



BMG Research Report

Employer Survey 2005
Prepared for Lincolnshire Development

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Lincolnshire Development

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Because people matter.



This project has been funded
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I Executive Summary

Lincolnshire Development commissioned BMG Research to undertake its annual survey of employers across the County in order to facilitate continued understanding of:

- business constraints;
- recruitment issues;
- skills shortages; and,
- training practices.

The overarching research objective is presented below.

'To undertake a survey of employers across Lincolnshire and Rutland which explores business constraints, recruitment issues, skills shortages and training practices.'

To meet this, a questionnaire broadly similar to that used in 2003 was developed, and a sampling methodology developed by Lincolnshire Development (based on SIC, size and TTWA), used to undertake 1000 telephone interviews with employers across Lincolnshire County.

Profile of Lincolnshire Employer Research Sample

The sample presented by Lincolnshire Development allowed significant representation of organisations (employers) in the seven Lincolnshire travel to work areas (TTWAs), with the largest proportion (a fifth) thereby located in Lincoln.

By far the majority of employers work for private sector organisations, with just a fifth working in public administration and health. In total, three quarters of employers work within the service sector.

Two-fifths of the sample are 'micro businesses' with fewer than 10 employees, these smallest organisations most likely to be within the service sector (41%).

Just more than two thirds of organisations have a *formal* business plan, these tending to be larger companies; a similar majority have a training plan (although this is not defined as 'formal'), with the four in ten who do *not* tending to be smaller.

A high proportion of employers within the sample have operated from within Lincolnshire for as long as they have been trading, with particularly positive aspects of life in the County including access to customers and suppliers, and the cost of living / house prices, with the key factor viewed less favourably (by a fifth of employers) being *availability of skilled staff*.

In the region of a third of employers work within businesses that have been a victim of crime in the last 12 months, this notably more likely amongst those based in the city of Lincoln. Key impacts have been:

- Increased operating costs;
- Increased security;
- Disruption to trading;
- Increased insurance costs.

Providing context for these impacts, the estimated *cost* of crime for approximately half of these businesses is less than £1,000.

Staffing and Vacancies

A third of Lincolnshire employers included in the research have a stable workforce; estimating annual staff turnover at 'nil' (33%).

On the whole, as company size increases, so too does staff turnover; although when we look at the *total* sample, fewer than one in ten employers of any size have an annual staff turnover of more than 10%. The majority of employers (80%) report that their organisations' staff turnover is at a similar level to a year ago.

Half of Lincolnshire employers interviewed have recruited permanent staff in the last 12 months, this slightly more likely in the service industries. Most industry sectors follow the survey average in terms of recruitment over the last 12 months, with agriculture being the notable exception (31% of businesses having recruited, against a sample average of 51%).

In terms of the *number* of staff taken on over the last 12 months, there is a logical pattern whereby the larger firms have recruited the larger numbers of staff.

Returning to *all* employers making permanent positions available in the last 12 months (and able to specify number), approaching a third state that these arose as a result of a *new job* being created. Employers in production / construction firms are more likely to have *all* recent opportunities availing as a result of new jobs being created, reflecting the higher levels of turnover in the service sector. Those within public administration are most likely to recruit people from 'minority' groups.

A quarter of employers recruiting permanent staff in the last year state that they had problems filling these vacancies. This equates to just more than one in ten (13%) of the *total* Lincolnshire Employer Survey research sample.

The greater proportion of specified vacancies that the sample of Lincolnshire employers have found hard to fill are at an intermediate level; specifically, craft & skilled, and personal & social occupations more than others; *all* of the latter cited by employers working within public administration.

Main reasons for these specified recruitment difficulties can be split into applicant-specific and 'other-specific', where the latter includes job / sector / geography issues. Just a quarter of employers with vacancies proving hard to fill in the last 12 months expect these difficulties to improve in the future. Increased wages, training and job filling in-house

are cited as the most needed of organisational interventions to ease recruitment difficulties.

The most commonly specified general employee assistance programmes include a no smoking policy, flexible working hours, and support for learning. Two in five do not provide any assistance with *travelling* to and from work, with the most frequently provided assistance among the remainder being *flexible start and finish times to coincide with public transport*. With regards *childcare* assistance, just a fifth do not provide any help, and more than half of employers in each case offer assistance in the form of flexible working hours, part time working and/or special leave arrangements.

Skills Gaps and Requirements

The majority of employers (90%) do not feel there is a disparity between the type of skills that their employees have now, and the skills they need to meet current business objectives.

The skills gaps reported most frequently (by more than half of respondents) fall neatly into two groups; the ability of an employee to be personable and work with others, and then the more job specific technical or manual skills. Changing skills needs are largely driven by fundamental changes in business practices, primarily concerned with new innovations, standards or technologies.

One third of the total sample feel that the need for skills in their workforce will increase in the next 12 months; less than 2% foresee requirements *decreasing*. Skills related to 'working with others' are the most in demand; mentioned by both employers with present skills gaps, and also employers expecting increased skills needs in the future.

Training provision

Training offered to employees tends to be internally supplied, with the exception of the more technical and ICT related competences. A core of two in five employers appear not to offer any of a specified list of training; increasing to more than two-thirds who do not assist employees with literacy or numeracy.

There is a notable correlation between existence of a training plan and tendency to offer staff training.

With regards training that leads to qualifications, very little leads to Level 1, with the majority at Level 2+, and in the region of four in ten qualifications leading to an NVQ (equivalence) of 3+.

The most widely provided support for employees is training provided during working hours, something three-quarters of employers offer their staff, with in the region of half of all respondents providing: paid time off; use of resources; travelling expenses; funding for materials; time off in lieu. Just a fifth of employers in either broad sector (production / service) do not provide *any* of the training support specified.

Performance recently and into 2006

Between half and two thirds of Lincolnshire employers surveyed have increased profitability, increased turnover and received fewer customer complaints than in 2004. Fewer than one in twenty have not experienced *any* positive changes in the last 12 months. Construction companies and those in banking / finance & insurance report noticeably above average performance over the past 12 months, with agriculture showing poorest performance.

Leading on from these recent positive indicators of business health, 62% of private sector companies expect growth in turnover to some degree over the next 12 months (comprising 48% who expect to grow a little, and 14% who foresee significant growth for their business).

The one key factor in employers anticipating a *decrease* in turnover is stated as 'poor economic climate'. For those anticipating *significant* positive turnover change, expansion of company and improved business planning are causal factors.

Regardless of predicted change in turnover, employers see the key factors *preventing* business growth as financial: transport costs, increasing labour costs and interest rates.

There are two sectors that stand out as facing the most challenges; interestingly, agriculture, which according to these research findings, is the sector facing most adversity with regards staffing and business performance, and also banking / finance and insurance, which has been amongst the more prosperous in recent times. All employers who could cite at least one factor preventing business growth, were asked to select the *greatest* obstacle they face. Opinion is vastly divided; the most frequently cited factor being *transport costs*, but this by just fewer than one fifth.

Internet access

Three-quarters are on-line, and whilst such access is more likely amongst larger organisations (increasing to 94% 200+ from 65% of micro businesses), there is a higher level of access amongst those in production industries. The majority of those with internet access have a standard modem, with a further one in five using ISDN connection.

In total, two thirds of employer-organisations with internet access use broadband, with advantages specified as faster internet connection, and 'always on' internet access.

Two-thirds of private sector organisations with internet access have their own website, and the likelihood increases with business size. Private sector firms with access tend to use the internet for research, buying & selling goods, and advertising / marketing. Those who *do not* use the internet for specified purposes tend to plan to do so for those activities the majority of the active sample are already engaged in.

Private sector employers are as likely to feel that internet access is of little importance, of some importance or of great importance; there is no one majority view. Perception of internet access as having importance with regards business objectives increases with organisational size.

A quarter of private sector employers with internet access are aware of Lincolnshire Developments Broadband and ICT Project; when asked what assistance or improvements could be made to make the internet more useful, the single greatest majority suggest *improved speed of internet connection* (14%).

Policy recommendations

Recommendations for action by partners are related to: crime; business and training planning; formulation of best practice employee assistance programmes and publication of work already underway; 'sector selling'; further investigation of the nature and prevalence of skills gaps at intermediate level; anticipation of skills gaps facilitated by an awareness of predicted changes (legislative / technological) by sector; basic skills training provision and funding amongst both employers and residents of Lincolnshire per se; promotion of ICT and broadband connectivity.

2 Introduction

Background and Objectives

BMG Research has been commissioned by Lincolnshire Development to carry out its annual survey of employers across the county to gain an insight into business constraints, recruitment issues, skills shortages and training practices. This project has been funded through Lincolnshire County Council's European Social Fund.

The 2005 research provides up to date labour market information for policy development and strategic planning, in line with the research objective:

'To undertake a survey of employers across Lincolnshire and Rutland which explores business constraints, recruitment issues, skills shortages and training practices.'

Methodology

The questionnaire was drawn up by Lincolnshire Development in line with previous Employer Surveys, with a number of changes to the 2003 survey questionnaire, including question alterations (often at the level of additions to code frames), and a number of new questions.

The sampling methodology was developed by Lincolnshire Development, with quotas on SIC (based on Broad Industrial Group), company size (based on number of employees) and Travel To Work Area (TTWA). The population measures used to develop the sampling methodology were subsequently used to develop weighting factors to apply to the data; these were as used in 2003. Lincolnshire Development supplied the contact list for the research.

Whilst weighted data is thus available separately, the present analysis is conducted on *unweighted* data, at the request of Lincolnshire Development. The next section of the introduction presents an overview of the labour market and policy context of the study. Whilst not truly comparative with survey findings (as data in its unweighted state is not representative of Lincolnshire employers) this section nonetheless provides useful supporting information.

Context

Labour Market Profile

Whilst slightly fewer Lincolnshire County residents are of working age than across Great Britain (59.1% locally; 62.0% nationally), the proportion of these who are economically active is equal, just more than three-quarters (78.3%), with the proportion actually *in* employment closely reflecting this (75.0% of working age residents in Lincolnshire in employment, compared with 74.5% nationally).

When we look at those who are economically *inactive*, again there is little deviation locally from the picture in Great Britain: in the region of 22% inactive, with approximately 5% wanting a job (source for all data thus far being the Annual Population Survey (April 2004 – March 2005)). Returning to those in employment, the following table shows employment by occupation, again, comparing this with the national profile.

Table 1

EMPLOYMENT BY OCCUPATION - %			
	LINCOLN-SHIRE	EAST MIDS	GREAT BRITAIN
SOC 2000 MAJOR GROUP 1-3 (HIGHER ORDER OCCUPATIONS)	35	39	42
MANAGERS & SENIOR OFFICIALS	14	15	15
PROFESSIONAL OCCUPATIONS	9	11	13
ASSOCIATE PROFESSIONAL & TECHNICAL	12	13	14
SOC 2000 MAJOR GROUP 4-7 (INTERMEDIATE OCCUPATIONS)	41	39	39
ADMINISTRATIVE & SECRETARIAL	11	11	13
SKILLED TRADES	14	12	11
PERSONAL SERVICE	7	8	8
SALES & CUSTOMER SERVICE	8	8	8
SOC 2000 MAJOR GROUP 8-9 (LOWER ORDER OCCUPATIONS)	25	22	19
PROCESS, PLANT & MACHINE OPS	10	9	8
ELEMENTARY OCCUPATIONS	15	13	12
<i>Source: Annual Population Survey, April 2004 – March 2005</i>			

Thus, whilst employment at intermediate level is locally reflective of the region and national profile (noting the slightly higher proportion of those in skilled trades), it is apparent that the employment profile *within* the

County is weighted towards lower level occupations when compared with the distribution of these, and higher order grouped occupations, both across the East Midlands and Great Britain.

Despite this profile of *employment groups* we see that across the County, there is no greater propensity for local people to be *un- or poorly qualified*, although there are fewer at level 4+ (reflecting the differential in higher order employment we suggest). We note from the Census Atlas (2005) however, that at Local Authority District (LAD) level, the proportion of residents aged 16-74 with *no* NVQ equivalent qualifications ranges from approximately 40% in Boston, East Lindsay and South Holland, to 27% in South Kesteven. Whilst according to the Skills Forecasting Model, qualifications are expected to rise by approximately 3% by 2010, this is unlikely to have a significant impact on the disparity evidenced below.

Table 2

QUALIFICATIONS - %			
	LINCOLN-SHIRE	EAST MIDS	GREAT BRITAIN
NVQ4 AND ABOVE	21.1	22.2	25.2
NVQ3 AND ABOVE	41.3	41.4	43.1
NVQ2 AND ABOVE	60.9	59.7	61.5
NVQ1 AND ABOVE	79.0	75.7	76.0
OTHER QUALIFICATIONS	7.6	7.6	8.8
NO QUALIFICATIONS	14.5	16.6	15.1

Source: Local Area Labour Force Survey (March 2003 – Feb 2004)

The distribution of qualifications across Eastern and Western Lincolnshire is an interesting one, with lower levels of qualifications in Eastern Districts reflecting the geographical distribution of sectors requiring lower levels of skills (including agriculture and tourism). Seasonality of employment also comes into play here, with associated limited access for skills development and training for employees on shorter term contracts (source: Census Atlas 2005).

Thus we have a *slightly* greater propensity for residents of Lincolnshire to be employed in lower level jobs, and to have fewer qualified at HND / Degree level plus. So where does employment lie, in which sectors? As shown in detail below, there is a greater presence of manufacturing employment within the County (hence the increased representation of skilled trades and lower order roles seen above), and correspondingly fewer employed within the service sector than seen both regionally and nationally. However, it remains that the largest proportion of employment within the County is within the service sector, notably (retail), distribution, hotels & restaurants, and across the public sector / local government.

Table 3

EMPLOYEE JOBS - %			
	LINCOLN-SHIRE	EAST MIDS	GREAT BRITAIN
Manufacturing	19.0	18.3	12.6
Construction	5.1	4.7	4.4
Services	70.9	75.0	81.4
Distribution, hotels & restaurants	25.6	24.8	24.7
Transport & communication	5.0	5.7	6.0
Finance, IT and other activities	10.3	14.4	19.8
Public admin, education & health	26.2	25.7	25.8
Other services	3.8	4.4	5.2
Tourism-related	6.4	7.5	8.1

Source: Annual Business Inquiry Employee Analysis (2003)

Predictions¹

Total employment in Lincolnshire (& Rutland) is expected to increase by 1.7% between 1999 and 2010, ahead of forecasts for both the region and the UK average. It is the *non-manufacturing* sector that is expected to account for the majority of employment growth between 2002 and 2010, particularly the financial and business services sector (forecast to rise by 2.6% a year). With slightly lesser growth anticipated (1.4% a year), the Other Services Sector is nonetheless expected to account for almost 30% of all jobs by 2010.

Looking specifically at this anticipated service sector growth, we see that personal service, professional and administrative & secretarial occupations within 'buoyant' industries show strongest signs of growth, which is interesting as these occupations span the skills spectrum, from highly skilled (ie, professional) to those relatively low-skilled (ie, personal service). Correspondingly, occupations within skilled and elementary trades are predicted to decline by 1.4% and 0.5% respectively in the next four years; these being two of the largest occupational groups within the County.

¹ Source: Lincolnshire & Rutland Skills Forecasting Model, Experian (2004)

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Thus, we have context with regards Lincolnshire labour market and employment profile, and an insight into the next few years to 2010 in terms of recruitment and sector growth / decline. We now turn to present the profile of the Lincolnshire Employer Survey 2005 research sample, before discussing survey findings in chapters four to six.

