ABERDEEN CITY COUNCIL

COMMITTEE Enterprise, Planning & Infrastructure

DATE 19^{TH} March 2013

DIRECTOR Gordon McIntosh

TITLE OF REPORT Bi-annual Sector Skills Needs Audit

REPORT NUMBER: EPI 13/042

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1. PURPOSE OF REPORT

This report presents the "Draft" – "2013 Sector Skill Needs Audit", which identifies the current and predicted skill shortages within the local economy, across all key sectors. In addition there is an opportunity to evaluate how skill shortages, barriers to recruitment and predicted employment opportunities in some sectors have increased/decreased since the last report. This audit also gives an insight into the changing employment trends and also the employment opportunities and restrictors for graduates and school leavers linked to the current economic climate.

2. RECOMMENDATION(S)

a) It is recommended that committee support the production and circulation of this audit as a robust tool that is reflective of the current local skill situation.

b) It is recommended that committee agree to the use of this audit to inform partners on the current situation.

c) It is recommended that committee support the use of this audit to develop future initiatives that will work towards addressing the skill issues raised within the audit.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from the production of this report.

Delivery of future initiatives to address the issues will be financed within existing financial allocation and partner's contributions.

4. OTHER IMPLICATIONS

Staffing

If approval is given for the recommendations, the work plan of the Employability, Skills and Community Enterprise Team will be changed to reflect this work. It is also assumed that the information contained within the audit will be used to inform the development of internal and external partners work plans, ensuring partnership working to deliver the objectives.

General

The potential activities that will be driven by the findings within this audit are aligned to and supportive of the current key objectives of our external partners e.g. ACSEF, Skills Development Scotland, Oil & Gas UK. This will ensure that a partnership approach will be taken to ensure effective delivery and use of resources to address the identified common needs and objectives.

5. BACKGROUND/MAIN ISSUES

Aberdeen City Council have now conducted the fifth sector skills needs audit that is used both internally by Aberdeen City Council and externally by our key delivery partners to drive the strategic planning and design of local activities to address the key skill issues within our city, to ensure the Aberdeen City & Shire has a sufficiently skilled population to meet the current and future demands of locally based companies.

Over **500** local employers from both the private and public sectors were invited to respond to a sector skills need audit (hosted by Survey Monkey) in June 2012. Further reminders were sent to all companies in October and November 2012. Links to the survey were also circulated by our partner agencies. This survey asked respondents (in relation to skills) to highlight problem areas, areas of predicted growth, impact of growth within the Energy sector on recruitment and general recruitment and skill issues.

By conducting this fifth audit, Aberdeen City Council will be able to identify key current and potential future skill issues that could negatively impact on the future economic growth of the Aberdeen City and Shire region and gauge the impact the current increased activity within the Energy sector has had on overall recruitment and retention in the last period and is likely to have going forward. In addition to this a comparator where appropriate has been conducted with previous "Sector Skill Needs Audits" to clarify if similar trends have continued, increased or reduced and also identify new emerging trends.

To date **35** companies employing over **3,746** staff have responded to the survey and of those 35 respondents 20% have agreed to meet with an Aberdeen City Council officer. These meetings were used to further probe skill issues and promote services that are currently available from Aberdeen City Council and their partners to assist company growth and sustainability.

This audit has concentrated on the same 12 business sectors as previous audits, and included the ever growing Third sector to allow robust comparisons. Additionally, this audit has included a section on the recruitment of school leavers and graduates, both of which have shown growth nationally in relation to unemployment statistics. The audit also aims to identify the key growth sectors for employment, perceptions on employing graduates and school leavers and suggestions to improve the employability of this target group.

Disappointingly this audit has received fewer responses than previous years, which may be attributed to either “Survey fatigue” or to the fact that businesses are extremely busy and working at maximum operational capacity, leaving little time for attending to what many companies may perceive to be an “external”, non priority matter. As this is the key city wide audit that focuses across all sectors it is our intention to continue to deliver this work, however if possible findings from other partner’s audits will be incorporated where practical in the future.

The objectives of this audit are under 3 main headings.

1 Economic Impact

We are seeking to identify whether the national economic situation has had an impact on staffing levels and business and if companies were predicting an upturn in business over the next 12 months via their recruitment predictions. Analysis will also highlight if there has been an increase in the number of part-time working opportunities and if this has been driven by the current economic climate. The audit will also identify if there have been any significant demographic changes in the workforce.

2 Skill Shortages and Sector trends

Do local companies have difficulties when recruiting staff? Are these problems prevalent in specific occupations? Do companies predict an expansion in demand for these skills? Is there an ageing workforce in specific sectors which could drive future replacement demand? Answers to these questions will allow the future development of programmes to either elevate the promotion of these occupations as career options, look at inward migration potential or look at the development of training and inclusion programmes that may address these needs.

With the current and predicted changes in the benefit system (Welfare reform) a large number of economically inactive individuals will be expected to participate in either voluntary or paid employment in the near future. This audit will highlight opportunities to align benefit claimant skills towards these economically rewarding opportunities at an early stage.

3 Utilisation of Local Skills

A specific section of this survey has been dedicated to the opportunities available for local graduates and school leavers. This segment of the population is currently experiencing an increase in unemployment levels, as is replicated across the country and a key priority of the Scottish Government. Many of the former groups are educated within the City but then chose to locate elsewhere within Scotland and England. This research will identify if this drain of essential resources is compounded by a lack of local opportunities, or if there are initiatives that local businesses are willing to participate in that will develop their employability skills, and retain talent in this area.

By conducting this analysis, we will be able to build a picture of the impact that current and future skill shortages within the City will have on economic growth. The survey will also ensure that the development of any future initiatives will be based on facts rather than perceptions.

Findings from this survey will also be circulated to other relevant services within Aberdeen City Council, Aberdeen City & Shire Economic Futures and community planning partners to ensure currency of knowledge and partnership working on future initiatives

Summary of Key findings

Business confidence has increased dramatically since the 2010 audit when only **28%** of respondents predicted an increase in employee numbers over the next 12 – 24 months. This current audit has highlighted that 42.4% expected staffing levels to increase over the next 12 months and 39.4% anticipating staffing numbers to increase over the next 6 months. Of those who predicted an increase in staffing numbers 76.19% stated that this increase would be to service local rather than international contracts, which is extremely positive for the local employment market. All respondents have recruited in the last 12 month period, compared to only 33.96% in the previous audit. This recruitment covered all occupational areas, with a marked increase in the numbers of administrative posts being filled.

The predicted increase in demand is most emphasised for **experienced and skilled engineers, technicians, and crafts people,** with individual business growth in demand ranging from between 5 – 150% for Engineers and 15 – 50% for skilled craft workers.

Unlike the previous audit there was no increase in demand for part-time workers, however the employee demographics within the Care and

Hospitality sectors identified a large increase in workers over retirement age, who mainly operated on part-time contracts.

Further reinforcement of the increased business confidence can be supported by the massive increase of permanent to contract/temporary staff with the current average ratio being 10.35:1. The ratio for 2010 was hugely different at 2.15:1. This current swing has provided a much higher level of job security within the city. Employers may also have felt that they will have a much more stable workforce if they offer permanent posts.

62.9% compared to **56.9%** in the 2010 audit had or believe they will face recruitment difficulties in the future. **100%** of respondents from within the Healthcare, Financial, Engineering, Energy, Transport and Communications and Construction sectors had or believe they will face recruitment difficulties in the future.

As per previous audits engineers, technicians and craft and skilled trades were the most frequently cited as problematic areas. The reasons given for these difficulties were largely due to a lack of available experienced staff, salary expectations, competition from the Energy sector and lack of available skilled staff.

In relation to the age profile of the current workforce there has been an increase in employee numbers from within the 61 -65 and 65+ age brackets, this is most predominant within the Healthcare and Hospitality sectors, which have difficulties due to the poor perception of their industry. Both these sectors also highlight an increase in part-time working contracts, which again may be to suit the needs of their ageing workforce. This increase in the utilisation of post retirement age employees is also mirrored within the Energy and Engineering sectors, which again reinforces their desire for experienced staff.

The current concern relating to the employment opportunities for school leavers and graduates was also investigated in this audit and produced the following findings.

82.9% or responding companies employed graduates – an increase from **72%**in the 2010 audit, The acute skill shortage from within the Energy and Engineering sectors has positively seen the participation in recruitment of Graduates rise from 58% (2004) to 100% (2012) within the Energy Sector and 42% (2004) to 100% (2012) within the Engineering sector.

