



**Skills Oracle 2010**  
***The Pharmaceuticals  
Industry***

**June 2010**

## **Cogent Sector Skills Council Skills Oracle 2010**

**Skills Oracle Report for the Pharmaceuticals 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 Pharmaceuticals<sup>1</sup> industry are:**

1. Annual average company turnover in employment is approximately 13%.
2. 60% of Pharmaceuticals employers report managers vacancies are 'hard to fill'.
3. Annual training budgets average £680 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.
4. Pharmaceuticals employers were satisfied with the coverage of qualifications across the sector. Satisfaction ratings were highest for the use of 'Competence Based' qualifications, and 'Academic' qualifications
5. Health, Safety and Environment (HSE) was the most frequently reported training undertaken, when viewed across both internal and external training requirements. Pharmaceuticals companies tended to resource externally for specialist training needs, such as, Leadership and Management and Professional.
6. 88% of pharmaceuticals employers use 'Private Training' providers; 75% use 'FE' providers; and 25% use 'HE' providers.
7. For private training providers, satisfaction levels were extremely high in all areas, with 100% of employers either satisfied or very satisfied on all measures.
8. The satisfaction ratings for FE and HE were also significant (ranging between 50% and 100%), with the lower of these ratings referring to flexibility of provision. 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.
9. The majority of Pharmaceuticals employers (57% and 100% respectively) place a high level of importance on the supply of Apprentices and Graduates to their workforce (2% of the skills supply recruited were Apprentices; 5% of the skills supply recruited were Graduates).

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<sup>1</sup> Low sample relative to industry employee footprint. See note in section 3.0



10. Pharmaceuticals employers invest in 'Competence Based' (88%) and 'Technical' (75%) training of the existing workforce, with 50% investing in 'Professional/Higher Level' training of the workforce.

11. 71% of Pharmaceuticals employers reported skills gaps among existing employees had 'some impact'; and 57% of employers reported that the shortage of skilled individuals when recruiting has had 'no impact' on business performance.

12. 86% of Pharmaceuticals employers report that leadership and management skills needs have increased in the 12 months preceding the survey. Employers expected the demand for both professional/higher level (86%) and technical level (71%) skills to increase in the 12 months following the survey.

13. Looking ahead, Pharmaceuticals employers were split in concluding that the economic situation for their businesses would either 'improve' (57%) or 'remain static' (43%) within the year. No Pharmaceuticals employers concluded that the economic situation for their businesses would worsen within the year.

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

15. Securing funding, working with higher education, designing National Occupational Standards and improving access to training courses, are viewed by Pharmaceuticals 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@coagent-ssc.com](mailto:julie.plumbley@coagent-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 Pharmaceuticals Sector

This section portrays the company results alongside the Pharmaceuticals industry, based on data collected during quarter 4 2009.

A 40% return delivered 69 respondents from companies across the five Cogent sectors<sup>2</sup> (figure 1). Pharmaceuticals made up 12% of the sample of employers, with various sectors of Pharmaceuticals represented. Although the Pharmaceuticals sample size was low (3%) relative to the footprint of that industry, meriting that the data should be treated with caution, in general responses were consistent with those of the wider sample as a whole.

### 3.1 Pharmaceuticals Industry and Employment

Pharmaceuticals sites in the main were large with 250 employees or over, with 23 industrial sites across the UK represented (see figure 2 for the reported number of sites and companies across the Cogent footprint).

The Pharmaceuticals sites that responded to the survey collectively employed 2,400 people, while their parent companies employed over 122,300 people worldwide.

By the UK employee measure, the survey represents of the order of 3% of the Cogent Pharmaceuticals UK workforce<sup>3</sup> and 0.5% of the Cogent UK workforce of 550,000 employees<sup>4</sup>.

The Pharmaceuticals sites that responded reported, on average, employing 295 people, with a maximum of 480 and a minimum of 170.

