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Skills Oracle 2010

The Polymer Industry

June 2010

Cogent Sector Skills Council
Skills Oracle 2010

Skills Oracle Report for the Polymer Industry

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June 2010

Note that in some instances responses apply to a single site rather than as the company as a whole.

1.0 Executive Summary

This report reproduces some of the industry wide findings from the Skills Oracle survey for 2009, and follows the broad format of the individualized reports supplied to participating employers, but without the benchmarked company data.

The headline findings for the Polymer industry are:

1. Annual average company turnover in employment is approximately 31% (based on the numbers reported in the survey).

2. 43% of Polymer employers report commercial and marketing vacancies are 'hard to fill'.

3. The sector reports high levels of redundancies (61%), which could be attributed to the recessional decline in the supply of polymer components to the automotive and construction industries.

4. The Polymer sector tends to employ those qualified to Level 1 and Level 2. Compared to other Cogent sectors, Polymer companies are less dependent on those individuals with higher level skills and qualifications.

5. Annual training budgets average £560 per employee. In addition to this companies may incur additional cost such as travel, subsistence, internal training and mentoring, the maintenance cost of training facilities as well as maintaining productivity during training.

6. Polymer employers were satisfied with the coverage of qualifications across the sector. Satisfaction ratings were highest for the 'accessibility' of qualifications and the use of 'Competence Based' qualifications.

7. Health, Safety and Environment (HSE) was the most frequently reported training undertaken, when viewed across both internal and external training requirements. Polymer companies tended to resource externally for specialist training needs, such as, 'Leadership and Management'; 'Professional', and 'HSE').

8. 90% of Polymer employers use 'Private Training' providers; 85% use 'FE' providers; and 40% use 'HE' providers.

9. For private training providers, satisfaction levels tended to be extremely high in all areas of; 'Cost', 'Relevance', 'Flexibility', 'Location' and 'Quality. of provision. This reflects the highly tailored provision offered by private training providers.

10. The satisfaction in FE and HE were also significant (ranging between 46% and 83%), with the lower these ratings referred to the location of training and cost. This suggests that while employers value such provision, there is scope for FE and HE to innovate in flexible and accessible provision, and that there is a role for the Sector Skills Council in facilitating this.

11. The majority of polymer employers (79% and 53% respectively) place a high level of importance on the supply of Apprentices and Graduates to their workforce (4% of the skills supply recruited were Apprentices; 2% of the skills supply recruited were Graduates).

12. Between 50% and 65% of polymer employers invest in 'Competence Based' and 'Technical' training of the existing workforce, with 40% of employers investing in 'Basic Skills' training of the workforce. A smaller proportion of employers (25%) invested in 'Professional/Higher Level' training of the existing workforce.

13. 58% of Polymer employers reported skills gaps among existing employees had 'some impact'; and 47% of employers reported that the shortage of skilled individuals when recruiting has had 'some impact' on business performance.

14. 68% of Polymer employers report that technical skills needs have increased in the 12 months preceding the survey. Employers expected the demand for both leadership and management and professional/higher level skills to increase in the 12 months following the survey.

15. Looking ahead, Polymer employers were split in concluding that the economic situation for their businesses would 'improve' (53%), 'remain static' (26%), or 'worsen' (21%) within the year.

16. Most Polymer employers predicted 'no significant change' or an 'increase' in employment in the short term (2 years ahead) and the long term (5 years ahead).

17. Encouraging young people into the sector, securing funding and improving access to training courses, are viewed by Polymer employers as the highest priorities for a Sector Skills Council.

Should you wish to take part in the next Skills Oracle survey 2010 please email Julie Plumbley at: julie.plumbley@cogent-ssc.com

2.0 "Skills Oracle": Primary Labour Market Intelligence (LMI)

During 2009 Cogent implemented 'Skills Oracle', a unique, online project surveying, over time, a significant and consistent sample of employers in each of the Cogent industries. The project collates annual returns from a large employer panel, via a web based questionnaire, to generate primary Labour Market Intelligence (LMI).

This in turn will lead to:

- a **skills 'ftse'** – an index that is a barometer of skills in the sector
- a **skills benchmark** – a collective measure against which employers can assess their skills position in relation to other companies
- a **skills voice** – a report of measures and opinions, supported by a body of evidence from a substantial and consistent expert panel of employers

The survey generates two distinct outputs. Firstly, it provides Cogent with valuable LMI not captured by national data sources, which will provide sector skills data through factsheets and extended reports. Secondly, those completing the survey receive a bespoke benchmarked analysis against returns for their industry. This will then enable companies to:

- identify 'Hot Spot' areas – for example, of excellence or, conversely, under provision
- identify areas of similarity and difference within the industry, and across the Cogent footprint
- identify areas where new and improved business processes can be implemented

3.0 The Polymer Sector

This section portrays the company results alongside the Polymer industry generally and the Cogent sector, based on data collected during quarter 4 2009.

A 40% return delivered 69 respondents from companies across the five Cogent sectors[1] (figure 1). Polymer made up 29% of the sample of employers, with various sectors of Polymer represented.

3.1 Polymer Industry and Employment

Polymer sites in the main were medium sized employing between 51 – 250 employees, with 46 industrial sites across the UK represented (see figure 2 for the reported number of sites and companies across the Cogent footprint).

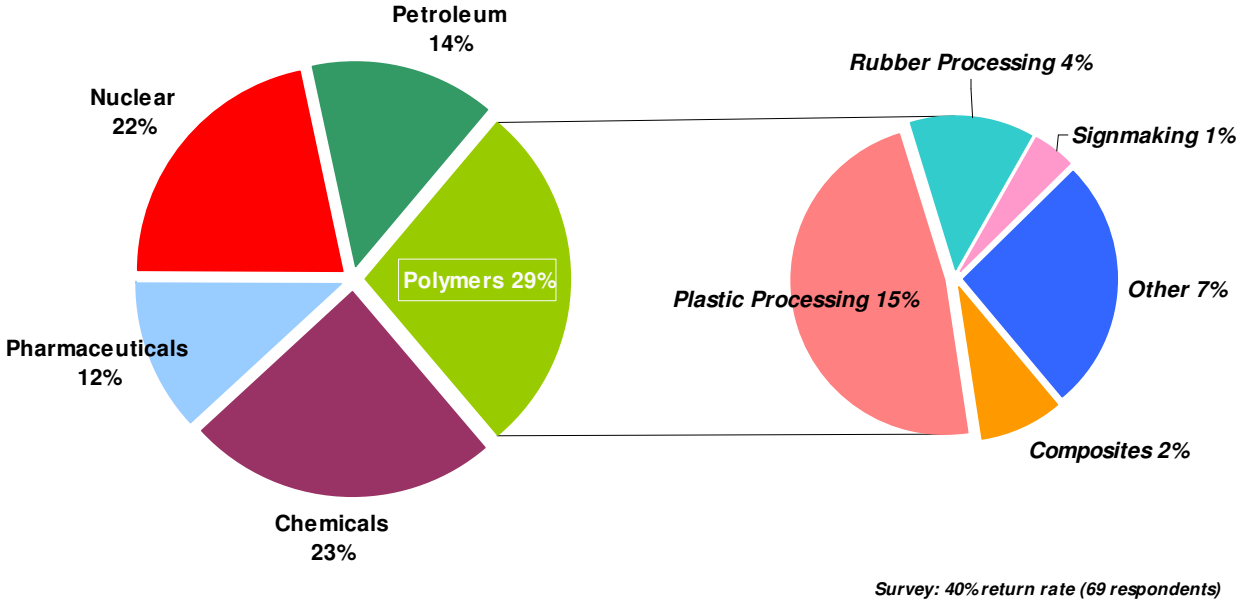
The Polymer sites that responded to the survey collectively employed 3,600 people and over 20,800 people worldwide.

