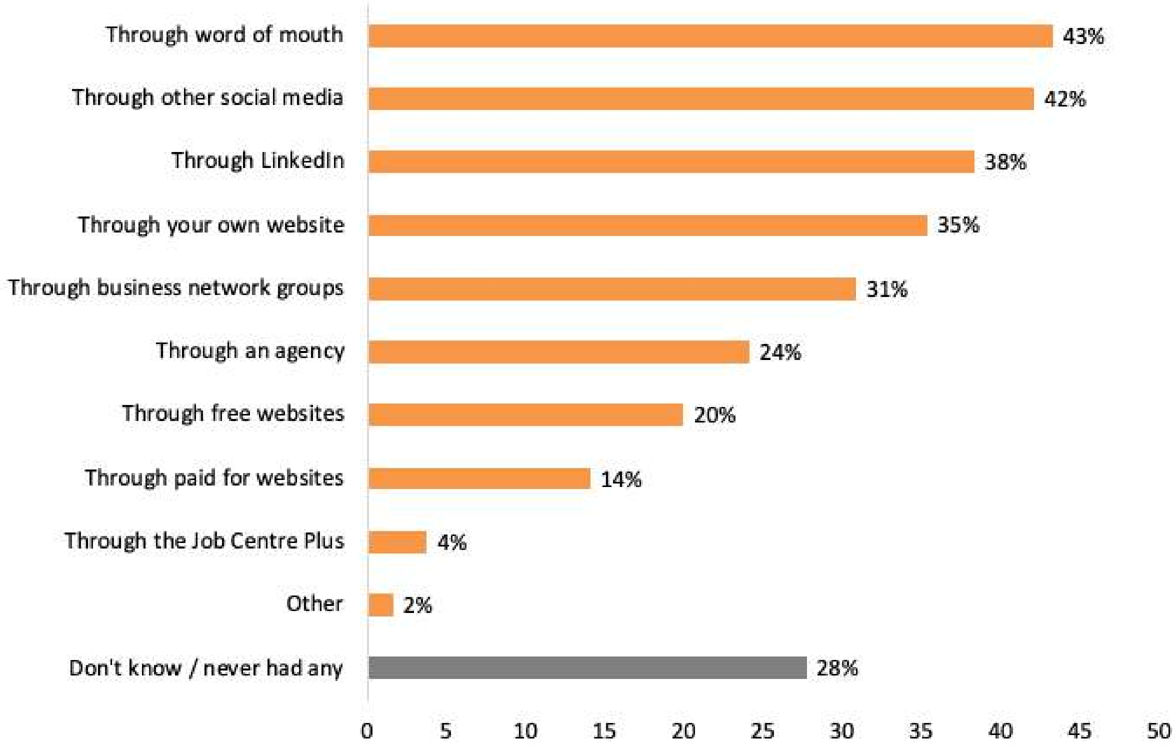
Overall, perceived applicant deficiencies were by far the most commonly selected reason for hard to fill vacancies. Analysis did not show any correlation between types of vacancies and the causes for those vacancies.

Half (49%) of SEM employers said that they had had one or more hard-to-fill vacancies in the last 12 months; this group comprised public and private sector (predominantly manufacturing and construction) organisations, of various sizes. Responses suggest that SEM employers feel that deficiencies in applicant skills and / or work experience are the main causes of hard to fill vacancies.

5.2. Recruitment approach

All employers were asked how their organisation typically advertises or promotes their vacancies, selecting from a prompted list:

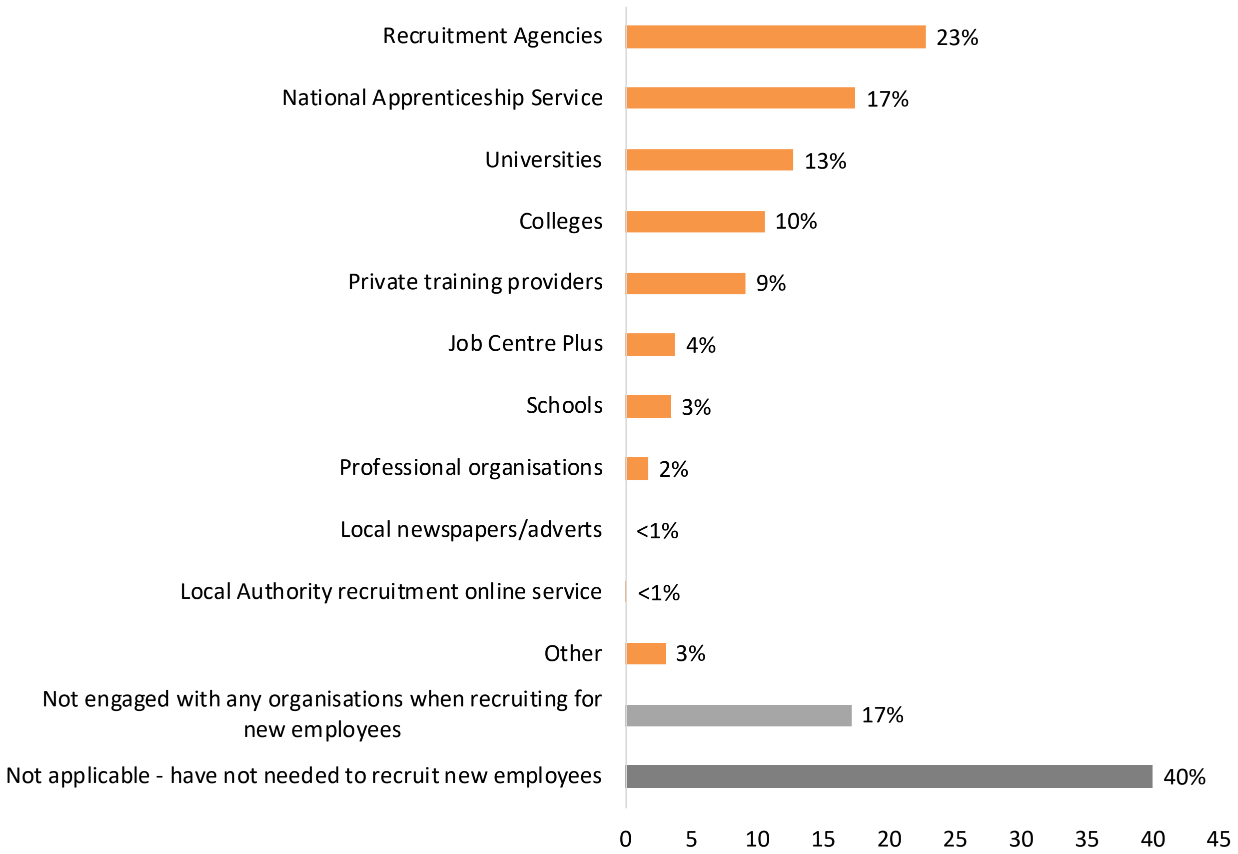
Figure 8: Recruitment approaches used by employers (N=80,255 n=126)



Organisations were using a range of approaches to recruit new staff, particularly free or low cost methods such as word of mouth, social media, LinkedIn, through their own website or through business networking groups.

All respondents were prompted with a list of local organisations and asked to select which they had used to try and recruit new employees. The majority of employees (83%) reported having engaged with at least one local organisation, with recruitment agencies being the most commonly cited.

Figure 9: Organisations engaged to recruit new employees (N=80,255 n=126)



The recruitment approaches used by SEM employers were similar to those of the whole sample, with the most frequently selected being word of mouth (64%). This is followed by using a recruitment agency. A higher proportion of SEM employers use a recruitment agency compared to the proportion of employers in the whole sample.

In terms of the organisations that employers engage with to recruit new employees, a higher proportion of SEM employers engaged with recruitment agencies, universities and the National Apprenticeship Service than the proportion of employers in the other regions. The proportion of SEM employers engaging with other organisations prompted in this survey were broadly in line with those of the whole sample.