In terms of school leavers **65.7%** of respondents did recruit from this category, an increase of **13.7**% from the 2010 audit.

The 2 main reasons given for the non employment of school leavers and graduates were: “Lack of relevant vocational skills/experience” and “Applicants are ill prepared for the world of work” – a key reason for non employment of this segment in the previous audit was due to the workforce reducing due to economic conditions.

Throughout this activity a strong sense of need to engage/advise and support the educational system to ensure that new entrants to the workforce have the appropriate skills for positive engagement was evident, which will drive the development of increased activity and education/business relationships.

Overall this audit has confirmed that responding businesses are positive about the current economic climate, manifesting in increased recruitment, job creation, increase in permanent contracts, increase in both school leaver and graduate employment. The increase in activity within the Energy sector has seen growth in demand for goods and services from other sectors, who are having increasing recruitment and retention difficulties due to the high salary level attainable within the Energy sector.

Aberdeen City Council will use this audit as a tool to further engage with and probe issues in relation to skills across all sectors within the city prior to developing a strategy/action plan. Once complete the strategy/action plan will be published on Aberdeen City Council Website www.aberdeencity.gov.uk

6. IMPACT

Corporate

The project contributes significantly and directly to the achievement of

Single Outcome agreement (SOA) National Outcomes:

1. We realise our full economic potential with more and better employment opportunities for our people
2. We are better educated, more skilled and more successful

Aberdeen the smarter City

1. We will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self-esteem
2. Working with our third, public and private sector partners, we will provide opportunities for lifelong learning which will develop knowledge, skills and attributes of our citizens to enable them to meet the changing demands of the 21st century.
3. Again, working with partners, we will create a City of Learning which will empower individuals to fulfill their potential and contribute to the economic, social and cultural wellbeing of our communities.
4. We will aim to have a workforce across the city which has the skills and knowledge to sustain, grow and diversify the city economy.

Equality and Human Rights Impact Assessment, A full Equality and Human Rights Assessment has not been conducted at this stage, however full EHRA will be conducted when developing and delivering and activity driven by the findings within the Sector Skill Needs Audit.

7. BACKGROUND PAPERS

No background papers were used in the production of this report

8. REPORT AUTHOR DETAILS

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DRAFT

Aberdeen City Council Sector Skill Needs Audit January 2013

Heather Farquhar

Enterprise, Planning & Infrastructure

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Executive Summary

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Introduction

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Methodology

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When we are using a sector based comparator it must be understood that responses from different sectors varied in number and are not equitable, however this disparity is also present in sector ratios across all registered businesses within Aberdeen city e.g. Financial activities represents 1.2% of registered businesses and hospitality represents 5.74%.

Prior to issuing the questionnaire every effort was made to ensure equal opportunity to participate was given to all sectors and sizes of organisations.
Responses were obtained from the following key business sectors.

Transport & Communication, Hospitality, Healthcare, Manufacturing, Energy, Commercial Services, Engineering, Construction and Third Sector.

Unfortunately no responses were received from Financial, Food Processing, Public Administration or Retail sectors.

With the current skill shortages within the Energy sector reaching a near critical level, a large number of audits and surveys have been undertaken by various public and private organisations (Price Waterhouse Cooper, Opito, Aberdeen and Grampian Chamber of Commerce etc) over the last 12 months to verify this perception. This “survey fatigue” may have impacted negatively on the response rate for this audit

The objectives of this audit are under 3 main headings.

Economic Impact

We are seeking to identify whether the national economic situation has had an impact on staffing levels and business and if companies were predicting an upturn in business over the next 12 months via their recruitment predictions. Analysis will also highlight if there has been an increase in the number of part-time working opportunities and if this has been driven by the current economic climate. The audit will also identify if there have been any significant demographic changes in the workforce.

Skill Shortages and Sector trends

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Findings from this survey will also be circulated to other relevant services within Aberdeen City Council, Aberdeen City & Shire Economic Futures and community planning partners to ensure currency of knowledge and partnership working on future initiatives

Economic Impact

Market Expansion

In order to ascertain the validity of the data within the current marketplace against responses, respondents were asked if current staff numbers were a true reflection of the standard workforce. **93.9%** of respondents were in agreement with this statement. The sectors that indicated this was **not** a true reflection of their workforce were: Third sector and Commercial sector both of whom were in the process of recruiting staff to take their numbers back to standard levels.

To gauge market confidence, respondents were asked to identify an option that was most relevant to their current staffing situation. From the options available the highest percentage **42.4%** positively stated “We expect staffing levels to increase over the next 12 months” with **39.4%** stating “We anticipate staffing levels to increase over the next 6 months”, only **18.2%** stated that “Our staffing numbers have shown a reduction over the last 24 months due to the economic downturn.” The audit also identified that the majority of staff increases would be to service local based contracts, which will positively create more employment opportunities within the city, rather than export skills to service overseas contracts.