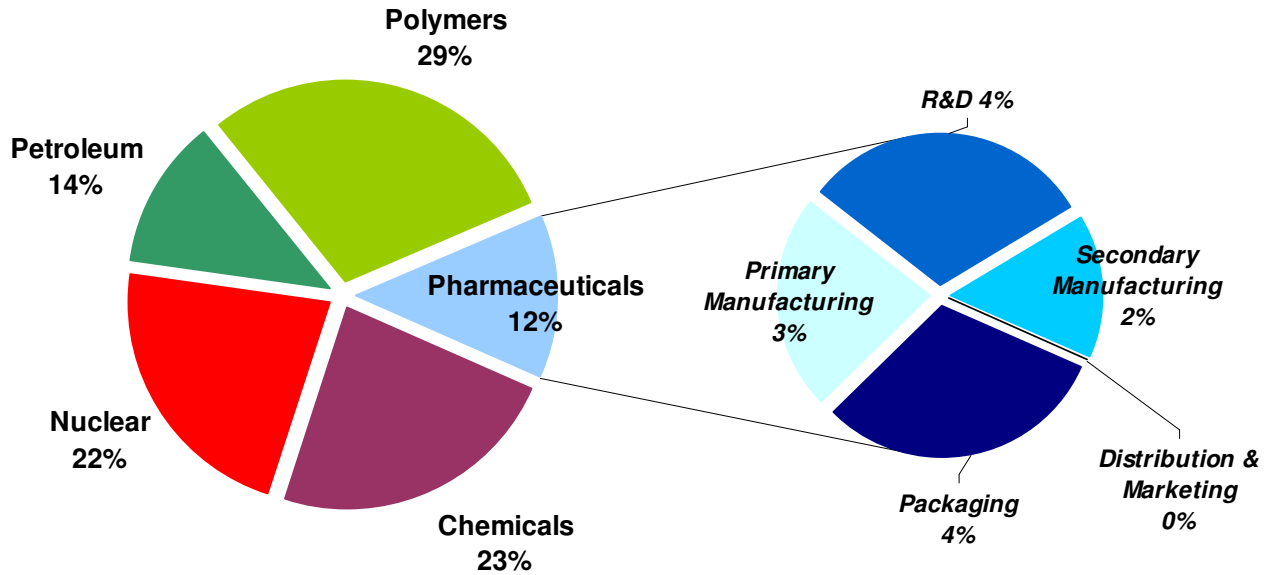
<sup>2</sup> Chemicals, Pharmaceuticals, Nuclear, Petroleum and Polymers – not including Oil & Gas or Petroleum Forecourt Retail

<sup>3</sup> Cogent Pharmaceuticals Fact Sheet (2007)

<sup>4</sup> Cogent Industry Fact Sheets (2007) – excluding Oil & Gas and Petroleum Forecourt Retail



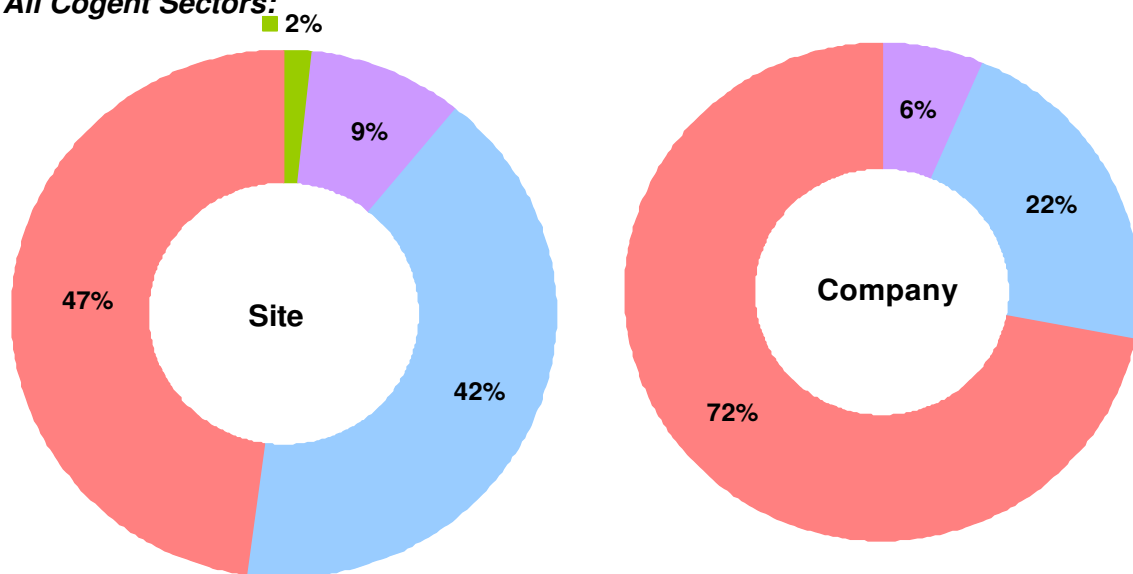
**Figure 1: Respondents by Industry**



Survey: 40% return rate (69 respondents)

**Figure 2: Respondents by Size of Employers**

All Cogent Sectors:



■ Micro (1 to 10 employees)   
 ■ Small (11 to 50 employees)  
■ Medium (51 to 250 employees)   
 ■ Large (250+ employees)