5.3. Effectiveness of recruitment channels used by employers

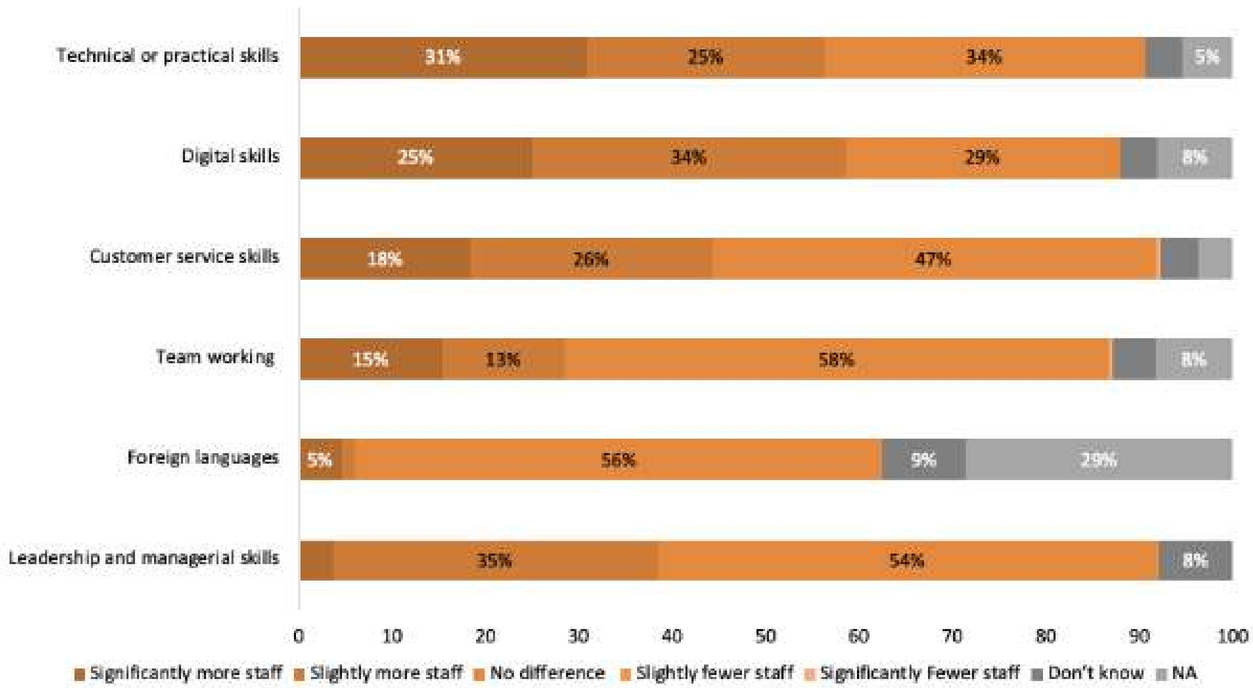
Stakeholders were asked for their views on the effectiveness of recruitment channels used by employers in the South East Midlands. Most felt they were not able to comment as it wasn't something that they talked to employers about. For example, some Growth Hub staff commented that recruitment tends not be an area that employers want to focus on during meetings, favouring sales and marketing and finance instead. Of the small number of stakeholders that did comment on the effectiveness of recruitment channels used by employers, views expressed include:

- Many employers are not using LinkedIn to its full potential, lacking a visually appealing and updated company profile.
- There is a lack of promotion to school aged pupils of opportunities to work in particular sectors such as manufacturing, engineering and logistics.
- An acknowledgement that there could be a more joined up approach between councils, the large local employers, Job Centre Plus, and training providers in terms of working together on the same initiatives.

5.4. Future skills

Respondents[4] were asked if they expect to need more or fewer employees with particular skills in the next three to five years:

Figure 10: Employers' views on requiring more or fewer staff with particular skills (N=67997 n=91)



[4] All respondents in SEMLEP were asked this question. Amongst Hertfordshire respondents, only those that said they felt ready to discuss skills needs in the next three to five years (15 respondents) were asked this question.

Stakeholders were asked for their views on future skills needs in the South East Midlands. There was strong consensus as to the likely biggest areas of demand, which included:

Food manufacturing – this is a large industry in the area and there will continue to be a need for new employees in the sector. Stakeholders also commented that changes in consumer buying behaviour have and may continue to cause shifts in demand between different types of businesses within the sector e.g. lower demand in the packed sandwiches sector and higher demand in takeaway / ready meal options.

Health and social care - including doctors, nurses, and the wider care sector – stakeholders explained that whilst this sector isn't a priority sector in Hertfordshire in terms of growth, there will of course continue to be a demand for employees in this sector.

Construction – stakeholders commented on the Government's general support for the construction sector in terms of the Clean Growth Strategy, number of new homes to be built and the recent introduction of the Green Homes Grant, and felt that as a result there would be a continued need for employees at all levels.

Logistics - this was felt to be a growing sector in the area, accelerated by Covid-19. Stakeholders felt that logistics was an example where there is low awareness amongst school leavers about the opportunities in this sector. Stakeholders commented that it is also not considered an attractive sector to work in, and therefore employers in the area struggle to recruit the numbers of employees required.

Manufacturing – Similar to above, this was thought to be a growing sector in the area, but one for which school leavers have limited awareness of the opportunities available. Furthermore, stakeholders commented that manufacturing is not perceived to be an attractive career opportunity, and therefore employers in the area struggle to recruit the numbers of employees required.

5.5. Training budgets

All respondents were asked if they have a training budget for 2020-21. Out of the whole sample, 29% of employers said that they did, compared to 59% of SEM employers. When asked to specify their training budget, six respondents in South East Midlands provided values, ranging from £6,000 to £220,000, correlating with the size of the organisation.

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European Union
European Social Fund

6. Apprenticeships

This chapter summarises employer awareness and understanding of apprenticeships, the extent to which employers are investing in apprenticeships, and employer views on the barriers to taking on an apprentice. It also summarises the views of stakeholders on the level of employer interest in apprenticeships.

A majority of employers reported a good understanding of what an apprenticeship is, how apprenticeships could benefit their organisation, and where to go to find out more. However, a sizeable proportion did not. Stakeholders raised several barriers that they felt hindered employers from taking on an apprentice. Those felt to affect employers across all sectors include; a branding issue with apprenticeships where they are seen as less worthwhile compared to university qualifications, a misperception that apprenticeships are only for roles that require manual skills, and employers not being able to find the time to spend with an apprentice or organise an apprenticeship.

6.1. Awareness and understanding of apprenticeships

All respondents were asked to what extent they agreed or disagreed with four statements regarding awareness and understanding of apprenticeships:

Figure 11: Awareness and understanding of apprenticeships (N=80,255, n=126)