By the UK employee measure, the survey represents of the order of less than 1% of the Cogent Polymer UK workforce[2] and less than 1% of the Cogent UK workforce of 550,000 employees[3].

These Polymer sites reported, on average, employing 190 people, with a maximum of 850 and a minimum of 8.

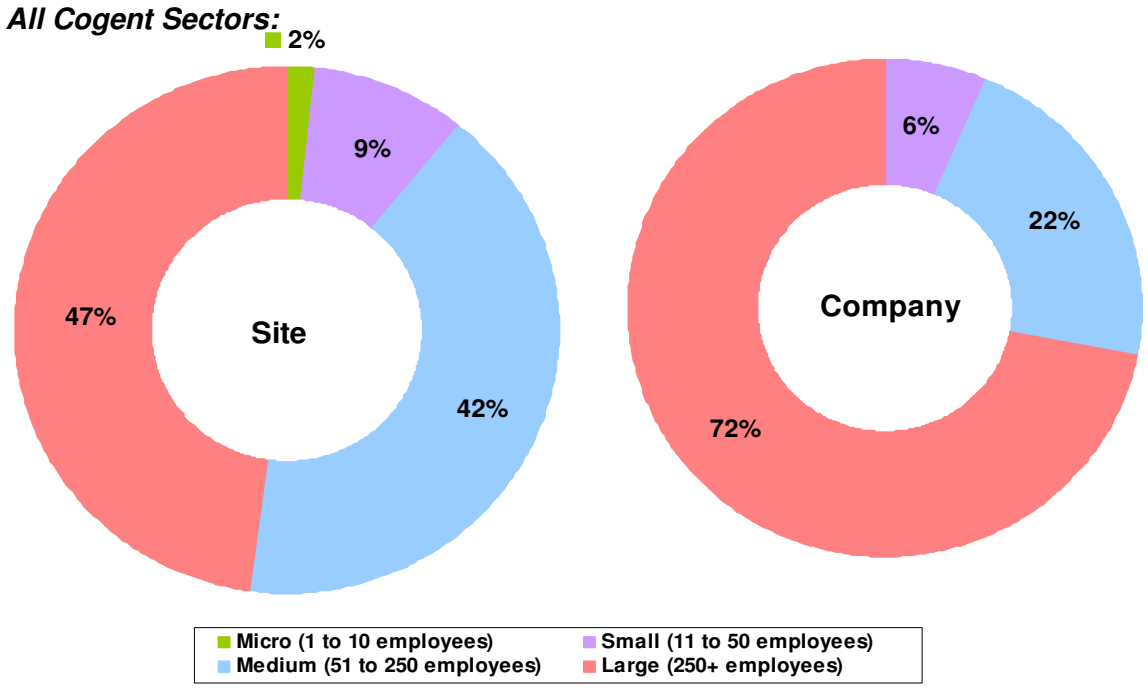
[1] Chemicals, Pharmaceuticals, Nuclear, Petroleum and Polymer – not including Oil & Gas or Petroleum Forecourt Retail
[2] Cogent Polymer Fact Sheet (2007)
[3] Cogent Industry Fact Sheets (2007) – excluding Oil & Gas and Petroleum Forecourt Retail

Figure 1: Respondents by Industry



Survey: 40% return rate (69 respondents)

Figure 2: Cogent Respondents by Size of Employer



3.2 Recruitment and Staff Turnover

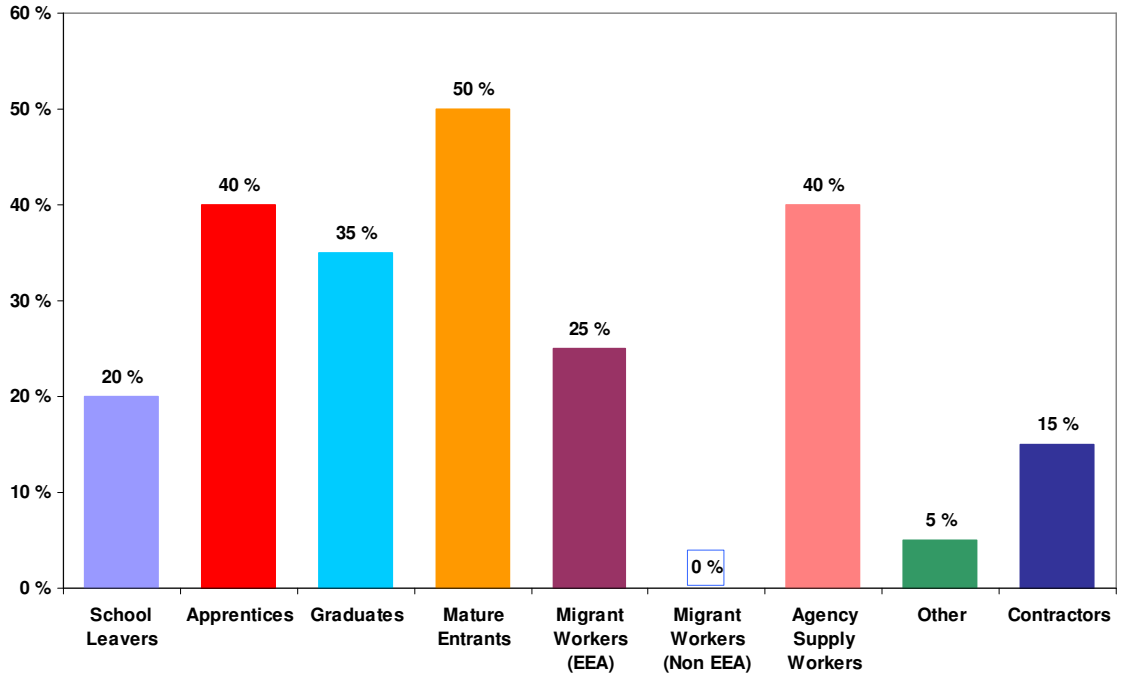
In total for the survey, 364 people were recruited. In addition less than 15 were employed via contractors. The main recruitment routes into the sector were surveyed according to the categories of: 'Mature Entrants' (50%), 'Apprentices' (40%), 'Agency' (40%) and 'Graduates' (35%). Across the sector, 15% of employers reported dependence on contractors for routine operations. The incidence of recruitment of EEA migrant workers was relatively high (25%) compared to the other Cogent industries represented in the survey (figure 3 displays the proportion recruited in the Polymer sector).