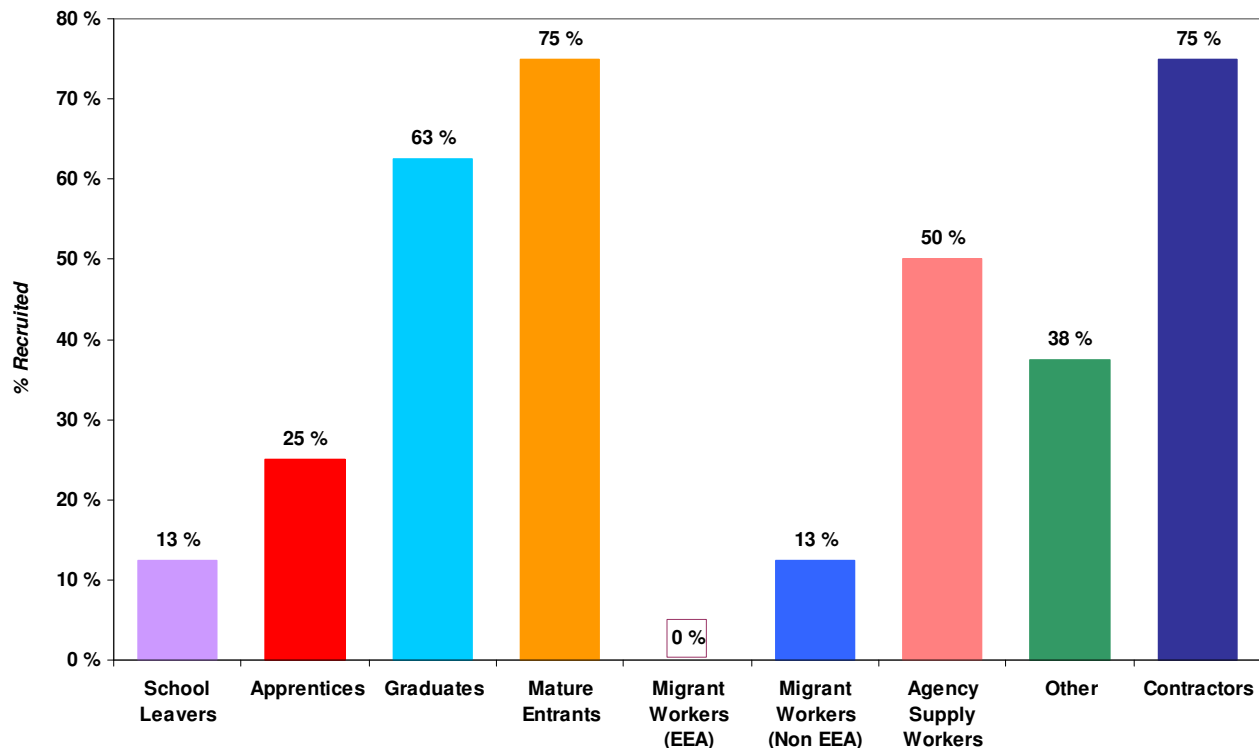
### 3.2 Recruitment and Staff Turnover

In total for the survey, 168 people were recruited, with a small proportion of contractors employed (less than 15 reported). The main recruitment routes into the sector were surveyed according to the categories of: 'Mature Entrants' (75%), 'Graduates' (63%), 'Agency' (50%) and 'Other' (38%). Across the sector, 75% of employers reported dependence on contractors for routine operations. The incidence of recruitment of migrant workers was low (less than 15%). (Figure 3 displays the proportion recruited in the Pharmaceutical sector).

For the Pharmaceuticals sites surveyed, the proportion of those employed directly suggests an annual sector turnover of 13%<sup>5</sup> in employment. Analysis of the entrants and leavers by occupation gives a profile of *in-demand occupations*.

On the whole, Pharmaceuticals sites reported losing more employees than recruiting, with a decline reported across all occupations (figure 4 displays employment turnover).

**Figure 3: Proportion Recruited by employers across the Pharmaceuticals sector**



<sup>5</sup> Calculated using the number of those recruited and the number of those leaving the Pharmaceuticals sector (n=314)



Vacancies for 'Managers' were reported by 60% of Pharmaceuticals employers as the most 'hard to fill', followed by 'Commercial and Marketing' occupations (50%). 'Professional Scientists and Engineers' (40%), 'Craft and Technicians' (33%) and 'Operations and Productions' (14%) occupations were also reported as being 'hard to fill'. Only 'Administration and Secretarial' occupations were not reported as 'hard to fill' (figure 5 displays reported hard to fill vacancies by occupation).

