



ABERDEEN
CITY COUNCIL

Aberdeen City Council Sector Skill Needs Audit January 2015

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Executive Summary

To clearly set the context of this audit in light of the substantial decrease in Brent Crude Oil Price readers must recognise that much of this data was collected in Autumn 2014 and the impact that Brent Crude Oil price reduction has had on the energy sector in terms of economically viable exploration and development. This factor has currently driven a reduction in staffing across many employment categories within the Energy sector, significantly changing the recruitment landscape within the sector. Surplus staff may move from the Energy sector to other sectors showing a skill shortage (Engineering, Construction etc.) and alleviate recruitment issues within these sectors.

It is also worth considering that during the current downturn within the Energy sector that some displaced personnel may select this as an opportune time to retire, or seek employment overseas and never return to the UK Energy sector, which may further negatively impact on the available skills base when activity within the Energy sector increases in the future.

Due to continuing decline in response rates to this survey over the past 4 years the decision was made to simplify the response process and reduce the number of questions within the survey. These changes have seen a dramatic increase in response rates of almost 300% since the 2013 audit. Whilst this is extremely encouraging the simplification of the survey process has led to a reduction in the depth of information collated and ability to conduct meaningful comparators across previous audits.

Since the 2010 and 2013 Audits there has been considerable reported growth in business activity across all sectors within the city, especially within the Engineering, Energy and Construction sectors.

This audit specifically focused on “Skill shortage” within the business community and the “Economic Impact” these shortages would have in the long and short term, on local businesses.

Analysis of returns clearly identified skill issues across all sectors within the city, with these issues most strongly felt within the Energy, Engineering, Construction, Manufacturing and Healthcare sectors.

The most prevalent recruitment difficulties are for professional and technician level staff, closely followed by semi-skilled staff. These shortages have driven a significant increase in contractor numbers, which potentially increase operating costs and reduce company competitiveness.

Companies were actively recruiting and training unemployed and unskilled personnel as a means to increase the labour pool and address skill shortages. There is a significant opportunity to increase business engagement with and recruitment directly from secondary, further and higher education establishments, with only 42% of respondents currently engaging with these establishments.

53% of companies increased salaries as a tool to attract new staff, again this will potentially increase operating costs and reduce company competitiveness. Companies with over 200 and less than 5 employees were least likely to increase salaries to attract staff.

This audit also highlighted that there is scope for more companies to use retired, part-time workers and Modern Apprenticeships to address skill shortages.

Both construction and manufacturing sectors cited increased the usage of agency workers as the best way to attract new staff whilst the engineering sectors most successful recruitment initiative was to recruit from outwith the UK.

Overall the 3 key barriers to recruitment are:

Lack of qualified people
High Salary expectations
Lack of experienced people

Quality of school/further education leavers was only a barrier to recruitment for the Engineering sector and within companies with 51 -100 staff. Efforts to increase the skilled labour pool by attracting people from outside the city were negatively impacted by:

Lack of affordable accommodation
Cost of Living
Competition from other sectors/employers

All businesses stated that skill shortages were negatively impacting on their business across 7 broad categories, with the overall 3 top issues being:

Struggle to meet contractual obligations and obtain new work
Increased stress and workload on staff
Restricted business growth

Increased workforce stress has never been highlighted as an issue in any of the 5 previous audits

Looking at longer term business impacts driven by continued skill shortages larger organisations were most concerned about the:

Reduction in quality of service

Whilst smaller companies were most concerned about the:

Reduction of business growth potential

Clearly there are still issues in relation to skill shortages within the city across all sectors which if not addressed will have serious impacts on the sustainability, growth and competitiveness of our locally based companies and potentially a negative impact on the health of their employees.

Finally when asked what Aberdeen City Council could do to assist in addressing the current recruitment and retention difficulties within the city responses were broadly segmented in to 5 key sections:

Increased Business/School links
Accommodation – access to more affordable accommodation/cost of living.
Infrastructure Improvements – Road network improvement/bus service and public transport costs
Introduce Weighting Allowance
Attract more people to the city

Introduction

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

By conducting this sixth 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. In addition to this a comparator where appropriate and possible due to the restructure of the questionnaire, has been conducted with previous "Sector Skill Needs Audits" to clarify if similar trends have continued, increased or reduced and also to identify new emerging trends.

This audit has concentrated on the same 12 business sectors as previous to allow robust comparisons. This audit also aims to identify the current and future impact the skills shortages will have on key sectors.

Since the 2013 Audit we have seen continued growth in the Engineering and Energy sectors within the city and a considerably growth in Construction across all segments (commercial, civil and housing). This growth will impact on the desire for skilled and experienced personnel within these sectors, but also on the ability of other sectors to attract suitably skilled and experienced staff. The restructuring and simplification of the audit questionnaire has been attributed to an increase in respondents from 35 in 2013 to 92 in 2015, however the increase in responses may however be partly attributed to the increased negative impact faced by locally based businesses due to the increased skill shortages reported across all sectors.

In addition to analysis on a city wide sectorial basis, this audit has also analysed finding based on company size to identify if issues are similar across all sizes of businesses, or whether they are sector specific.

The 2015 sector skill needs audit attracted responses from 92 locally based companies, from across 12 key sectors within the city. Interestingly the largest number of responses came from the Construction (19.77%), Energy (15.12%), Healthcare (10.47%) and Engineering (8.14%) sectors. These are the sectors which are currently reported to be suffering most from acute skill shortages within the city of Aberdeen. In the 2013 and 2011 audit there was a very low response rate from the Construction sector (11.4%), despite the strong links between the council and this sector. The Energy sector had a response rate of 5.71% in 2013, representing almost a 200% response rate increase this dramatic increase in response rate must surely highlight a significant growth in business activity within these sectors since the previous audits, hugely impacting on accessibility of skilled personnel.

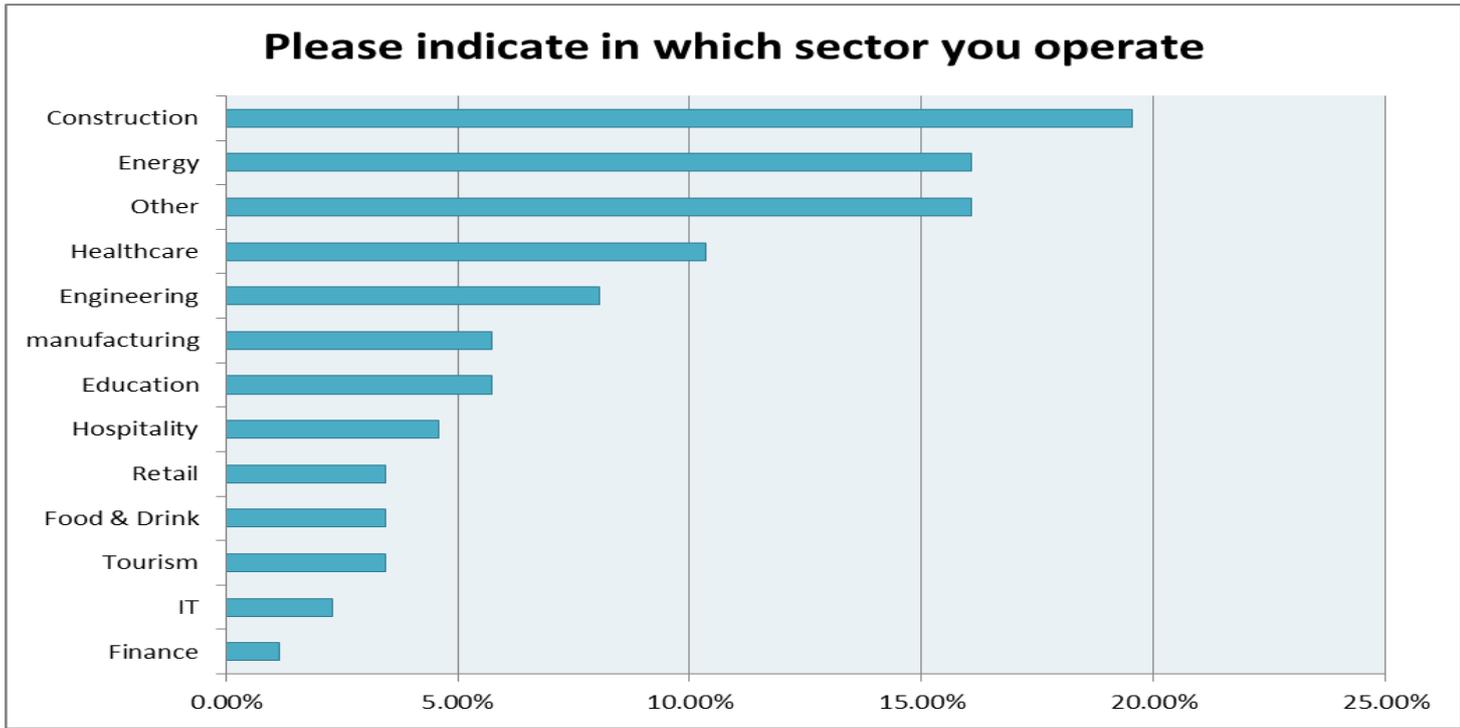


Figure 1

In relation to company size 26.7% were from companies employing 6 – 20 members of staff, 23.26% were from companies employing over 200 staff, 16.28% were from companies employing 21 – 50 members of staff, 13.95% were from companies employing 1 – 5 members of staff, 11.63% from companies employing 51 – 100 members of staff and 8.14% from companies employing 101 – 150 members of staff which gives a good representation of all sizes of business. There were no responses from companies employing between 151 – 200 staff.