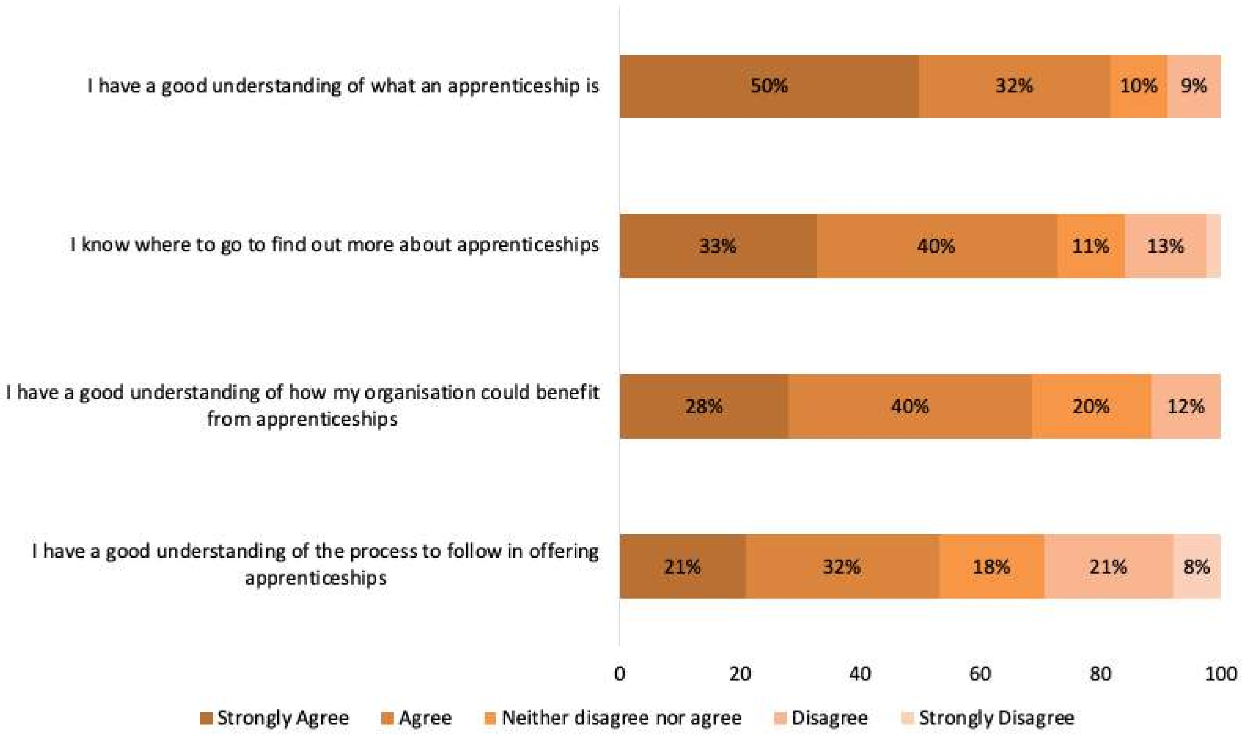
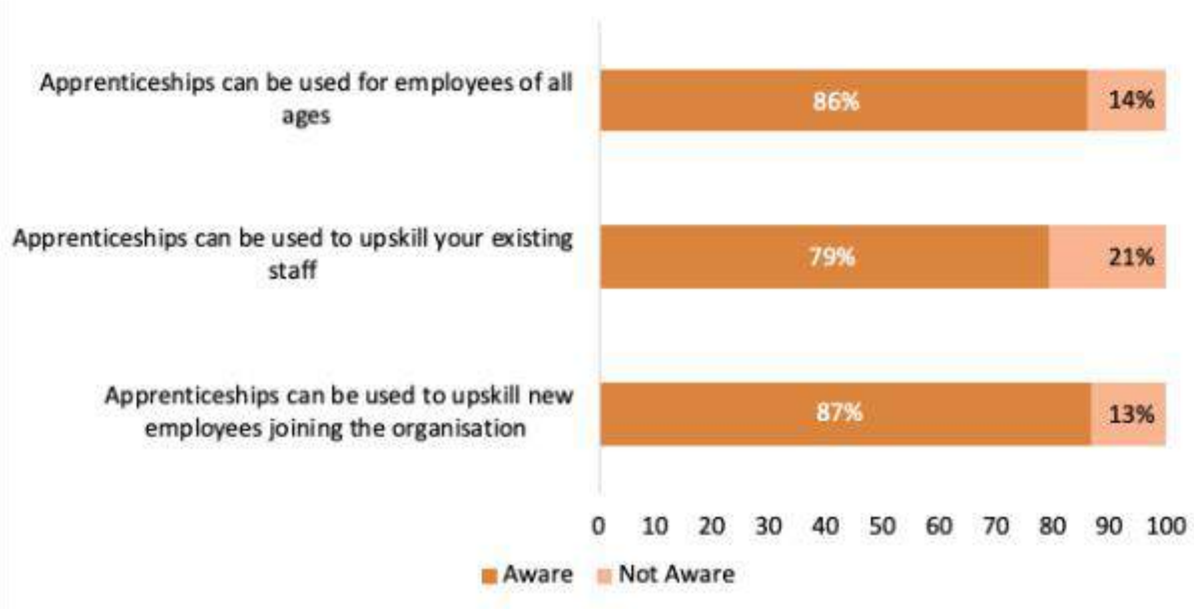


Figure 10 shows that whilst a majority of employers feel they have a good understanding of apprenticeships, a sizeable proportion do not. In particular, over a fifth of respondents (21%) did not know where to go to find out more about apprenticeships and over a quarter of respondents (28%) disagreed that they had a good understanding of the process to follow in offering apprenticeships.

All respondents were then asked whether they were aware of three different ways apprenticeships can be used.

Figure 12: Knowledge of how apprenticeships can be used (N=74,494, n=105)



A large proportion of employers said they were aware of how apprenticeships can be used, as shown in Figure 11 above. However, stakeholders often commented that there remain many employers who think apprenticeships are just for roles requiring manual skills (e.g. construction and engineering), implying there may be other aspects of apprenticeships that employers are less aware of.

A higher proportion of SEM employers are aware of how apprenticeships can be used compared to employers in the other two regions. For example, two thirds of SEM employers said that they knew where to go to find out more about apprenticeships, compared with one third in the whole sample. Similarly, two thirds of employers in the South East Midlands said they have a good understanding of the process to follow to take on an apprentice, compared to one fifth across the whole sample.

6.2. Current use of apprenticeships

Respondents were asked whether they currently employ any apprentices. Across the whole sample, 3% of respondents said that they do.

Seven employers in the South East Midlands said that they currently employ apprentices; these comprised manufacturing, construction, and education organisations.

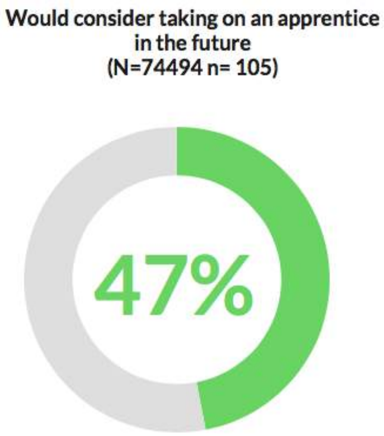
Respondents were asked to specify the apprentices that they currently employ. In some cases, employers reported multiple apprentices in different roles. SEM employers reported the following types and numbers of apprenticeships:

Table 2: Type and number of apprentices employed by South East Midlands respondents

Type of apprenticeship	Number of organisations employing an apprentice	Number of apprentices employed in total
Mechanical and electrical engineer / Engineering design / draughts-person	3	3
Commercial	1	3
Teaching assistants	2	3
Electrician installation / maintenance	2	2
Bid and support coordinator	2	2
ICT	2	2
Administration	1	1

6.3. Views on using offering apprenticeships in the future

All respondents were asked whether they would consider offering apprenticeships in the future. Almost half of respondents (47%) across the whole sample said that they would. A quarter of respondents (27%) said that they would not and a quarter of respondents (26%) were not sure.