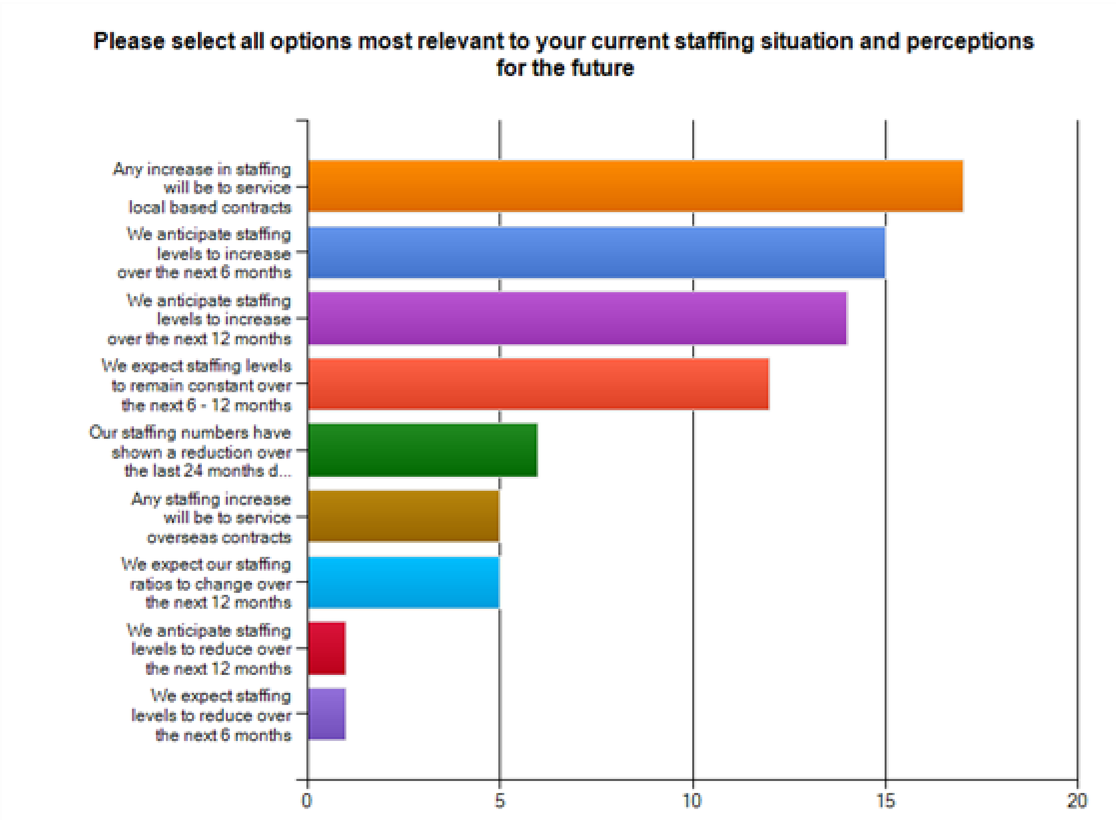


Figure 1

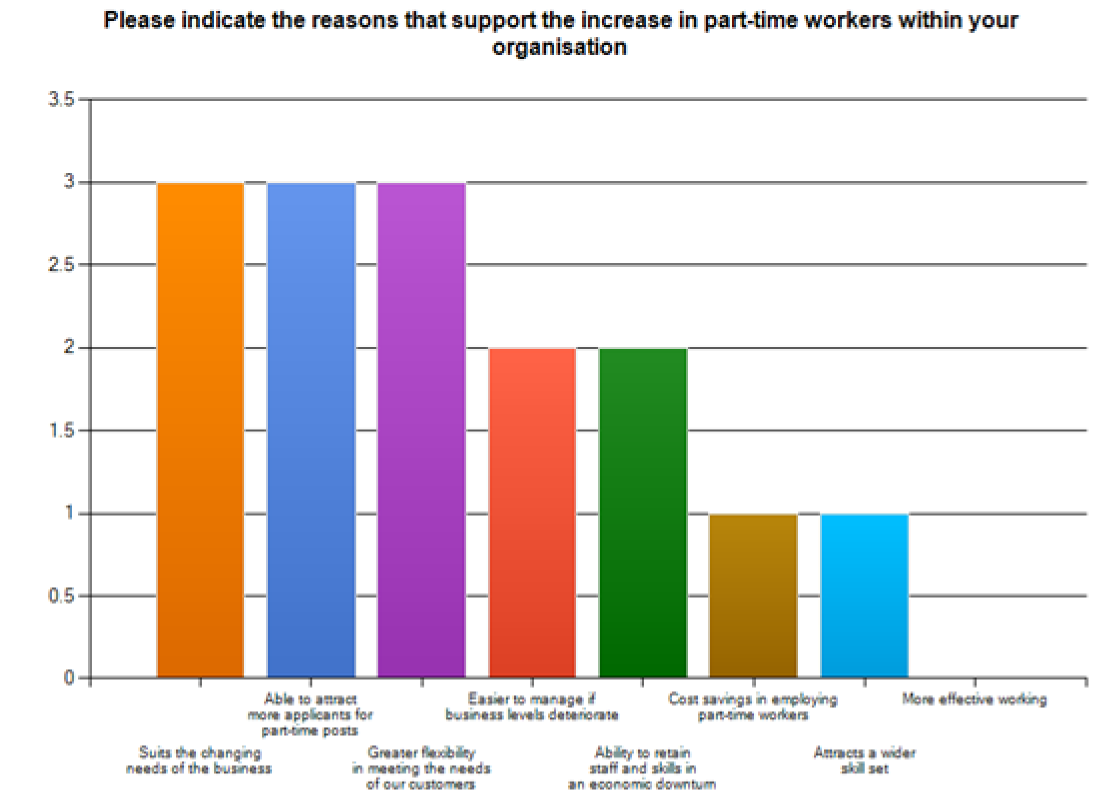
80% of respondents from within the Engineering sector, **100%** within the Energy, **75%** within Construction, **67%** within Care, **85%** within Hospitality and **66.7%** within the Third sector positively stated that there is an expectation that staffing levels will increase over the next 12 months.

This is a dramatic improvement of perceptions from the 2010 audit when only **26%** of respondents stated that they felt staffing numbers would increase over the next 6 – 12 months

Probing further, respondents who were positive about short term business growth were asked to identify which categories of employment were most likely to increase over the next period. As per previous audits Engineers featured most frequently in the responses with Mechanical, Field, QA, Electronic, Electrical, Hydraulic, Design and Petroleum Engineers the most frequently cited, with some respondents anticipating a growth of these professions by **5 – 150%** Technically skilled staff were also a key future requirement with – Joiners, Electricians, Plumbers, Builders, Buyers and Construction Operatives cited to increase in demand by between **15 - 50%.** An increase in demand for Managers was highlighted across a number of sectors.

To identify if staffing compliments had changed due to the economic situation, respondents were asked if there had been an increase in part-time workers within their businesses. Overall **81.8%** stated that there had not been an increase in part-time working compared to **66%** in the 2010 audit. Sectors that did report an increase in their part-time workers (Care **66%**, Hospitality **28.6%** and Third Sectors**33.3%)** gave the following reasons:

Figure 2



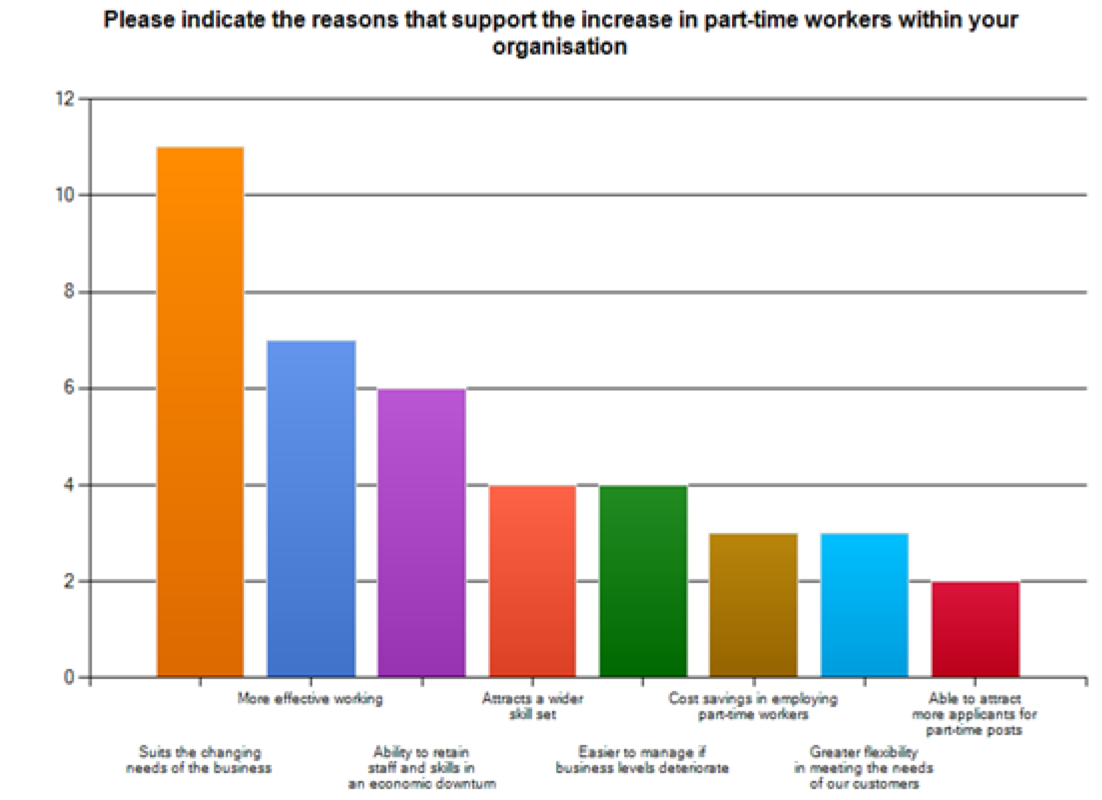


Figure 3

As can be seen from the figure 2, utilisation of more part-time working has been for positive reasons, which ultimately mean that a greater range of skills can be attracted and also part-time working is a key tool in attracting additional staff to the workplace. In contrast figure 3 above which illustrates the responses from the 2010 audit listed the ability to attract more applicants for part-time posts as the least important factor, highlighting that employers are being more flexible now in their attempt to recruit staff in the ever tightening labour market. This can be seen in the increased numbers of employees over the age of 61 now employed within the Hospitality and Care sectors.

A further test of market confidence is to view the ratio of permanent staff to contract/temporary staff. Within this audit the percentage of permanent positions is **90.34%** against **9.66%** contract/temporary positions. This is an impressive increase in the ration of permanent positions against contract/temporary positions over the previous 4 audits where only **68%** of staff were permanent in 2010 and the highest previously recorded ratio **84.5%** in 2006. These findings highlight that a larger percentage of workers are now working on a permanent basis, which further supports the view that the economic situation and confidence within Aberdeen city has improved since the 2010 audit.

2. Skill Shortages and sector trends

To understand which sectors still have employment opportunities, respondents were asked to identify if they had recruited in the last 12 months and the numbers and level of staff recruited.

100% of respondents have recruited over the last 12 months which is a massive swing from the response to the identical question in the 2010 audit which highlighted that only **33.96%** of responding companies had recruited over the previous 12 months. This recruitment rate exceeds the reported rate of **98%** in 2008, which was the highest level of recruitment activity recorded since the first sector skills needs audit in 2004.

A further indicator that there is continued confidence and growth within the local business community.