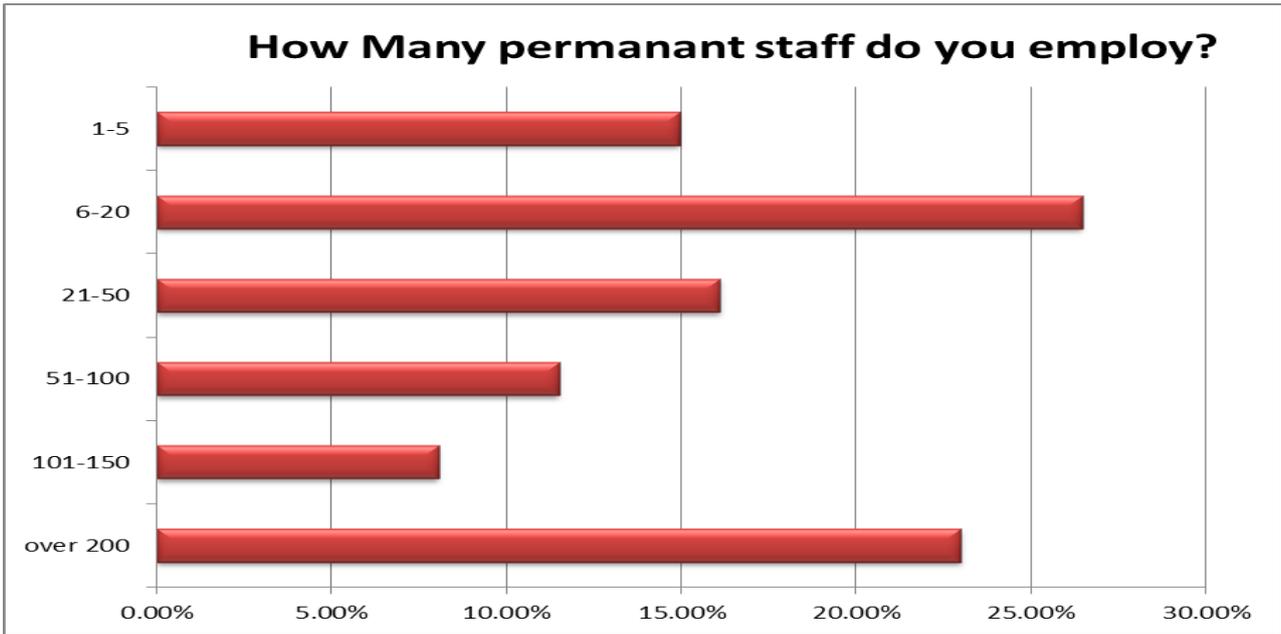


Figure 2

Audit Objectives

Skill Shortages and Sector trend identification

Do local companies have difficulties when recruiting staff? And are these problems prevalent in specific occupations, sectors or company sizes? What measures have been taken to try and address recruitment difficulties? Is there an increase in contractors and temporary workers? 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, wider promotion of Aberdeen as a positive destination for a quality lifestyle and career opportunities and inform the development of training and inclusion programmes that may address these needs. In addition the analysis will also highlight if there are other key barriers to ensuring sufficient skilled and experienced staff are available to allow locally based businesses to grow and maintain their place within the global market place.

Economic Impact

This audit aims to identify the impacts that the reported skill shortages are having on businesses and their employees currently and in the longer term. 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 and business survival. 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

Methodology

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) between July and September 2014. Links to the survey were also circulated by our partner agencies. To increase participation, the questionnaire was simplified to ensure it could be completed without respondents requiring to refer to documentation and colleagues in other departments. This simplification has seen respondent numbers significantly increase from 35 responses in 2013, 64 responses in 2011 to a greatly increased number of 92 in 2014. This survey asked respondents to highlight size of company, number of temporary and contract staff, reasons if there was an increase in contract staff, areas of recruitment difficulties, activities used to attract staff, current and long term impact of skill shortage and real perceived barriers to attracting suitable staff.

A final number of **92** companies from, Energy, Engineering, Manufacturing, Construction, Healthcare, Hospitality, Education, Retail, Food & Drink, Finance, IT and Tourism have responded to the survey and of those **21** respondents 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 recruitment, skills development, company growth and sustainability.

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.

Energy, Engineering, Manufacturing, Construction, Healthcare, Hospitality, Education, Retail, Food & Drink, Finance, IT and Tourism.

Previous audits have offered a comparator over the years, due to the restricting of the data collection tools in this audit, comparisons can be offered only in appropriate areas.

Skill shortages and sector trend identification

Have local companies had problems recruiting staff

What measures have been taken locally?

Has there been an increase in contractors/temp staff

Staffing ratios

A clear indicator of skill shortages is the numbers of contract/temporary staff employed. **65.18 %** of respondents stated that they currently employ contract/temporary staff and **51.61%** of those also indicated that the numbers of contract/temporary staff has increased in the last 12 months. Companies tend to employ contract/temporary staff when it is difficult to attract permanent staff, and due to the tight labour market more people are opting to work on a contractual basis which normally attracts a higher rate of remuneration. This activity increases business operating costs and also reduces the stability of the workforce with contractors less restricted by notice periods, company loyalty etc.

Overall 24.42% employed up to 5 contract/temporary staff, 5.81% employed 6 – 10, 12.79% employed 11 – 20, 9.3% employed 21 – 50 and 12.79% employed over 50 contract/temporary staff.

It, Finance and Hospitality Sectors and Companies with 51-100, 101-150 and over 200 staff were the most likely to use contractors at the time of this audit.

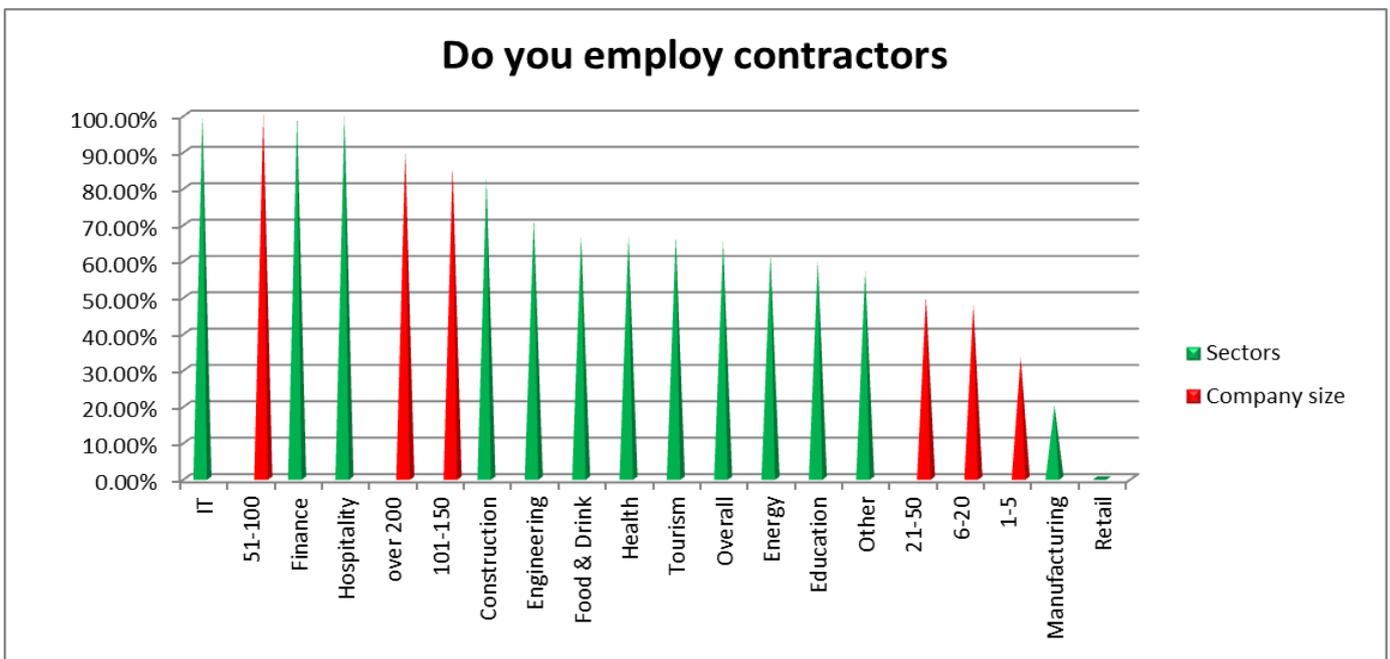


Figure 3

On a sectorial basis Manufacturing, Finance and Tourism all reported a 100% increase in contractors/temporary workers within the last 12 months. The only sector not to report an increase was Retail.