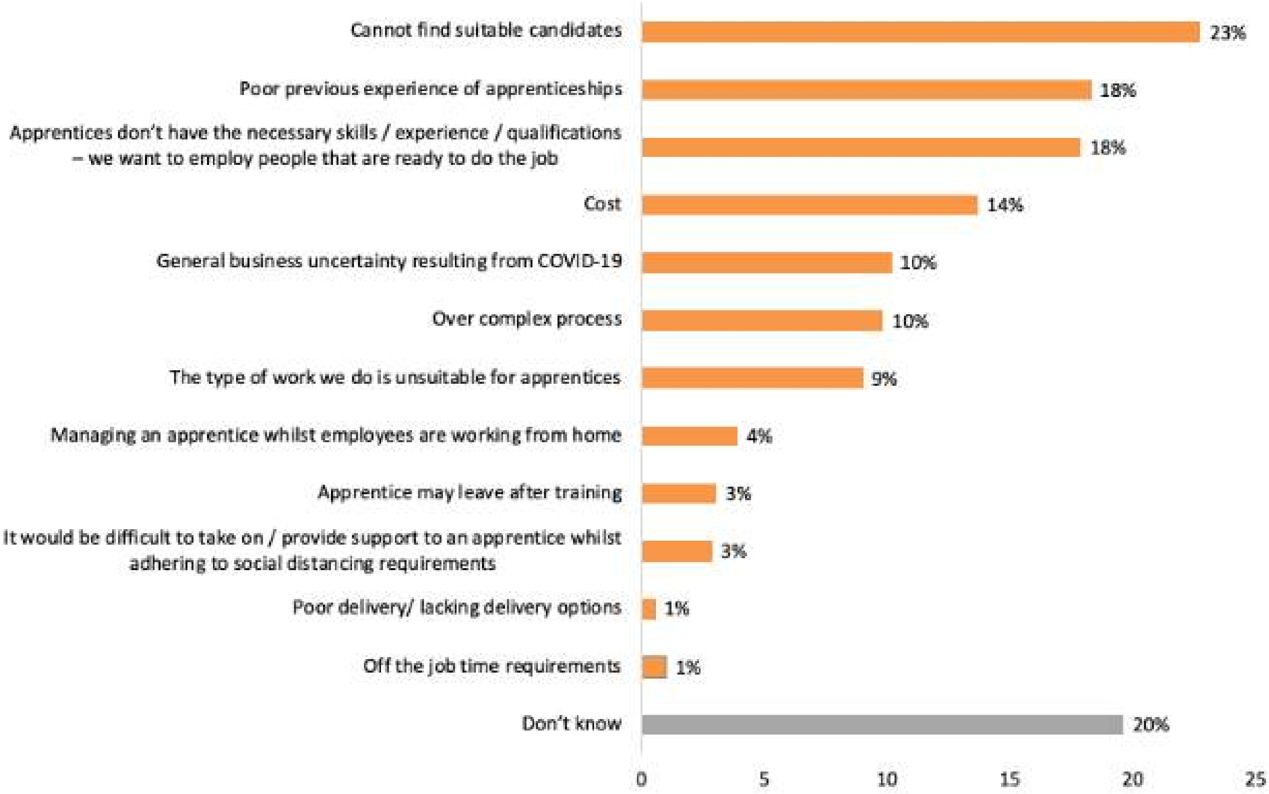


A slightly higher proportion (57%) of SEM employers said they would consider offering an apprenticeship in the future, compared to the whole sample. Within the South East Midlands, a further 9% said they would not and 34% said they were unsure.

6.4. Reservations about offering apprenticeships in the future

Respondents were prompted with a list of potential reservations about offering apprenticeships and were asked to select any that they felt applied to their organisation:

Figure 13: Employer reservations about offering apprenticeships (N=80,255, n=126)



The most commonly selected reservation was around finding a suitable candidate, either based on previous experience or based on a perception that they might find it challenging to find a suitable candidate. This was followed by 'poor previous experience of apprenticeships' and 'apprentices don't have the necessary skills', which again could be based on previous experience or a perception that apprentices will not have the skills that they require. One tenth of respondents reported reservations about apprenticeships directly related to Covid-19.

South East Midlands employers responded in a similar way to the whole sample, with similar proportions of employers selecting each reservation.[5] The exception is 'cost', where just 1% of South East Midlands employers selected this as a reservation compared to 14% of the whole sample.

Stakeholders were asked for their views on employer interest in apprenticeships. They reflected that they had found that, in general, employers were interested in and willing to take on an apprentice. However, another stakeholder commented that they had seen a significant drop in the number of apprenticeship vacancies since Covid-19.

Stakeholders raised the following barriers to more employers offering apprenticeships:

- **A continuing perception that apprenticeships are less worthwhile than university education –** some stakeholders explained apprenticeships are seen by many (employers and people in general) as a second class option compared to university qualifications. The stakeholders felt that there needed to be a significant shift in attitudes at a national and local level for this problem to be overcome.

"There is a significant branding issue. The word apprentice / apprenticeship conjures up lots of negative things unfortunately."

- **A perception that apprenticeships are solely for roles requiring manual skills –** stakeholders commented that many employers perceive apprenticeships to be for trade related roles and are unaware of the full range of apprenticeships that can be delivered. Most stakeholders felt that there was a need for greater education of employers regarding how they could benefit from apprenticeships.

- **Time is an issue for employers –** stakeholders commented that some employers, particularly SMEs, struggle to find the time to mentor an apprentice and some also commented that some employers find the paperwork associated with apprenticeships time-consuming and burdensome.

"One large company I have worked with pays £15,000 per year into the Apprenticeship Levy but does not take on any apprentices as it is too much hassle - they just see the levy as a tax and accept that they have to pay it."

[5] Although it should be noted that the option 'General business uncertainty resulting from Covid-19' was not prompted to employers in the South East Midlands area.

- **A concern that training providers do not teach up to date systems –** some stakeholders had had conversations with employers (particularly in the construction, manufacturing and engineering sectors) who had found that the systems and technologies taught by apprenticeship training providers were out of date.

  "Some employers have found that their systems or technologies have moved on and what the apprentice learns is out of date. Those teaching at colleges need to be more involved in actual to know what businesses are doing."

- **Some apprenticeships in specific sectors have not been designed well –** For example, one stakeholder commented that for the logistics industry it is not possible to have employees out of the workplace during their busiest periods. Another stakeholder felt that apprenticeships for HGV driving roles take too long to complete, which means they are not feasible for employers.

7. Work placements

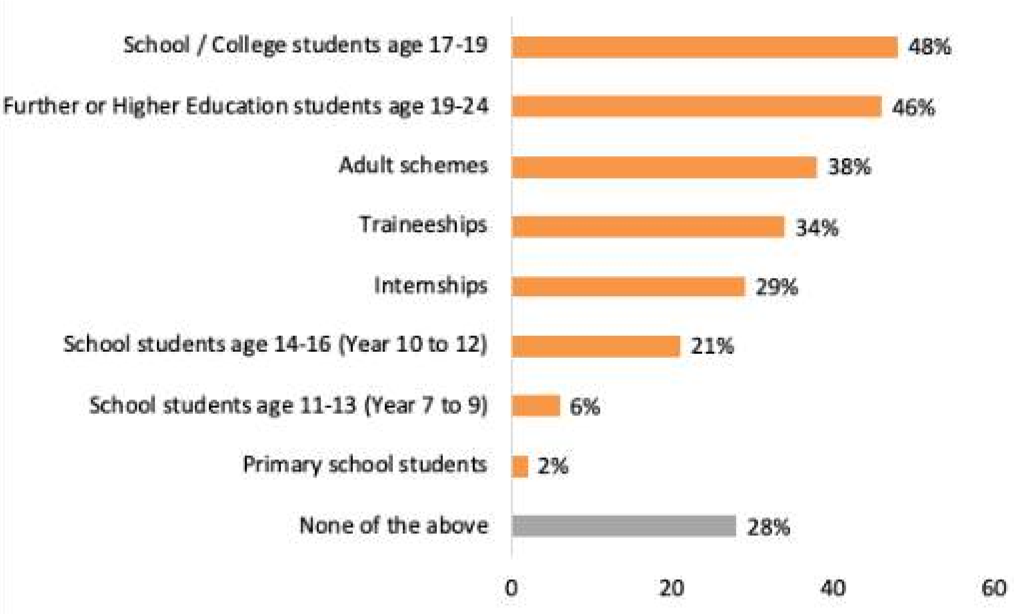
This chapter reports the views of employers and stakeholders regarding employer willingness to offer work placements, their reservations towards work placements and interest in future support around work placements.

Almost three quarters (72%) of employers said they would be willing to offer work experience placements. However, a similar proportion (77%) of employers had reservations; of the reasons prompted in the survey, the most frequently selected were a lack of time to spend with an individual on a work placement, and the lack of time to organise a placement opportunity. Whilst stakeholders acknowledged these barriers, they also felt that there were other key issues preventing more work placements taking place, such as a perception amongst employers that regulations on work experience placements are burdensome, and negative cases reported in the local news that may discourage other employers from considering offering a work placement.

7.1. Willingness to offer work placements

Respondents were prompted with a list of potential work experience groups and were asked whether they would be willing to offer work experience placements to any of them. Respondents were able to select all that applied. 72% of the whole sample said that they would be willing to offer work experience placements to one or more groups. Full responses are shown below:

Figure 14: Employer willingness to offer work experience placements (N=80,255, n=126)