3 Profile of Lincolnshire Employer Research Sample

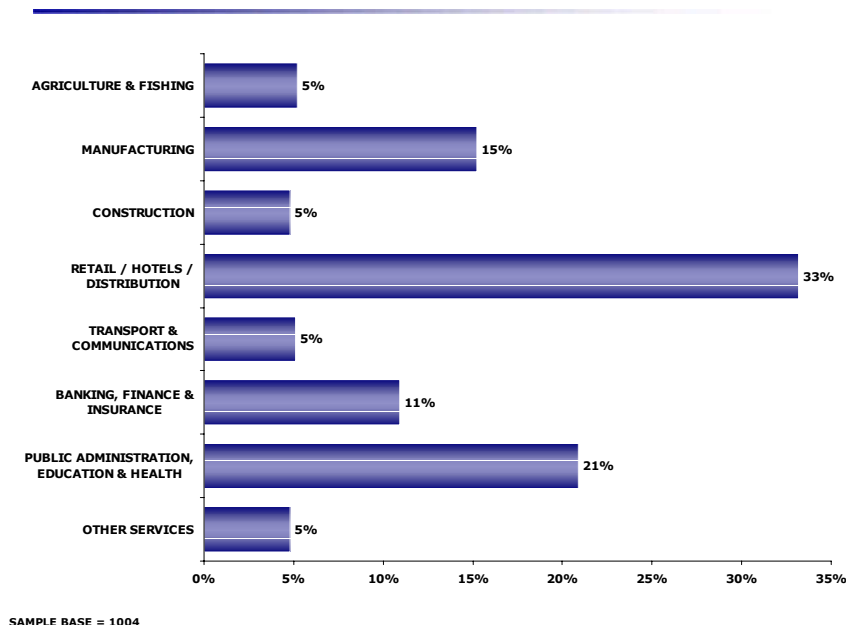
This first chapter sets the scene for subsequent discussion by presenting a profile of the employers participating in the research, giving us a context of industry, location and size.

Prevalence and location of industries

By far the majority of employers work for private sector organisations, with just a fifth (21%) working in public administration and health. Employers working in the private sector work mainly in service industries (75%), with the largest proportion within that category being retail, distribution, hotels and restaurants (33%). A full breakdown of the main business activity of the sample is shown below:

Figure 1

STANDARD INDUSTRIAL CLASSIFICATION (1992) OF ORGANISATIONS MAIN BUSINESS ACTIVITY (ALL RESPONDENTS)



In total therefore, three quarters of employers work within the service sector. Lincoln the city is understandably home to more service industry organisations, with 82% of employers from here working in the service sector. West Lindsey LAD is home to the highest proportion of production employers (30%), notably agriculture.

Size

Two-fifths of the sample are 'micro businesses', with fewer than 10 employees, these smallest organisations most likely to be within the service sector (41%), retail / distribution and banking / finance / insurance in particular. Whilst the sample is not representative, it does include a higher proportion of larger organisations within public administration and manufacturing, as would be expected.

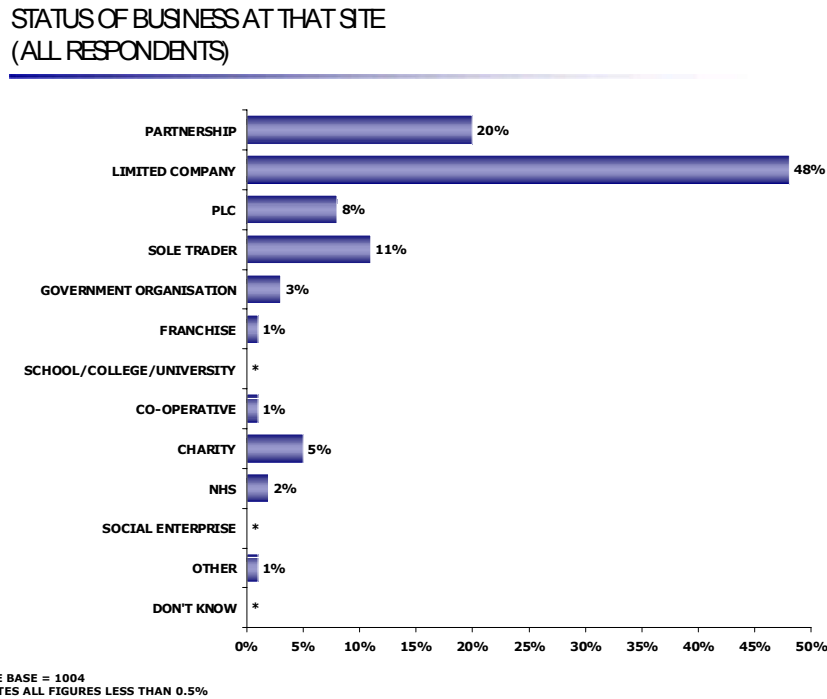
Table 4

INDUSTRY BY SIZE (ALL RESPONDENTS) - %									
	TOTAL	INDUSTRY							
		AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH	OTHER SERVICES
2-4	24	37	18	13	32	28	29	9	29
5-9	15	14	12	21	16	12	17	14	23
10-24	30	31	28	44	26	29	31	34	29
25-199	29	19	38	21	23	31	21	40	19
200-249	1	0	1	0	1	0	0	1	0
250+	2	0	4	2	2	0	2	2	0
BASES *CAUTION LOW BASE	1004	52*	153	48*	333	51*	109	210	48*

Status of business

Three-quarters of organisations within the sample are limited companies, partnerships or plc's (76%), with the majority of these (approaching two thirds) being *single site* establishments.

Figure 2

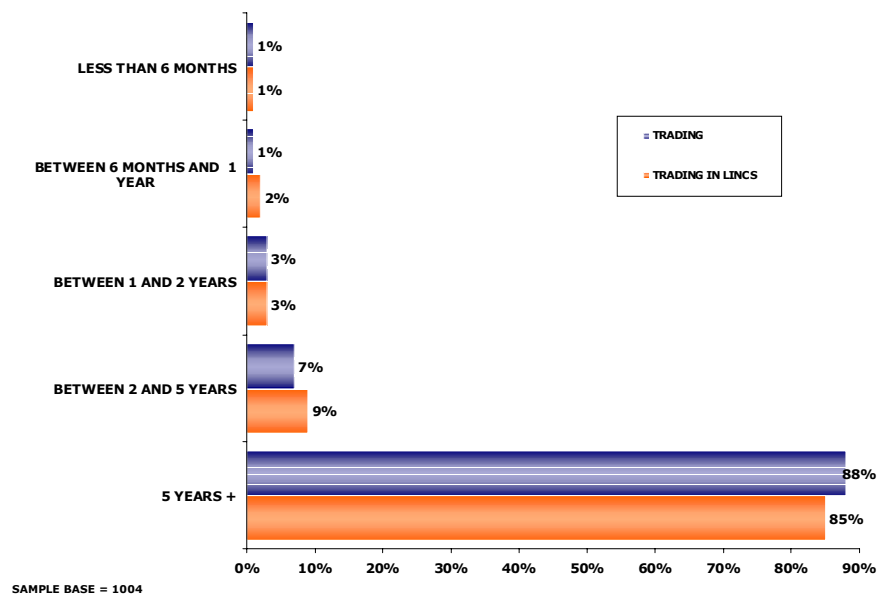


Of those that are part of a wider group (two fifths of the reduced sample), a quarter are located at the headquarters (26%), and just one in ten are *not* UK owned / controlled. As would be expected, a greater proportion of service sector businesses are part of a larger organisation / group (44%; 28% production), notably those in distribution / retail and in public administration (46% and 51% respectively, compared with a sub-sample average of 39%).

Regardless of operating status, organisations in the sample are at least relatively well-established; just 2% have been in operation for less than 12 months with more than four-fifths having been trading for more than five years (88%). The figure below shows stability of location; with the length of trading per se reflecting closely the period of trading within Lincolnshire.

Figure 3

HOW LONG THE ORGANISATION HAS BEEN TRADING AND TRADING IN LINCOLNSHIRE (ALL RESPONDENTS)



Private sector markets and suppliers

One fifth of those in the private sector export products / services, with an international market three times as likely amongst larger employers (11% of micro businesses; 29% of those employing 25+ employees). Whilst the international marketplace of these employers is predominantly Euro Countries (86%) and other EU countries / rest of Western Europe (61%), approximately a third in each case export to:

- North America (37%);
- Eastern Europe / Russia (36%);
- Rest of Asia / Pacific Rim (36%);
- Middle East (36%).

Not only are smaller organisations less likely to export per se, we see that they are also less likely to export as far outside of the UK as their larger counterparts. Whilst destinations of exports are Euro / EU / Western Europe heavy, respondents do *not* in general trade in the Euro (84%). Where the Euro *is* utilised, there is a slight distinction between payments (9%), billing (8%) and supply of quotes / price lists (6%).

Just one in twenty of those who currently supply products / services on an international basis expect the level of their exports to *decrease* in the next 12 months, with more than three-quarters predicting increase (39%) or non-movement (47%). Reasons provided for such are outlined in the table below; small sample bases *must* be noted.

Table 5

REASONS WHY LEVELS OF EXPORTS WILL INCREASE / DECREASE IN THE NEXT 12 MONTHS (PRIVATE SECTOR RESPONDENTS WHO CURRENTLY EXPORT PRODUCTS / SERVICES, AND ANTICIPATE CHANGE IN EXPORT LEVELS)	
INCREASE	DECREASE
Widening of advertising commitment (21%); Greater demand for products / services (18%); General business / economic growth (16%); Entering new markets / releasing new products (14%).	Economic climate (44%); Preference of home market (22%); Loss of interest (22%); Stability (11%).
57	9

Internet use and access – private sector

Given information and communication modes and needs of organisations and how these increasingly rely on information and communication *technology* it is pertinent to note the proportion of Lincolnshire employers in the research sample who have access to the internet (and thereby, email). Three-quarters are on-line, and whilst such access is more likely amongst larger organisations (increasing to 94% 200+ from 65% of micro businesses), there is a higher level of access amongst those in production industries.

Whilst the proportion of respondents with internet access *within* specific industries within the service sector tend to reflect those of the total sample, retail / distribution / catering firms have significantly lower access than average (61%; 74% total sample).

Geographically, we note that those in coastal locations are least likely to have internet access (just 59% do, compared with 77% of rural and 74% of urban businesses). This aligns with findings presented above; *all* coastal geographies fall within East Lindsey local authority district, which contains the highest proportion of retail / distribution / catering organisations.

Annual Turnover

Recalling here that a lower proportion of smaller organisations than would be expected make up the total sample, we see that the average approximate annual turnover is £2.3 million. Whilst the *highest proportion* place this at less than £200,000 (20%), one in ten have a yearly turnover of more than £5 million, impacting on the mean figure.

Table 6

APPROXIMATE ANNUAL TURNOVER OF THE ORGANISATION AT THAT SITE (ALL PRIVATE SECTOR EMPLOYERS)							
	COMPANY SIZE						
	TOTAL	2-4	5-9	10-24	25-199	200-249	250+
	%	%	%	%	%	%	%
LESS THAN £200,000	20	50	20	7	3	0	0
£200,000 - £499,999	12	12	30	12	3	0	0
£500,000 - £999,000	11	7	13	21	4	0	0
£1M - £3M	14	2	9	19	24	0	0
£3M - £5M	5	0	2	6	12	0	0
£5M - £10M	4	0	2	3	11	0	0
£10M +	6	1	1	3	13	25	64
DON'T KNOW	10	11	7	9	9	50	36
REFUSED	18	17	17	20	20	25	0
SAMPLE BASES *CAUTION LOW BASE	794	220	124	228	204	4*	14*

Organisational planning

Just more than two thirds of organisations have a *formal* business plan, these tending to be larger companies (increasing from 41% of those with 2-4 employees, to 100% of those employing 200+ staff), planning slightly more likely amongst those in the service sector (69%; 62% production, although this reiterates the size differential above).

A similar majority have a training plan (although this is not defined as 'formal'), with the four in ten who do *not* tending to be smaller (70% 2-4 employees; 16% of organisations with 200+ staff) and within production (42% compared with 36% of those in services who do not have training plans). Again, sector profiles reflect findings attributed to size to a certain extent.

Looking at the two (business and training planning) in parallel, we see how organisations who have one are likely to have the other; whilst unremarkable in the sense that 'best practice' business planning will include a structured approach to assessing training needs and ensuring provision, it is worth highlighting nonetheless. Organisations that have a formal business plan are approximately three times as likely to have a training plan for staff.

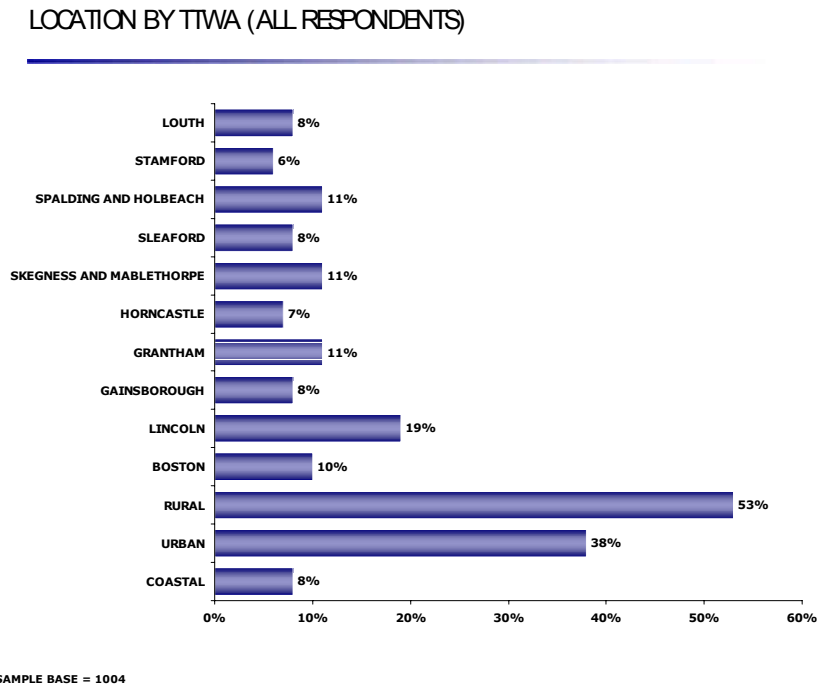
Table 7

PROPORTION OF ORGANISATIONS THAT HAVE A TRAINING PLAN (ALL RESPONDENTS)			
	TOTAL	HAVE A FORMAL BUSINESS PLAN	DO NOT HAVE FORMAL BUSINESS PLAN
HAVE A TRAINING PLAN	61	78	26
DO NOT HAVE A TRAINING PLAN	38	22	74
DON'T KNOW	1	*	*
REFUSED	*	0	0
<i>SAMPLE BASES</i>	<i>1004</i>	<i>679</i>	<i>298</i>
<i>*Denoted less than 0.5% but more than 0.</i>			

Location

The sample presented by Lincolnshire Development allowed significant representation of organisations (employers) in the seven Lincolnshire travel to work areas (TTWAs), with the largest proportion (a fifth) thereby located in Lincoln.

Figure 4



This TTWA profile places more than two-fifths of the sample in East Lindsey (27%) and South Kesteven (17%) local authority districts, with the largest proportion falling into rural geographical locations (53%; compared with 38% in urban Lincolnshire, and just one in ten in coastal areas; 8%).

Life in Lincolnshire - benefits

We noted earlier that a high proportion of employers within the sample have operated from within Lincolnshire for as long as they have been trading; this sub-section explores business life in the County, and what employers perceive as the benefits of conducting business in Lincolnshire.

Employers were presented with a list of factors pertaining to quality of life in the County, ranging from those specific to business life (eg, rates/ access to customers and suppliers) to those relating to more general quality of life / associated factors (eg, house prices, crime levels). In the region of half of the sample (ranging from 42% to 57%) rate each aspect as 'average' (from 4-7 on a scale where 1 is poor and 10 is good). Further, with every factor, those awarding an extreme rating remain as or more likely, to be positive (rating 8-10) than negative (1-3).

Table 8

RESPONDENTS RATING OF THEIR LOCAL AUTHORITY DISTRICT ON A NUMBER OF FACTORS PERTINENT TO BUSINESS LOCATION, ON A SCALE OF 1 TO 10, WHERE 1 IS POOR AND 10 IS GOOD (ALL RESPONDENTS) - %				
	POOR (1-3)	AVERAGE (4-7)	GOOD (8-10)	DON'T KNOW / REFUSED
RENT / BUSINESS RATES	14	45	18	23
ACCESS TO SUPPLIERS	13	43	31	13
ACCESS TO CUSTOMERS	10	42	40	8
AVAILABILITY OF SKILLED STAFF	21	51	20	8
COST OF LIVING / HOUSE PRICES	13	52	29	7
LOW LEVEL OF CRIME IN THE AREA	16	57	23	4
SAMPLE BASE = 1004				

Looking at *total* Lincolnshire respondents rating of their LADs (before examining opinion at local level) we see that particularly positive aspects of life in the County include access to customers and suppliers, and the cost of living / house prices, with the key factor viewed less favourably (by a fifth of employers) being *availability of skilled staff*. We return to these points in a later chapter; for now moving to examine the same factors at LAD level.