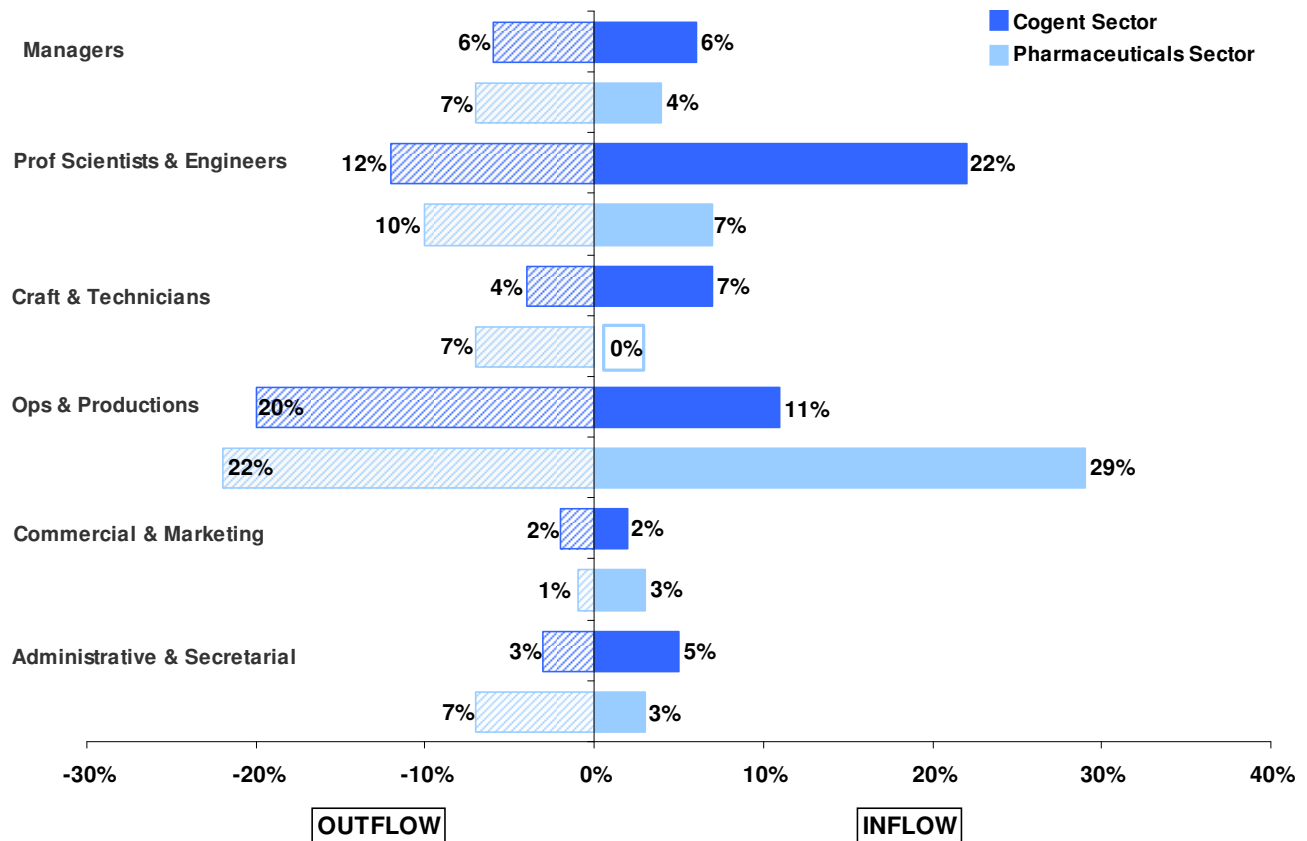
The outflow of employment was recorded in categories of 'Retirement', 'Redundancies' and 'Other'. Most Pharmaceuticals employers listed 'other' as the main departure route for employees (74%), followed by redundancies (21%) and retirements (5%).

Similarly, the Chemicals sector reported the main departure routes were 'other' (47%), followed by redundancies (31%) and retirements (22%).

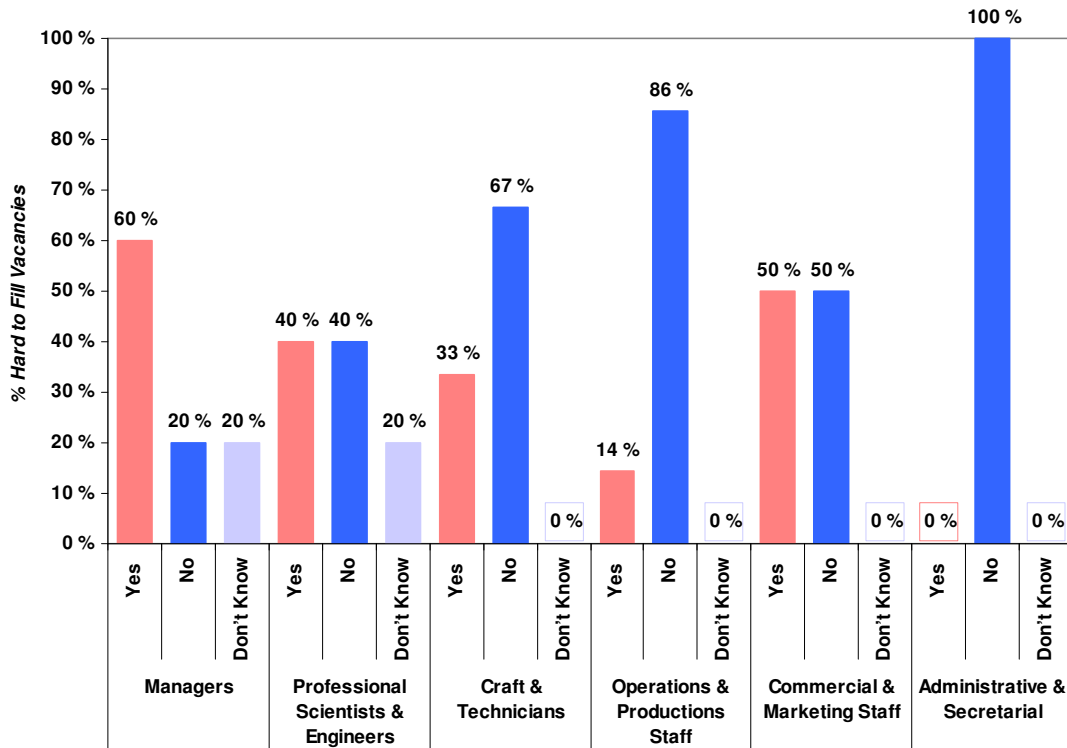
Excluding Contractor recruitment, the inflow of employment indicated that most Pharmaceuticals companies recruited Agency Supply Workers (29%) and Mature Entrants (27%). The smallest proportion recruited by Pharmaceuticals companies were Migrant Workers (both EEA and Non EEA: 1%).