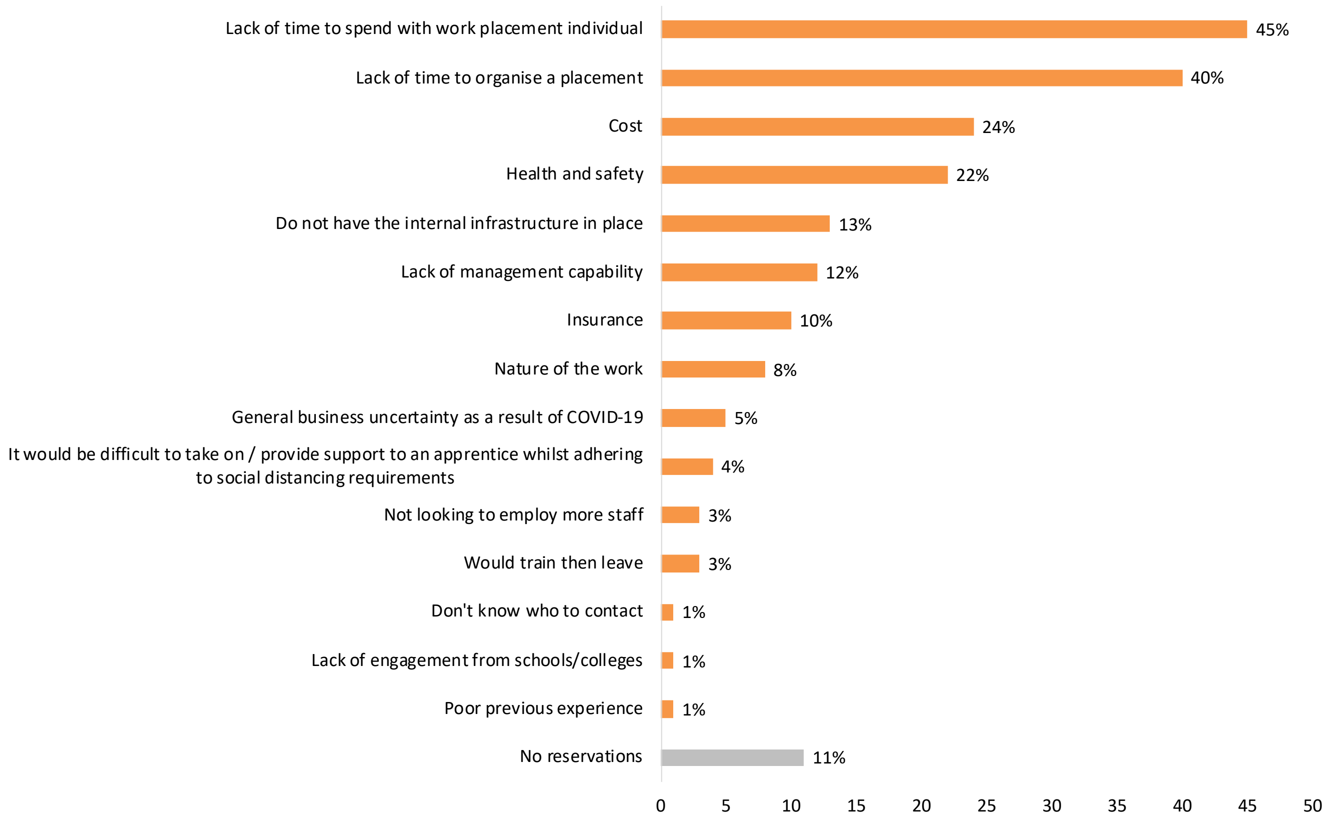


Almost two thirds (60%) of SEM employers responding to this survey said that they would be willing to offer a work placement to one or more of the prompted groups of individuals. SEM employers responded in a similar way to the whole sample - employers most frequently selected ‘school / college students aged 17-19’ and / or ‘further / higher education students aged 19-24’ as the groups that they would be willing to offer placements to. The exception was ‘internships’, where 58% of SEM employers said they would be willing to offer these compared to 29% of the whole sample.

7.2. Reservations about offering work placements

Respondents were given a list of potential reservations about offering work placements and were asked to select all that applied to their organisation. Responses are shown below:

Figure 15: Employer reservations about offering work placements (N=80,255, n=126)



The data suggests that time is the biggest barrier to employers offering a work placement.

Stakeholders felt that there had been an increased level of engagement between employers and colleges / schools, either through employers participating in careers discussions or offering work placements.

"There are more companies, particularly larger organisations, that now recognise they have to be part of the solution, rather than just blaming it on there not being enough education leavers ready to meet their skills needs."

Despite the view that there had been good progress, stakeholders felt the following barriers still needed to be overcome:

- **Mentoring a work experience student takes time** – and employers find it challenging to find or make time for this.

- **Employers perceive work placements to be burdensome in terms of compliance** – employers are concerned about regulations and compliance issues that are associated with offering a work experience placement, particularly in relation to GDPR.
- **There have been negative examples of work experience placements reported in the local press recently** – examples include work experience students not doing a good job, and a major retailer being criticised for taking on work placement students as it was perceived that they were taking advantage of 'free labour'. Stakeholders felt that both of these cases could put other employers off considering offering work placements.

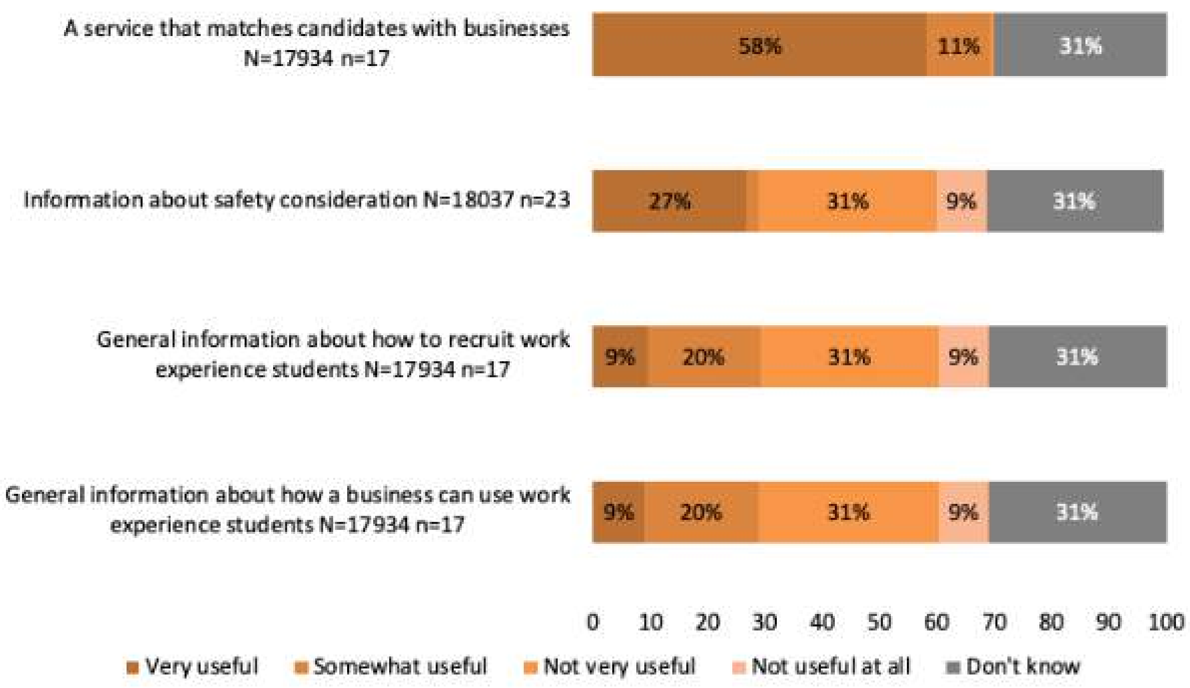
In light of Covid-19, stakeholders felt that employers would consider it even more challenging to offer work experience placements due to:

- Employees working from home and not knowing how a work placement student could be supported / managed in this situation
- The impracticalities of having more individuals within the workplace.
- Financial uncertainty, and this putting increasing pressure on the business to focus on sales and the survival of the business.

7.3. Interest in future support

Respondents in South East Midlands were provided with a list of potential support to assist with offering work placements and were asked if they would find any useful.