Table 9

RESPONDENTS RATING OF THEIR LOCAL AUTHORITY DISTRICT ON A NUMBER OF FACTORS PERTINENT TO BUSINESS LOCATION, ON A SCALE OF 1 TO 10, WHERE 1 IS POOR AND 10 IS GOOD (ALL RESPONDENTS) – MEAN RATINGS								
	TOTAL	BOSTON	EAST LINDSEY	LINCOLN	NORTH KESTEVEN	SOUTH HOLLAND	SOUTH KESTEVEN	WEST LINDSEY
RENT / BUSINESS RATES	5.56	5.98	5.11	<u>6.17</u>	<u>6.18</u>	5.59	5.03	5.73
ACCESS TO SUPPLIERS	6.18	5.43	5.63	6.40	<u>6.60</u>	6.56	6.36	<u>6.80</u>
ACCESS TO CUSTOMERS	6.64	6.30	6.29	<u>6.92</u>	6.82	6.80	<u>6.87</u>	6.76
AVAILABILITY OF SKILLED STAFF	5.36	5.43	5.12	<u>5.96</u>	5.12	5.32	<u>5.53</u>	5.24
COST OF LIVING / HOUSE PRICES	6.11	6.28	5.90	<u>6.38</u>	<u>6.47</u>	6.00	5.78	<u>6.38</u>
LOW LEVEL OF CRIME IN THE AREA	5.72	5.03	<u>6.01</u>	5.65	<u>6.13</u>	5.54	5.46	5.83
SAMPLE BASES	1004	99	266	118	121	113	175	112
NOTE – FIGURES IN BOLD TYPE REPRESENT THE LOWEST RATINGS, THOSE THAT ARE <u>UNDERLINED</u> REPRESENT THE HIGHEST RATINGS.								

Employers based within East Lindsey award consistently lower ratings in almost every factor of local business life (the exception being low level of crime). In contrast, employers based in Lincoln City and North Kesteven are largely positive, although the latter are amongst the most likely to feel that availability of skilled staff locally is an issue.

Experience & cost of crime

In the region of a third of employers work within businesses that have been a victim of crime in the last 12 months, this notably more likely amongst those based in the city of Lincoln (48%; 35% average), and organisations operating within transport & communications (more than half of these businesses; 51%).

Pockets of crime prevalent amongst specific sectors include burglary within manufacturing and other services (with *attempted* burglary proving a lesser issue for manufacturing businesses), with theft of vehicles affecting businesses in agriculture and manufacturing within the last year. Indeed, burglary and theft of / from vehicles are the most prevalent crimes facing production businesses in the last 12 months, with those in the service sector more likely to be faced with fraud & forgery, and, to a lesser extent, criminal damage.

Table 10

CRIME / CRIMES THAT EMPLOYER BUSINESSES HAVE BEEN A VICTIM OF (WHERE HAVE BEEN A VICTIM OF CRIME IN THE LAST 12 MONTHS) - %											
	TOTAL	AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH	OTHER SERVICES	SUMMARY - PRODUCTION	SUMMARY - SERVICES
BURGLARY	48	48	73	50	39	39	35	48	67	62	43
ATTEMPTED BURGLARY	21	24	21	23	18	19	9	24	43	22	21
CRIMINAL DAMAGE	55	52	50	55	55	73	65	59	29	52	56
THEFT OF VEHICLES	11	33	13	27	8	12	9	2	19	21	8
THEFT FROM VEHICLES	14	33	10	23	10	27	17	5	24	19	12
OTHER THEFT	35	48	31	27	45	31	35	25	14	34	36
FRAUD AND FORGERY	12	5	2	5	24	8	4	5	10	3	15
OTHER	3	5	2	5	4	8	0	2	0	3	3
DON'T KNOW	*	0	0	0	1	0	0	0	0	0	0
SAMPLE BASES	350	21	48	22	126	26	23	63	21	91	259
CAUTION - LOW BASES IN SOME SECTORS											
* DENOTES FIGURE LESS THAN 0.5% BUT MORE THAN 0.											

The *impacts* of these crimes fall into four main categories, although a significant minority of 27% say that being a victim of crime in the last year has had *no effect*. The key impacts have been:

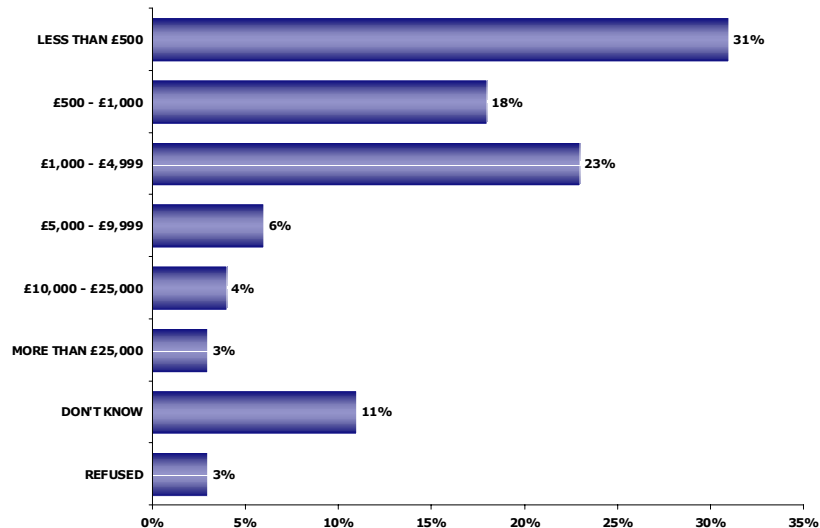
- Increased operating costs (42%);
- Increased security (24%);
- Disruption to trading (15%);
- Increased insurance costs (12%).

Again, we can look at these impacts by broad sector; with those in production industries more likely to feel the impact of recent crime through increased operating costs (46%; 40% service) and increased security (30%; 22% production). In contrast, impacts on service sectors are focused on increased insurance costs (21%; 15% production) and disruption to trading (27%; 19% production).

Providing context for these impacts, the estimated *cost* of crime for approximately half of these businesses is less than £1,000, with a further quarter placing this in the region of one to five thousand pounds.

Figure 5

TOTAL ESTIMATED COST OF THE CRIME TO THE ORGANISATION DURING THE PAST 12 MONTHS
(WHERE ORGANISATION HAS BEEN A VICTIM OF CRIME)



SAMPLE BASE = 350

Amalgamating sectors into production / construction, we see that the former incur greater costs as a result of crime experienced in the last year; with a quarter of production businesses reporting costs of crime as greater than £5,000 (26%), compared with just one in ten of those in service industries (9%). Given the direct-cost impact of burglary and vandalism compared with fraud and forgery, this *may* reflect the ability of employers to estimate direct cost impacts.

Table 11

TOTAL ESTIMATE OF COST OF CRIME TO THE ORGANISATION DURING THE LAST 12 MONTHS (WHERE ORGANISATION HAS BEEN A VICTIM OF CRIME) BY PRODUCTION / SERVICE - %		
	PRODUCTION	SERVICE
LESS THAN £500	21	35
£500 - £1,000	14	20
£1,000 - £4,999	27	22
£5,000 - £9,999	11	5
£10,000 - £25,000	10	2
MORE THAN £25,000	5	2
DON'T KNOW	9	11
REFUSED	2	4
SAMPLE BASE	91	259

4 Staffing and Vacancies

In the previous chapter we presented a profile of the research sample, which is vital context for Chapters Four and Five, which examine staff levels & turnover, the existence of hard to fill vacancies, and then more detailed employee assistance programmes and skills & learning issues. To recapture some key points here, we noted that:

- 39% of organisations are micro businesses; just 2% of those interviewed employ more than 200 staff;
- Sectoral distribution is 3 : 1, service industry : production;
- Three-quarters of the sample are partnerships / limited companies / plc's, of these, 39% (thus 30% of the total sample) are part of a larger organisation or group;
- Organisations have tended to operate from within Lincolnshire since original establishment;
- At least half of employers surveyed rate quality of business life factors in Lincolnshire as average to good, however;
- A fifth feel that availability of skilled staff within the County is poor;

Having established a profile of organisations within the research sample, we now turn to examine staffing levels and issues.

Staff turnover

A third of Lincolnshire employers included in the research have a stable workforce; estimating annual staff turnover at 'nil' (33%). Whilst at a broad level there is little variation by sector (approximately a third of businesses in both production / construction, and service industries estimating staff displacement and replacement at nil), agriculture and communications / transport businesses are particularly likely to have static year-on-year staffing (48% and 41% respectively stating nil annual movement). On the whole, as company size increases, so too does staff turnover; more than *four in five* (85%) organisations of 2-4 employees report a turnover of 0-2%, compared with just *two in five* (44%) organisations that employ 25-199 staff.

Table 12

AVERAGE ANNUAL STAFF TURNOVER OF RESPONDENTS ORGANISATION (ALL RESPONDENTS)									
	TOTAL	INDUSTRY							
		AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH	OTHER SERVICES
		TOTAL %							
Nil	33	48	31	38	33	41	39	24	29
1-2	29	23	35	27	26	22	22	33	42
3-5	12	8	12	23	8	18	13	16	10
6-10	9	8	7	4	11	8	8	11	0
11-30	4	0	5	2	5	2	6	5	2
31-50	3	4	2	0	4	4	2	1	2
Over 50	2	2	1	0	3	0	2	1	0
Don't know/ Refused	9	8	7	6	11	6	8	10	15
SAMPLE BASES	1004	52	153	48	333	51	109	210	48

Thus for our micro businesses, staff *turnover* is not occurring at a rapid or significant level. Indeed, when we look at the *total* sample, fewer than one in ten employers of any size have an annual staff turnover of more than 10%. This is *slightly* more likely amongst service industry organisations, notably retail / distribution (12% against a sample average of 9%).

The majority of employers (80%) report that their organisations' staff turnover is at a similar level to a year ago. As shown in the figures below, there is very little variation by sector, including amongst those who have experienced a shift in staff turnover in the last 12 months.

Table 13

WHETHER RESPONDENTS ORGANISATIONS ANNUAL STAFF TURNOVER IS HIGHER OR LOWER THAN A YEAR AGO (WHERE PROVIDED AN AVERAGE ANNUAL STAFF TURNOVER FIGURE)									
	TOTAL	INDUSTRY							
		AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH	OTHER SERVICES
		%							
Higher	9	8	6	9	11	10	8	10	10
Lower	9	13	9	0	10	4	9	9	5
No change	80	77	85	87	75	83	81	80	83
Don't Know	2	2	0	4	4	2	1	2	2
SAMPLE BASES	912	48	142	45	298	48	100	190	41

Recruitment

Half of Lincolnshire employers interviewed have recruited permanent staff in the last 12 months, this slightly more likely in service industries (52%; 47% production / construction; 51% sample average).

Organisational size has a more obvious correlation with recent recruitment; the larger organisations have a higher staff turnover, and therefore more recruitment needs, as the table below illustrates.

Table 14

PROPORTION OF ORGANISATIONS THAT HAVE RECRUITED ANY PERMANENT STAFF IN THE LAST 12 MONTHS (ALL RESPONDENTS) - %							
	TOTAL	COMPANY SIZE					
		2-4	5-9	10-24	25-199	200-249	250+
HAVE RECRUITED PERMANENT STAFF	51	19	37	61	71	83	74
HAVE NOT RECRUITED PERMANENT STAFF	49	81	61	39	29	17	21
DON'T KNOW	1	0	1	*	1	0	5
CAUTION LOW BASES IN SOME INSTANCES	1004	239	153	299	288	6	19
* Denotes less than 0.5% but greater than 0.							

Most industry sectors follow the survey average in terms of recruitment over the last 12 months, with agriculture being the notable exception (31% of businesses having recruited, against a sample average of 51%). This aligns with our knowledge that agriculture is the sector with the highest proportion of micro businesses, the lowest levels of staff turnover, and moreover, the financial impact of the foot and mouth outbreak on the sector.

In terms of the *number* of staff taken on over the last 12 months², three-quarters of those recruiting have employed between one and five members of staff. There is a logical pattern whereby the larger firms have recruited the larger numbers of staff, however, we note that 95% of organisations employing 2-4 people have recruited 1-2 personnel in the last 12 months, representing the first flush of growth for some (previously sole traders) and a doubling in staff levels for others.

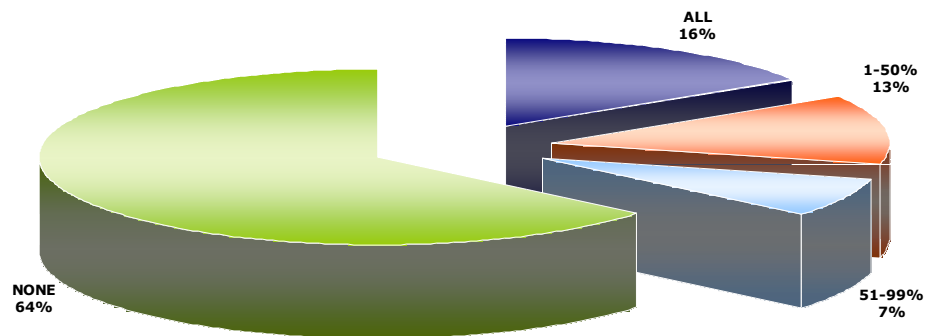
With regards broad sector level (production / services) one in five of each have recruited more than 6 people in the last 12 months (22% in both cases). Sample bases are not large enough for reliable analysis at sector level; there is an indication that those within public administration and retail / distribution are those most likely to have recruited 6+ staff in the last year; this is unsurprising given the larger organisational sizes within these sectors.

Two-thirds of those who have recruited in the last 12 months have done so only for full-time positions (64%); in contrast, 16% state that none of these have been 30+ hours a week, suggesting part-time or zero hours contracts.

² 10 respondents did not know how many permanent staff they had recruited in the last year, thus this section is based on a slightly reduced base of 497 (from 507).

Figure 6

PROPORTION OF PERMANENT STAFF RECRUITED AS FULL TIME
(WHERE HAVE RECRUITED PERMANENT STAFF)



SAMPLE BASE = 497

As shown below, organisations reporting staff turnover currently higher than 12 months ago are less likely to be recruiting full time employees than those reporting static or decreasing staff turnover, thus showing greater propensity to be recruiting part-time staff.

Table 15

PROPORTION OF PERMANENT STAFF RECRUITED AS FULL TIME (WHERE HAVE RECRUITED PERMANENT STAFF IN THE LAST 12 MONTHS) - %				
	TOTAL	STAFF TURNOVER		
		HIGHER THAN 12 MONTHS AGO	NO CHANGE	LOWER THAN 12 MONTHS AGO
NONE	16	20	14	20
1-99%	20	27	18	18
ALL	64	54	68	61
CAUTION LOW BASES	497	56	56	334
* Denotes less than 0.5% but greater than 0.				

Within the caveat of small sample bases, we can look at full time employment by TTWA and industry, as presented in the *second* of the two tables below. With regards TTWA, there is no great deviation from the sample average; although there is a more significant prevalence

within Louth and Spalding & Holbeach when compared with Gainsborough and Stamford. When examined by broad sector (production / services) and organisational size (number of employees) there are no commonalities that link the former two and latter two that readily explain this diversity (table immediately below).

Table 16

ORGANISATIONAL PROFILE (SECTOR AND SIZE) BY SELECTED TTWA %	
BROAD SECTOR (PRODUCTION / SERVICES)	LOUTH (35 / 65) SPALDING & HOLBEACH (27 / 73) <i>COMPARED WITH:</i> GAINSBOROUGH (30 / 70) STAMFORD (21 / 79)
ORGANISATIONAL SIZE (2-9 / 10+)	LOUTH (45 / 55) SPALDING & HOLBEACH (40 / 60) <i>COMPARED WITH:</i> GAINSBOROUGH (41 / 59) STAMFORD (36 / 64)

Examination of the creation of full-time positions by *sector* is more revealing; the second section in the following table shows that employers offering these opportunities are vastly reduced within retail / distribution and public administration. This aligns with the structure of the workforce in both sectors.