For the Polymer sites surveyed, the proportion of those employed directly suggests an annual sector turnover of 31%[4] in employment (based on numbers reported in the survey). Analysis of the entrants and leavers by occupation gives a profile of *in-demand occupations*.

On the whole, Polymer employers reported losing more employees than recruiting, with a significant decline reported for Operations and Productions occupations (figure 4 displays employment turnover).

Vacancies for 'Commercial and Marketing' were reported by 43% of Polymer employers as the most 'hard to fill', followed by 'Managers' (40%); 'Professional Scientists and Engineers' (38%) and 'Craft and Technicians' (33%). All other occupations across the Polymer sector were reported, on balance, as not hard to fill (figure 5 displays reported hard to fill vacancies by occupation).

Figure 3: Proportion Recruited by employers in the Polymer sector



[4] Calculated using the number of those recruited and the number of those leaving the Polymer sector (n=1,114)

Excluding Contractor recruitment, the inflow of employment indicated that most Polymer companies recruited Mature Entrants (56%). The smallest proportion recruited by Polymer companies were Graduates (2%). This is consistent for a sector which, accordingly, is more dependent on skills at 'craft' level.

The Polymer sector tends to employ those qualified to Level 1 and Level 2. Compared to other Cogent sectors, Polymer companies are less dependent on those individuals with higher level skills and qualifications.

The outflow of employment was recorded in categories of 'Retirement', 'Redundancies' and 'Other'. Most Polymer employers listed 'redundancies' as the main departure route for employees (61%), followed by 'other' (33%) and 'retirements' (6%).

The inflow and outflow of employment are charted below (figure 6).

The Polymer sector reports significantly high levels of redundancy (61%) compared to the other Cogent industries represented in the survey. This is representative of the sector during 2008 and 2009 and could be attributed to the demise in the supply of polymer components in the automotive and construction industries.