Figure 16: Employer interest in support in South East Midlands



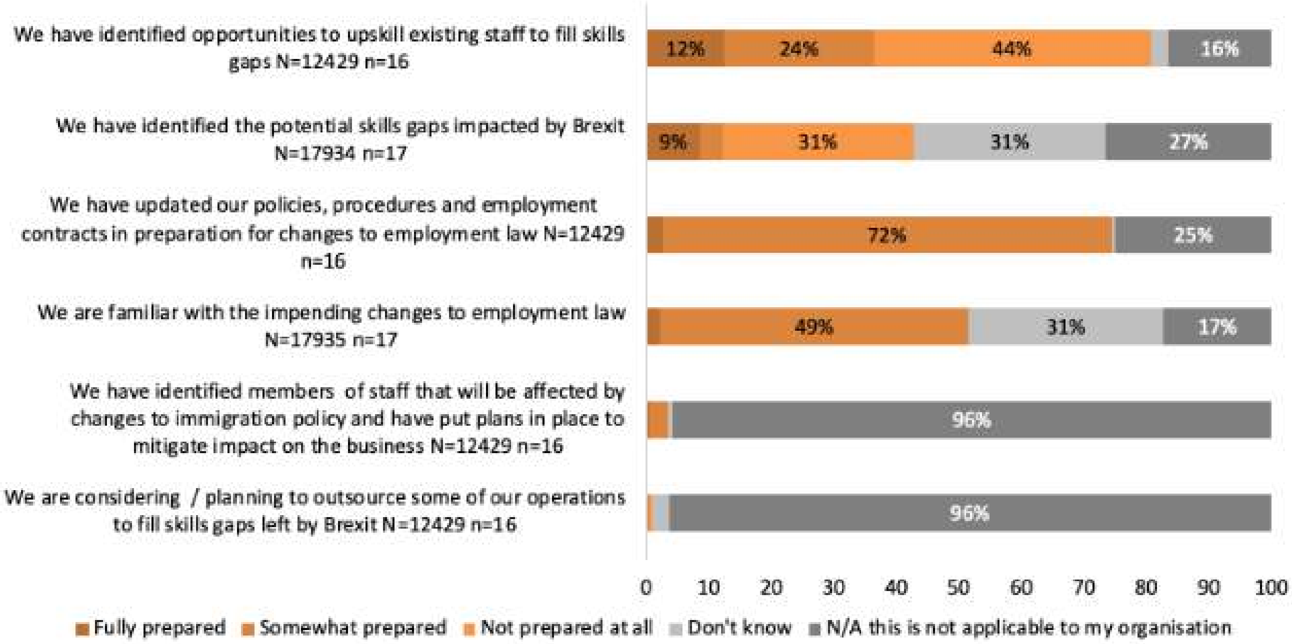
Two thirds of employers felt that a service that matched candidates with businesses would be useful. Just over a quarter of employers said they would find information useful on safety considerations, how to recruit work experience students and / or how a business can use work experience students.

8. Brexit

SEMLEP wished to explore the views of employers regarding the UK leaving the European Union, in terms of how it would impact their recruitment and skills. This section summarises employer responses and the views of stakeholders.

Respondents in South East Midlands (including Northamptonshire) were asked to rate the extent to which they had considered and prepared for future skills needs to meet their current and future requirements as a result of the UK leaving the EU. Responses are shown below[6]. The percentages should be considered with caution due to the very small sample sizes.

Figure 17: South East Midlands preparation for the UK leaving the EU.



Around one in ten employers responding to this survey reported that they have identified the potential skills gaps impacted by Brexit and / or opportunities to upskill existing staff to fill skills gaps, although sizeable proportions of employers felt that these activities were not applicable to their organisation.

Smaller proportions of employers (around 1 in 20) reported that they are familiar with impending changes to employment law and / or have updated their policies, procedures and

[6] N and n figures differ dependent on the number of respondents that answered each question

serco Education & Skills Funding Agency European Union European Social Fund employment contracts in preparation for changes to employment law. Again, sizeable proportions of employers felt that these activities were not applicable to their organisation.

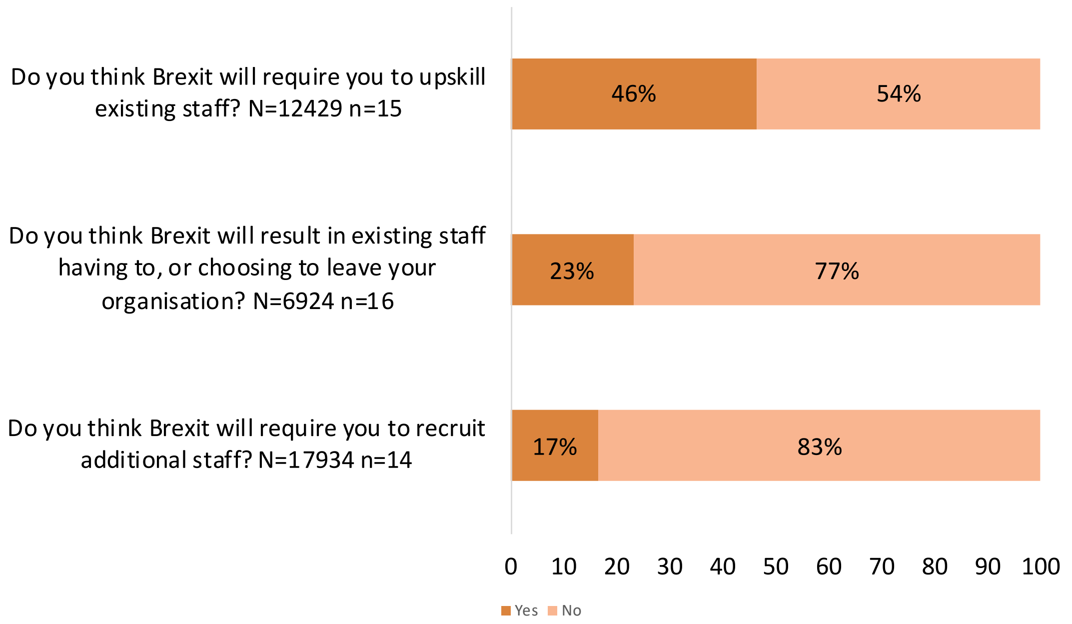
The vast majority of respondents reported that ‘identifying members of staff that will be affected by changes to immigration policy’ and ‘putting plans in place to mitigate impact on the business’ were not applicable to their organisation. Around half of the group of respondents selecting ‘Not Applicable’ are from organisations with no employees. The other half of the group of respondents include organisations from a range of sectors and of different sizes.

The vast majority of respondents also suggested that considering / planning to outsource their organisation’s operations to fulfil skills gaps was not applicable to their organisation. Again, a large number of these respondents do not have employees, and the rest were made up of organisations of different sizes and from different sectors.

Of the organisations selecting ‘not prepared’ to the options prompted in the survey, these were predominantly from the construction sector.

SEM employers were then asked about how Brexit might impact skills and employment in their organisation. Responses are shown below.

Figure 18: Views on the impact of Brexit on employers' skills and employment



Almost half of employers thought that they will need to upskill existing staff. Smaller proportions, although still sizeable, thought that existing staff may leave their organisation and / or that they will require them to recruit additional staff. Respondents that said that they would need to upskill existing staff, recruit additional staff, or where they felt staff would have to or choose to leave their organisation as a result of Brexit, were asked to specify the job roles and skills that would be affected:

- In terms of areas to upskill existing staff, respondents cited the need to upskill account managers, customer service and warehousing staff in how to comply with new regulations and how to communicate these to customers and suppliers.
- Of those that said they would need to recruit additional staff, these include roles in warehousing, manufacturing / production, construction (groundwork), customs brokers and trainers in the education sector. `
- Of those that felt staff would have to or choose to leave their organisation as a result of Brexit, these include manufacturing and warehousing staff. One respondent from the education sector also commented that they suspected they would be affected by reduced EU funding, and as a result they suspected some of their projects would draw to a close resulting in the organisation having to make redundancies.

Stakeholders in the South East Midlands were asked whether they had any concerns about Brexit affecting employment and skills in their area. Their main concern was around lowskilled job roles, and Brexit meaning that there would not be sufficient numbers of individuals to fill these roles.