Table 17

PROPORTION OF PERMANENT STAFF RECRUITED AS FULL TIME (WHERE HAVE RECRUITED PERMANENT STAFF) - %			
	NONE	1-99%	ALL
TOTAL (497)	16	20	64
TTWA	NONE	1-99%	ALL
LOUTH (35)	17	12	71
SPALDING & HOLBEACH (57)	16	14	70
GRANTHAM (48)	13	19	69
LINCOLN (115)	8	26	66
HORNCASTLE (28)	18	18	64
BOSTON (55)	22	15	64
SLEAFORD (47)	13	26	62
SLEAFORD & M'THORPE (49)	20	20	59
GAINSBOROUGH (37)	24	19	57
STAMFORD (26)	23	27	50
INDUSTRY	NONE	1-99%	ALL
MANUFACTURING (77)	1	7	92
CONSTRUCTION (24)	0	13	88
AGRICULTURE & FISHING (16)	6	12	81
TRANSPORT & COMMUNICATIONS (29)	10	10	80
BANKING, FINANCE & INSURANCE (44)	11	9	80
OTHER SERVICES (19)	5	26	68
DISTRIBUTION, HOTELS & RESTAURANTS (150)	23	21	56
PUBLIC ADMINISTRATION, EDUCATION & HEALTH (138)	24	33	43
SAMPLE BASES IN PARENTHESES (CAUTION - LOW IN PLACES)			

Returning to *all* employers making permanent positions available in the last 12 months (and able to specify the number), approaching a third state that these arose as a result of a *new job* being created. Employers in production / construction firms are more likely to have *all* recent opportunities availing as a result of new jobs being created (43%; 27% service firms; 31% average), reflecting the higher levels of turnover in the service sector.

Recruitment of specific groups³

To ascertain the extent to which employers are taking full advantage of the locally available workforce, they were asked to state which, from a specified list, they have recruited (full or part time) in the last 12 months.

Table 18

GROUPS FROM WHICH EMPLOYERS HAVE RECRUITED PEOPLE IN THE LAST 12 MONTHS (WHERE HAVE RECRUITED) - PROMPTED - %											
	TOTAL	AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH	OTHER SERVICES	SUMMARY - PRODUCTION	SUMMARY - SERVICES
PEOPLE AGED 45+	58	50	51	33	57	73	58	65	68	47	62
PEOPLE AGED UNDER 19	39	31	42	54	50	33	40	22	37	43	37
WOMEN RETURNING TO WORK	36	19	18	8	45	27	27	49	32	16	42
PEOPLE WHO HAVE BEEN EMPLOYED FOR MORE THAN 6 MONTHS	24	19	27	8	28	20	24	23	21	22	25
RECENT GRADUATES	19	19	15	8	19	10	27	21	32	14	21
GOVERNMENT SUPPORTED TRAINEES	13	6	13	38	10	27	13	10	0	17	11
PEOPLE FROM ETHNIC MINORITIES	24	19	15	4	27	23	22	34	5	14	28
PEOPLE WITH DISABILITIES	16	13	14	4	16	10	13	22	5	12	17
EX-FORCES	14	6	12	0	16	23	18	14	11	8	15
NONE OF THESE	12	13	10	21	14	7	11	11	11	13	12
DON'T KNOW	2	6	1	0	1	0	0	1	0	2	1
SAMPLE BASES	607	16	78	204	155	30	45	140	19	118	389
CAUTION - LOW BASES IN SOME SECTORS											

Whilst in some cases, sample bases are low, we see that employers within public administration (including health) and transport / communication are most likely to recruit people from 'minority' groups,

³ The remainder of this chapter returns to the fuller sub-sample of 507 respondents who have recruited permanent staff in the last 12 months

with employment of staff aged 45+ particularly noticeable. Given the equal opportunities recruitment policies prevalent in the public sector, the higher than average levels of recruitment of women returners, those from an ethnic minority group, and people with disabilities, are as would be expected.

Employers working within retail and catering show a greater propensity to employ younger people and women returning to work, reflecting the general employment profile of these sectors. It is apparent that there is greater use of government sponsored trainees within construction and retail / catering; potentially Apprentices, given the higher prevalence of such programmes in these sectors.

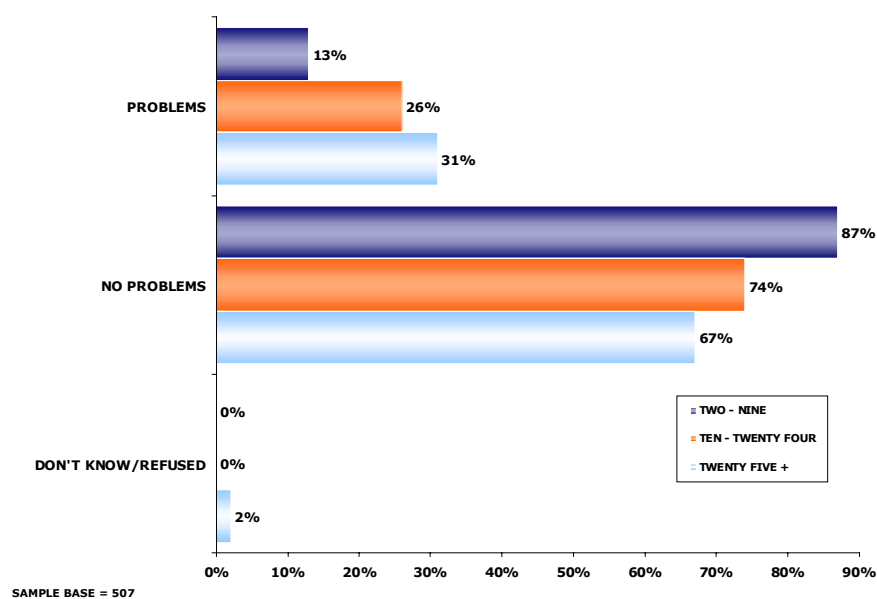
Broadening discussion to general sector-level, and supported by these detailed findings, we see that the vast majority of 'minority' groups are more likely to find employment opportunities locally within the service sector, unless they are young or government supported trainees.

Hard to fill vacancies

A quarter of employers recruiting permanent staff in the last year state that they had problems filling these vacancies. This equates to just more than one in ten (13%) of the *total* Lincolnshire Employer Survey research sample. We noted earlier that employers within North Kesteven gave the poorest mean rating of *local availability of skilled staff*, and see that they are most likely to have had hard to fill vacancies in the last year (35%; compared with 25% of the total sub-sample). Positively, three-quarters of employers have had no problems recruiting the required permanent staff in the last 12 months, and we note that difficulty correlates with organisational size.

Figure 7

PROPORTION OF ORGANISATIONS THAT HAVE EXPERIENCED ANY PROBLEMS FILLING PERMANENT VACANCIES (WHERE HAVE RECRUITED PERMANENT STAFF IN THE LAST 12 MONTHS)



It thereby follows that difficulty in recruitment of permanent positions is more likely within sectors with the largest employers (service 50%; production / construction 26%).

Looking more closely at vacancies proving hard to fill, each employer was asked to specify details of *one* such position. We must note that these may have sprung to mind for a variety of reasons, and may not have been the most difficult, most prevalent or most recent. The table below presents the occupational classifications of these vacancies.

Table 19

RESPONDENT EXAMPLE OF HARD TO FILL VACANCY EXPERIENCED IN THE LAST 12 MONTHS, BY STANDARD OCCUPATIONAL CLASSIFICATION (SOC 2000)					
2 DIGIT	%	1 DIGIT	%	BROAD	%
CORPORATE MANAGERS	5	MANAGERS / ADINISTRATORS	6	HIGHER	24
MANAGERS / PROPRIETORS IN AGRICULTURE / SERVICES	1				
SCIENCE & TECHNOLOGY PROFESSIONALS	4	PROFESSIONAL OCCUPATIONS	6		
BUSINESS & PUBLIC SERVICE PROFESSIONALS	2				
ASSOCIATE PROFESSIONAL & TECHNICAL OCCUPATIONS	1	ASSOCIATE PROFESSIONAL / TECHNICAL	12		
HEALTH & SOCIAL WELFARE ASSOCIATE PROFESSIONALS	8				
BUSINESS & PUBLIC SERVICE ASSOCIATE PROFESSIONALS	3				
ADMINISTRATIVE OCCUPATIONS	4	CLERICAL / SECRETARIAL	6	INTER-MEDIATE	51
SECRETARIAL & RELATED OCCUPATIONS	2				
SKILLED METAL & ELECTRICAL TRADES	8	CRAFT & SKILLED	18		
SKILLED CONSTRUCTION & BUILDING TRADES	3				
TEXTILES, PRINTING & OTHER SKILLED TRADES	7				
CARING PERSONAL SERVICE OCCUPATIONS	16	PERSONAL & SOCIAL CARE	16		
SALES OCCUPATIONS	9	SALES	12		
CUSTOMER SERVICE OCCUPATIONS	2				
PROCESS, PLANT & MACHINERY OPERATIVES	2	PROCESS UNSKILLED	12	LOWER	22
TRANSPORT & MOBILE MACHINE DRIVERS & OPERATIVES	9				
ELEMENTARY TRADES, PLANT & STORAGE RELATED OCCUPATIONS	2	UNSKILLED	10		
ELEMENTARY ADMINISTRATION & SERVICE OCCUPATIONS	8				

Thus, the greater proportion of specified vacancies that the sample of Lincolnshire employers have found hard to fill are at an intermediate level; it must be noted that we do not know whether this reflects the greater number of positions *recruited for per se*.

Looking in greater detail, employers specify craft & skilled, and personal & social occupations more than others; *all* of the latter cited by employers working within public administration (a feasible assumption being that these work within the health sector). Employers citing craft & skilled occupations as hard to fill are notably working within *manufacturing* (skilled metal & electrical trades occupations) and *construction* (skilled construction & building trades). Sub-sample bases here are small, so caution should be exercised in interpreting the significance of these findings, although they are 'logically' accurate.

Main reasons for these specified recruitment difficulties can be split into applicant-specific and 'other-specific', where the latter includes job / sector / geography issues. Employers were asked to specify as many causes as apply from a list, as shown below.

Table 20

REASONS WHY SPECIFIED VACANCY HAS PROVED HARD TO FILL (WHERE HAVE EXPERIENCED DIFFICULTIES IN RECRUITMENT IN THE LAST 12 MONTHS) – MULTIPLE RESPONSE - %	
APPLICANT-SPECIFIC	
LACK OF APPLICANTS WITH REQUIRED QUALIFICATIONS / SKILLS	45
LACK OF APPLICANTS WITH REQUIRED EXPERIENCE / JOB SPECIFIC SKILLS	33
GENERAL LACK OF APPLICANTS	29
APPLICANTS HAVE POOR MOTIVATION / ATTITUDE	11
APPLICANTS LACK BASIC ABILITY TO BUILD UPON	5
OTHER SPECIFIC	
HIGHER WAGES / SALARIES OFFERED BY OTHER COMPANIES	14
JOB ENTAILS SHIFT WORK / UNSOCIABLE HOURS	12
POOR TRANSPORT NETWORK MAKES IT DIFFICULT TO TRAVEL TO WORK	10
OTHER	9
PLUS 'DON'T KNOW' – 2%	
SAMPLE BASE = 129	

No more than one in seven employers experiencing recruitment difficulties states causality as job or location specific. However, we don't know the extent to which these issues *are* problematic, but pragmatically accepted by employers, and therefore 'not counted' as significant in explaining recruitment difficulties. Examples may include the public

sector care home having difficulty in attracting support staff, and the deeply rural public house finding waiting staff, and an acceptance of the respective difficulties pay and location provide.

Further, it may be that the job / location factors specified translate into some of the applicant-focussed issues; qualified private sector care staff not wishing to take a pay cut to work in the public sector, and city bar staff unprepared to work in a less urban location. These debates aside, we see that approaching half of employers who have specified hard to fill vacancies in the last year attribute this to a lack of applicants with required qualifications or skills (45%; equating to 4% of the total sample). A further third have experienced difficulty in attracting applicants with the required job specific skills and experience. Basic skills and knowledge (motivation / basic ability) appear less of an issue.

When asked, just a quarter of employers with vacancies proving hard to fill in the last 12 months expect these difficulties to improve in the future. Regardless of expectations, the table below shows the *single thing* that employers say would most help to change these problems.

Table 21

WHAT SINGLE THING WILL MOST HELP TO CHANGE RECRUITMENT PROBLEMS (WHERE HAVE EXPERIENCED DIFFICULTIES IN RECRUITMENT IN THE LAST 12 MONTHS) – %	
INTERNAL CHANGE	34
INCREASE IN WAGES	13
MORE STAFF TRAINING / INTERNAL RECRUITMENT	12
IMPROVED RECRUITMENT / HR PROCESSES	4
CHANGES IN JOB SPECIFICATION	3
MORE FLEXIBLE HOURS	2
EXTERNAL CHANGE	33
CHANGES IN EDUCATION / TRAINING	16
BETTER TRANSPORT NETWORK / FACILITIES	5
CHANGES IN LEGISLATION	5
IMPROVED PERCEPTION OF THE INDUSTRY	5
INCREASE IN UNEMPLOYMENT	1
OTHER	20
PLUS 'DON'T KNOW' – 13%	
SAMPLE BASE = 129	
OTHER INCLUDES: MORE POSITIVE ATTITUDE / BETTER MOTIVATION FROM WORKFORCE (6%); RELOCATION TO AN AREA WITH SKILLED STAFF (2%); RECRUITMENT OF FOREIGN WORKERS (2%); INCREASED GOVERNMENT FUNDING (2%); MORE LOCAL BUSINESS DEVELOPMENT (2%); REDUCTION IN THE AMOUNTS PAID OUT IN BENEFITS (2%); MORE ADVERTISEMENT FROM REQUIRED TRADES (2%); OTHER (2%)	

There is an equal divide of (organisation) internal and external changes required by employers to ease these recruitment difficulties; increased wages, training and job filling in-house cited as the most needed of organisational interventions.

It is interesting to note whether *training* is to prevent vacancies arising in the first place, to offer a more attractive package to employees, or to upskill other staff in order to fill vacancies internally. The most heavily specified *external* change required is in education / training; this potentially addressing the lack of applicants with skills and qualifications, be they generic or job specific (both are cited as problematic locally, as seen earlier).

Employee Assistance Programmes

A minority of employers with hard to fill vacancies suggest positive change as improved HR processes and / or improved perception of the industry, which brings us on to the assistance programmes on offer to those working for Lincolnshire employers. *All* employers, regardless of recent recruitment practices or experiences, were asked which of a list of facilities they provide for their workforce.