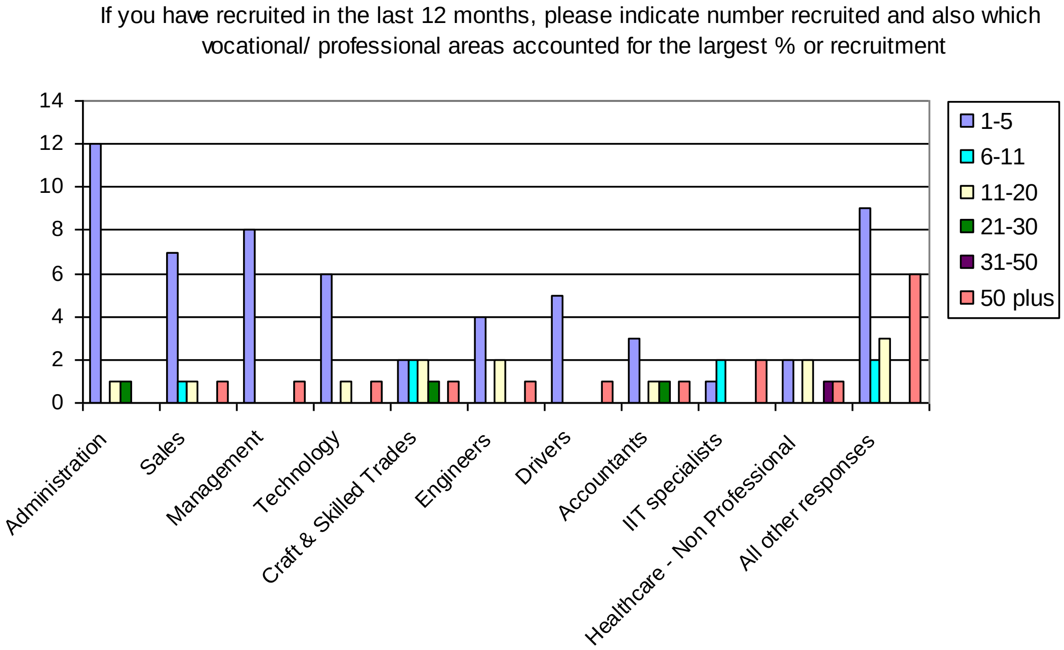


Figure 4

Figure 4 identifies the numbers of companies recruiting and the quantities recruited within specific occupational areas e.g. 12 companies recruited between 1 and 5 Administrative workers and 1 company recruited over 50 Administrative workers in the past 12 months. This chart highlights that there was recruitment across all occupational areas, however numbers recruited vary widely across occupational areas e.g. only 1 company recruited IT specialists, however they recruited 50 plus new employees over the past 12 months. Other occupational areas highlighted as areas for recruitment not contained in the above were: Solicitors, receptionists, service staff, house maids, support workers, cleaners and social care workers.

It must also be noted that some of the recruitment will be for replacement demand rather than expansion demand as the employment market is never static. As stated earlier in this report a large number of businesses predict an increase in employee numbers over the next 12 months, which could quickly change the formation of this chart.

Although overall recruitment has increased since the last audit, figure 4 does not highlight if companies experienced or believed they would experience recruitment difficulties in the future, nor does it highlight what may be creating these difficulties.

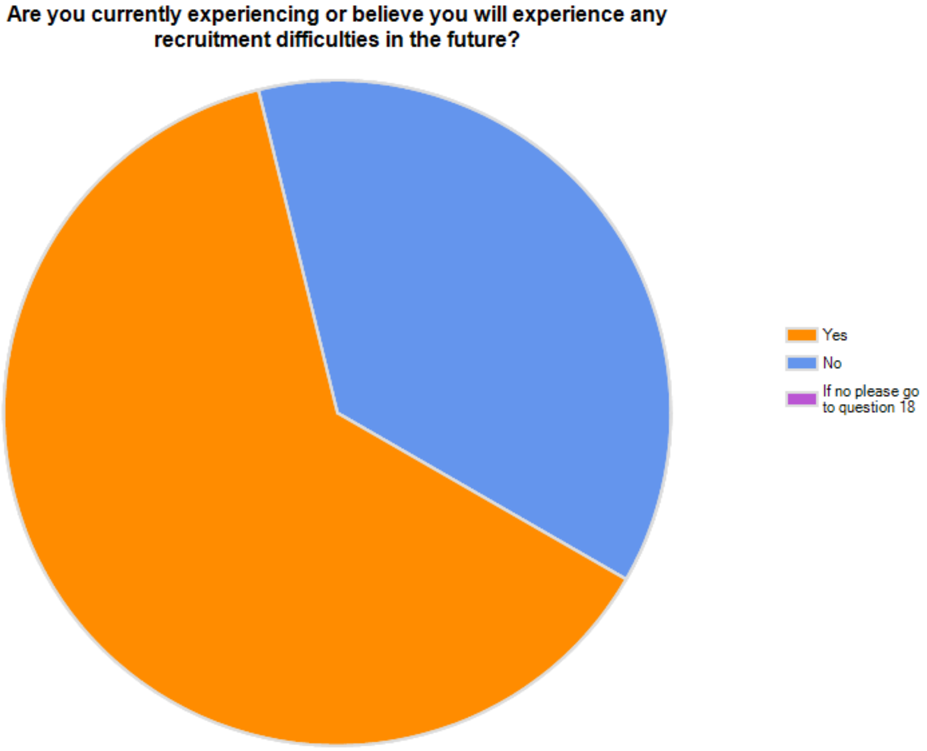


Figure 5

62.9% of respondents stated that they had and believe they will face further recruitment problems in the future, which is an increase from the 2010 figure of **56.9%.** This growth in recruitment issues may even be larger than reported due to the small number of responses received by the energy sector who are widely reported as suffering from recruitment and poaching issues.

Probing these perceived recruitment difficulties further respondents were asked to identify which categories of staff they felt would be most difficult to recruit and also to give an indication of the numbers likely to be recruited over the next 12 months within each of these categories. Unsurprisingly the profession that raised the most concerns re future recruitment was Engineering, with respondents stating they were seeking to recruit between 1 and 60 plus members of staff within that discipline. These concerns were closely mirrored in relation to recruitment from the following other disciplines: Sales, Management, Craft and Skilled trades, Technicians and Administrators.