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

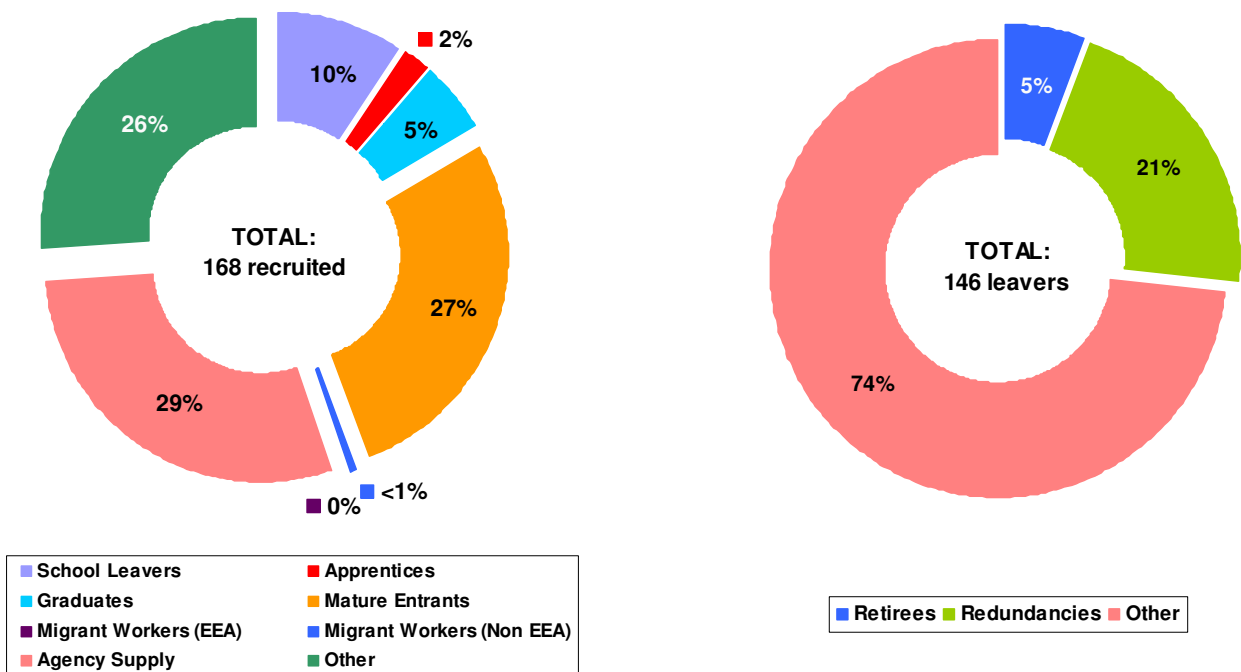
**Figure 4: Employment Turnover**



**Figure 5: Hard-to-Fill Vacancies**



**Figure 6: Inflow & Outflow of Employment reported by the Pharmaceuticals sector**



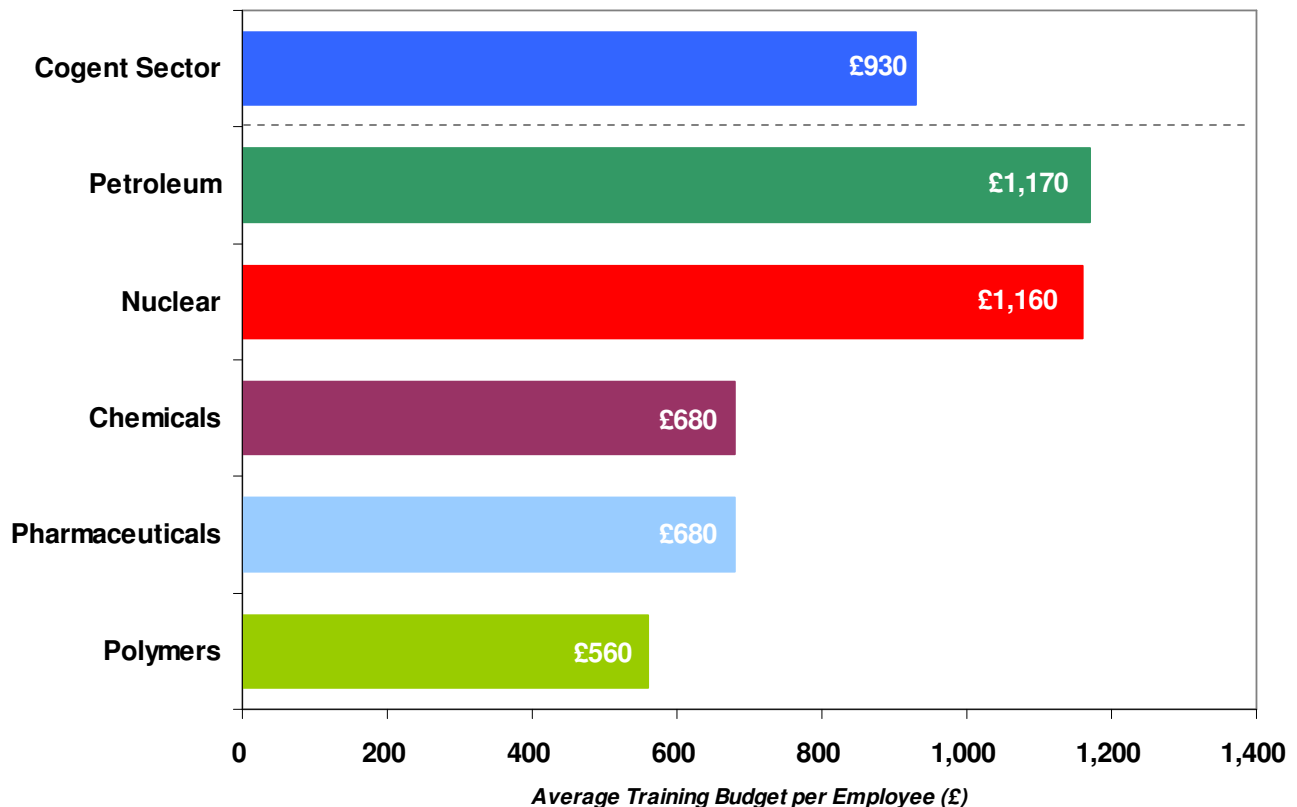
### 3.3 Training Budgets

The majority (86%) of Pharmaceuticals companies reported having a training budget. Of those that reported training budgets, the average was just over £128,000, with a maximum reported of £500,000.

Despite the recession, most Pharmaceuticals companies (66%) reported that their budgets would remain the same or decrease in the coming year. A smaller proportion (17%) expected training budgets to increase. For the Pharmaceuticals sector the average annual spend on **training per employee** is £680 (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 account for investment in internal training and training facilities.

**Figure 7: Average Training Budget (£)**



### 3.4 Qualifications – the Employers View

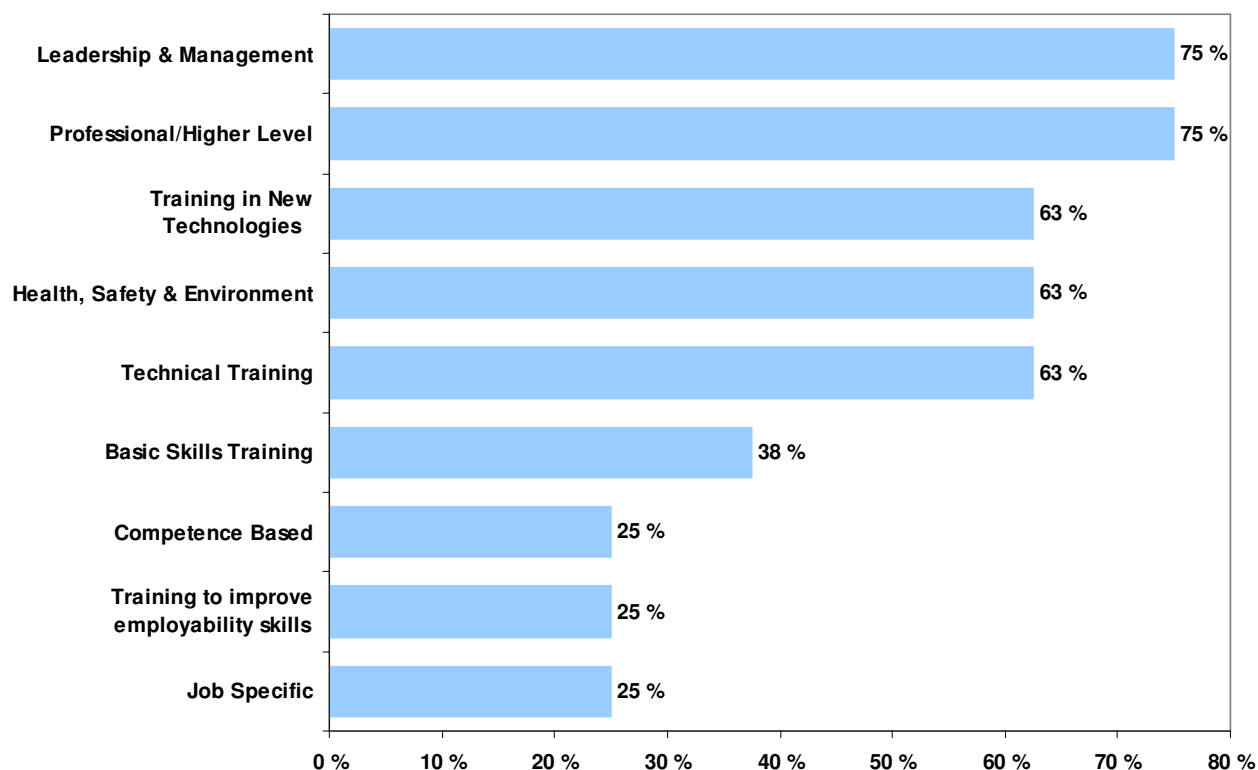
In general, pharmaceuticals employers were satisfied with the coverage of qualifications across the sector. Satisfaction ratings were highest for the use of ‘Competence Based’ qualifications, and ‘Academic’ qualifications (67% respectively). A similar proportion of employers were satisfied that current training provision is accessible and flexible across the sector. 67% of those that responded were neither satisfied nor dissatisfied that the pharmaceuticals sector is well served by ‘Apprenticeships’.