Table 22

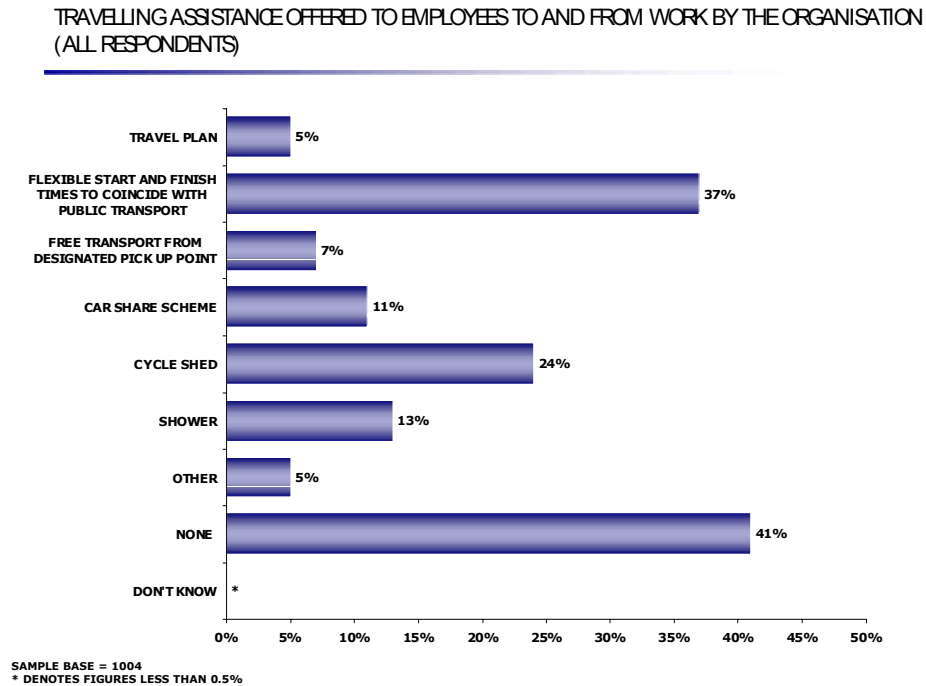
FACILITIES PROVIDED FOR EMPLOYEES (ALL RESPONDENTS) PROMPTED, MULTIPLE RESPONSE - %									
	TOTAL	AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH	OTHER SERVICES
NO SMOKING POLICY	72	60	75	65	68	67	76	87	56
FLEXIBLE WORKING HOURS	69	62	64	52	67	57	73	79	79
SUPPORT FOR LEARNING	56	40	54	65	41	59	59	85	40
'STRESS IN THE WORKPLACE' POLICIES	44	21	37	46	35	29	43	75	35
FORMAL CAREER GUIDANCE	41	8	39	46	31	28	52	68	31
SPECIAL FACILITIES FOR DISABLED PEOPLE	40	10	39	35	36	29	34	63	42
JOB SHARING	32	14	28	21	30	28	25	49	31
OCCUPATIONAL HEALTH SERVICE	28	21	27	31	23	31	29	39	19
HEALTHY EATING OPTIONS	21	12	11	6	20	8	9	46	19
REMOTE ACCESS VIA PC FOR WORKING FROM HOME	20	10	30	33	11	24	27	21	21
ASSISTANCE WITH CHILDCARE OR PROVISION OF CHILDCARE FACILITIES	9	6	7	2	6	0	8	19	8
NONE	7	14	5	10	9	6	6	1	8
DON'T KNOW	*	0	0	0	*	0	0	0	0
SAMPLE BASES	1004	52	153	48	333	51	109	210	48
CAUTION - LOW BASES IN SOME SECTORS									

The most commonly specified include a no smoking policy, flexible working hours, and support for learning, although whether this is financial, material or simply encouragement is not known. Amongst those less frequently cited are remote access via PC for working from home, and healthy eating options, although these are dependent on *feasibility* of job role being home-based, and *existence* of canteen facilities respectively.

Travel specific

With regards assistance with travelling to and from work for employees; 41% do not offer *any*, and we recall that just one in ten employers with recruitment difficulties in the last year forwarded transportation as a causal factor. Perhaps non-provision for a non-problem?

Figure 8

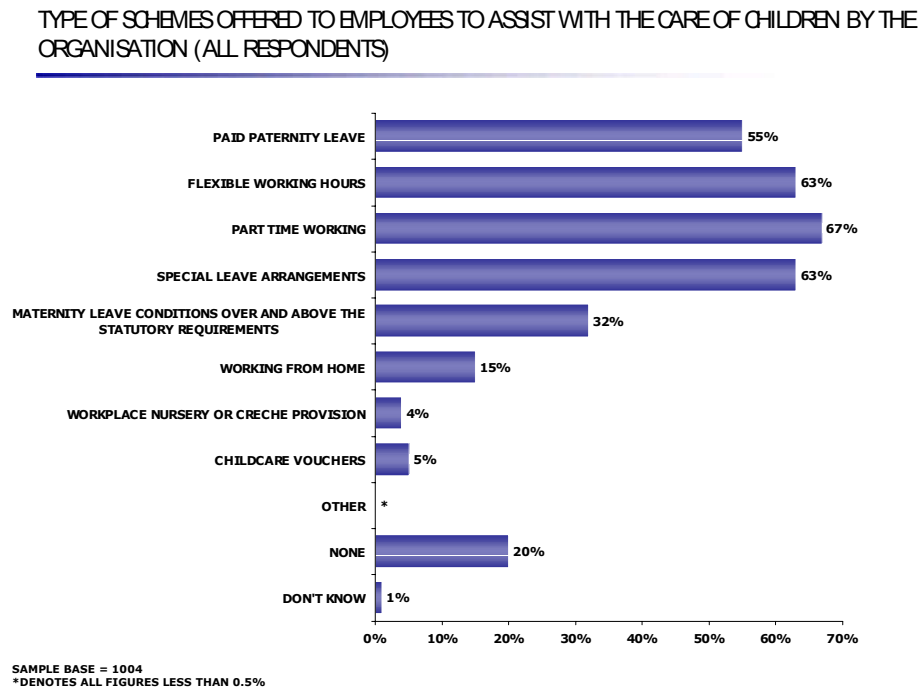


Perhaps not – the most frequently provided assistance is *flexible start and finish times to coincide with public transport* (37%), and in a similar vein, a significant proportion provide a cycle shed for those finding alternate means to get to the workplace (23%), and one in ten provide shower facilities for those choosing an active mode of travel (13%).

Childcare specific

We noted above that just one in ten provide assistance with childcare or provide childcare facilities (9%), yet when this is prompted more specifically, the proportion providing *no* assistance reduces from 91% to just a fifth (20%).

Figure 9



More than half of employers in each case offer assistance by varying the structure of terms of employment, be that in flexible working hours, part time working, or special leave arrangements. Linked to this, a further 55% provide paid paternity leave, with fewer extending *maternity* leave conditions wider than required by statute.

As described earlier, more direct assistance in the form of financial or material provision, is far less widely available, with childcare vouchers offered by 5% of employers surveyed, nursery or crèche provision by similarly few, at 4%. Within the caveat of small sample bases, we note that both are provided predominantly by employers within public administration (72% of those offering childcare provision; 52% of those supplying vouchers).

5 Skills and Learning

Skills Gaps

The majority of employers (90%) do not feel there is a disparity between the type of skills that their employees have now, and the skills they need to meet current business objectives. Skills gaps that exist are more prevalent in larger organisations (8% of micro businesses report these, compared with 13% of those with more than 25 employees), and aligning with size / sector distribution, are more likely within production firms, (8%; 13% respectively), notably construction (17%). Understandably, gaps are more likely within organisations experiencing higher than usual staff turnover (14%; 8% of firms with no staff changes).

The skills gaps reported most frequently (by more than half of respondents) fall neatly into two groups; the ability of an employee to be personable and work with others, and then the more job specific technical or manual skills. Basic skills including ICT, literacy and numeracy are a lesser gap, each reported as a concern by in the region of a third of employers surveyed (who identified skills gaps).

Table 23

TYPES OF SKILLS THAT NEED IMPROVING AMONGST EXISTING EMPLOYEES (WHERE THERE IS A SKILLS GAP BETWEEN THE TYPE OF SKILLS EMPLOYEES HAVE NOW AND THOSE NEEDED TO MEET CURRENT BUSINESS OBJECTIVES) - %			
	TOTAL	PRODUCTION	SERVICE
PERSONAL SKILLS	59	65	55
INTERPERSONAL SKILLS	55	50	58
TEAM WORKING	53	47	57
LEADERSHIP SKILLS	52	53	52
TECHNICAL SKILLS	52	68	43
MANUAL OR CRAFT SKILLS	51	76	38
PROBLEM SOLVING	47	44	48
ICT SKILLS	38	32	42
LITERACY SKILLS	32	26	35
NUMERACY SKILLS	28	29	27
NONE OF THE ABOVE	6	3	8
OTHER	5	3	7
SAMPLE BASES	94	34	60
CAUTION - SAMPLE BASES ARE LOW			

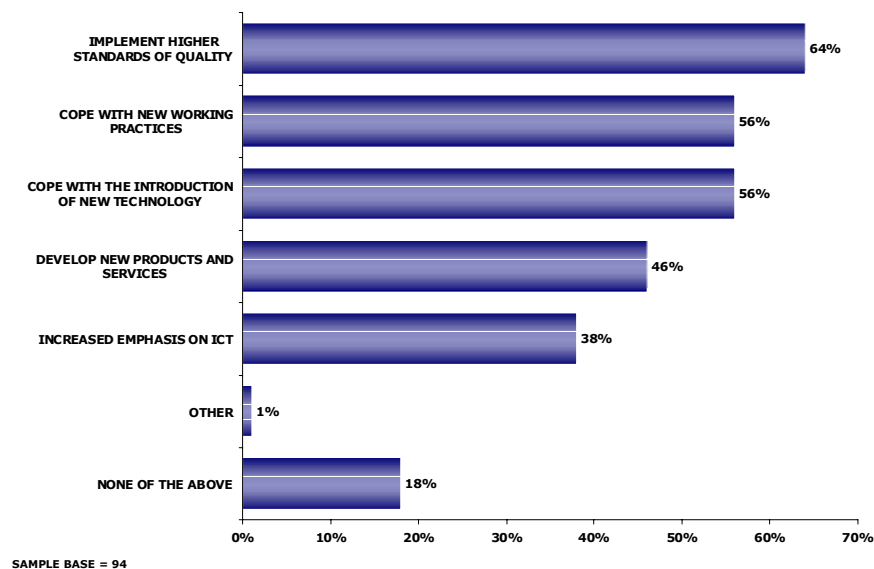
Whilst sample bases are small, we can look at skills gaps by broad sector (production / service) and see that as may be expected by the nature of the roles therein, that production firms suffer manual / craft and technical skills gaps, with service sector organisations more likely to report shortage of interpersonal, personal and team working abilities.

Reasons for changing skills needs

When asked for reasons why skills needs have changed, more than four fifths of those reporting skills gaps (8% of the total sample) cite fundamental changes in business practices, primarily concerned with new innovations, standards or technologies. Whilst a third report an increased emphasis on ICT, we note from earlier discussion that ICT skills gaps are not at the forefront of these employers concerns.

Figure 10

REASONS WHY SKILLS NEEDS HAVE CHANGED (WHERE THERE IS A SKILLS GAP BETWEEN THE TYPE OF SKILLS EMPLOYEES HAVE NOW AND THOSE THEY NEED TO MEET CURRENT BUSINESS OBJECTIVES)



Changes cited as causing skills gaps are thus mainly attributed to developments and progress in organisational practices, and market factors including improved efficiency and effectiveness, legislation and customer demands/ customer service needs are recognised as causal factors by two-thirds of these employers (69%; 66% and 65% respectively). Trade patterns / globalisation are not seen as influencers by any significant majority (just 25%).

Projected skills needs

All employers were asked whether the need for skills in their workforce will change in the next 12 months, and with the exception of 1% in each case who are unsure, or see these reducing, 98% of employers surveyed see skills needs remaining the same (65%) or indeed, increasing (33%). This is most apparent amongst employers based in Lincoln, Sleaford and Boston travel to work areas (40%; 38%; 36% respectively), and is

noticeably a concern for larger employers (increasing from 36% of micro business, to 42% of those with more than 25 employees).

Despite this correlation with size, there is little variation in prediction of an increase in skills needs by *broad* sector (31% production; 34% service sector) although employers most likely to foresee higher levels of skills needed into 2006 include those within transport & communications industries, and banking, finance & insurance.

Focussing on employers predicting *growth* in skills needs, the table below presents precisely which skills will see change, and is aligned with those in which employers are facing skills gaps currently. It must be noted that these are not necessarily *the same* employers.

Table 24

SKILLS NEEDS – NOW AND IN THE NEXT 12 MONTHS - %		
	SKILLS THAT WILL EXPERIENCE CHANGE IN DEMAND IN THE NEXT 12 MONTHS - %	TYPES OF SKILLS THAT NEED IMPROVING AMONGST EXISTING EMPLOYEES - %
PERSONAL	72	59
INTERPERSONAL	70	55
TEAM WORKING	68	53
PROBLEM SOLVING	61	47
ICT	59	38
TECHNICAL	58	52
LEADERSHIP	56	52
MANUAL OR CRAFT	41	51
NUMERACY	33	28
LITERACY	31	32
NONE OF THE ABOVE	3	6
OTHER	4	5
SAMPLE BASES	334 (WHERE PREDICT AN INCREASE IN SKILLS DEMAND IN THE NEXT 12 MONTHS)	94 (WHERE THERE IS A SKILLS GAP BETWEEN THE TYPE OF SKILLS EMPLOYEES HAVE AND THOSE NEEDED TO MEET BUSINESS OBJECTIVES)

There is a similarity in skills needed presently by those experiencing skills gaps, and those predicted for the next 12 months by those who see skills needs increasing; very much related to the ability of the employee to work and interact with others. Problem solving skills and those relating to information and communication technologies are forecast as increasing in demand, and the latter in particular relates to the earlier discussion of factors causing *present* skills needs, namely advances in

technologies and working practices. Whilst *relatively* low on the list of required skills, literacy and numeracy remain an issue for in the region of a third of employers, both now and through 2006, and thus cannot be ignored entirely.

Training provision and support

Training plans

As presented in the profile section of this report, three in five employers surveyed have a training plan in place, this linked with the existence of a more general *business* plan.

Public administration organisations are by far the most likely to have a training plan (87%), with agriculture firms being the least likely (39%). Again, as organisational size grows, so does a policy-driven approach to training (71% of those employing 25-199 staff have a planned approach compared with just 38% of micro businesses).

Training provision

Employers participating in the survey were presented with a list of training and asked which they offer to employees, and for each, to specify delivery (in-house / external provider). The table below presents this information in *ascending* order by proportion stating 'do not offer', thus the more prevalent the training, the higher up the table it appears.

Table 25

AREAS IN WHICH ORGANISATIONS OFFER TRAINING TO EMPLOYEES, AND MODE OF PROVISION (ALL RESPONDENTS)				
	INTERNAL	EXTERNAL	BOTH	DO NOT OFFER
TEAM WORKING	41	6	11	41
TECHNICAL SKILLS	27	13	16	43
MANUAL SKILLS	37	6	12	44
PROBLEM SOLVING	38	6	10	46
PERSONAL SKILLS	35	8	10	46
INTERPERSONAL SKILLS	36	8	10	46
IT SKILLS	27	14	11	47
LEADERSHIP SKILLS	28	12	11	49
NUMERACY SKILLS	17	8	5	68
LITERACY SKILLS	16	9	5	70
SAMPLE BASE = 1004 EXCLUDES 'DON'T KNOWS' - NOT MORE THAN 1% FOR EACH TYPE OF TRAINING				

A core of two in five employers appear not to offer *any* of the specified training; increasing to more than two-thirds who do not assist employees with literacy or numeracy. Indeed, employers are less likely to offer basic skills training than any other type; unsurprising when we remember the ranking of these skills amongst those needed, but perhaps an oversight given that these competences are mentioned as being required at a greater level by approximately a third of employers who either have, or predict, any skills needs.

Training offered to employees tends to be internally supplied, with external supply being used for those skills which perhaps simply *cannot* be provided internally, notably the more technical and ICT related competences, and the higher management skill of leadership.

The table below presents how propensity to train differs vastly amongst organisations who do, and who do not, have training plans. Whilst causality cannot be inferred, it provides for an interesting discussion, which follows.