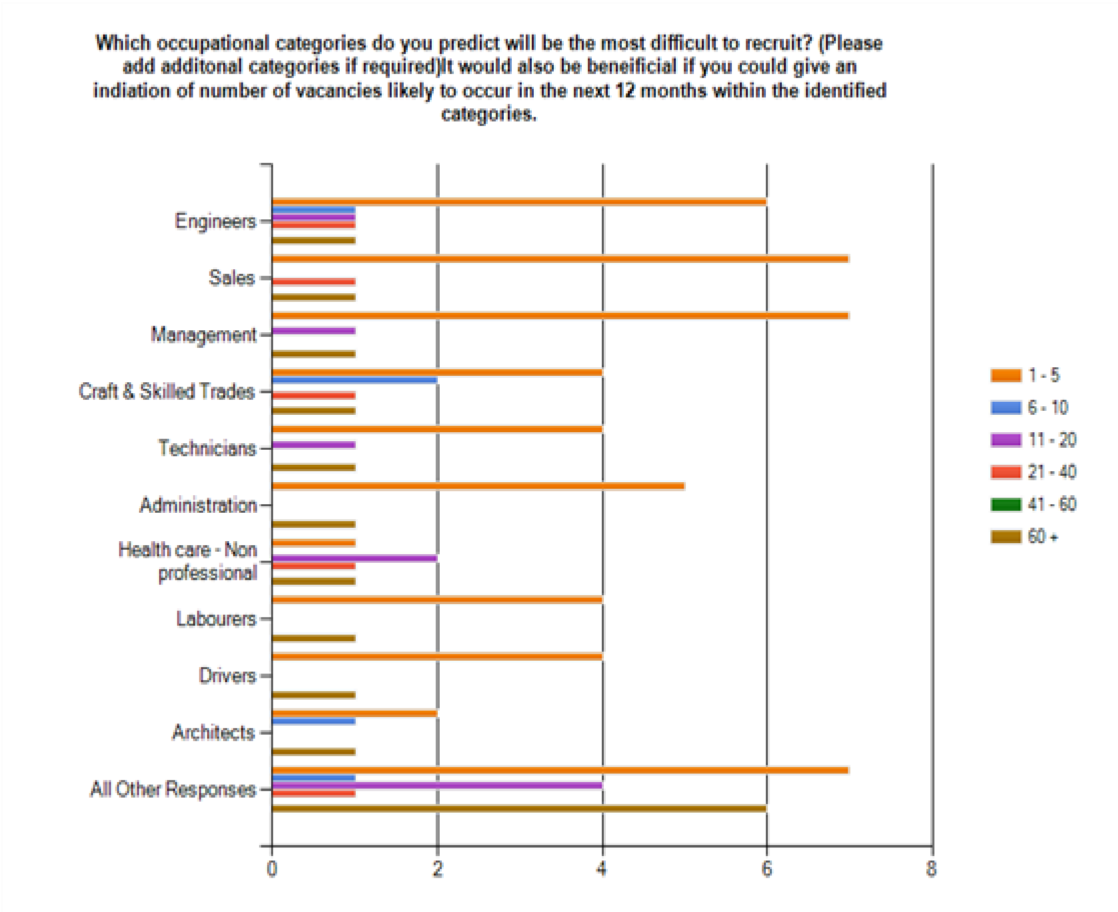


Figure 6

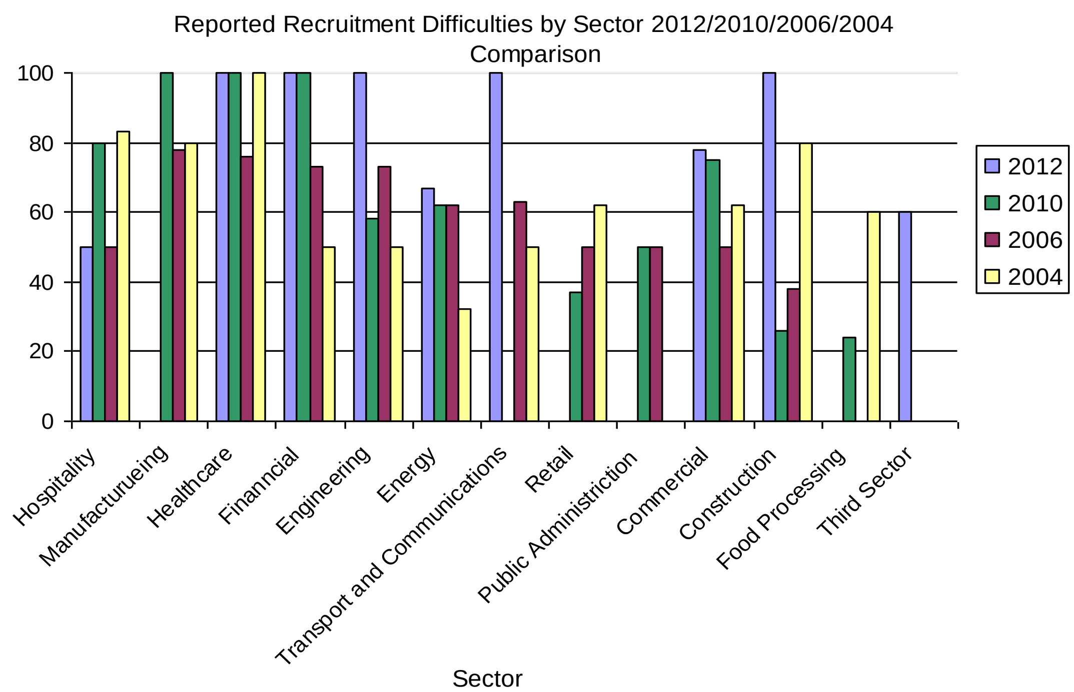


Figure 7

100% of respondents from within the Healthcare, Financial, Engineering, Energy, Transport and Communications and Construction sectors currently experience or believe they will be experiencing recruitment difficulties in the future. (We were unable to report on the Manufacturing, Public Administration or Retail sectors as no responses were received to this question. This indicates a large increase in local businesses experiencing current and projected future recruitment difficulties. The largest increase from the 2010 audit in perceived difficulties is within the Construction and Third sectors. The Hospitality sector does not appear to have the same perceived recruitment difficulties, which may be due to the large student and migrant population within the city that are traditionally attracted to these types of positions. Additionally the increase in use of those aged over 61 may also have temporarily reduced the recruitment issues within these sectors.

Figure 7 also highlights the position from 3 previous audits covering 2004 – 2010.

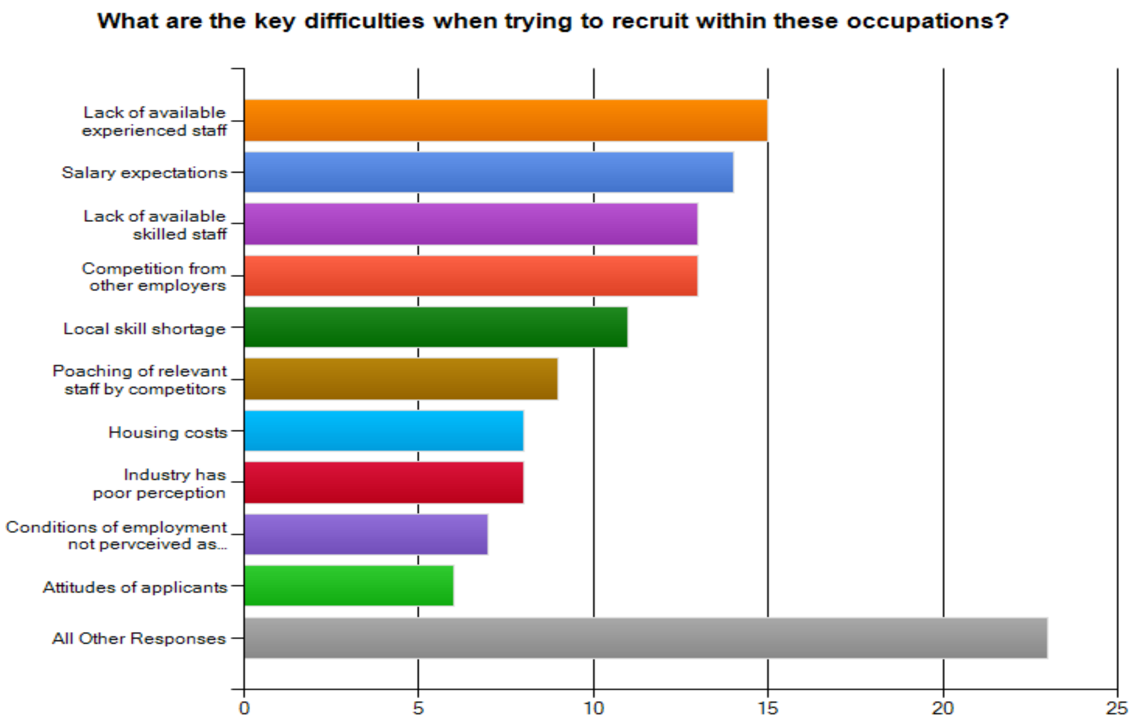


Figure 8

As can be seen from the above chart the key reason for recruitment difficulties is the lack of available experienced staff, followed closely by salary expectations, lack of available skilled staff and competition from other employers. Poaching of staff and competition from other employers also remains highly problematic and, like salary expectations will continue to feature highly until the skilled pool of local labour can be expanded. Competition from other employers and poaching of staff by competitors will further reinforce the tight labour pool and lead to inflationary salary demands, which will ultimately negatively impact of competitiveness of locally based businesses. On comparing the results of the 2012 audit with the 2010 audit it appears that respondents now place more importance on obtaining experienced staff than skilled staff, which will make it more difficult for those with less experience to obtain employment.

Further analysis into sector responses identified that lack a of available skilled staff is the key issue within the Construction sector, with lack of available experienced staff, salary expectations, local skills shortage and competition from other employers jointly ranking as the 2nd key factor.
The Energy sector equally ranked: Lack of available skilled staff, lack of available experienced staff, salary expectations, local skill shortages, competition from other employers and relocation costs as key barriers to recruitment. The Care sector's key recruitment barrier was identified as a poor perception of the industry, whilst Hospitality identified competition from other employers as their key barrier.

Whilst it is appreciated that housing costs within the city are at a premium, it was not perceived as a key barrier to recruitment.

Respondents from within the Hospitality and Engineering sector expressed concerns that they could not compete with the salaries offered within the Energy sector, and were continually losing staff and potential recruits to the Energy sector.