### 3.5 Training

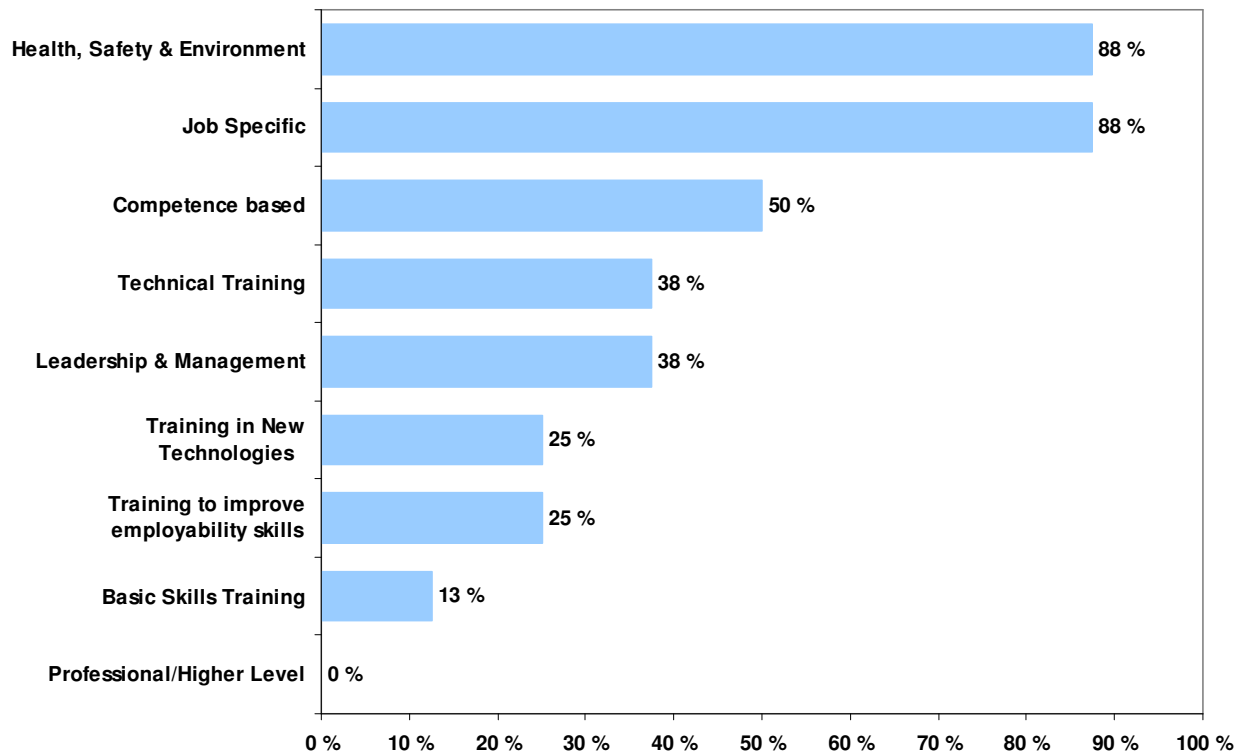
Health, Safety and Environment (HSE) was the most frequently reported training undertaken, when viewed across both internal and external training requirements. Pharmaceuticals companies tended to resource externally for specialist training needs (‘Leadership and Management’, 75%; and ‘Professional’, 75%). (Figure 8).

When training needs are more directly related to a job, training tends to be internally resourced (‘HSE’, 88%; ‘Job Specific’, 88%; and ‘Competence’, 50%). (Figure 9).

**Figure 8: Reported External Training**



**Figure 9: Reported Internal Training**



### 3.6 Providers of Education & Training

For workforce development, pharmaceuticals employers made use of a range of private and public providers. The frequency of the use of providers is: private sector (88% of employers), FE sector (75% of employers), HE sector (25% 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 were extremely high in all areas, with 100% of employers either satisfied or very satisfied on all measures. 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 50% and 100%. The lowest of these ratings referred to the flexibility of training. 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

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

Pharmaceuticals employers that took part in the survey placed a high level of importance on Apprentices (2% of the skills supply recruited were Apprentices, fig.6), with a rating of 57% of employers. Pharmaceuticals 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, 'Practical' Skills; and 'Employability' Skills.