Table 26

AREAS IN WHICH ORGANISATIONS OFFER TRAINING TO EMPLOYEES, AND MODE OF PROVISION (BASES DIFFER) - %				
WHERE <u>HAVE</u> A TRAINING PLAN				
	INTERNAL	EXTERNAL	BOTH	DO NOT OFFER
TEAM WORKING	53	7	17	23
TECHNICAL SKILLS	32	17	22	28
MANUAL SKILLS	42	8	18	31
PROBLEM SOLVING	48	9	15	28
PERSONAL SKILLS	44	11	16	28
INTERPERSONAL SKILLS	46	10	15	28
IT SKILLS	33	19	16	32
LEADERSHIP SKILLS	35	17	16	31
NUMERACY SKILLS	21	12	8	58
LITERACY SKILLS	21	12	7	59
SAMPLE BASE = 616 EXCLUDES 'DON'T KNOWS' - NOT MORE THAN 2% FOR EACH TYPE OF TRAINING				
WHERE <u>DO NOT</u> HAVE A TRAINING PLAN				
	INTERNAL	EXTERNAL	BOTH	DO NOT OFFER
TEAM WORKING	23	3	3	71
TECHNICAL SKILLS	20	7	7	66
MANUAL SKILLS	28	3	4	65
PROBLEM SOLVING	20	2	3	74
PERSONAL SKILLS	21	3	2	74
INTERPERSONAL SKILLS	19	3	2	75
IT SKILLS	19	6	4	71
LEADERSHIP SKILLS	15	5	2	78
NUMERACY SKILLS	11	3	2	84
LITERACY SKILLS	9	3	2	86
SAMPLE BASE = 379 EXCLUDES 'DON'T KNOWS' - NOT MORE THAN 1% FOR EACH TYPE OF TRAINING				

We need to return to the profile of organisations with training plans in place before considering the above information; we note to begin with the increased likelihood of these organisations having more generic *business planning* in place, which suggests proactive employers with an awareness of business (survival and growth) needs.

It has also been seen that those most likely to have a planned approach to employee training needs are in public administration: local government, the health service and education organisations are known to be 'good employers' as far as employee competence and training is concerned. Further, training plans are likely amongst larger organisations, which in themselves show a greater likelihood of being part of a wider group or organisation. This doubles the impact of 'larger organisations are more likely to train' and further, where employers interviewed are part of a small site or daughter operation, should benefit from business and training policies written (and potentially implemented) by the umbrella organisation.

Training leading to qualifications

The figure below shows the proportion of the above training (regardless of how supplied) that leads to qualifications; we note that those most likely to (leadership, technical and IT skills) are the training most likely to be provided by external sources. Further, there is a logic behind the training leading to a form of certification, those more readily associated with examinable standards (ie, not the softer, more gradually or experientially learned competences such as interpersonal skills and team working).

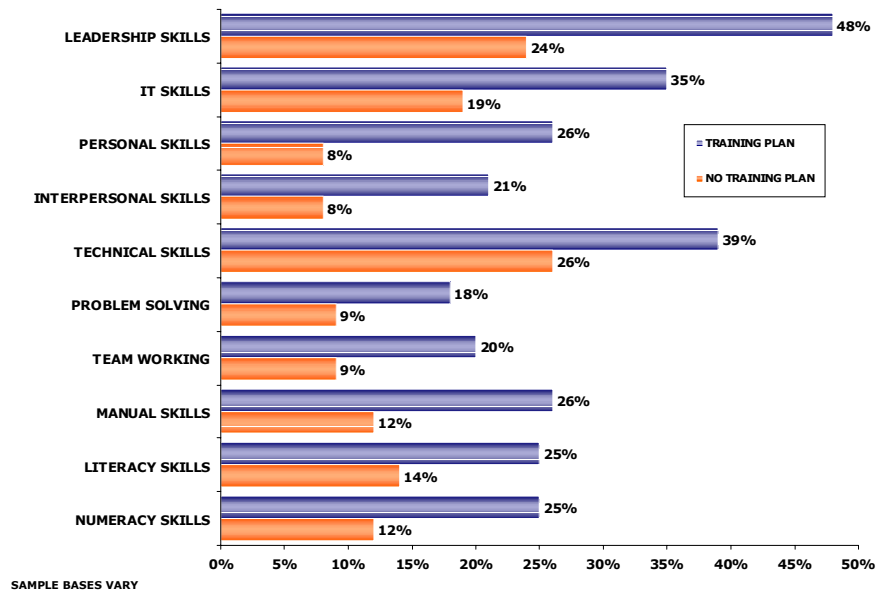
Table 27

PROPORTION OF TRAINING OFFERED THAT LEADS TO A QUALIFICATION - % (WHERE ORGANISATION OFFERS TRAINING)	
LEADERSHIP SKILLS (505)	44
TECHNICAL SKILLS (567)	36
IT SKILLS (523)	31
MANUAL SKILLS (556)	23
PERSONAL SKILLS (534)	23
LITERACY SKILLS (298)	23
NUMERACY SKILLS (309)	22
TEAM WORKING (584)	18
INTERPERSONAL SKILLS (532)	18
PROBLEM SOLVING (540)	17
SAMPLE BASES IN PARENTHESES	

Where we noted that organisations with a training plan in place are more likely to offer training per se, the figure below shows the increased likelihood of this to lead to qualifications. The caveats as previously provided against assuming the plan *itself* being causal, remain strong here.

Figure 11

WHETHER TRAINING OFFERED LEADS TO QUALIFICATIONS
 (WHERE ORGANISATION OFFERS TRAINING TO EMPLOYEES AND DOES/ DOES NOT HAVE A TRAINING PLAN)



NVQ Level of qualifications

It is immediately apparent that very little provision leads to qualifications at Level 1, and that the majority are at Level 2+, with in the region of four in ten qualifications leading to an NVQ (equivalence) of 3+. We also note the proportion of employers who are unable to state which level of qualification is gained by the employees they train; we suggest a combination of some courses leading to *certificates* alongside instances where employers are unaware of a genuine *qualification* level.

Table 28

NVQ LEVEL OF QUALIFICATION OFFERED BY ORGANISATION (WHERE AT LEAST ONE TYPE OF TRAINING LEADS TO A QUALIFICATION)								
	1	2	3	4+	NONE	DON'T KNOW	2+	3+
TEAM WORKING (105)	9	21	23	25	13	10	69	48
TECHNICAL (204)	3	17	24	17	20	20	57	41
MANUAL (127)	6	21	24	17	17	14	69	48
PROBLEM SOLVING (89)	6	23	23	25	16	9	70	47
PERSONAL (122)	6	23	27	17	16	11	67	44
INTERPERSONAL (97)	6	26	25	23	14	6	73	47
IT (164)	4	13	18	20	23	21	51	38
LEADERSHIP (220)	5	17	24	22	14	18	63	46
NUMERACY (68)	7	29	22	15	12	15	66	37
LITERACY (69)	7	30	22	16	13	12	68	38
SAMPLE BASES IN PARENTHESES								

Support for training

We noted earlier that just more than half (56%) of employers surveyed provide employee assistance in the form of 'support for learning'; when prompted we see that this figure increases to more than 80% (a similar increase as seen with the widening of definitions of 'assistance with childcare').

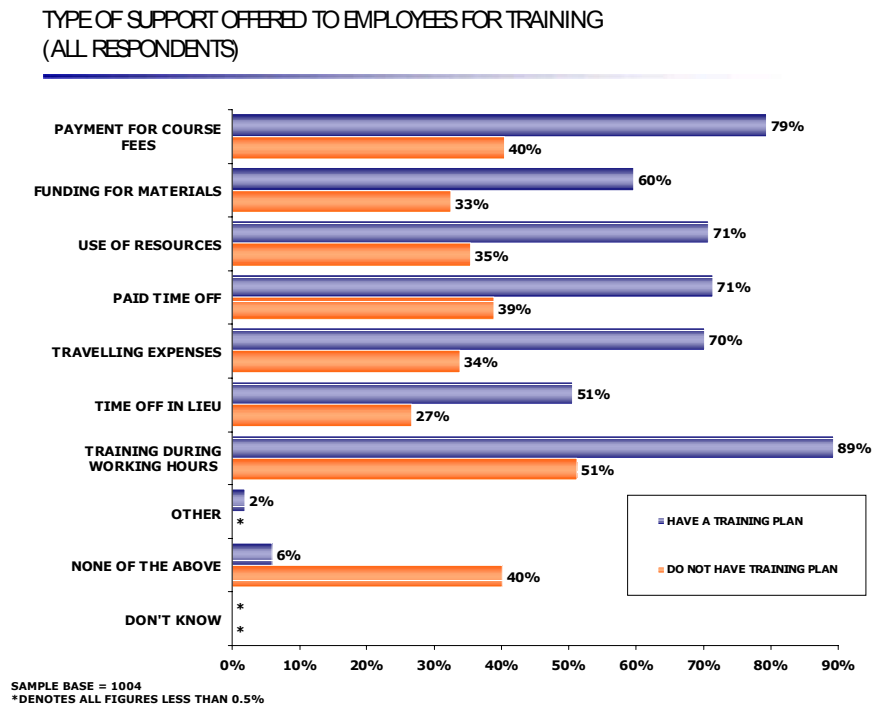
Here, the most widely provided support for employees is training provided during working hours, something three-quarters of employers offer their staff, and will include basic / statutory training not previously explored, including induction and health & safety. Moving on, it is a positive finding that in the region of half of all respondents provide:

- Paid time off (59%);
- Use of resources (57%);
- Travelling expenses (56%);
- Funding for materials (49%);
- Time off in lieu (41%).

We noted earlier that in the region of 40% of respondents do not provide *any* training, and this correlates with the maximum of 60% seen offering the primarily financial incentives described above. The figure below

reiterates the contrast in training support provided by employers, based on whether or not their organisation has developed a training plan.

Figure 12



When examined by broad sector, we see that just a fifth of employers in either do not provide *any* of the training support specified (20% production; 19% services). We also note that one sector from each broad industry classification (namely, construction and public administration) are, in the vast majority of cases, the most likely to offer specified training assistance.

Table 29

TYPE OF SUPPORT OFFERED TO EMPLOYEES FOR TRAINING - PROMPTED (ALL RESPONDENTS)									
	TOTAL	INDUSTRY							
		AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH	OTHER SERVICES
		%							
PAYMENT FOR COURSE FEES	64	60	67	71	51	55	69	85	58
FUNDING FOR MATERIALS	49	44	50	65	39	43	59	61	35
USE OF RESOURCES	57	42	58	69	45	49	65	76	52
PAID TIME OFF	59	58	63	73	45	57	65	72	56
TRAVELLING EXPENSES	56	54	48	67	47	55	66	69	54
TIME OFF IN LIEU	41	23	35	42	39	35	40	53	50
TRAINING DURING WORKING HOURS	75	69	71	85	64	73	80	91	75
OTHER	1	2	1	0	1	4	0	2	0
NONE OF THE ABOVE	19	25	20	15	29	24	11	4	21
DON'T KNOW	*	2	1	0	*	0	0	0	0
SAMPLE BASES	1004	52	153	48	333	51	109	210	48
*DENOTES ALL FIGURES LESS THAN 0.5%									

The link between organisational size and provision has been cited previously; we note that just 6% of those employing more than 25 staff do not provide *any* specified training support, compared with 13% of firms with 10-24 staff, and 33% of *micro businesses*.

The fact that small organisations are far less likely to offer training (support) for their employees tends to be an accepted wisdom, through a combination of acknowledgement of the actual cost, the 'hidden' cost of releasing employees from their roles to train, the less stable business climate for some, and the tendency for these to utilise competent higher order staff along with functional support staff.

This does not however mean that we should not be encouraging these organisations to go against their propensity to be non-trainers, and offer appropriate support. We return to this thinking later in the report.

6 Business Engagement and Communication

We have thus far looked at the profile of Lincolnshire employers participating in the survey, their recruitment activities, difficulties and skills gaps and needs, and highlighted their propensity to offer training (and support), in which areas and to what level. This present chapter looks at the business climate of *private sector organisations*⁴, and also establishes their use of ICT, providing context for recommended actions to improve employer engagement, combining all discussions in chapter seven.

Business Performance and Growth

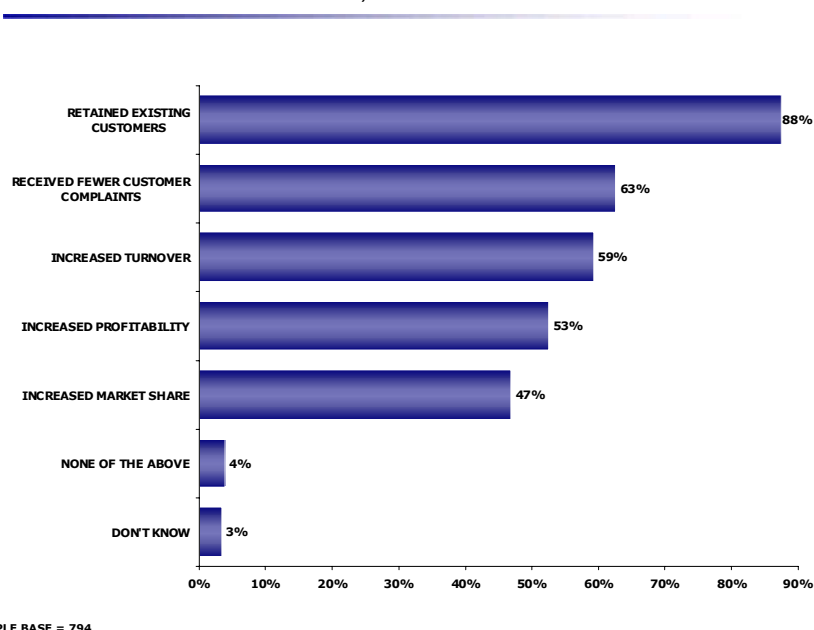
Performance in 2004/5

Business prospects look good for the private sector across the county, with the vast majority of employers' organisations demonstrating one or more signs of recent business health. In the past 12 months, the vast majority have retained existing customers (88%) and we recall that many rated their LAD as at least average to good for access to customers; this reveals itself in such positive customer retention.

Positively, there are also signs of business improvements being made; between half and two thirds having increased profitability, increased turnover and received fewer customer complaints than in 2004. Just 4% have not witnessed *any* of the stated positive changes in the last 12 months.

Figure 13

WAYS IN WHICH THE ORGANISATION HAS CHANGED IN THE PAST 12 MONTHS (WHERE NOT PUBLIC SECTOR ORGANISATION)



⁴ This section of the survey was not asked of those in SIC 8, Public Administration.

Across the county, Lincoln stands out as a strong TTWA, with more employers than in any other travel to work area reporting increased profitability, market share and turnover. This is likely to reflect the higher than average proportion of service firms in the City, and the general growth thereof.

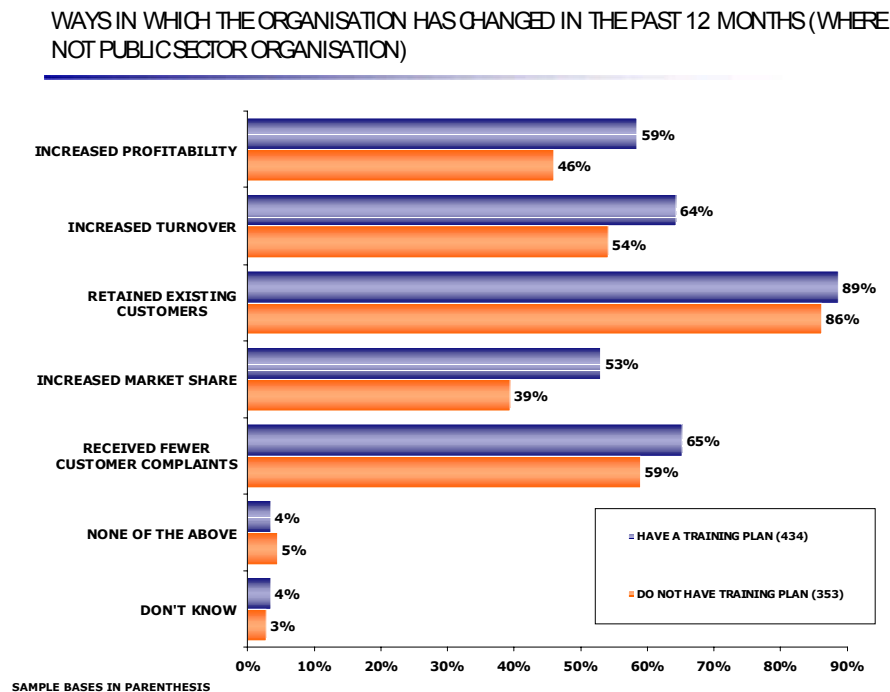
Most industries are performing in line with the county average, although construction companies and those in banking / finance & insurance report noticeably above average performance over the past 12 months across all factors. We note the link between the latter and the business growth seen in Lincoln TTWA as mentioned above.