"Competing with the Oil Industry"
"Oil & gas competition and the crazy salaries offered for short term contracts. All our positions are permanent"

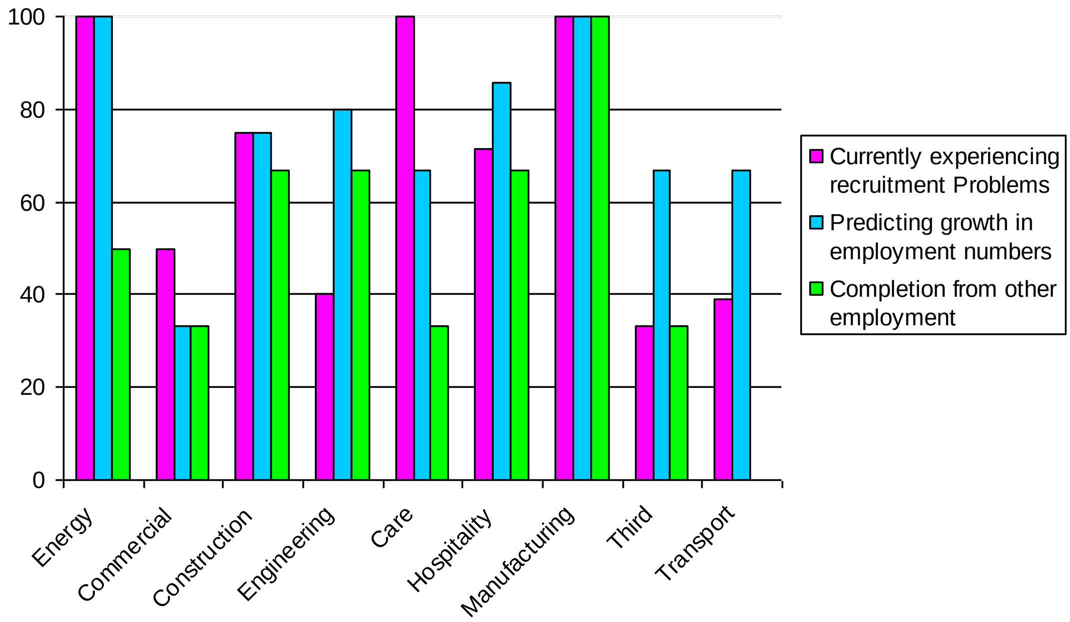


Figure 9
Sectoral recruitment needs and problems

Figure 9 highlights the sectors that are expecting a growth in staff numbers but are restricted in meeting these objectives through general recruitment problems and competition from other employers.

Age Profile

In order to obtain a clear picture of the age profile across the sectors, and to identify which sectors make most use of the active post retirement population, respondents were asked to give an overview of the ages of their workforce. Unsurprisingly the largest majority of respondents employed people in the age bracket of 21 to 45, the smallest majority employed people over the age of 65, closely followed by those aged 61 - 65. Disappointingly only 67.14 of respondents had employees under 21 years of age.

Which age category do your staff fall into?

Sector	Under 21	21 – 30	31 - 45	46 - 60	61 – 65	65 +
Commercial	66.7%	100%	**83.3%**	100%	66.7%	66.7%
Construction	100%	100%	100%	75%	50%	25%
Engineering	80%	100%	100%	80%	100%	80%
Healthcare	**33.3%**	100%	100%	100%	66.7%	66.7%
Financial	50%	100%	100%	100%	50%	**0%**
Hospitality	71.4%	100%	100%	100%	71.4%	85.7%
Manufacturing	100%	100%	100%	100%	100%	**0%**
Energy	100%	100%	100%	100%	100%	100%
Third sector	**33.3%**	100%	100%	**66.7%**	**33.3%**	33.3%
Transport & Comms	66.7%	**66.7%**	100%	100%	**33.3%**	33.3%

Figure 10

No employers from the Financial or Manufacturing sectors employed people over 65 years of age. The Construction sector also offered limited opportunities for this age group. Energy, Engineering and Hospitality sectors offered the highest level of employment opportunities for this age group. This report will focus further on opportunities for school leavers and graduates later, but it is worth noting that figure 10 highlights that Third and Hospitality sectors offer least opportunities for those under 21.

A review of the age profiles from the 2010 audit highlighted some interesting changes in employee demographics across all sectors. The Commercial sector employment of under 21 years of age has reduced from 100% to 66.7%, with a similar reduction in representation within the 61 – 65 and 65+ segments. Construction however has increased numbers of employees within the under 21 and 21 – 30 age groups. In summary this audit has highlighted that increased numbers of under 21 year olds are employed within the Energy, Engineering and Construction sectors, whilst at the other end of the spectrum significant increases in numbers employed over 65 can be seen in the Engineering, Healthcare, Hospitality and Energy sectors, which further reinforces the earlier observation that companies are seeking experience over all else.

Utilisation of Local Skills

Recognising the high qualification levels within the local workforce and the demographics highlighting an ageing workforce it was important to seek further clarification on the numbers of companies actively recruiting graduates and school leavers. It was also of equal importance given the increase in unemployment and underemployment within school leavers and graduates nationally to identify sectors not recruiting these labour market entrants and any additional support measures required to reverse this trend. It was also important to identify which other type of applicants were recruited locally.

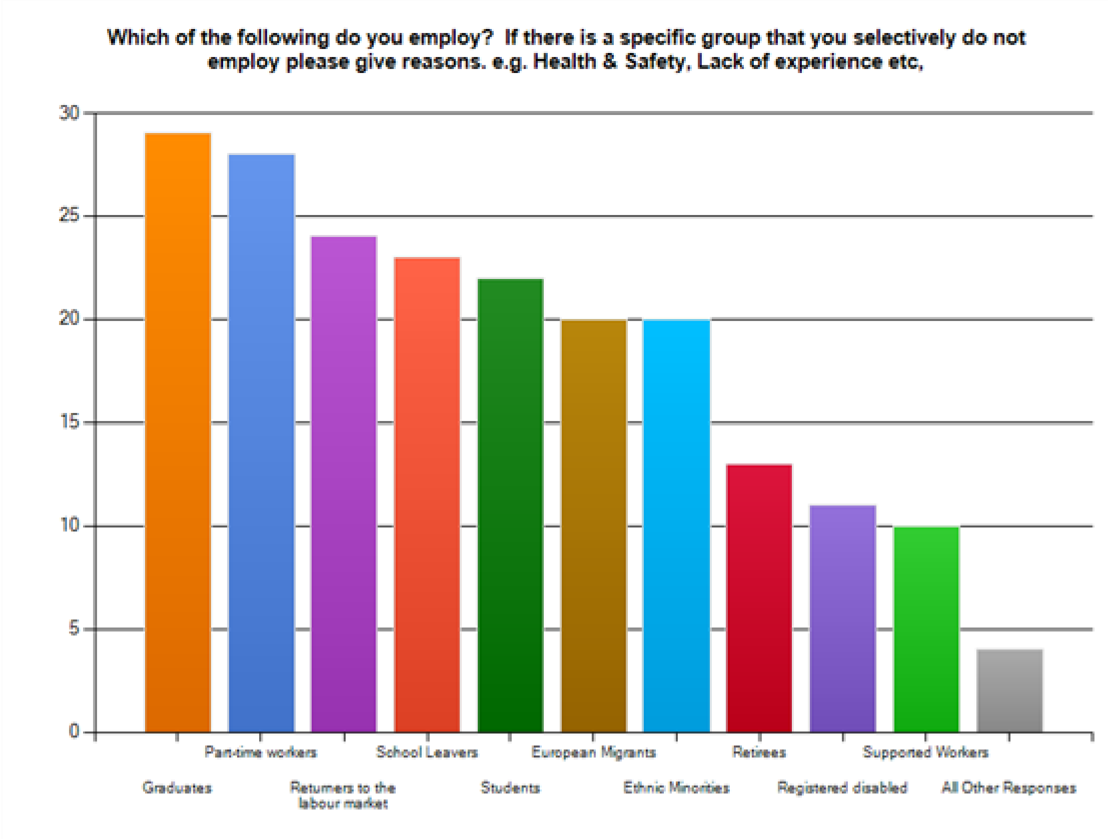


Figure 11

From the above it is clear to see that the majority of respondents employ graduates, part-time workers, returners to the labour market and school leavers, whilst the smallest numbers of employees are from within registered disabled and supported workers– a valuable skills resource that is currently underutilised, and will have greater expectations and need for employment under Welfare Reform. A comparison between this question in the 2010 and the 2012 audit also reinforces that more employers are seeing the benefits in employing retirees. This comparison also highlights that a higher percentage of respondents are employing returners to the labour market, which now ranks as the third highest sector compared to being in 5th position two years ago, which may be to address the increased demand for administrative workers. School leavers have also moved from 3rd most popular in the 2010 audit to fourth most popular in this audit.