Figure 4: Employment Turnover

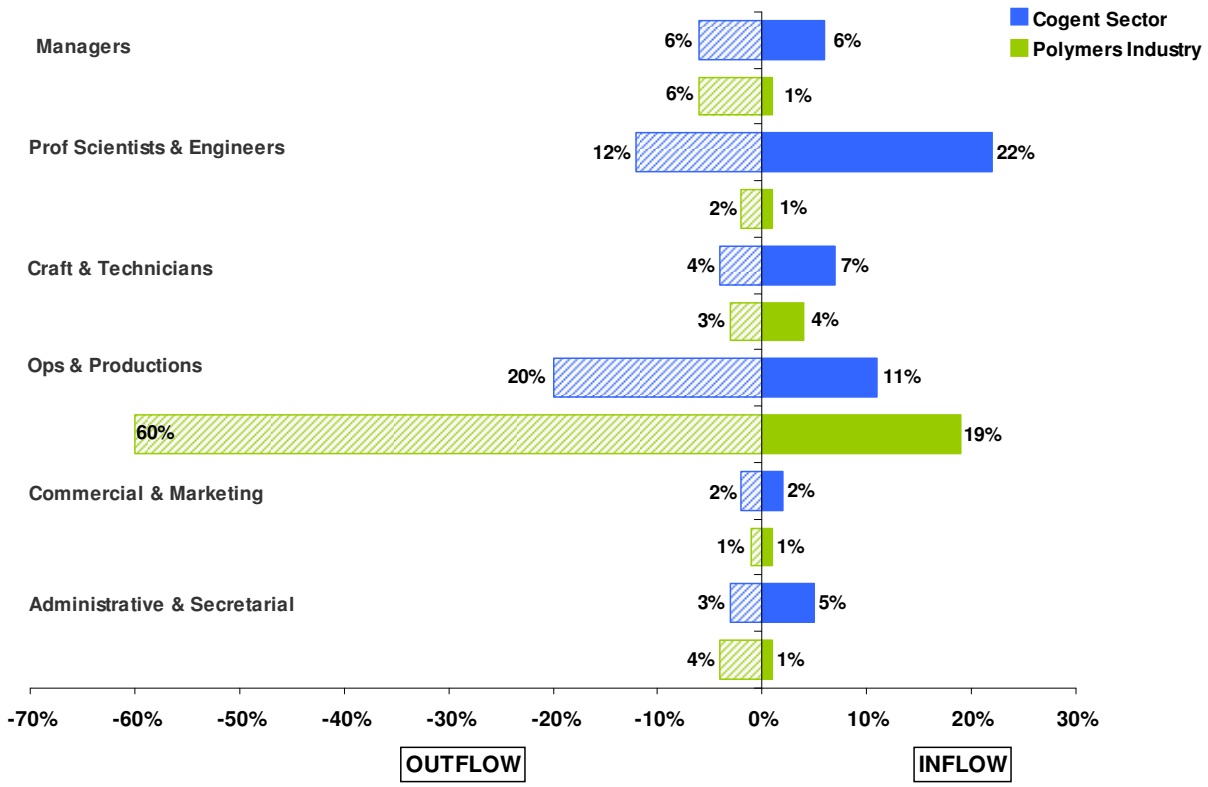


Figure 5: Hard-to-Fill Vacancies

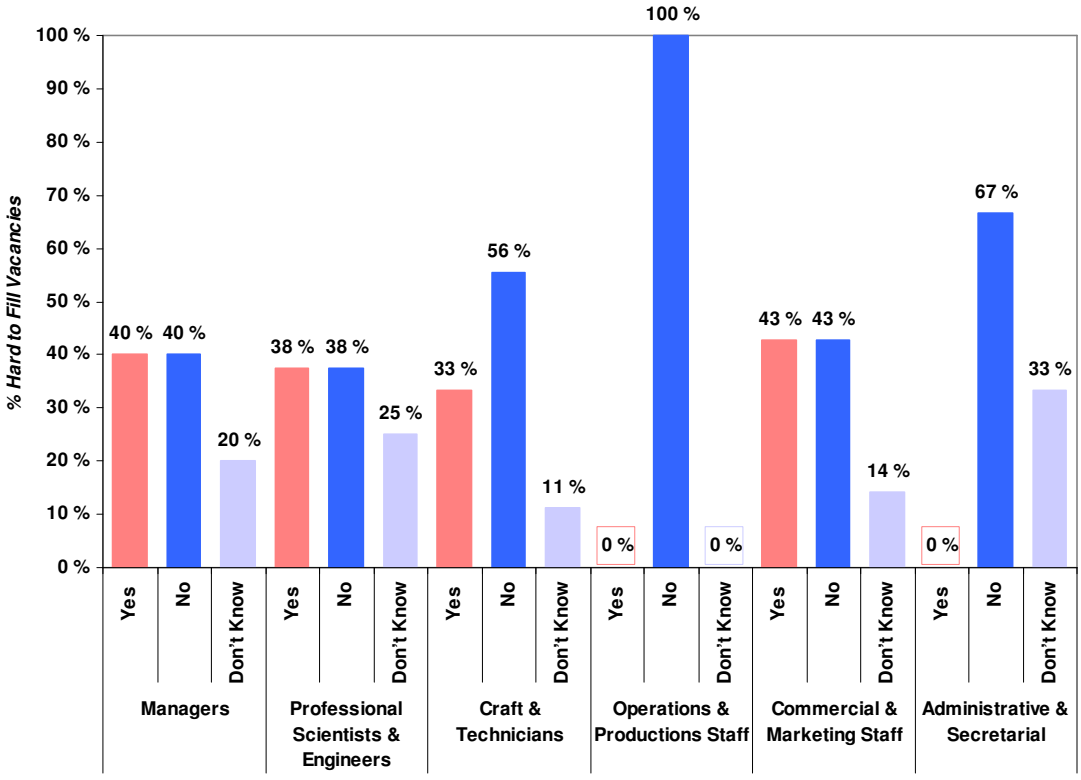
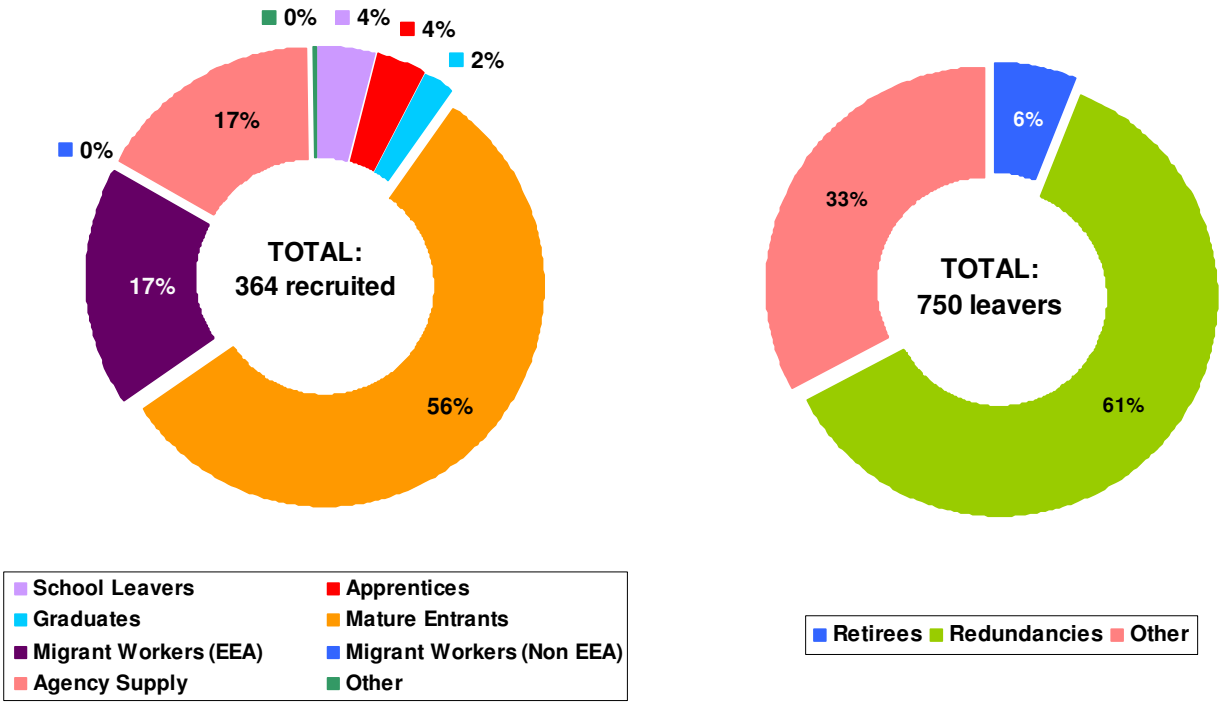