Table 30

WAYS IN WHICH THE ORGANISATION HAS CHANGED IN THE PAST 12 MONTHS (WHERE NOT PUBLIC SECTOR ORGANISATION)								
	TOTAL	INDUSTRY						
		AGRICULTURE & FISHING	MANUFACTURING	CONSTRUCTION	DISTRIBUTION, HOTELS & RESTAURANTS	TRANSPORT & COMMUNICATIONS	BANKING, FINANCE & INSURANCE	PUBLIC ADMINISTRATION, EDUCATION & HEALTH
		%						
INCREASED PROFITABILITY	53	27	54	67	51	53	60	58
INCREASED TURNOVER	59	48	52	71	59	67	71	56
RETAINED EXISTING CUSTOMERS	88	89	89	90	87	88	89	83
INCREASED MARKET SHARE	47	31	44	60	47	45	58	33
RECEIVED FEWER CUSTOMER COMPLAINTS	63	42	63	79	64	65	65	50
NONE OF THE ABOVE	4	6	5	2	4	4	3	4
DON'T KNOW	3	0	3	0	4	4	3	6
SAMPLE BASES	794	52	153	48	333	51	109	48

Agricultural firms are below average on most factors other than retaining existing customers, suggesting that although these companies are not showing signs of growth, neither are they in evident decline. The figure below aligns business performance with the existence of a training plan.

Figure 14



Whilst we do not suggest that a training plan alone feeds so dramatically into business performance, we cannot ignore the propensity of organisations with a training culture to perform better in recent months than those without. We also note the link between training planning and organisational size, and recall that larger organisations are more likely to be experiencing business success, and to adopt a planned approach to developing their employees.

The main single reason cited by employers for these changes is better customer service (17%), and this is reflected in recent levels of customer retention. Also mentioned are: good, hardworking staff (7%), change in / new management (5%), better economic conditions (5%), selling items of high quality (5%), and low level of competition (4%). It is important to note that in the region of *thirty reasons* for business change were cited by employers, but of the remainder, no single one by more than 3% of the sample. A full list is provided in the data report that accompanies this written headline analysis.

Performance into 2006

Leading on from these recent positive indicators of business health, 62% of private sector companies expect growth in turnover to some degree over the next 12 months (comprising 48% who expect to grow a little, and 14% who foresee significant growth for their business). A quarter believe their organisation's turnover will remain the same, and just 8% of private sector businesses see their turnover decreasing through 2006.

Prospects for those operating within Horncastle and Lincoln TTWAs appear the most optimistic, with 74% and 67% (respectively) of employers who work here expecting slight / significant growth in turnover in the next 12 months. In contrast, just half of those working within Louth and Stamford anticipate growth (52%; 50%; 62% sample average). There is nothing significantly contrasting in the SIC and size profiles of these 'couplet' TTWAs, and we suggest the contrast may be influenced by general local economy factors.

Maintaining higher than average recent growth, construction firms are the most likely to predict *significant* growth over the coming 12 months (18%; 14% sample average), with those in retail / distribution, and in banking / finance & insurance most confidence about combined (ie, slight and significant) growth through 2006 (66% and 67% respectively; 62% sample average).

The one key factor in employers anticipating a *decrease* in turnover is stated as 'poor economic climate' (25%), with associated issues of increased competition, higher prices and less service demand raised by approximately one in ten in each case. So what are the factors allowing others to predict growth?

Directly the opposite; for those predicting *slight* increase in turnover, greater demand and economic growth are key factors (15% in each case) and for those anticipating *significant* positive turnover change, expansion of company (20%) and (connected) improved business planning (10%) are causal factors. We suggest that these categories of firm are providing the competition for those anticipating decrease, with expansion and planning allowing them to combat any negativity in the general economic climate and to target services where demand may be falling / exist within an increasingly diverse supplier market.

Factors preventing growth

Regardless of predicted change in turnover, employers see the key factors preventing business growth as financial: transport costs, increasing labour costs and interest rates, despite the latter being predictably static recently and for the foreseeable future. A third in each case cite market conditions, namely market size and business legislation. The transport infrastructure is seen as negatively impacting on business growth by a similar proportion, although noticeably more employers within Louth (37%) and Skegness & Maplethorpe (47%) TTWA's.

Table 31

FACTORS PREVENTING THE ORGANISATION FROM GROWING (WHERE NOT PUBLIC SECTOR) - %	
TRANSPORT INFRASTRUCTURE (ROAD, RAIL AND SEA)	51
INTEREST RATES	38
LACK OF CAPITAL FOR INVESTMENT	24
EMPLOYEE RESISTANCE TO CHANGE	14
LACK OF TRAINING AVAILABLE LOCALLY	13
INCREASING LABOUR COSTS	11
SICKNESS OR INJURY ABSENCE	11
MARKET SIZE	10
BUSINESS LEGISLATION	9
AVAILABILITY OF GENERAL LABOUR	8
AVAILABILITY OF LAND OR PREMISES (TOO SMALL/NOT EQUIPPED/CAN'T FIND)	8
AVAILABILITY OF TECHNICAL / CRAFT SKILLS	4
AVAILABILITY OF LEADERSHIP SKILLS	4
TRANSPORT COSTS E.G. FUEL ETC	3
PLANNING LEGISLATION	3
STRENGTH OF THE POUND	3
CASHFLOW	1
OTHER	4
NONE	11
DON'T KNOW	1
SAMPLE BASE = 794	

Staying with transport issues momentarily, we note the increased adversity these cause for those in non-urban areas, with rural business more likely to feel the impact of transport *costs* (55%; 47% of urban businesses) and coastal firms stating the *infrastructure* as impeding business growth (48%; 33% sample average). Just one in ten firms feel that there are *no* factors preventing their businesses from growing, but we see that this view is held more widely amongst those predicting a *static* future (16%) as opposed to those who foresee turnover *growth* in 2006 (8%).

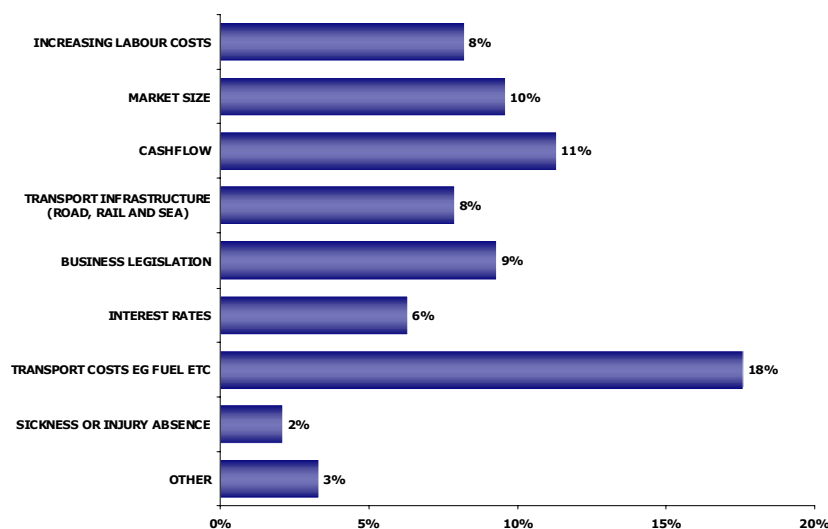
There are two sectors that stand out as facing the most challenges; interestingly, agriculture, which according to these research findings, is

the sector facing most adversity with regards staffing and business performance, and also banking / finance and insurance, which has been amongst the more prosperous in recent times. Both of these sectors are most likely in the sample to state business growth prevention as a result of: cash flow, transport infrastructure and costs, business legislation, strength of the pound. These are generally *external* financial and statutory factors; this contrasts sharply with manufacturing firms, who face just a slightly less challenged future, but focus on labour issues: increased labour costs, availability of general labour, lack of training available locally and employee resistance to change. However, the most oft-cited factor for prevention of growth in manufacturing remains 'interest rates' (50%; 38% sample average).

All employers who could cite at least one factor preventing business growth (ie, 88% of the private sector sub-sample), were asked to select the *greatest* obstacle they face. Opinion is vastly divided; the most frequently cited factor being *transport costs*, but this by just fewer than one fifth. The figure below presents key obstacles mentioned by more than 5% of employers, with a full list presented in the accompanying data report.

Figure 15

GREATEST OBSTACLE PREVENTING ORGANISATION FROM GROWING
(WHERE FACTORS PREVENT ORGANISATION FROM GROWING)



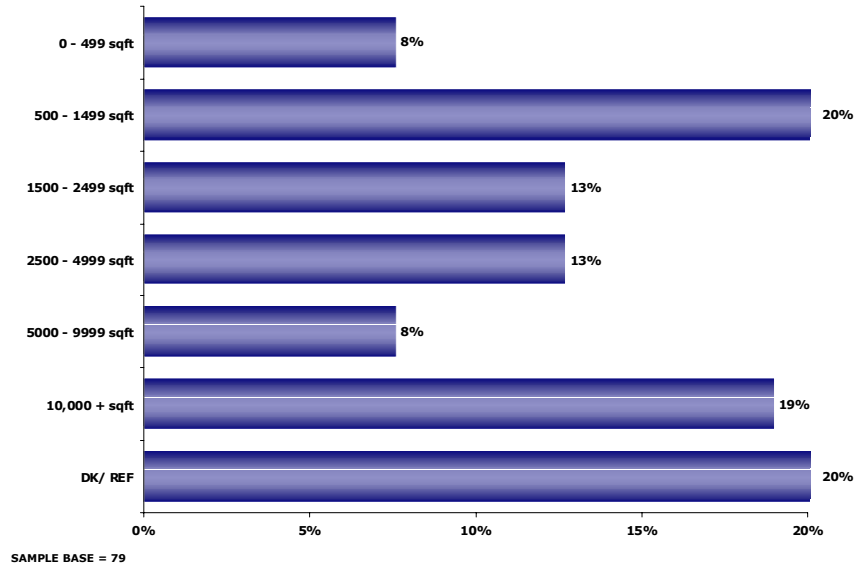
SAMPLE BASE = 698

Business Location

Only 10% of private sector businesses have experienced any trouble in finding suitable premises over the last two years. Examined by business profile, we see that this is a greater issue for organisations based within Stamford TTWA (19%), and those in the financial service sector (14%). The figure below shows the size of premises that organisations have been compromised in finding; as likely to be approximately 1,000 square feet as 10,000+.

Figure 16

SIZE OF PREMISES RESPONDENTS HAVE HAD DIFFICULTY IN FINDING IN THE PAST 2 YEARS (WHERE NOT PUBLIC SECTOR ORGANISATION (SIC8) AND HAVE HAD PROBLEMS FINDING SUITABLE PREMISES)

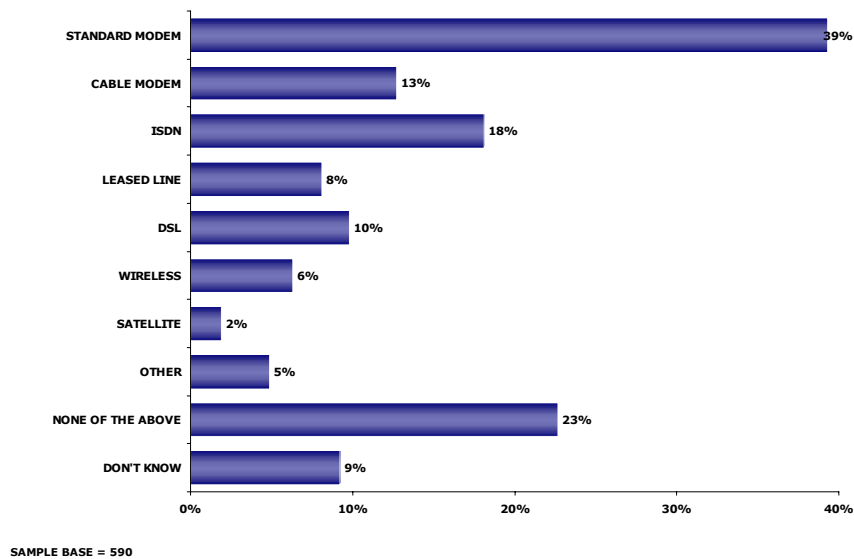


Internet access

As presented in the profile section earlier, three-quarters of employers have access to the internet; this more likely amongst those within production / construction firms, and larger organisations.

Figure 17

TYPE OF INTERNET ACCESS ORGANISATIONS CURRENTLY HAVE – PROMPTED (WHERE HAVE ACCESS TO THE INTERNET)



Access is comparably poor in retail / distribution businesses, and amongst those located in coastal areas (double-counting here is noted). The majority of those with internet access have a standard modem, with a further one in five using ISDN connection.

In total, two thirds of employer-organisations with internet access use broadband (65%), with little variation by location (64% coastal / rural / urban). Broadband use increases in likelihood with business size (from 62% of micro business, to 73% of those employing 25-199 staff). Whilst there is little differential in use of broadband within *broad* sector (68% production; 64% service; 65% sample average) we note higher than average broadband connectivity amongst construction and banking / finance & insurance businesses (73%; 76%).

Employers who use broadband state the primary advantage of this as faster internet connection (83%), with one in six finding that 'always on' internet access is an advantage (16%). A further one in ten enjoy resource savings / capability (10%).

Internet use

Two-thirds of private sector organisations with internet access have their own website (68%; equating to 51% of all private sector firms; or 40% of the total sample), with likelihood increasing with business size (57% of micro businesses; 78% of those employing 25-199 staff), and vastly more likely amongst plc's as compared with limited companies or partnerships (92%; 70%; 58% respectively; this reflecting company size also). Private sector firms with access tend to use the internet for research, buying & selling goods, and advertising / marketing. The table below shows how those in urban locations are consistently less reliant on the internet than their coastal or rural counterparts.

Table 32

PROPORTION OF ORGANISATIONS WHO USE THE INTERNET FOR SPECIFIED PURPOSES (WHERE NOT PUBLIC SECTOR AND USE INTERNET FOR AT LEAST ONE OF A LIST OF ACTIVITIES) - %				
	TOTAL	RURAL	URBAN	COASTAL
BUYING GOODS / SERVICES	65	70	56	67
SELLING GOODS / SERVICES	49	50	47	58
ADVERTISING / MARKETING	63	64	62	67
RECURUITING STAFF	22	18	28	14
PROVIDING TRAINING AND LEARNING	24	22	28	17
UP TO THE MINUTE REPORTING	39	37	43	25
RESEARCH	77	78	76	75
AFTERCARE	26	27	24	25
SAMPLE BASE = 517				

As shown below, those who *do not* use the internet for specified purposes tend to plan to do so for those activities the majority of the active sample are already engaged in. Similarly, we can see that the areas for which the internet is *least used* presently (up to the minute reporting, aftercare and recruitment) do not feature heavily in the plans of those planning to increase their web-use.

Table 33

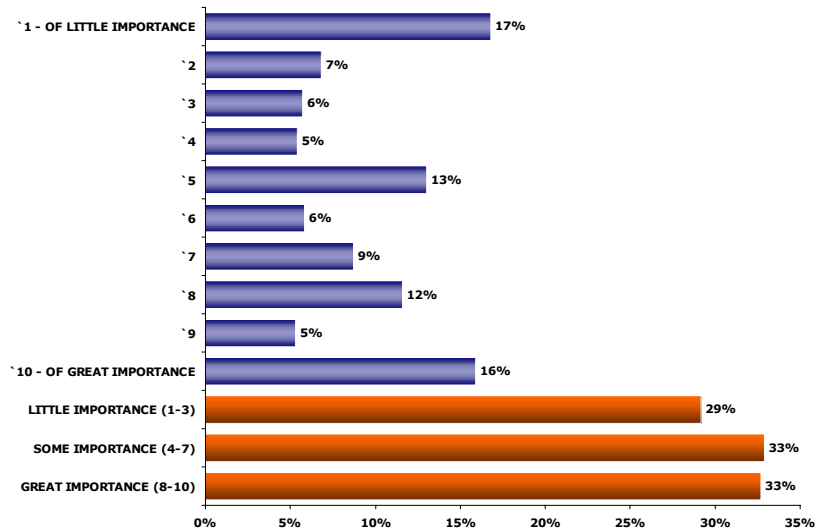
PROPORTION OF ORGANISATIONS WHO DO NOT CURRENTLY USE THE INTERNET FOR INDIVIDUAL SPECIFIED PURPOSES BUT PLAN TO (WHERE NOT PUBLIC SECTOR AND USE INTERNET FOR AT LEAST ONE OF A LIST OF ACTIVITIES) - %	
ADVERTISING / MARKETING (462)	20
RESEARCH (388)	19
BUYING GOODS / SERVICES (452)	18
SELLING GOODS / SERVICES (530)	16
PROVIDING TRAINING AND LEARNING (662)	11
RECRUITING STAFF (672)	9
UP TO THE MINUTE REPORTING (587)	9
AFTERCARE (652)	7
SAMPLE BASES IN PARENTHESES	

The key reason given for non-use of the internet is *not suitable for type of business*, by half of those who do not plan to use the internet for any one or combination of activities. There is very little variation in this reasoning by either size or sector (54% micro businesses; 50% those with 25-199 employees, and 46% production; 54% construction). No other reason is offered by more than 6% of employers; a full list can be found in the accompanying data report.