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Overall **82.9%** of responding companies employed graduates. (An increase from **72%** in 2010 and from **47**% in 2004). This continuing increase is an indicator of the difficulties faced by many companies when previously only willing to consider "experienced" staff. As highlighted in earlier sections, Engineers of all disciplines were the most difficult to recruit, this is reflected in an increase in the recruitment of graduates within the Energy sector 58% (2004) to **100% (**2012), Engineering 42% (2004) to **100**% (2012) .

Graduate recruitment by sector 2004/06/10 comparison

Sector	**2004**	**2006**	**2010**	**2012**
Commercial	48%	100%	50%	**66.7%**
Hospitality	68%	75%	0%	85.7%
Energy	58%	80%	85.7%	100%
Healthcare	50%	50%	50%	100%
Engineering	42%	50%	57%	100%
Manufacturing	100%	48%	0%	100%
Transport & Comms	100%	15%	100%	**66.7%**
Construction	40%	10%	100%	**75%**
Third sector	na	na	100%	100%

Figure 12

Overall figure 12 highlights an increase in graduate recruitment across all sectors apart from Construction and Transport and Communications, with the most significant increase in the hospitality sector.

The above data must be viewed bearing in mind the following statements:

1. Respondents are not identical year on year
2. Numbers of respondents for each sector have varied year on year.
3. This audit did not ask respondents to clarify whether graduates were employed in graduate level positions.

To produce a clear picture of opportunities for those wishing to enter directly into employment, respondents were also asked if they recruited school leavers (16-18 years old).

Longitudinal sector analysis of school leaver recruitment

Sector	2004	2006	2010	2012
Public Administration	100%	100%	100%	100%
Commercial	70%	100%	50%	**83.3%+**
Financial	60%	50%	0%	**100% +**
Hospitality	80%	100%	100%	71.4%
Energy	32%	65%	35.7%	**50% +**
Retail	100%	82%	66.7%	na
Healthcare	80%	25%	50%	33.3%
Engineering	65%	64%	71%	**80% +**
Manufacturing	80%	70%	50%	**100% +**
Transport & Comms	50%	64%	0%	0%
Construction	45%	50%	50%	**100% +**
Food Processing	90%	50%	100%	na
Third Sector	na	na	75%	33.3%

Figure 13

65.7% of respondents stated they did employ school leavers an increase of **13.7%** from the **52%** positive responses in the 2010 audit. The sectors with most opportunities for school leavers were Finance100%, Construction 100%, Commercial 83.3% and Engineering 80%. This large increase in opportunities within the Construction sector reinforces the renewed confidence in the sector. The sectors reporting least opportunities for School leavers were: Transport & Communications, Healthcare and the Third Sector.

Reasons for reduction in employment opportunities for school leavers and graduates

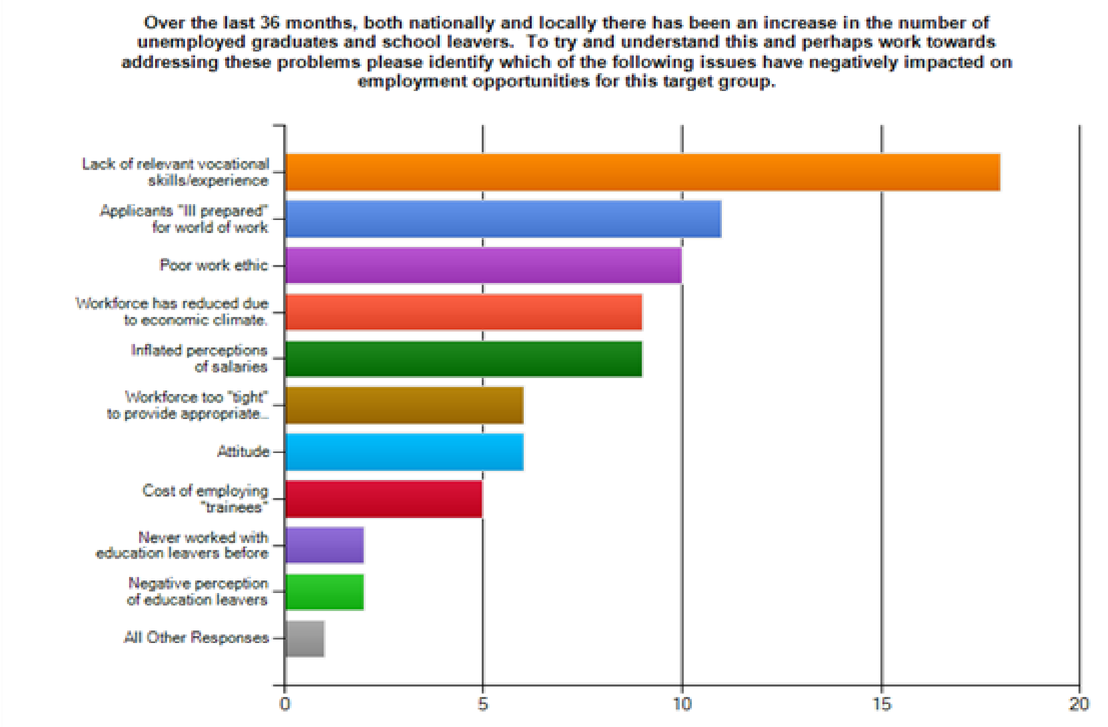


Figure 14

Respondents were asked to identify which reasons if any, attributed to their reduction in employment opportunities within this segment. The most common reason cited was the lack of vocational skills and experience, closely followed by “Applicants ill prepared for world of work”. “Poor work ethic” and an “Inflated perception of salaries” were equally third. Responses from the 2010 audit differed to reflect the economy at that time with a high majority of respondents citing that the workforce has reduced due to economic conditions. Further analysis of the 2010 responses clearly highlighted that economic drivers played a very large part in the non recruitment of school leavers and graduates, whereas work readiness and attitudes featured much more in the responses for the 2012 audit.

To probe further into this area respondents were asked to expand further on the reasons for non engagement with graduates and school leavers

“BIG JOB IN OUR PRESENT CULTURE ATTITUDE school leavers are not prepared for work. The standard of communication ie reading writing arithmetic a pride in ones work and the following job satisfaction you can get when you do a good job is missing from most school leavers. A lot of my long term employees joined my co from school and are still here or stayed with us for a time 6 to 10 years before moving on we like to have at least 2 school leavers a year but getting one`s with the right attitude is so difficult now (they all want to sit at a computer) even their attendance is poor”

“A realistic view/perception of the real world and employment chances.”

“We have employed graduates in the last few years and have taken annual work place students, we find this very successful. However as you require some feedback we have found a bit of a ‘I know best’, almost arrogance, from some graduates. Although they may have done well at University applying their skills in the real world as well as dealing with customers can bring them down with a bump! We are working with RGU to help tailor the courses to the real world.”

“90+% of young people coming from both school and university are unable to distinguish between the use of "to ~ two ~ too" and also between the correct usage of "their ~ there". Industry is being let down by educationalists who have no interest in listening and who believe that spellcheckers make up for poor teaching.”

“better work ethic long term reliability”

“Practical work experience - placement jobs while in education. Difficult to achieve though.”

“We employ a lot of graduates with appropriate degrees and train them . Employing school leavers direct is more of a problem as they have no technical skills.”

"I think there should be more work experience provided for school leavers so they can make an informed decision on where they see their future. I also would implore there be more training or mentoring provided to budding entrepreneurs."

"We employ from all groups. BUT the qualification framework in this area is TOTALLY geared to oil & gas."

The above sample of responses clearly highlight a need to strengthen the links between local businesses, schools, universities and pupils and create more meaningful exchanges and opportunities for appropriate attitude and skill enhancement.

Recognising the need to support employment and employer engagement with this target group the audit went on further to identify which support measures could potentially increase engagement.