Figure 6: Inflow & Outflow of Employment reported by the Polymer Sector



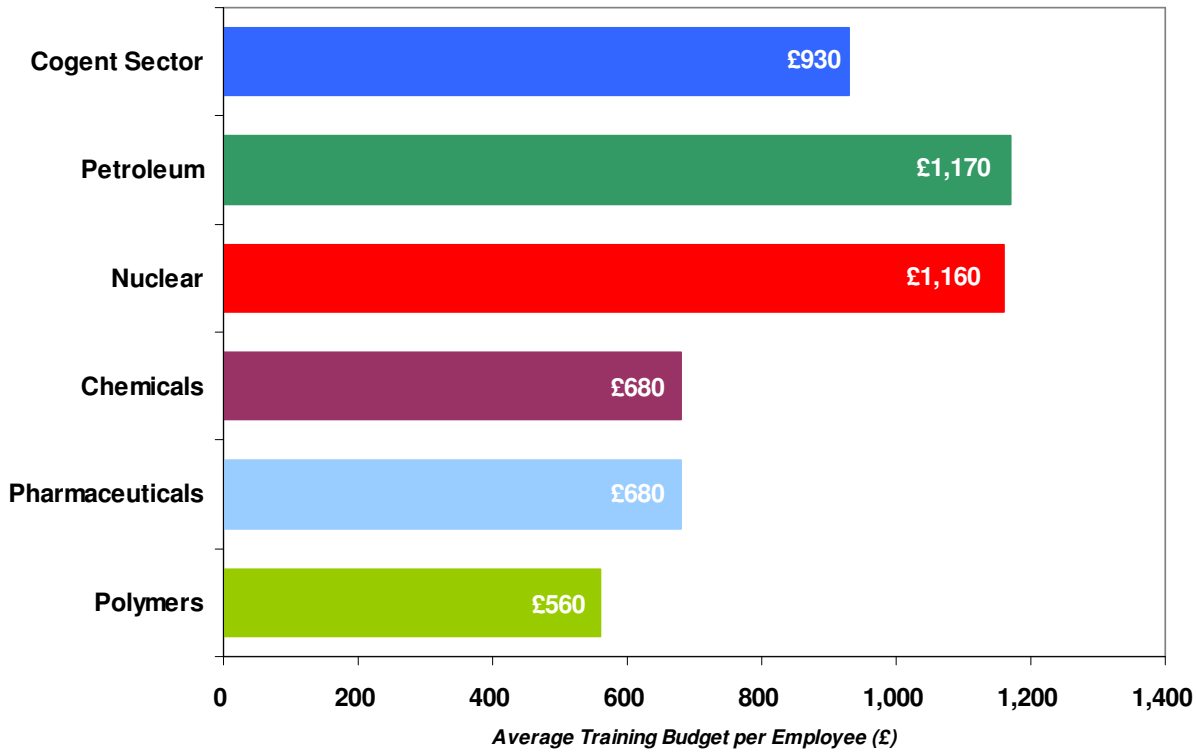
3.3 Training Budgets

An overwhelming majority (95%) of Polymer companies reported having a training budget. Of those that reported training budgets, the average was approximately £108,700, with a maximum reported of £1,000,000. Of the Cogent industries represented in the survey, Polymer has the smallest average reported training budget.

Despite the recession, most Polymer companies (67%) reported that their budgets would remain the same in the coming year. A smaller proportion (28%) expected training budgets to be cut. For the Polymer sector the average annual spend on **training per employee** is £560 (figure 7).

The average figures presented are in reality an underestimate of the spend on technical training for three reasons: 1) the figure on spend takes no account of cost of 'down time' for training; 2) the spend relates to all workforce training with an expectation that Technical training would be more costly; and, 3) the figure does not take account of investment in internal training and training facilities.

Figure 7: Average Training Budget (£)



3.4 Qualifications – the Employers View

In general, polymer employers were satisfied with the coverage of qualifications across the sector. Satisfaction ratings were highest for the 'accessibility' of qualifications and the use of 'Competence Based' qualifications (respectively 60% and 62% majorities over the contrary opinion). 59% of those that responded were satisfied that the polymer sector is well served by 'Apprenticeships'.

3.5 Training

Health, Safety and Environment (HSE) was the most frequently reported training undertaken, when viewed across both internal and external training requirements. Polymer companies tended to resource externally for specialist training needs ('Leadership and Management', 60%; 'Professional', 60%; and 'HSE', 55%). (Figure 8).

When training needs are more directly related to a job, training tends to be internally resourced ('Job Specific', 90%; 'HSE', 70%; and 'Competence', 60%). (Figure 9).

Figure 8: Reported External Training

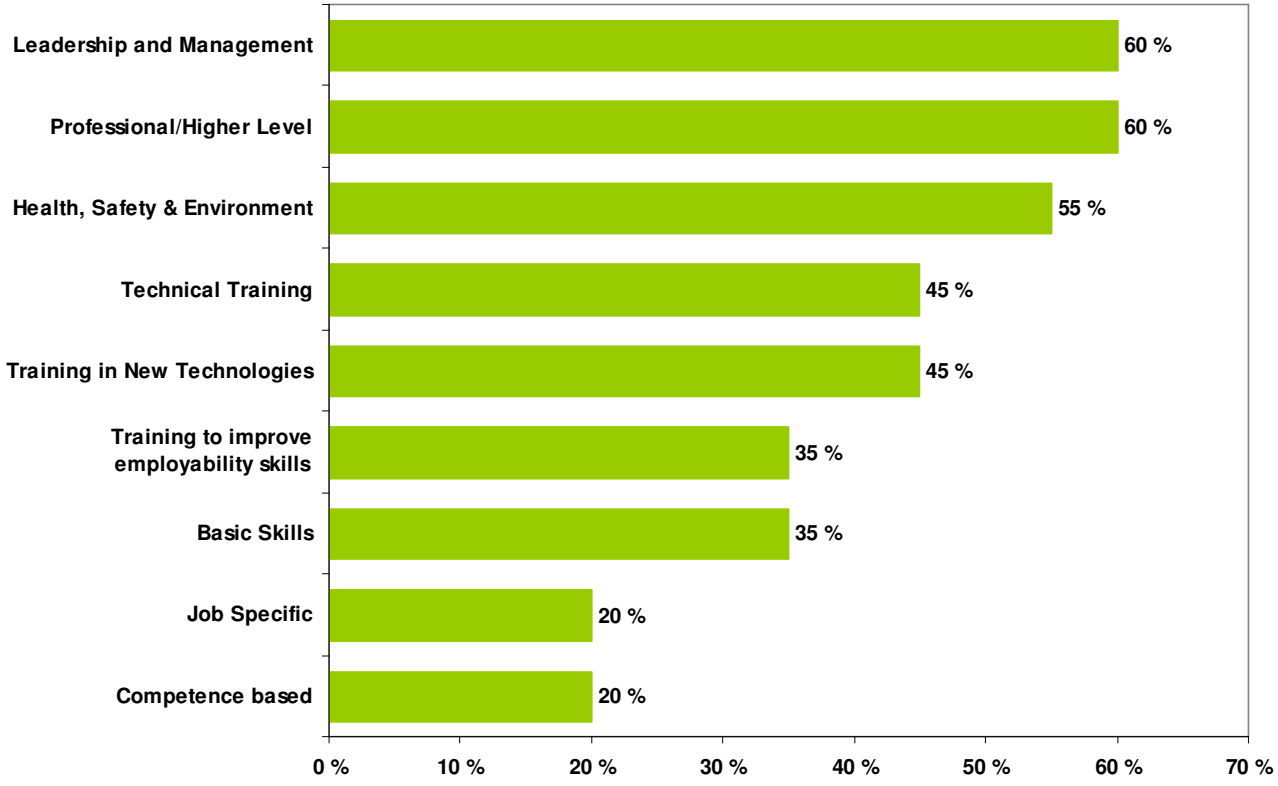
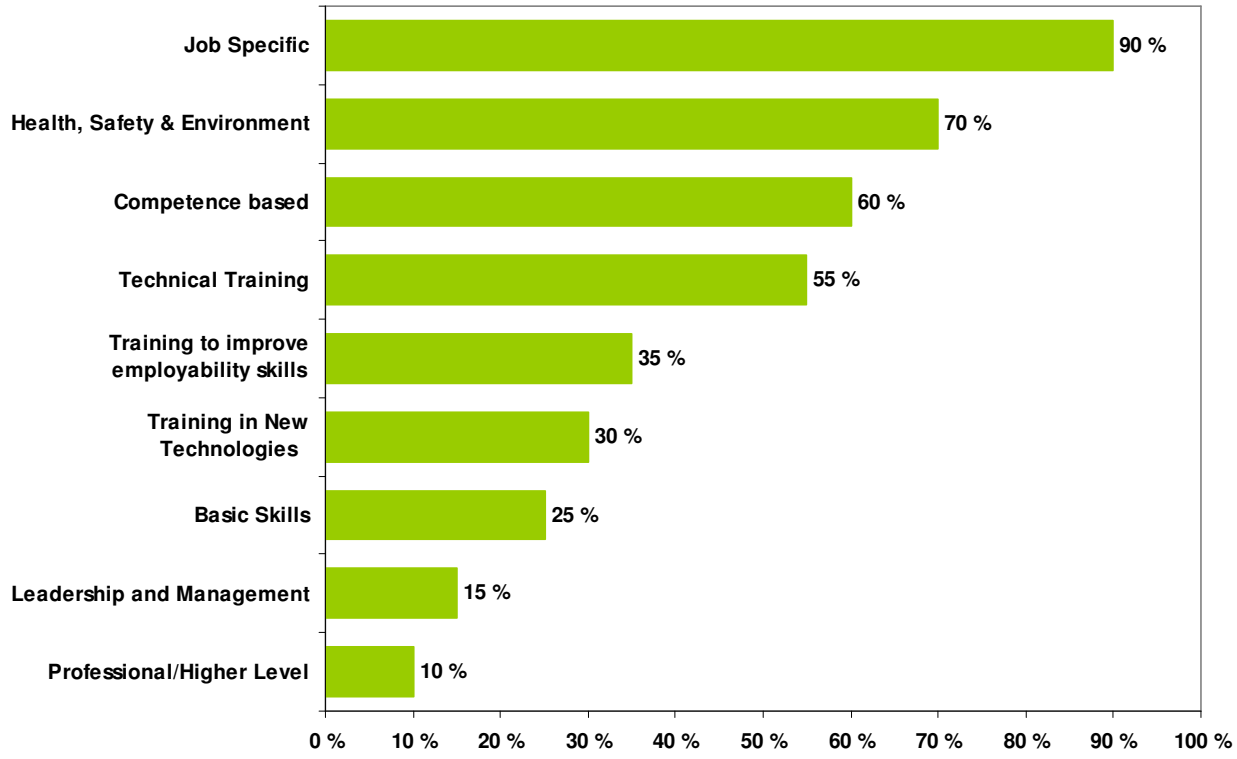