Analysis of company size in relation to increased employment of contractors/temporary staff identified that 66% of companies with over 200 staff reported an increase in contractors. Indicating that larger companies had a greater need to engage with contractors to meet business objectives.

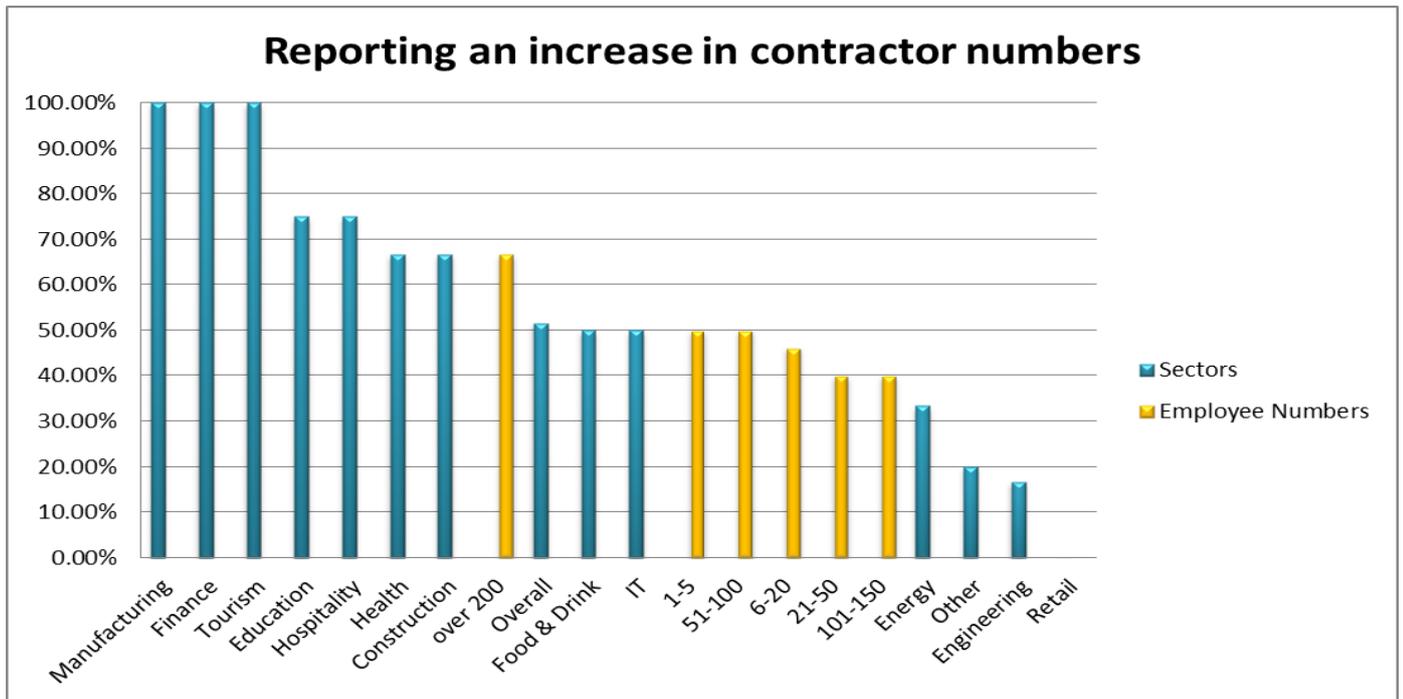


Figure 4

The audit of 2013 also showed an increase in part-time and temporary staff; however the reasons for this were due to the increased flexibility this staffing structure delivered when the local economy was not quite as robust as currently, and an increased ability to maintain a multi skilled workforce. Overall 35.5% of those reporting an increase in contractors stated that this was due wholly to lack of suitable people to recruit in the area. 32% stated that business growth had led to this increase 22.5% stated that seasonal growth had led to this increase.

Recruitment Difficulties

To understand where the recruitment difficulties were most prevalent companies were asked which skill levels were proving most difficult to recruit for and given 5 categories to select from (Professional – 1st degree or above, Technician, Semi-skilled, Unskilled, Trainees and Apprentices). Previous audits allowed for a wider response offering occupational categories e.g. Engineers, Technicians, etc.; however the simplification of the audit questionnaire removed this element.

In first position from the overall analysis it was reported that Professionals were the most difficult to recruit for, however on an overall ranking analysis of recruitment difficulties across all sectors, Technician level received the highest scoring.

Please rank which skill areas are proving most difficult to recruit for?

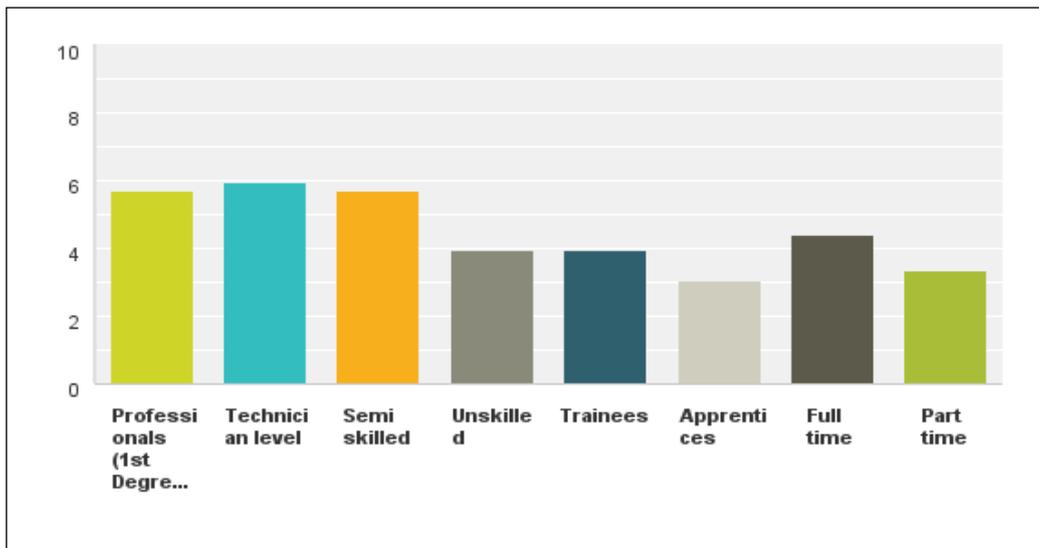


Figure 5

However we can see from the following graph which allowed companies to select the 3 most difficult areas to recruit on a sectorial basis, only the Engineering sector identified 3 areas of difficulty (Technician level, Semi-Skilled and Trainees), other sectors only highlighted two problematic skill areas.