9. Employer views on new technologies for training

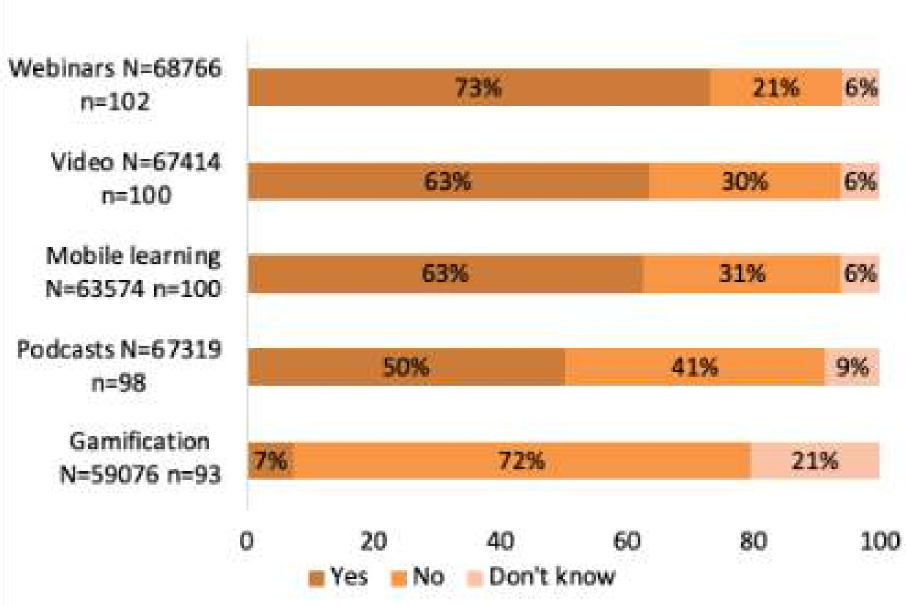
This section covers employer attitudes to the use of new technologies to meet skills needs.

A majority of employers report that their employees are already engaging in training via webinars and video, though other technologies – e.g. mobile learning, podcasts and gamification - are being used less frequently. Most employers said they would be willing to invest in training for their staff that use these technologies. Approximately half of employers said they had reservations about new technologies used for training, including the user experience, online training not being suitable for the 'practical' nature of their work, and a preference of their employees for face to face training.

9.1. Engagement in training via new technologies

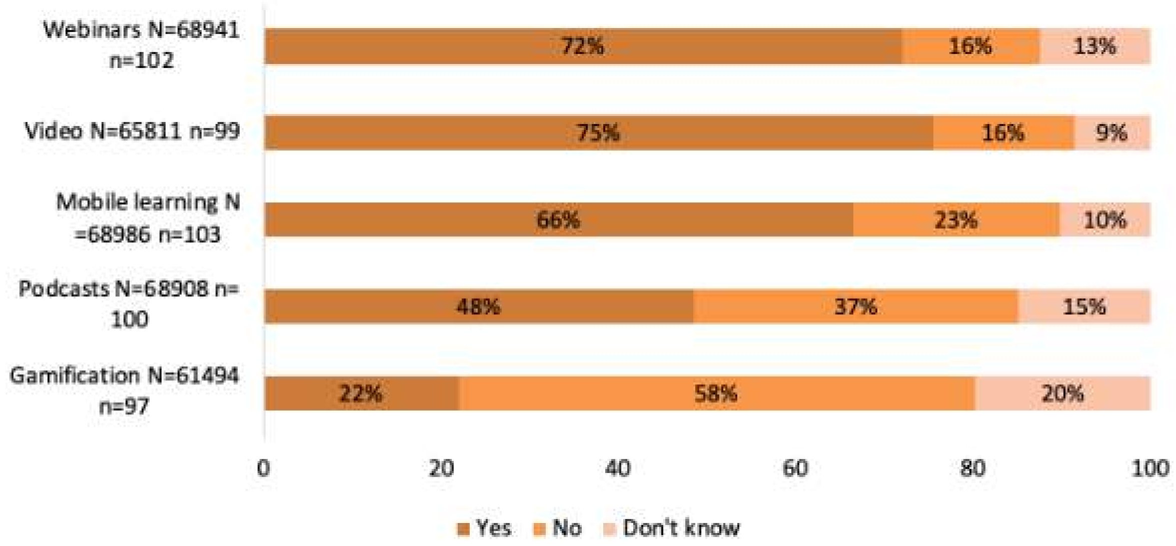
All respondents were prompted with a range of technologies and asked to select any that their employees currently use for either internal or external training. Responses are shown below.

Figure 19 Employee engagement in training via different technologies



Respondents were then asked if they would consider investing in training for their employees that use each technology.

Figure 20: Employer interest in investing in training for employees via different technologies



Those already using technologies in training tended to be those that would do so in the future, and vice versa. The exception is gamification, where currently only 7% of employers said their employees are already engaging in training that uses this technology, whilst 22% would consider it in the future.

9.2. Reservations about new technologies

Respondents were asked if they had any reservations about training using one or more of the prompted technologies. Out of the whole sample, 54% of employers said that they did have reservations. Analysis of their responses identifies the following themes:

- Respondents not knowing enough about the technologies, particularly regarding the user experience, the processes involved, and the typical return on investment.
- A perception that online training isn't suitable for the type of work that they do, in particular for practical tasks, with one respondent specifically commenting *"There are certain things that they would just need to learn on the job by actually doing the work."*
- Employers receiving feedback from their employees that suggest they prefer training delivered face to face.

Respondents were then asked whether their organisation would be willing to invest in relevant software, technology or adaptations to support a new employee with a learning disability or special educational needs e.g. providing voice recognition software to support an employee with dyslexia. One third (33%) of respondents from the whole sample said 'yes,' almost one quarter (23%) said no and 44% were not sure.

Respondents were also asked whether they knew where to access support, advice / guidance, and funding to help them to recruit and upskill employees that have a learning disability or special educational needs. 38% knew where to go to access support, advice and guidance; 24% said they knew where to go to access funding.

The table below summarises the percentage of SEM respondents that said their staff already use specific technologies in training that they undertake and employer willingness for their staff to engage in training using specific technologies in the future.

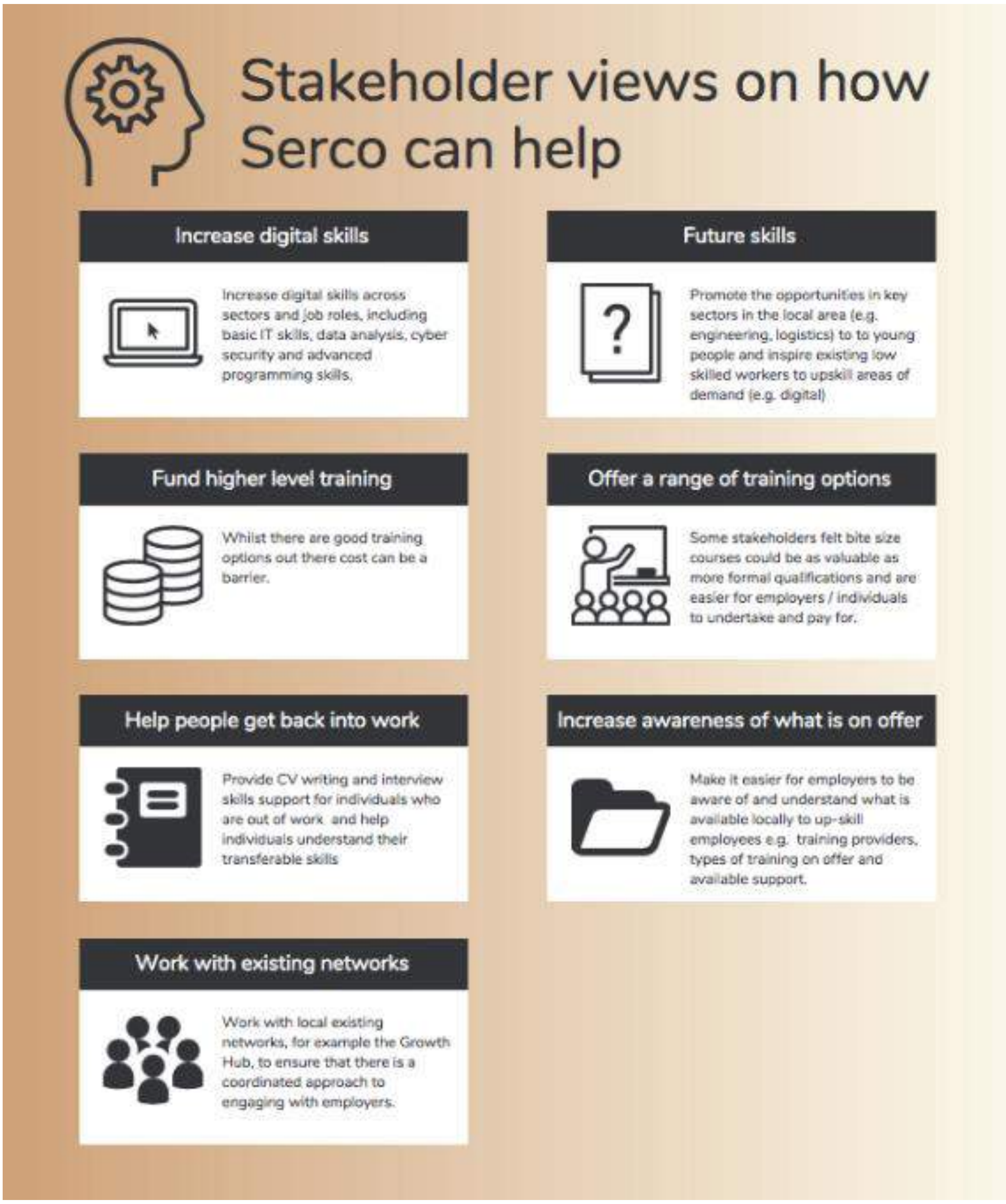
Table 3: South East Midlands employer use of technology for training and willingness to use in training (n=18037, n=23)

	Currently use technology in training	Would consider using technology in training
Webinars	32%	68%
Video	40%	66%
Mobile	42%	69%
Podcasts	40%	66%
Gamification	0	40%

The proportion of SEM employers that reported using each technology in training is lower than the proportion in the whole sample, particularly for webinars and video. In terms of considering the use of technologies for future training, SEM employers responded broadly in line with the whole sample.