Figure 9: Reported Internal Training



3.6 Providers of Education & Training

For workforce development, polymer employers made use of a range of private and public providers. The frequency of the use of providers is: private sector (90% of employers), FE sector (85% of employers), HE sector (40% of employers).

Satisfaction ratings with each type of provider was measured for 'Cost', 'Relevance' of provision, 'Flexibility' of provision, 'Location' of provision, and the 'Quality' of those delivering education or training. For private training providers, satisfaction levels tended to be extremely high in all areas, ranging from, the lowest of 69% satisfied (on Cost) to the highest level of satisfaction of 90% (on Quality of trainers). In the main, this reflects the highly tailored provision that private training providers must produce in order to secure a business offer.

The satisfaction in FE and HE were also significant, with all satisfaction levels between 46% and 83%. The lowest of these ratings referred to the location of training and cost. This portrays the constraints of qualifications in a training context, as well as geographical coverage. The results suggest that while employers value such provision, there is scope for FE and HE to innovate in flexible and accessible provision, and that there is a role for the Sector Skills Council in facilitating this.

3.7 Education Supply

Polymer employers expectations of the skills presented by 'School Leavers', 'Apprentices' and 'Graduates' were captured. For School Leavers, in the main, polymer employers were neither satisfied nor dissatisfied with their basic skills (for example, ICT, literacy and numeracy); knowledge of their chosen job/career; or business awareness.

Polymer employers that took part in the survey placed a high level of importance on Apprentices (4% of the skills supply recruited were Apprentices, fig.6), with a rating of 79% of employers. Polymer employers expressed clear levels of satisfaction in many of the categories detailing what may be expected from an Apprentice. In priority order, employers valued 'Basic' Skills, followed by, 'Employability' Skills; 'Practical' Skills and 'Technical' Skills.

Polymer employers that took part in the survey also placed a high level of importance on Graduates (2% of the skills supply recruited were Apprentices, fig.6), with a rating of 53% of employers. High levels of expectation were placed on 'Employability Skills', 'Core Subject Knowledge', and 'Higher Level ICT, Literacy and Numeracy' skills. 50% of polymer employers were 'satisfied' or 'very satisfied' with STEM (Science, Technology, Engineering and Mathematics) subject skills.

3.8 Workforce Development

The degree of workforce development for the 'Existing Workforce' and the supply of 'School Leavers', 'Apprentices' and 'Graduates' was assessed for the skills categories of 'Basic', 'Competence', 'Technical' and 'Professional'.

Competence based and Technical training of the existing workforce was reported by 65% and 50% of polymer employers respectively, while 40% of polymer employers invested in basic skills training. A smaller proportion of polymer employers (25%) invested in Professional/Higher Level training of the existing workforce. Competence based training was the most prevalent training reported across all categories of employment, with a substantial proportion of polymer employers engaging in competence based training for Apprentices (50%).

3.9 Skills Gaps, Shortages and Future Skills Needs

In the opinion of a significant majority of Polymer employers, skills gaps and shortages over the past 12 months had 'some impact' on business performance; as 58% of employers reported skills gaps among existing employees had 'some impact'; and 47% of employers reported that the shortage of skilled individuals when recruiting has had 'some impact' on business performance (figure 10 displays skills gaps and shortages).

Most Polymer employers (63%) stated that the 'Basic Skills' needs of their workforce had remained 'constant' relative to the previous 12 months.

Employers also stated that over the past 12 months, most skills needs had 'increased' in the areas of 'Technical' (68%); 'Competence-Based Skills' (68%); 'Leadership and Management' (58%); and 'Professional/Higher Level Skills' (47%). Looking a year ahead, the same areas remained relevant but with an expectancy of a continued increase in the skills development required for 'Leadership and Management' (83%) and 'Professional/Higher Level Skills' (50%).

Skills needs are charted below (figure 11 & figure 12).