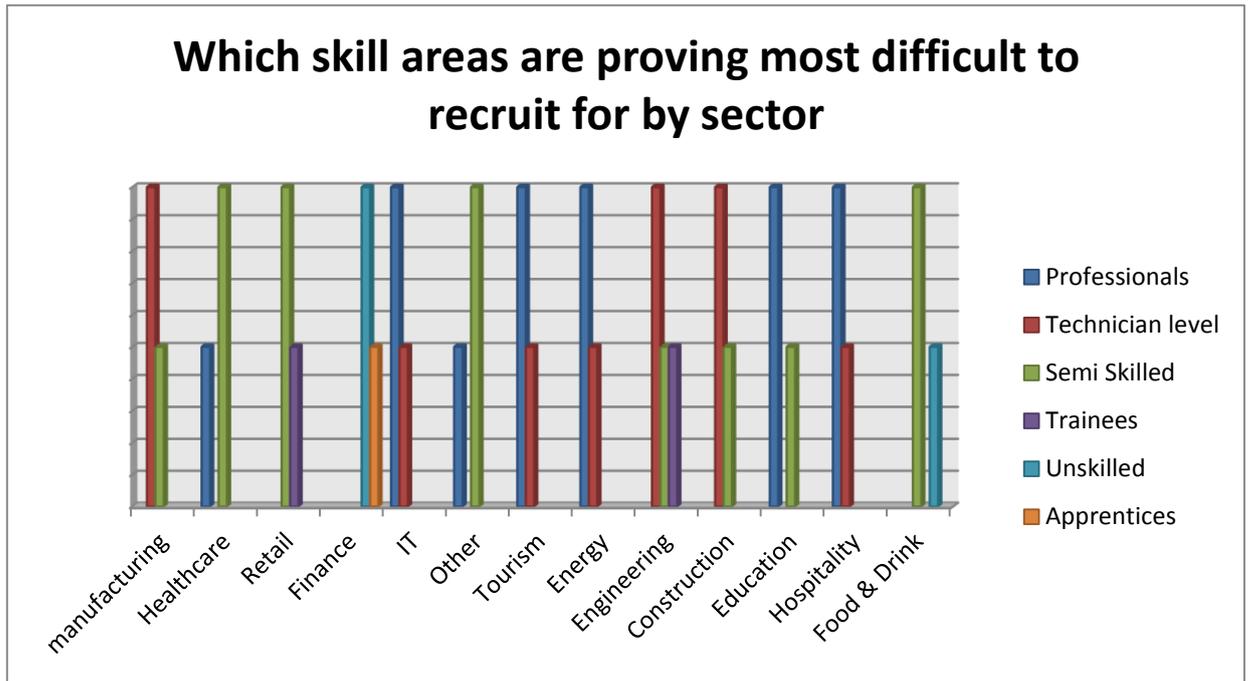


Figure 6

As expected the majority of sectors had difficulty recruiting from across those three skill areas (Technician, Semi-Skilled and Trainees). Finance was the only sector that highlighted difficulty in attracting apprentices, with Finance and Food and Drink recording difficulties when trying to recruit unskilled workers. Hospitality also reported that professional staffs were also most difficult to recruit for. As this was an unexpected response this was probed further during the one to one company interviews. It was felt that Hospitality on the whole was perceived as a sector with semi and low skilled opportunities and particularly on a part-time basis. Job seekers did not fully appreciate that this sector had positions for IT, Finance and HR specialists on a full time basis and the extent that career progression opportunities existed within this sector. This perception was also reflected within the Healthcare sector, with job seekers not fully appreciating the wide range of career opportunities out with the caring professions. Both Healthcare and Hospitality also stated that there was a perception that salaries would also be low in their sectors which discouraged professional applications.

On a company size basis

Companies with 1 – 5 or over 200 staff ranked semi-skilled and professional staff as the most problematic areas to recruit for, all other sizes of companies stated that technical was most problematic, closely followed by professional. Again, on a size analysis the most unfilled opportunities for part-time work are within companies with 1 – 5 employees.

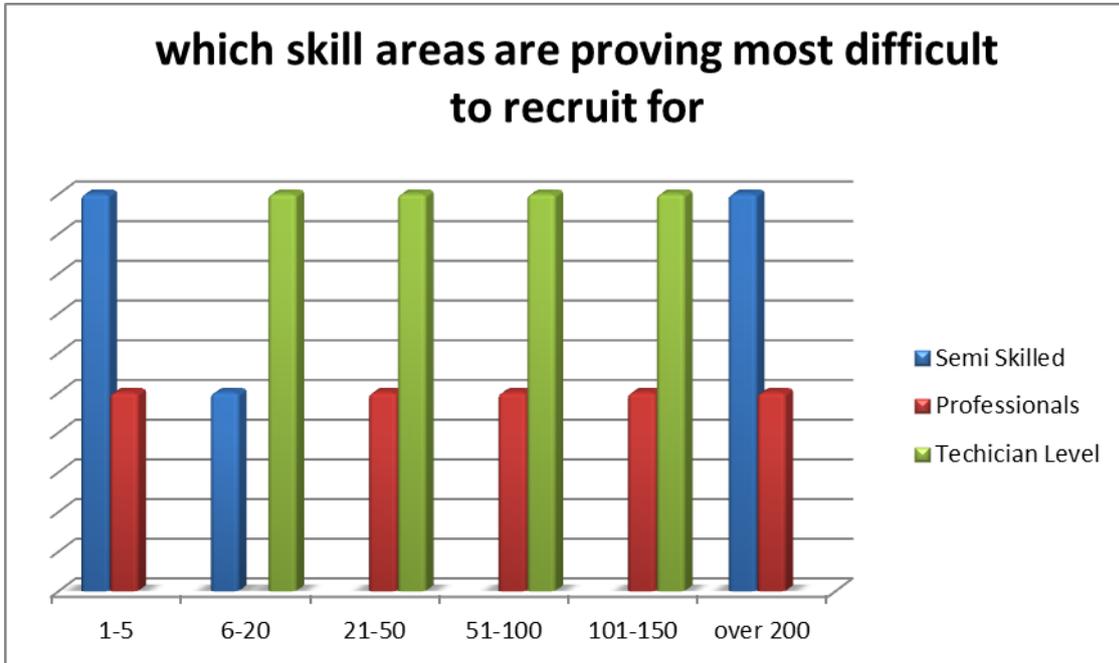


Figure 7

Recruitment Initiatives

To gain a better understanding on the breadth of initiatives companies had to use to attract staff, respondents were asked “What have you done to try and attract new staff to your business?” this question offered 17 answer options 1 of which was an open response. Response options fell into 2 distinct categories:

Increased business operating costs

Initiatives to increase local skill pool.

Increased Business Costs

- Increased salaries
- Increased employee benefits
- Outsourced work
- Increased usage of employment agencies
- Provision of company supported housing

Initiatives to increase local skill pool

- Recruited modern apprentices
- Engaged with Secondary, Further and Higher education
- Participated in work experience placements
- Participated in job fairs with DWP
- Sought to recruit unemployed personnel
- Participated in forces leavers job fairs
- Participated in Euros/overseas recruitment events
- Trained unskilled personnel
- Recruited retired personnel
- Increased numbers of part-time personnel
- Advertised overseas
- Other

Analysis of overall returns highlighted that 66.27 % of respondents trained unskilled personnel, 53.01% increased salaries, 53.01% participated in work experience placements and 43.37% sought to recruit unemployed personnel. This shows that the majority of companies were participating in or developing initiatives, that could potentially increase the available skill pool on a longer term, and not taking a “quick fix” solution. However overall, only 42.17% engaged with Secondary, Further and Higher Education. From this it is clear that more work is required to be done to encourage companies to interact with the education sector, as this has the potential to be a significant source of resources, this is further reinforced when the key initiatives used by companies to attract new staff predominantly dealt with unskilled personnel.

What have you done to try and attract new staff to your business?

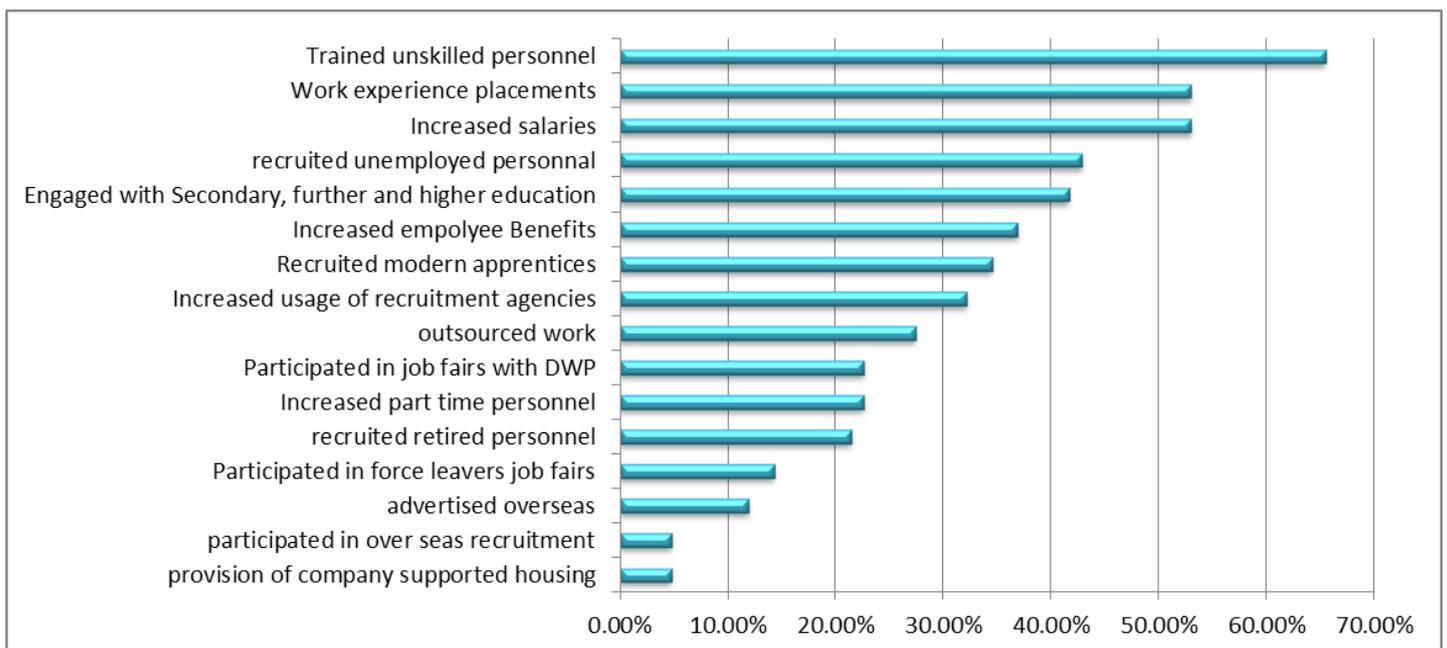


Figure 8

Further analysis on a sectorial and company size basis highlighted that companies with 5 or less members of staff were most likely to outsource work to address skill issues, and companies with less than 5 or more than 200 employees were least likely to increase salaries to attract and retain staff. Companies with 101 – 150 members of staff used salary increase as their key tool to attract and retain staff. Across all sectors comparatively few companies are engaging with retired personnel or increasing part-time opportunities, and only Construction and Manufacturing ranked “recruiting Modern Apprentices” within their top 3 recruitment tools, only companies with over 200 staff used engagement with education sectors a key recruitment tool.