Thus, where employers do not already use the internet for specified purposes, there is only slight planning to increase that use; mainly through perceived lack of relevance. Pursuing this, *all* non-public sector employers (regardless of stated internet use) were asked to rate the importance of internet access in meeting their business objectives (on a scale of 1 to 10, where 1 is of little importance and 10 is very important).

Figure 18

RESPONDENTS RATING OF IMPORTANCE OF THE INTERNET IN TERMS OF MEETING BUSINESS OBJECTIVES (WHERE NOT PUBLIC SECTOR)



SAMPLE BASE = 350

Private sector employers are as likely to feel that internet access is of little importance, of some importance or of great importance; there is no one majority view. Perception of internet access as having importance with regards business objectives increases with organisational size, is *slightly* greater within production firms, and increases with how 'knowledgeable' businesses are with regards their connectivity.

Table 34

RESPONDENTS RATING OF IMPORTANCE OF HAVING INTERNET ACCESS WITH REGARDS MEETING BUSINESS OBJECTIVES ON A SCALE OF 1 TO 10 (1 BEING OF LITTLE IMPORTANCE AND 10 BEING VERY IMPORTANT) (WHERE NOT PUBLIC SECTOR) - %			
	OF LITTLE IMPORT (1-3)	OF SOME IMPORT (4-7)	OF GREAT IMPORT (8-10)
ORGANISATIONAL SIZE			
2-9 (344)	38	30	28
10-24 (228)	29	33	32
25+ (222)	16	36	41
BROAD SECTOR			
PRODUCTION (253)	27	34	35
SERVICE (541)	30	32	32
INTERNET ACCESS			
BROADBAND ACCESS (386)	15	37	46
NARROW / MIDBAND ACCESS (187)	34	33	28
NONE (202)	51	26	10
SAMPLE BASES IN PARENTHESES			

Internet assistance

A quarter of private sector employers with internet access are aware of Lincolnshire Developments Broadband and ICT Project (26%); whilst there is no variation in awareness by organisational size, this is slightly more likely amongst service sector firms (28%; 23% production) particularly transport & communications, banking / finance & insurance, and 'other' services (30%; 31%; and 30% respectively).

When asked what assistance or improvements could be made to make the internet more useful, many employers claim *nothing*, or *don't know* (68%) with the intervention cited as useful by the single greatest majority being *improved speed of internet connection* (14%). Given that just 38% use the internet via broadband connectivity, there is room for intervention here by Lincolnshire Developments' Broadband and ICT Project.

Video conferencing

Video conferencing is felt by all groups to be of little use, rated an average 1.90 on a scale where 1 is of little use and 10 is very useful.

7 Conclusions and policy recommendations

This final chapter is presented in two main parts; a summary of key findings, and then forward-looking recommendations for the partners, namely Lincolnshire Enterprise, Business Link, Learning & Skills Council and Lincolnshire Development. These are broadly but not exclusively in the form of (business advice and guidance) project interventions and skills needs.

Key findings

An overview

Employers participating in the survey are relatively stable; the majority represent organisations that have been operating within Lincolnshire for the life of the establishment, and staff turnover is relatively low, with fewer than one in ten experiencing turnover of more than 10% in the last 12 months. Customer retention is high, indeed, access to customers and suppliers is one of the most positively regarded aspects of a base within the County. On the other side of the coin, we see that one in five suggest that the availability of skilled staff is a local issue, and in the region of a third have experienced crime in the last 12 months.

These negatives aside, we see that business stability does not translate to stagnation; it is a positive finding of the survey that between half and two-thirds of Lincolnshire employers have increased profitability and / or turnover and reduced the number of customer complaints in 2005. By sector and location, we note that construction and banking / finance have had the more prosperous 12 months, and link the latter with the same levels of success within Lincoln itself. Maintaining this positive movement, approaching two-thirds of employers anticipate at least a little growth as we go through 2006, with fewer than one in ten anticipating any form of decline. Reflecting recent performance, sectors most likely to foresee growth include construction and finance / banking.

Industry operates within a given climate. A variety of forces are hailed as responsible for predictions of growth or decline: those predicting a reverse in fortune in 2006 cite competition, high prices and reduced demand as contributory. In contrast, those looking forward to a year of growth (be that slight or significant) are experiencing increased demand and organisational expansion, for some this combines with improved business planning. We have already discussed how climate is generic, and expansion and planning allow the more growth-oriented to survive (and win the competition against) the remainder of the sample. Indeed, the factors cited by employers as preventing growth *regardless* of future business performance tend to be transparently financial: transport and labour costs, and interest rates.

As one of the factors pertinent to anticipated growth, we note that just more than two-thirds of organisations have a formal approach to business planning, this more likely amongst larger companies and hence those in production-based industries. This size profile remains true of those who undertake some form of training planning (being less prevalent amongst micro businesses). Findings show that organisations

with a formal business plan are three times as likely to adopt a structured approach to staff training and development.

Staffing levels and turnover

Staff turnover is *not* a key issue for Lincolnshire employers, with staff levels remaining particularly stable for employers within agriculture and communications / transport businesses. Rate of staff turnover increases with size of organisation, reflective of the increased variation of roles and the varying levels of stability therein.

We noted above that the majority of employers describe 2005 as a period of profit / turnover growth, and a similarly high proportion have recruited staff in that period. The correlation between organisational size, levels of staff displacement and thus recruitment remain, and we see that the larger employers are more likely than micro businesses to have recruited in the last 12 months. We make the observation that public administration and retail / distribution businesses have recruited the higher numbers recently, and this corresponds with their larger size profile.

A significant minority of employers who have recruited recently describe at least one of their vacancies as being hard to fill; equating to one in ten of the total sample having experienced difficulties in recruitment of specified positions in 2005. We note that this is notably less likely amongst micro businesses.

In the region of half of specified hard-to-fill vacancies are at a broadly intermediate level, although this may reflect a greater level of recruitment within these occupations.

Further, it is the 'lower of the higher' occupations that have proved hard to fill (ie, associate professional and technical occupations). Given the Lincolnshire workforce's relative lack of qualifications at level 4+ (as noted in Chapter 2 Table 2) we could have expected to see that the very highest occupations would be hard to fill (ie, managers, senior officials and professionals) rather than associates, as it is professionals and managers / senior officials who are more likely to require a degree / higher degree.

Within the intermediate occupations, craft & skilled and personal service roles are the most oft-cited hard-to-fill vacancies, and we note the former particularly within manufacturing, the latter wholly within public administration (potentially within the health sector). We return at this point to the Skills Forecast referenced in chapter two, whereby these specific skills shortages are cited as affecting Lincolnshire & Rutland from 2002 to 2010. To some extent therefore, we are witnessing a predicted outcome.

For the one in ten (13%) of Lincolnshire employers experiencing difficulty in recruitment, reasons are largely 'applicant-specific', notably a lack of applicants with required qualifications / skills, or with pertinent experience / job specific skills. Competition for labour and negative traits of the sector are considered far less causal *although* we noted the potential for these to translate into issues for applicants, and thus be 'hidden' effects. Changes in education / training is the most cited external factor that may alleviate recruitment difficulties (with just a

quarter of those with difficulties expecting these to dissipate in the near future), and indeed, one in ten cite more staff training as a potential positive intervention. An unsurprising correlation here between lack of skilled / qualified applicants, and training interventions.

Whilst a similar proportion (ie, one in ten) cite an 'increase in wages' as a potential solution to recent recruitment difficulties, we have not focussed on this here, due to the lack of potential for policy-level intervention from partners. We suggest that what *may* assist in this regard is 'selling of the sector' whereby lower wages are perhaps offset by sector positives, and we return to this below alongside discussion of employee assistance programmes as offering additional benefits.

Skills & Learning

The vast majority of employers (90%) do *not* feel that there is a mismatch between the skills that staff have now, and those required to meet current business objectives. Larger organisations and those within production are most likely to have a current gap (the two characteristics leading naturally to construction businesses). Present gaps include the ability of an employee to be personable and work with others, and then the more job specific or technical skills. Within the caveat of small bases, we noted the distinction between current skills gaps experienced by production and service firms; manual / craft and interpersonal etc respectively.

Present skills gaps are largely caused by changes in business practices including new innovations, standards or technologies; developments in organisational practices driven by a variety of factors including improved efficacy, legislation and customer expectation / demand.

Almost all employers surveyed expect skills needs to remain stable or to increase; these reflect those in demand currently, and remain related to personal skills and team working. This correlates with the Lincolnshire & Rutland Skills Forecasting Model, which suggests:

Of all the generic skills, to be able to work as part of a team is the most in demand. The distribution across occupations is also the most even out of all the skills ... as with all generic skills, there is an expected shift towards the highest level of team working that is not matched by a corresponding rise in supply at the 'high' and 'good' levels ... [from 2002] the number of skills deficiencies is forecast to rise to 13,780 in 2006; an increase of 4,110 [in four years]⁵.

So in terms of training, what are employers doing to address these needs – be they present or anticipated? Whilst three in five have a planned approach to training (correlating with size (larger) and sector (service / public administration)), a core of two in five does not offer any of a specified list of skills training.

Training provided tends to reflect the skills needed (be that presently or anticipated as experiencing growth in need) thus, team working and job specific skills. This is largely internal provision, with those contracted to external providers being the more technical / professional / higher level skills that simply cannot be covered adequately by internal staff.

⁵ Lincolnshire & Rutland Skills Forecasting Model, Experian (2004) p.18-19.

Propensity to provide training of any type correlates with approach to business, size and sector (larger, planned, public administration) none of which are mutually exclusive.

More than a third of leadership, technical and IT skills training leads to a qualification, and there is a logic here in that these skills are more readily associated with imparted knowledge and thus more readily matched to a given standard. No more than one in five instances of 'softer' skills training (including problem solving, interpersonal skills and team working) are externally verified. Very little provision that leads to a qualification is at level 1, with the majority at level 2+, indeed, four in ten qualifications leading to NVQ3 or higher.

The most widely provided forms of training support offered to employees are paid time off, use of resources and travelling expenses, although we recall that the majority of current training is either conducted in-house or not at all, so the practical use of these forms of support may be questionable for some. Provision / funding itself is not mentioned by any significant proportion.

It is notable that micro businesses and those without a training plan in place (we note the double counting here) are vastly less likely to engage in employee development.

Notable obstacles to growth

On the whole, transport costs are seen as the single biggest obstacle for employers, regardless of size, sector or anticipated business performance (significance of growth / decline). Market size and business legislation will further affect some sectors more than others.

Sectors facing the greatest levels of adversity include agriculture and banking / finance, an interesting couplet, given that the former is consistently the sector facing the most adversity with regards staffing and business performance.

In contrast, banking / finance organisations have experienced higher levels of business success recently (variously defined) yet foresee business growth as being prevented as a result of a multiplicity of factors including cash flow, transport infrastructure and costs, business legislation and strength of the pound. We note that these are largely external forces. In contrast, almost all factors adversely affecting manufacturing businesses are labour-specific (as insinuated earlier in the relative dearth of skills trade occupations).

Internet access and use – private sector

Finally, we conclude with a brief overview of the internet use and connectivity of (non-public admin) organisations; namely that three-quarters are on-line, more likely amongst larger organisations and those in production-oriented businesses. Those in coastal locations are *least* likely to have access, which aligns with the prevalence of distribution and catering businesses in East Lindsay LAD.

Two-thirds use broadband, which is more likely amongst larger organisations, showing no patterns across broad geography (ie, coastal / rural / urban). The key advantages cited by those with broadband

include faster connection and 'always on' internet access. Comparing use of the internet amongst those already connected, and potential use amongst those planning access shows broad comparability; popular for advertising, research, buying and selling; less so for up to the minute reporting and aftercare. There is an opportunity for greater promotion of the Broadband and ICT Project; just a quarter are aware of the initiative. This is particularly relevant given that the single useful intervention cited by businesses is *improved speed of internet connection*; we recall that the vast majority still use a standard modem.

Ways forward

This last part of the report builds upon the findings recaptured in the previous sub-section, providing recommendations for action in areas and with issues that have been shown to be important to the Lincolnshire employers surveyed. Impetus for our making these recommendations may therefore be borne of the proportion of the sample affected, scale of the issue for a sub-sample (sector, size and so on) or indeed, a combination of the two.

- Crime is an issue for a third of the sample. There is potential for increased prevention / security awareness, facilitated by partners in conjunction with Jupiter;
- Business planning is shown to be an activity considered by those anticipating growth as a key factor in this. Further, facets of business planning (including resourcing, budgeting, staffing, product supply & demand, sector awareness) are shown to impact (by nature of their absence) amongst those anticipating a less positive future. Partners may wish to look at increasing the existence, availability and awareness of guidance on business planning amongst (particularly small) Lincolnshire employers;
- Linked to this, and we suggest potentially an element of the same intervention, training plans and their benefits show potential to be keenly felt by under-performing organisations (micro businesses again come to the fore);
- Whilst staff turnover is not a key issue to emanate from the research, we note the good work underway by some in the form of Employee Assistance Programmes (including flexible working, support for learning, careers guidance) and suggest this be encouraged / facilitated by partners. There is a notable distinction by sector, with a number of lessons to be learned from the service sector, particularly public administration. The temptation to acknowledge this as a sector habit should be avoided so as not to miss learning opportunities. Partners may wish to consider facilitating this learning / specification of best practice;
- Again, linked to this, whilst hard-to-fill vacancies are not particularly prevalent amongst the research sample, we note the potential for poor sector image and low wages to be contributory factors, alongside the more vehemently stated general lack of (skilled) applicants with 'the right attitude'. It may be appropriate for partners to work with these sectors to engage in 'selling the sector' to the local workforce, including those who may be

encouraged by job environment / satisfaction / non-traditional working hours / arrangements in contrast to the highest rates of pay. This may also include some of the Employee Assistance Programme interventions in place;

- We cannot ignore the skills gaps, both current and anticipated, and recall the focus on softer generic skills as well as some of the more specific intermediate occupation skills. We suggest that more detailed consultation with key employers (both long term resident employers and major employers) in specific businesses would be beneficial here, to understand:
 - the nature of these gaps;
 - the very specific skills at play;
 - the implications of these gaps; and,
 - employers preferred suggestions for intervention.
- Given the commonality in cause of skills needs fundamentally being 'progress' it may be worth partners exploring changes anticipated on a sector by sector basis, over the immediate and longer term futures, to try to anticipate skills requirements *with* employers. This could be an added outcome of the above consultation. Greater knowledge at an early stage would also assist with evaluating skills supply locally, and support the mapping of appropriate training provision (identifying that to be filled);
- Whilst not *relatively* important in the context of skills needs, the fact that one in three Lincolnshire employers cites basic skills (literacy and numeracy notably) cannot be ignored; especially as these competences form the basis of all others. Awareness amongst employers should be facilitated, including that of funding and provision;
- Further, engagement with the local workforce (/ residents) as to the availability and no-fee status of much of this training should be further publicised;
- Lastly, there is opportunity for promotion of ICT and the internet, partly for external business purposes, but also in the potential for on-line training provision, given the relatively low levels of external training. The role of the Lincolnshire Development Broadband & ICT Project here is self-explanatory.