Figure 10: Skills Gaps and Shortages

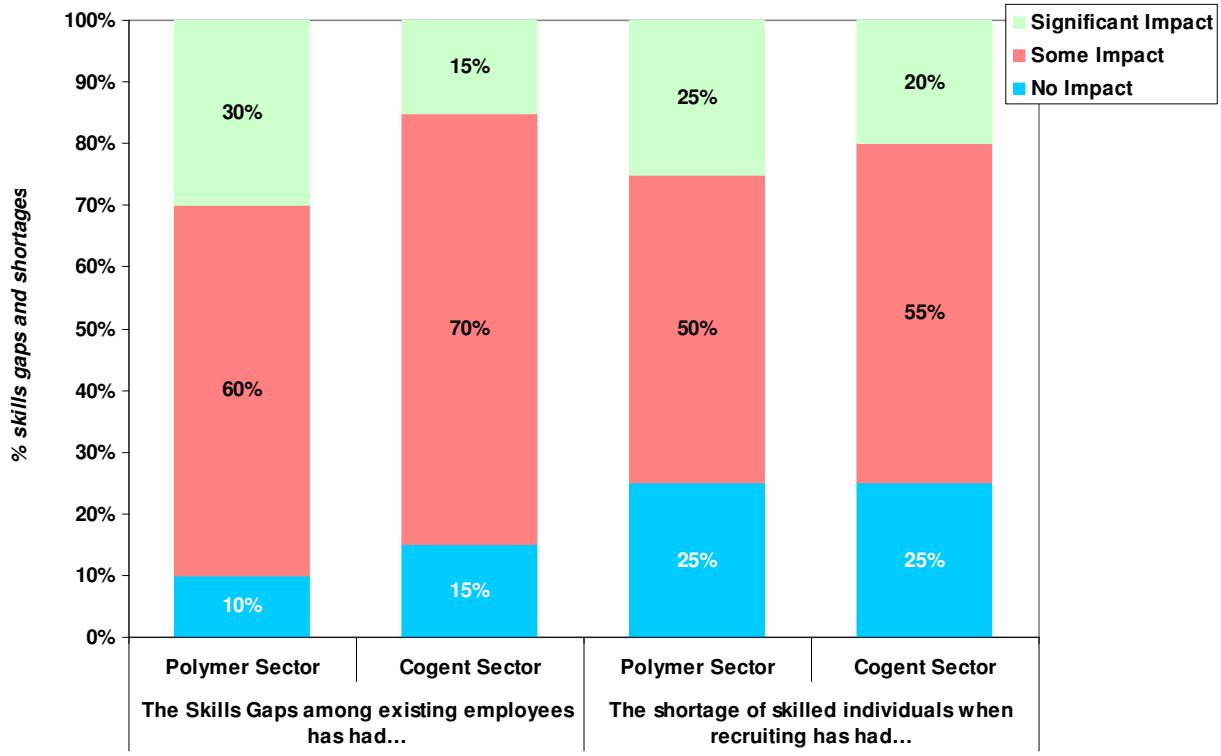


Figure 11: Skills Needs (last 12 months)

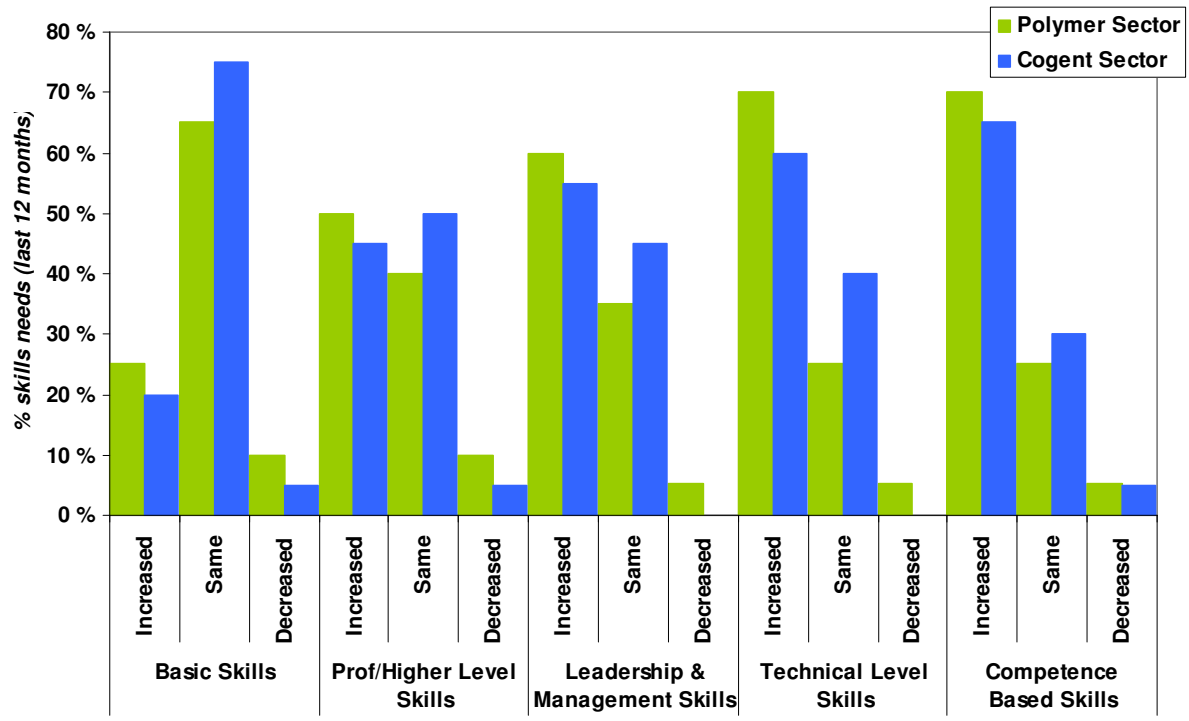
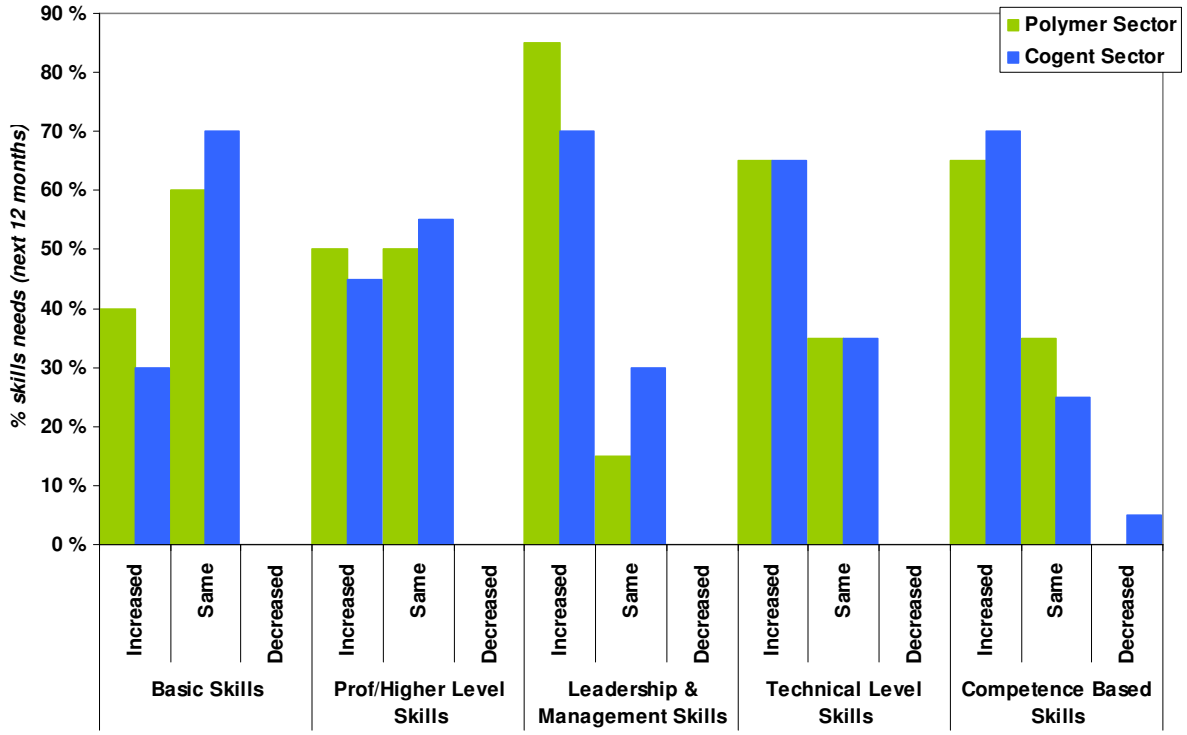