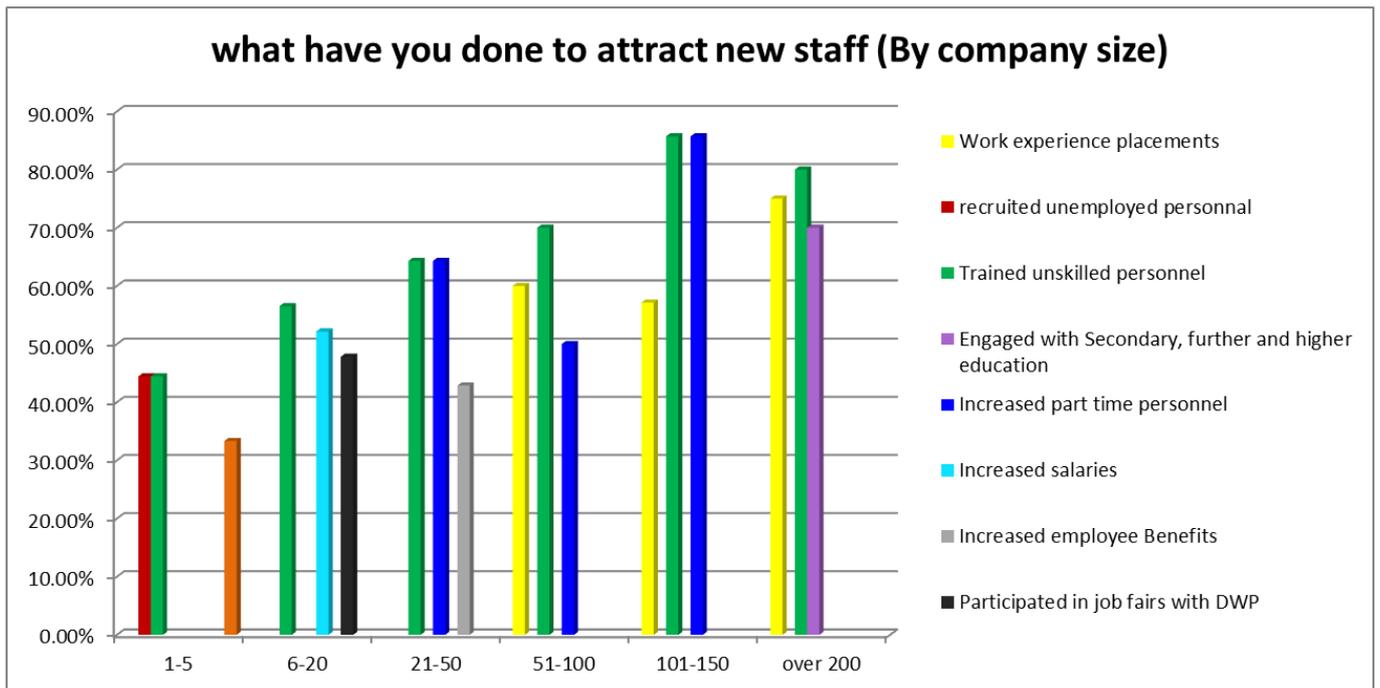


Figure 9

Clearly opportunities exist to increase engagement with the education sector. Hopefully the establishment of Aberdeen Guarantees will simplify this route for companies and increase engagement across all sectors and sizes of companies. Within this section respondents were also allowed to insert initiatives used out with the pre-set choices.

Use of social media featured strongly as did incentivising existing staff to promote the company and vacancies within to their friends, family and peers.

As companies participated in a wide range of recruitment initiatives they were asked to identify which initiatives were most successful. (this section had no predicted answers)

Overall the majority stated that increasing salaries and training unskilled workers were the most successful initiatives in attracting personnel to their business, followed by the recruitment of Modern Apprentices. Construction and Manufacturing were the only sectors to state that increasing agency workers had been the most successful way to attract new personnel, whilst

Engineering was the only sector to state recruitment from out with the UK was the most successful and Hospitality stating that recruiting out with Grampian worked best for them.

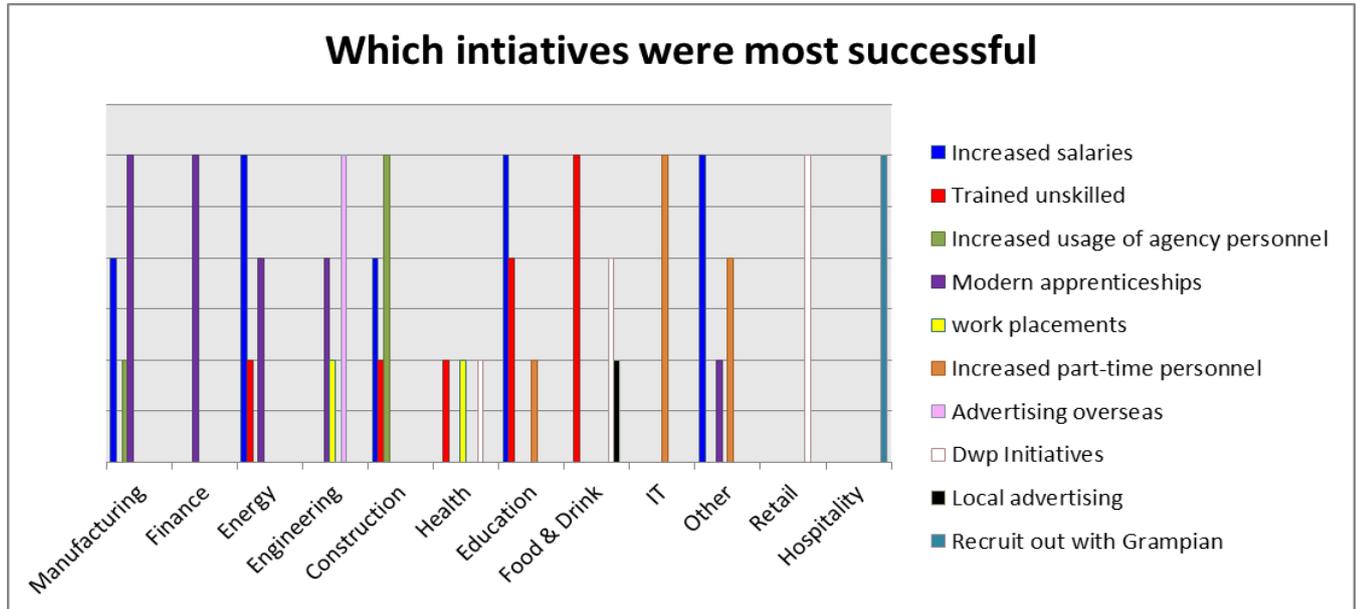


Figure 10

Factors which negatively impacted on company's ability to recruit

To understand which key factors were restricting ability to recruit on local level companies were asked:

“Please rank which of the undernoted factors are impacting on your ability to recruit in order of difficulty”

Respondents were given a selection of 20 potential causes

- Lack of people
- Lack of qualified people
- Lack of experienced people
- High salary expectations
- Quality of school leavers
- Quality of Further Education leavers
- Quality of Higher Education leaver
- Competition from other Sectors
- Competition from other employers in your sector
- Availability of affordable accommodation
- Infrastructure issues
- Perception of remoteness of Aberdeen
- Perception of poor cultural offering in Aberdeen
- Perception of Weather
- Childcare issues
- Cost of living
- Competition from overseas
- Poor perception of sector
- Perceived lack of career opportunities
- Poor English language skills

Please rank which of the undernoted factors are impacting on your ability to recruit in order of difficulty? (Overall analysis)