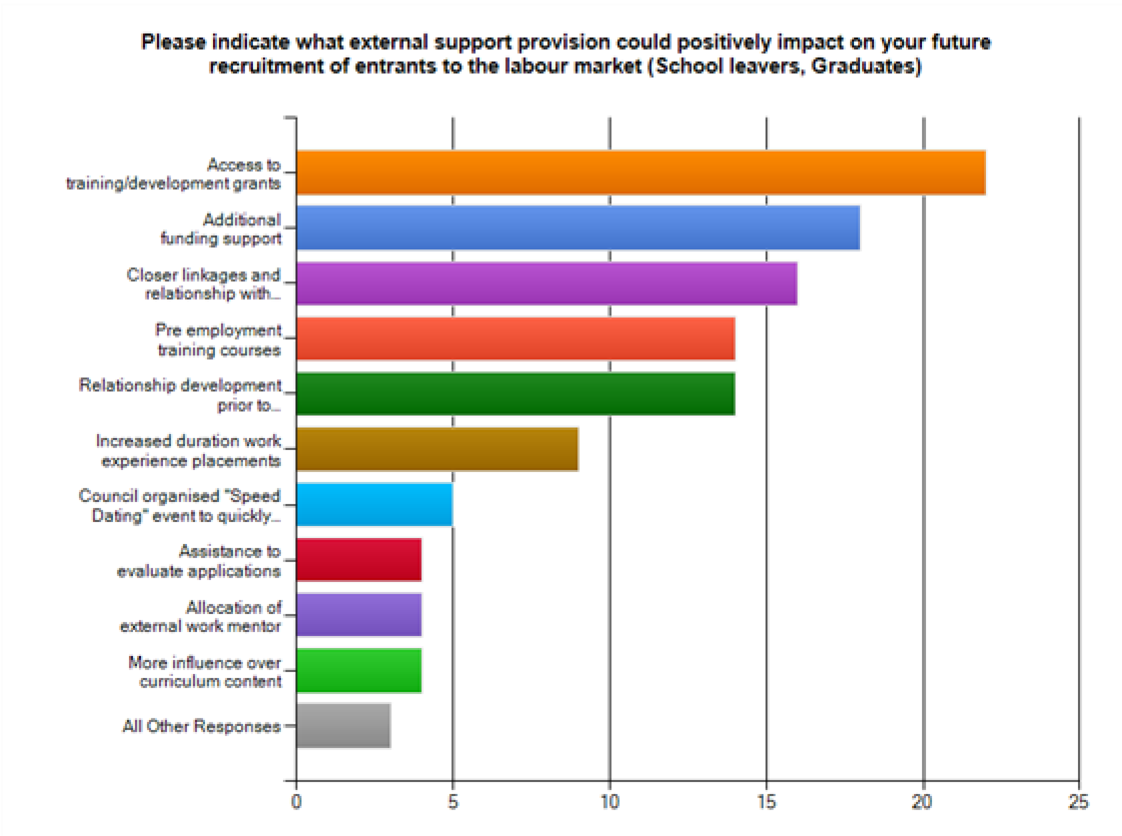


Figure 15

Figure 15 indicates that there are 2 key areas of support that would potentially lead to increased employment opportunities for this target group.

Attraction of additional funding

Increased early engagement with target group

As there is currently no additional financial assistance available to assist in the recruitment to these new mainstream entrants to the labour market, all efforts must be made to support communication between local business and education providers to ensure the needs of the business community are integrated into all skill development areas and pathways are created to aide the development of increased business engagement within the education services. Reassuringly 67% of respondents were involved in some sort of activity to support the education of school children and graduates e.g. Work experience, training and counselling, participation in a variety of initiatives. These positive contributions to the education system provide a firm foundation on which Aberdeen City Council and its partners can build upon.

In addition to selecting the pre set answers above, respondents were given the opportunity to add their own thoughts on how to make school leavers and graduates more attractive to employers:

“School leavers with a report from their Teachers giving a true reflection on the pupil ie poor academics but good with hands ,or attendance good, slow learner but retains what he learns. or very competent”

“Some general experience of business and work.”

“Willingness to learn team working”

“Educational courses and qualifications matching skills eg Quality Assurance City & Guilds - no longer offered in Aberdeen”

“Improve links to schools”

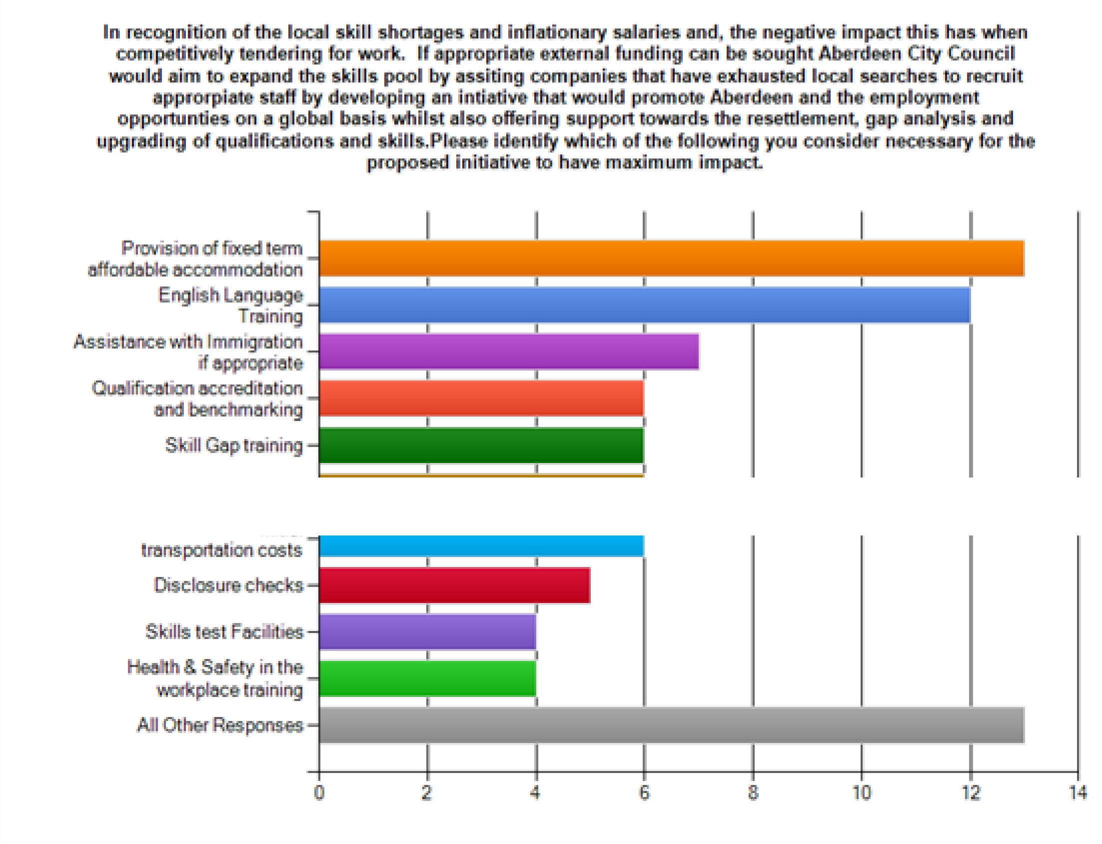
“Task educators to return to the original values of English and arithmetic”

*“*English as a first language ~ but it should be done in schools and not in the workplace”

“Vocational training for school pupils”

Additional Support
Talent Attraction

What key activities are required to attract talent to Aberdeen.



To try and expand the tight labour market and access appropriate skills for the skill shortage areas many companies, especially those within Energy, Engineering, Healthcare and Hospitality are now actively recruiting outwith Aberdeen, Scotland and in many instances outwith Europe. With a job density of 1:1.22 in the city (1.22 full time posts for every person of working age within the city) and a national job density of 1:0.76 there are clearly insufficient personnel to fill all vacancies, even if those seeking employment had the appropriate skills and expertise.
Respondents felt that the lack of available affordable accommodation was a severe restraint when trying to attract people to relocate to the city, especially those at the bottom tier of salary scales. The other key restrictor is the availability of English as a Second Language tuition. Again this demand is more prevalent for those attracted to lower level vacancies.

Final Comments

In the final section of the audit, respondents were given an opportunity to identify areas that Aberdeen City Council through the attraction of additional funding could support and develop the local business community. This information could be used in the future as evidence of need for external funding applications. Suggestions received were wide ranging but there appeared to be a common need for support in the following areas: (In order of demand)

Core skill Development
Supervisory/Management Training
Teambuilding
Training Needs Analysis
English as an additional Language Training

Demand for Core skill development needs were **300%** higher than for the other categories.
In order to promote skill and business development, Aberdeen City Council will try to identify and apply for appropriate funding pots to enable locally based SMEs to access the affordable skill development programmes as identified.