10. Stakeholder views on how Serco can help

This section summarises the views of stakeholders in South East Midlands regarding how Serco can best support employers to ensure they have the right skills to succeed. The following themes were identified from stakeholder responses.



11. Conclusions

Conclusions below are organised by each research objective:

1. **Identify skills gaps that are preventing business growth and an increase in business productivity.**

The research shows that skills gaps were evident in South East Midlands, and employers believed these were impacting upon their business growth and productivity.

The skills gaps most commonly reported by respondent employers were:

- Digital skills
- Sales and marketing
- Complex analytical skills (in South East Midlands specifically)
- Job specific skills, e.g. engineering, manufacturing, legal and contractual.
- Leadership and management

The skills gaps that employers view as those most impacting business growth and productivity:

- Numeracy
- Planning and organisational
- English
- Digital
- Job specific
- Technical / practical
- Sales and marketing.

2. **Clarify employer skills demand for the region's key sectors and identify other priority skills required to influence how / where efforts and resources are focused to increase skills training uptake.**

This research indicates that there is demand for upskilling and recruitment amongst employers in South East Midlands, including the area's priority sectors.

In the next three to five years employers report that they will need greater number of staff with digital skills and technical / practical skills.

Stakeholders envisaged growing opportunities and skills needs in food manufacturing, health and social care, construction, logistics and manufacturing, which broadly align with SEMLEP's priority sectors. Unfortunately, due to the low response rate from employers, it is not possible to robustly assess skills priorities in specific sectors. However, examining priority sector responses, it appears they are similar to the sample overall, reporting gaps in leadership and management skills, technical / practical skills, sales and marketing and / or planning and organisational skills.

Encouragingly, almost three quarters of employers said that they are likely to engage with private training providers in the next twelve months. Areas for improvement suggested by employers include a need for greater capacity for apprenticeships, particularly in construction and ICT, and an improvement in training options in leadership skills, numeracy, literacy and for higher level qualifications in general.

3. Determine employer interest in apprenticeships

The research has shown that there is interest amongst half of employers to take on an apprentice in the future.

Whilst employer interest is evident, there are reservations to overcome, namely; a branding issue with apprenticeships, seen by some as less valuable compared to university qualifications, a misperception that apprenticeships are only for roles that require manual skills, and employers not being able to find the time to spend with an apprentice or organise an apprenticeship.

A sizeable proportion of employers lack understanding of what an apprenticeship is and / or how their organisation could benefit from apprenticeships. Wider stakeholders felt there should be more education around the value of apprenticeships (in particular compared to other educational routes), and the range of sectors in which apprenticeships can now be delivered.

4. Determine employer concerns regarding Brexit in terms of recruitment and skills gaps

At the time this research was conducted, Covid-19 had over-shadowed Brexit, and employers could not easily assess its likely impacts in isolation from Covid-19 impacts.

Half of SEM employers expect that they will need to implement changes in the workforce as a result of Brexit, either upskilling existing staff, dealing with staff leaving and / or recruiting additional staff.

Around one in ten employers reported that they are fully prepared in terms of identifying skills gaps impacted by Brexit and / or opportunities to upskills existing staff to fill skills gaps. Smaller proportions of employers (around 1 in 20) reported that they are familiar with impending changes to employment law and / or have updated their policies, procedures and employment contracts in preparation for changes to employment law.

Some employers reported that they are 'not prepared at all.' These organisations were predominantly from the construction sector.

5. Explore the willingness of employers to support experimentation and early adoptions in the use of new technologies for future skills needs.

A majority of employers said they would be willing to invest in staff training that use technologies such as webinars, video and mobile learning, and a large proportion of these said that their staff have already engaged in such training. Reservations exist amongst some employers, particularly around how the user experience compares to traditional face to face training (e.g. accessibility, how interactive the session is, the ability for delegates to communicate with the presenter / other attendees) and whether online mechanisms are suitable for more practical types of work e.g. engineering, construction etc.

Appendix A: Respondent profile

The purpose of this section is to summarise the profile of respondents to the survey, in terms of size, sector and industry. This helps to put findings – especially sub-group comparisons - into context. This section presents unweighted data, describing the profile of the 126 respondents that completed the survey (either in full or partially).

Table 4: Respondent profile by geographic area

Geographic area	Number of respondent organisations	Percentage of respondents (n=126)
Hertfordshire	57	45
South East Midlands	23	18
Northamptonshire	46	37
Total	**126**	**100%**

Table 5: Respondent profile by number of employees[7]

	Whole sample		**South East Midlands**	
Number of employees	Number of respondent organisations	Percentage of respondents (n=126)	Number of respondent organisations	Percentage of respondents (n=23)
None	10	8	2	9%
1-4	19	15	2	9%
5-9	13	10	3	13%
10-24	24	19	3	13%
25-49	9	7	2	9%
Total 0-49 (micro and small)	**75**	**60**	**12**	**52%**
50-99	18	14	4	17%
100-249	14	11	3	13%
250+	18	14	4	17%
Didn't know	1	1	0	0%
Total	**126**	**100%**	**23**	**100%**

[7] Respondents were asked how many individuals their organisation employed, selecting from the size bands shown in the table.

Table 6: Respondent by broad sector

	Whole sample		South East Midlands	
Sector	Number of respondent organisations	Percentage of respondents	Number of respondent organisations	Percentage of respondents
Private	91	72	17	74%
Third	14	11	0	0%
Public	21	17	6	26%
Total	**126**	**100%**	**23**	**100%**

Table 7: Respondent profile by industrial sector[8]

	Whole sample		South East Midlands	
Sector	Number of respondent organisations	Percentage of respondents	Number of respondent organisations	Percentage of respondents
Agriculture, forestry and fishing	3	2%	0	0%
Manufacturing	15	12%	5	22%
Electricity, gas, steam and air conditioning supply	0	0%	0	0%
Water supply, sewerage, waste management and remediation activities	2	2%	0	0%
Construction	22	18%	4	17%
Wholesale and retail trade, repair of motor vehicles and motorcycles	7	6%	1	4%
Transport and storge	7	6%	2	9%
Accommodation and food services	3	2%	0	0%

[8] Respondents were also asked to state their organisations' main sector / activity. The table shows the range of sectors reached by the survey.

Information and communication	5	4%	0	0%
Finance and insurance	3	2%	1	4%
Real estate	1	1%	0	0%
Professional, scientific and technical activities	15	12%	3	13%
Administration and support services	8	6%	1	4%
Public administration and defense	7	6%	2	9%
Education	11	9%	4	17%
Human health and social work	10	8%	0	0%
Arts, entertainment, recreation and other services	7	6%	0	0%
Total	**126**	**100%**	**23**	**100%**

Table 8 Timing of response

	Whole sample		South East Midlands	
Time of response	Number of respondent organisations	Percentage of respondents	Number of respondent organisations	Percentage of respondents
Pre-lockdown (Prior to March 16th 2020)	19	15%	4	17%
During and post-lockdown (Completed on or after 16th March 2020)	107	85%	19	83%
Total	**126**	**100%**	**23**	**100%**

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