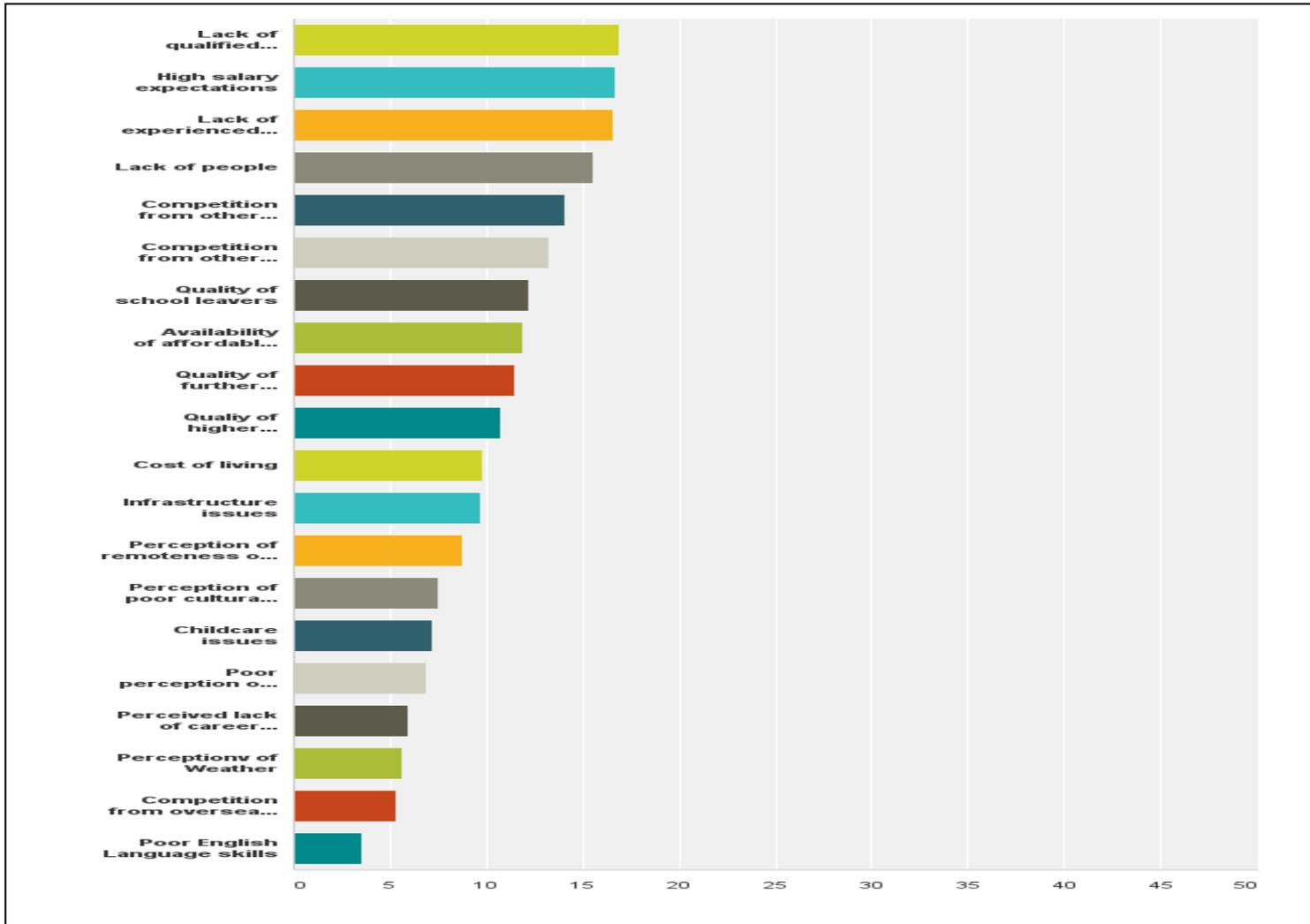


Figure 11

Figure 11 illustrates that the key barriers to recruitment overall were

- Lack of qualified people
- High salary expectations
- Lack of experienced people

With the lowest negative impact on recruitment coming from “poor language skills”

which factors impact on your ability to recruit by sector (Top 4)

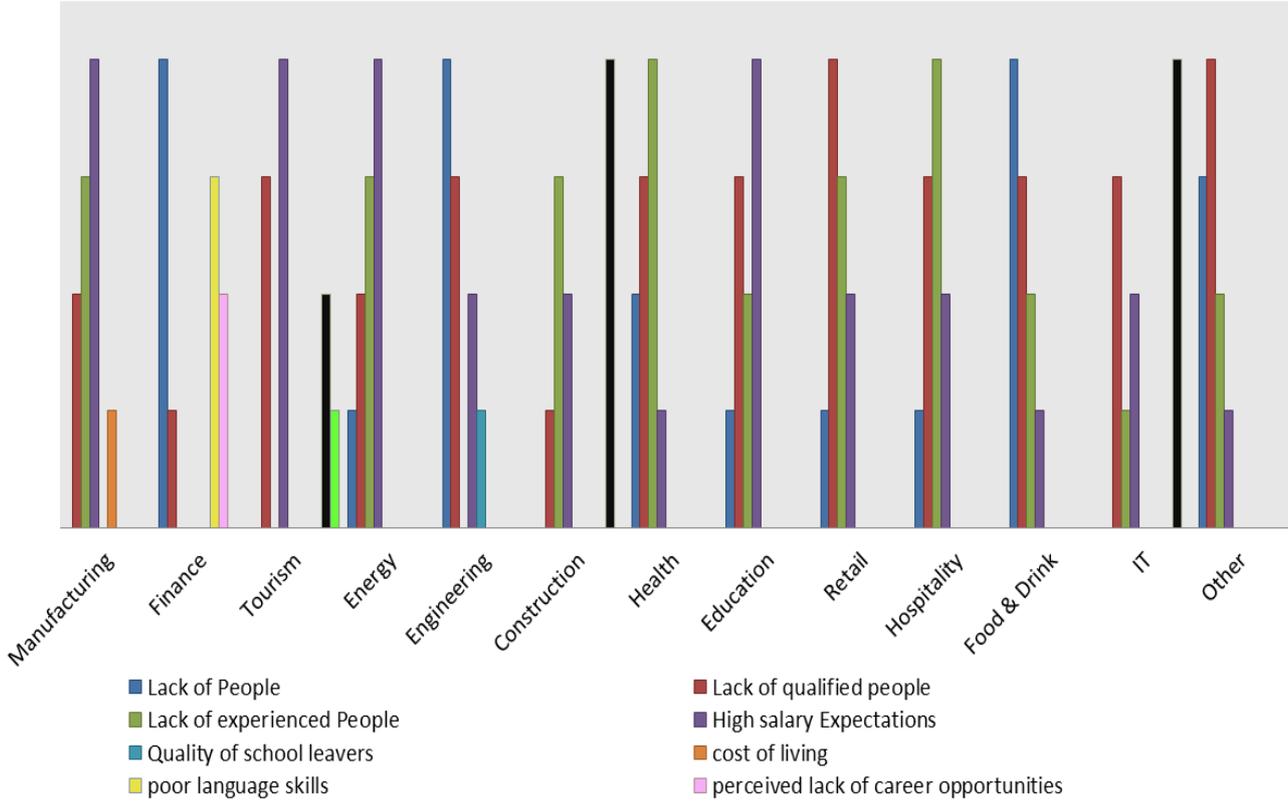


Figure 12

which factors impact on your ability to recruit by company size (Top 4)

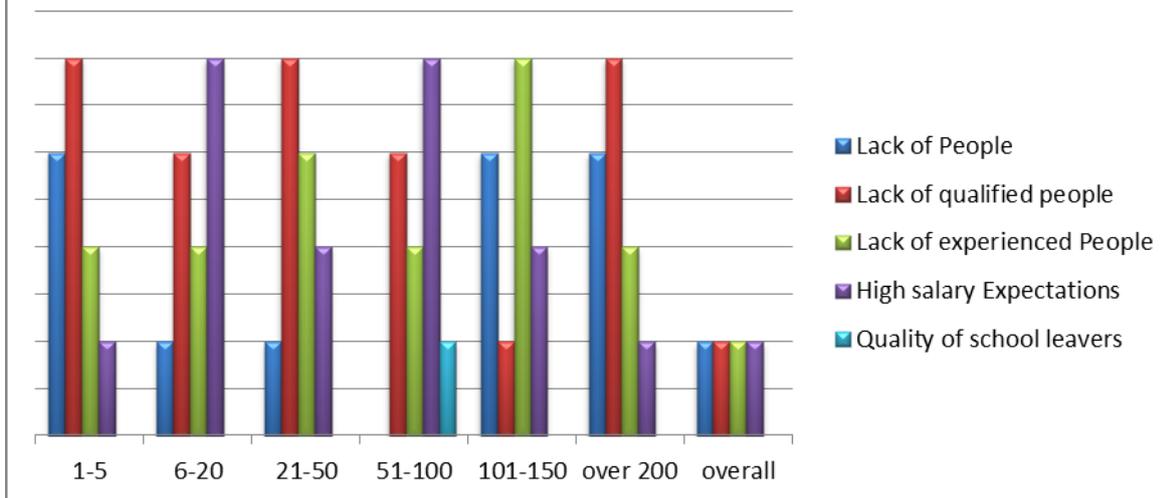


Figure 13

Whilst every category received responses, overall the key 4 factors impacting most significantly on ability to recruit in order of impact were:

- Lack of qualified people**
- Lack of experienced people**
- High salary expectations**
- Lack of people**

The above analysis highlights that lack of the right people and numbers of people are negatively impacting on businesses, furthermore this scarcity of appropriate people is raising salary expectations of those seeking recruitment. Whilst many sectors and businesses of varying sizes ranked these four differently within their top four, only Energy, Healthcare, Tourism and Manufacturing included competition from other sectors, Engineering also included quality of Further Education Leavers within their top four. It could be perceived that the above 4 factors relate to first tranche recruitment efforts as further analysis of the next 3 top issues tended to reflect the needs and perceptions when trying to attract applicants from out with the city.