Figure 12: Skills Needs (next 12 months)



4.0 Skills and the Economy

Unsurprisingly, 95% of employers across the Cogent sector reported that the general economy had either 'some impact' or a 'significant impact' on their businesses. 100% of polymer employers also reported that the economy had 'some impact' or a 'significant impact' on business.

Looking ahead, Polymer employers were split in concluding that the economic situation for their businesses would 'improve' (53%), 'remain static' (26%), or 'worsen' (21%) within the year.

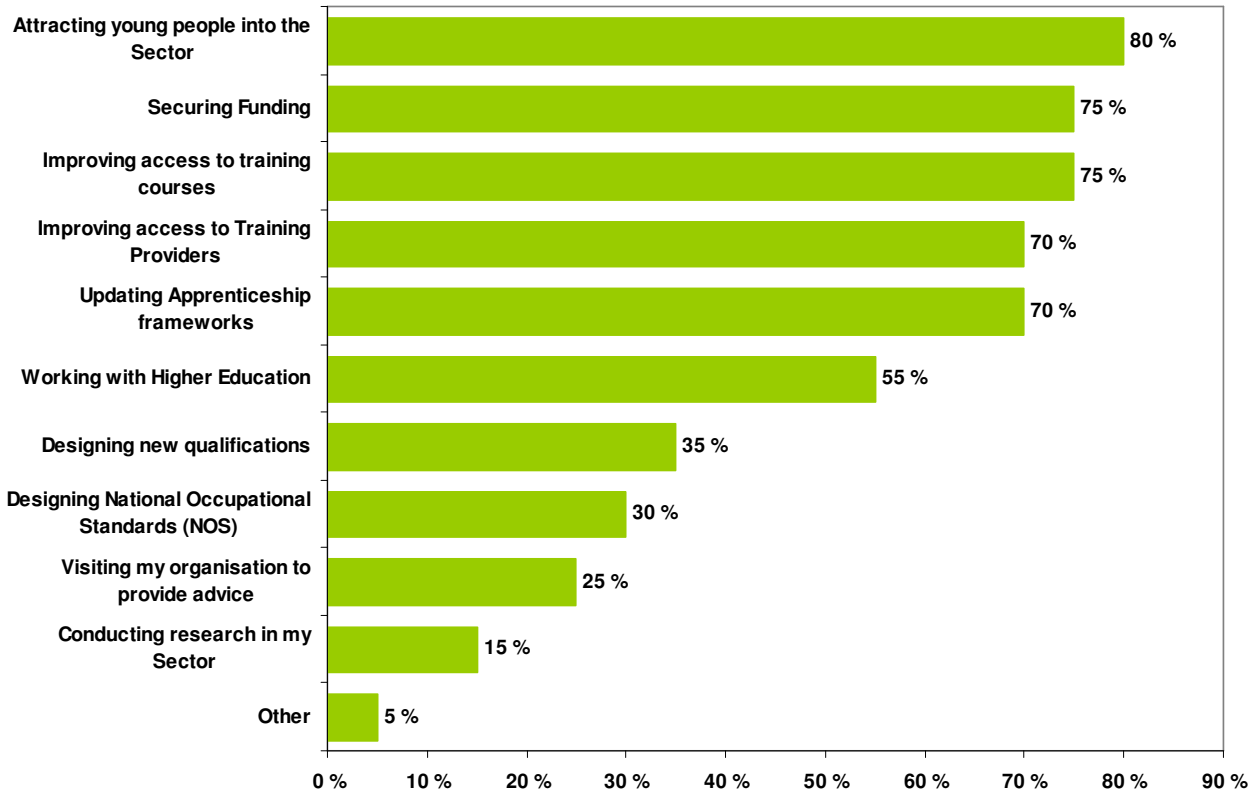
Most Polymer employers predicted 'no significant change' or an 'increase' in employment in the short term (2 years ahead) and the long term (5 years ahead).

4.1 What Polymer Employers want from a Sector Skills Council

From a defined list of SSC activities, Polymer employers were asked to select those they consider would be most beneficial to their businesses and industry. This gives, in effect, a demand chart of the skills activities of the SSC that employers endorse.

Figure 13 shows the relative importance of each activity reported by employers. Attracting young people into the sector, securing funding and improving access to training courses were top priority for polymer employers.

Figure 13: What Polymer Employers want from a Sector Skills Council



5.0 Concluding Remarks

The data provided in this report is a unique snapshot of the industry from a sizable cross section of employers. The intention is that the first Skills Oracle will provide a datum for the development of trend Labour Market Intelligence on an annual basis.

As noted in the introduction, the role of the project is two fold; providing a benchmark for individual companies, while also generating sector wide data, absent from national sources, but crucial to directing skill interventions over the longer term. Future Skills Oracle for the Polymer industry will build on the information gathered in 2009 to enable the development of trend analysis.

Cogent welcomes comment on any aspect of the survey or the report.

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Should you wish to take part in the 2010 Skills Oracle, or would like some information please do not hesitate to contact Julie Plumbley by email at:
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