- Lack of affordable Accommodation**
- Cost of living**
- Competition from other sectors/employers**

Only the Financial sector stated that perception of poor cultural offering and perception of remoteness as one of their key barriers.

Short term business implications

As Skill shortages were identified across all sectors companies were asked to identify the short term impact this is having on their business. This question was given a free text response, allowing respondents to be specific on the impact on their company, a very positive 93.47% of respondents replied to this question.

Although the responses were very individual, analysis of the responses clearly identified 7 broad categories:

Struggle to meet contractual obligations and obtain new work

Increased stress and workload on existing workforce

Increase in costs – inability to win new work

Restrict company growth and negatively impact on ability to gain new work

Reduction in quality of service

More company time spent on recruitment and training

Increased staff turnover

What Implications does skill shortage have on your business (Top 3 answers)

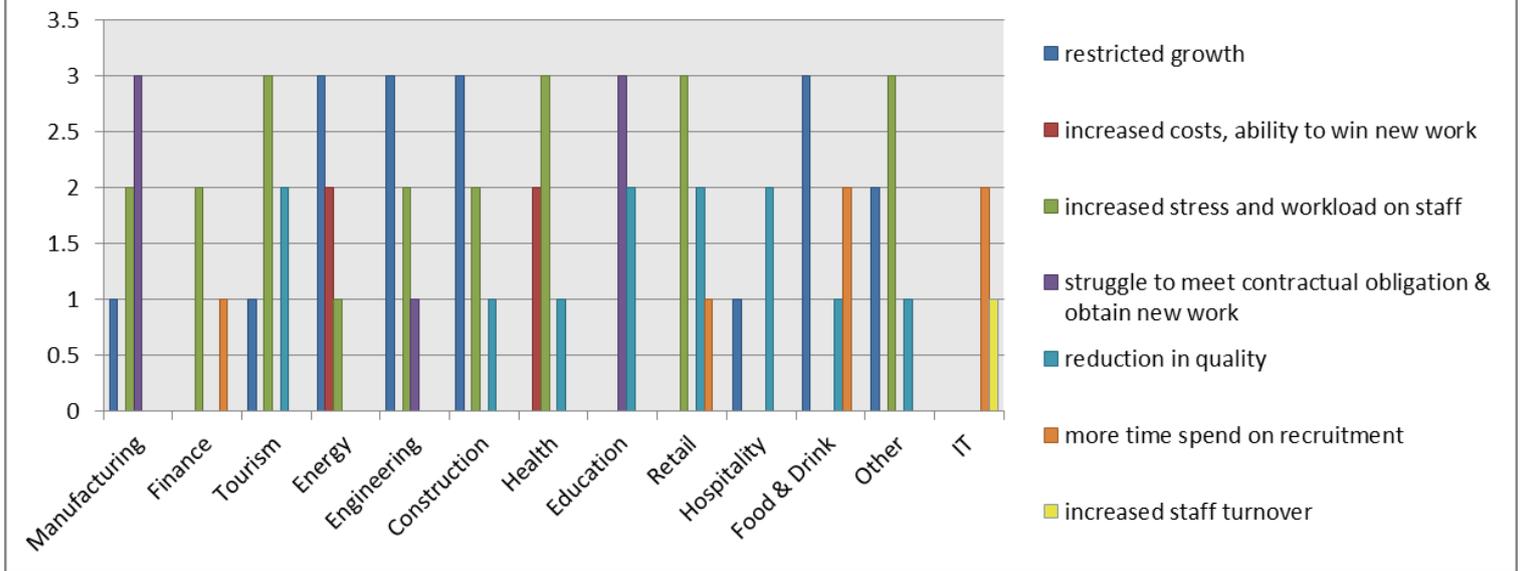


Figure 14

what implications does skill shortage have on your business (By company size)

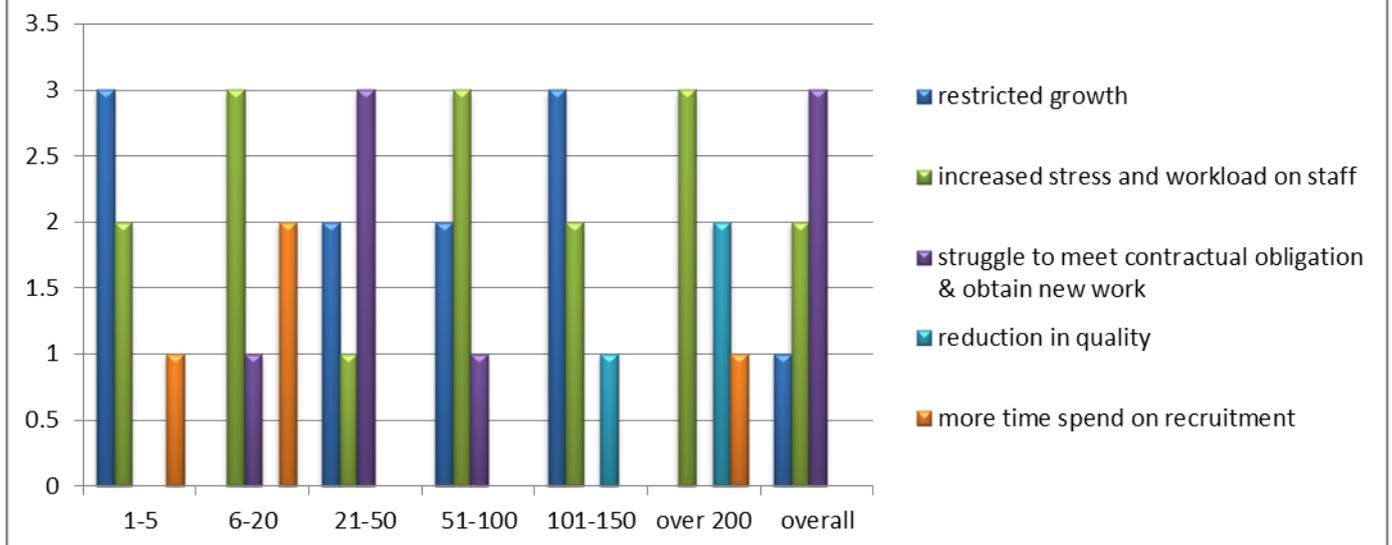


Figure 15

As seen from the above it is clear that the majority of businesses are being negatively impacted by skill shortages within the city, with strong emphasis on business growth, service and business costs. For the first time in 14 years of audits, businesses have identified that lack of appropriately skilled people is causing stress on their existing workforce, this in itself will lead to a plethora of other issues if not addressed soon.

Overall analysis identified “Struggle to meet contractual obligations and obtain new work” as the key issue, closely followed by “Increased stress or workload on the existing workforce, and, “Restriction in company growth and ability to obtain new work”. As the key issues from this overall evidence it is clear that an injection of appropriately skilled personnel into the area is necessary to ensure Aberdeen based businesses have every opportunity to maintain sustainability and growth and relocation to areas where the skill supply is more plentiful to continue their business is no longer a consideration.

On a sectorial analysis of the top 3 impacts, Increased stress was the top outcome with 9 of the 12 audited sectors. Restriction of company growth and negatively impact on ability to gain new work was cited across 8 sectors and Reduction in quality of service across 7 sectors.

Again analysis of results by company size highlighted that “Increased stress and workload on existing workforce impacted all sizes of business”, “Restriction of company growth” and “negatively impact on ability to gain new work” impacted on all sizes of business apart from those with 6 – 20 and over 200 staff. Interestingly, although many respondents increased salaries and employee benefits, spent more time recruiting and used recruitment agencies more- all of which are costly activities only the Energy and Healthcare sectors identified these activities as “Increase in costs – ability to win new work”.

Long term business implications

Within this section respondents were again give free text response, again attracting a positive 93.47 % response rate. Responses when collated fell into 7 distinct categories:

“What implications will the current skill shortages have on your business in the long term?”

Restrict Business growth

Reduce profit margins

Closure of business

May need to consider re-location

Business becomes uncompetitive

Staff retention issues

Reduction in quality of service

These implications differ from those highlighted for the short term and could have a considerable negative impact on the North East economy if skill issues are not addressed.

Overall analysis showed that over 50% of respondents felt that skill shortages would restrict business growth in the future, with the next most reported impact being, "Closure of the business" and "Reduction in Quality of Service". Sectorial analysis identified that every sector apart from Hospitality, Education, Finance and Retail felt the most likely impact on their business would be "**Restriction of Business Growth**".

Hospitality's most likely impact was: "**Business becomes uncompetitive**". Education's most likely impact was equal across "**Closure of business**", "**Business becomes uncompetitive**" and "**Reduction in quality of service**".

Finance's most likely impact was equal across "**Reduction in profit margins**" and "**Business becomes uncompetitive**".

Retail's most likely impact was equal across "**Reduction in profit margins**" and "**Reduction in quality of service**".

Analysis by size of business highlighted that the most likely impact across all sectors apart from businesses with over 200 staff would be "**Restriction of business growth**", the most likely impact for companies with over 200 staff was "**Reduction in quality of service**".

It is reasonable to presume with such a high ratio of feedback within this section that respondents have and are considering the impacts that skill shortages will have on their business, in the long term.

What could Aberdeen City Council do to assist the current recruitment and retention difficulties within the City?

Respondents who identified skill issues were offered the opportunity to make suggestions as to how the City Council may work towards addressing skill issues. Again respondents were given a free text response option to which 93.47% responded. Suggestions were across a wide range of areas which were broadly segmented into 5 sections for analysis purposes:

Increased Business/School links

Accommodation (access to more affordable accommodation/cost of living)

Infrastructure Improvements (Road network improvements, bus service and public transport costs)

Introduce Weighting Allowance

Attract more people to the city

Further to the 5 key areas highlighted above there was also suggestions that Aberdeen City Council should give more grants to small businesses to ensure they can employ staff and that more opportunities to participate in the tendering process were given to local companies.

In response to the above points, Aberdeen City Council is already proactively striving to address many of the issues raised through the delivery of “Shaping Aberdeen”

“Shaping Aberdeen” is a long term plan of how we can make this economically buoyant city one we are proud to call home. Developed as a result of the Strategic Infrastructure Plan, “Shaping Aberdeen” will build upon already established strong foundations, demonstrating the city's strengths and ongoing improvement, with residents in mind.

Shaping Aberdeen has five main objectives, all driving towards a successful city:

- Housing
- Digital
- Transport
- Skills and labour
- Image and Regeneration

Initiatives currently being delivered to address:

“What could Aberdeen City Council do to assist the current recruitment and retention difficulties within the City?”

Increased Business/School links

As suggested in the “Wood Report” Aberdeen City Council with its partners have established “Aberdeen Guarantees” www.aberdeenguarantees.com This initiative has the commitment of “providing learning, training and work opportunities to all 14-25 year olds in the city “

Major resources will be directed towards ensuring that local business are made aware of and supported to participate in this initiative which will ensure those still in full time education are given appropriate support from the local business community to ensure they have appropriate skills and knowledge for the world of work and receive sufficient information on career options to make informed career choices.

Furthermore ACSEF in partnership with Aberdeen and Grampian Chamber of Commerce and OPITO conducted research on “Schools and Business Links” in 2014 which gave an overview of the different levels of engagement with businesses across all city schools and made a number of recommendations. These recommendations are now being implemented by Aberdeen City Council and its partners to ensure optimum links between schools and business.

A number of locally based businesses currently have very active partnership agreements with schools across the city whereby they offer input to the curriculum, sponsor activities and awards, offer mentoring support and coaching related to “World of work” a recent audit has been undertaken to map this activity and measures are now in place to ensure all city based schools benefit from this type of activity.

Accommodation

The housing market in Aberdeen is extremely pressured because of the shortages of housing in general and social housing in particular. The Council and RSLs waiting lists for social rented housing have remained stable for the last couple of years, however the number of properties for relet has decreased over the same period. One of the main reasons for the decrease in relets is that current tenants cannot move into the private sector because of the high prices in this market. Aberdeen has some of the highest house purchase prices in Scotland and these prices continue to increase. Of the main cities in Scotland, Aberdeen has some of the most expensive private rented properties, especially for 1 and 2 bedroom properties. The high cost of buying or renting is proving a barrier to those on modest incomes. The current Local Development Plan has a land release policy which will see a generous supply of land for the building of new houses; however this will take several years to implement. In the meantime both the Council and RSLs will continue to develop new affordable housing through the use of Scottish Government subsidy. The Council as part of its regeneration strategy have developed a Strategic Infrastructure Plan (SIP) which will see the delivery of about 1,000 new houses by 2017 and more to follow by 2019 which will be delivered through partnership with the private sector:

- A revised SHIP, featuring 554 units
- A partnership approach with private developers to deliver a further 500 units in line with the Local Development Plan
- A new, Council led development pipeline, which will deliver an additional 1026 units

The Council and Scottish Government is in the process of looking to develop a key workers housing policy which may help to alleviate housing pressures on incoming workers. The Council in partnership with the Scottish Futures Trust (Scottish Government) are providing affordable housing through the Nation Housing Trust for mid- market rent for those on modest incomes. As part of the Council's Affordable Housing Policy it is delivering Low Cost Home Ownership (LCHO) (below market value housing) with developers. Again the LCHO properties are aimed at prospective purchaser on modest incomes. The Council will continue to monitor the housing demand and needs in the City and is about to start a Housing Demand and Need Assessment which should be completed this year.

As previously stated, many companies are showing an increase in contractor numbers, many of whom originate from out with the city. These increased numbers are participating in the private rental market, maintaining demand levels, pushing up prices. This is further compounded by high number of overseas and UK wide students attending both universities and college of further education. The private sector housing market is extremely buoyant which is positively encouraging developers to provide more housing stock, however the high cost will prohibit many incomers from participating in this market place.

Infrastructure Improvements

The majority of the issues raised under this heading related to public transport, high costs in relation to other cities and the need to come into the city centre to get to other parts. Many respondents especially those seen on a 1 to 1 basis felt that a circular perioral route with linkages would perhaps speed up travel times to the industrial estates e.g. Dyce, Altens etc. companies also cited prolonged journey times across the city caused by “bottlenecks” at key points as problematic.

Within “Shaping Aberdeen’s” Infrastructure objective there are 4 key drivers:

- Moving Aberdeen forward
- Improve access to the airport
- Reduce congestion and journey times
- Improve cross-city connections

From these high level objectives the following work is already within the work plan:

Central Aberdeen Transport Infrastructure

(South College Street and Berryden Corridor and city centre pedestrianisation)

The Central Aberdeen Transport Infrastructure programme will improve traffic flow and safety in the city centre as well as providing a foundation for the potential pedestrianisation in the city centre to be progressed. which the council has a specific NHCP budget provision of £10 million.

The construction of the AWPR will assist to reduce journey times across and in and out of the city by diverting traffic away from the city centre.

Introduce Weighting Allowance

Locally based businesses and public sector employers, stated they had difficulty in attracting key staff to the city due to the high cost of living in the city and surrounding areas. This was more emphasised when companies had an agreed national wage. Candidates were more likely to select a position elsewhere than face the high accommodation and living costs in the city. One retailer stated that they had to put a case to their head office to raise salary levels for Aberdeen positions to try and attract and reduce high staff turnover rates. Other respondents stated that there were plenty of choices in Aberdeen for people looking for work, so they would always go for the higher paid positions.

Attract more people to the city

Many respondents felt that unless more people were attracted to the city the problem skill issues would continue to escalate driving up both salary and business costs, driving down profitability and growth potential.

Aberdeen City Council proactively promotes the city as a positive lifestyle choice through their ILV website and a variety of marketing materials promoting the high quality of life available within the city are made available to local companies to support their recruitment activities. In addition to this Aberdeen City Council has also formed strong partnership links with Eures to promote the city as a positive career destination on a European wide basis to appropriately skilled personnel. This is further supported by attendance with local companies at sector specific recruitment events across Europe where areas of skill surplus have been recorded e.g. Greece, Spain, Portugal. Attracting appropriately skilled people to the city as previously stated is a key objective and work priority within “Shaping Aberdeen” Skills & Labour

Attract and retain a workforce that meets Aberdeen's needs
Equip the local workforce with the skills required for the local economy
Make Aberdeen a more desirable location to live and visit

Aberdeen City Council has also conducted a significant piece of research which identifies which areas across the UK and Europe have a potential oversupply of key skill shortage areas within the city. Employment and lifestyle opportunities within Aberdeen are actively promoted within these areas. Additionally Aberdeen City Council has organised recruitment and promotion events to these areas, and also freely shares the results of the audit with locally based businesses.

If we successfully deliver the other 4 key objectives in “Shaping Aberdeen”

Housing
Digital
Transport
Image and Regeneration

This will simplify our task of attracting and retaining more people to Aberdeen