Pharmaceuticals employers that took part in the survey also placed a high level of importance on Graduates (5% of the skills supply recruited were Apprentices, fig.6), with a rating of 100% of employers. High levels of expectation were placed on 'Core Subject Knowledge', 'Higher Level ICT, Literacy and Numeracy' skills; 'Employability' Skills; and 'Practical' Skills. 100% of pharmaceuticals 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 88% and 75% of pharmaceuticals employers

respectively, while 50% of pharmaceuticals employers invested in Professional/Higher Level training of the workforce. A smaller proportion of pharmaceuticals employers (38%) invested in basic skills training of the existing workforce. Competence based training was the most prevalent training reported across all categories of employment, with a substantial proportion of pharmaceuticals employers engaging in competence based training for Graduates (50%), and to a lesser extent Apprentices (25%).

### 3.9 Skills Gaps, Shortages and Future Skills Needs

In the opinion of a significant majority of Pharmaceuticals employers, skills gaps and shortages over the past 12 months had either 'some impact' or a 'no impact' on business performance; as 71% of employers reported skills gaps among existing employees had 'some impact'; and 57% of employers reported that the shortage of skilled individuals when recruiting has had 'no impact' (figure 10 displays skills gaps and shortages).

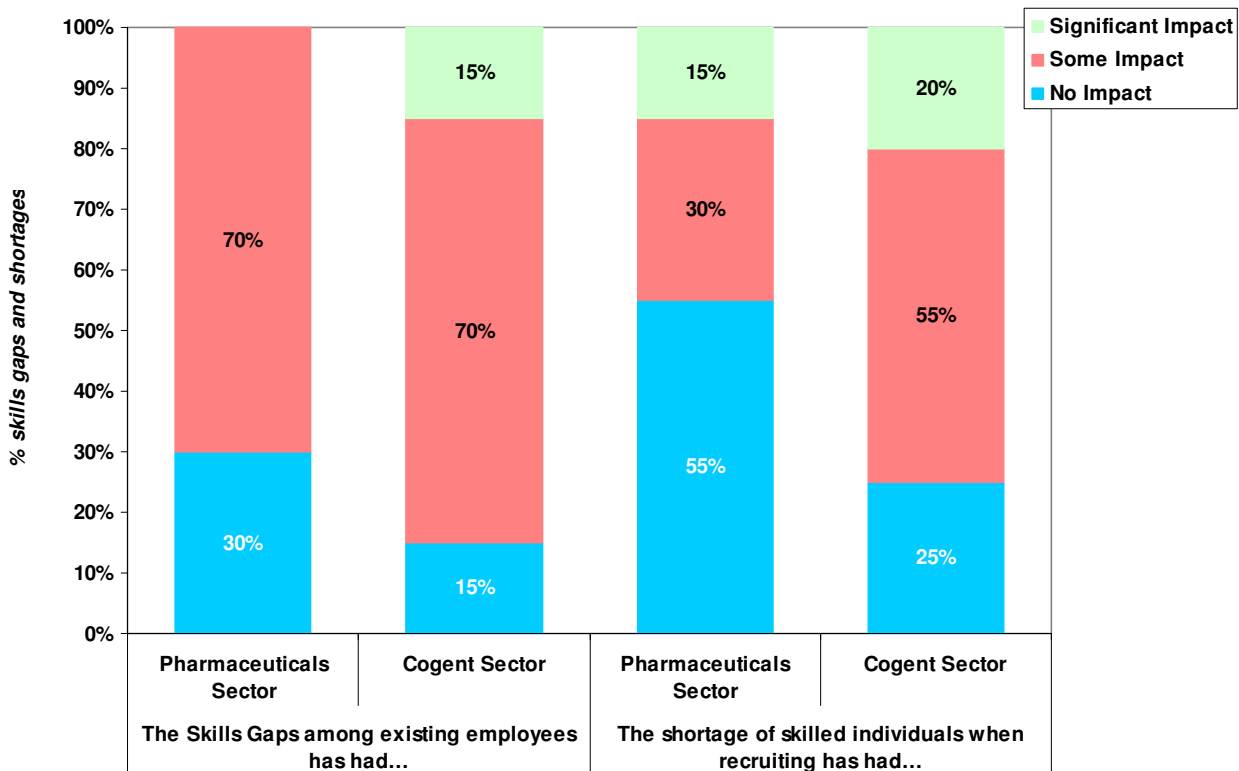
Most Pharmaceuticals employers (71%) stated that the 'Basic Skills' needs of their workforce had remained 'constant' relative to the previous 12 months. Similarly the 'Technical Level Skills' needs (57%) and 'Competence Based Skills' needs (57%) of their workforce had also remained constant.

Employers also stated that over the past 12 months, most skills needs had 'increased' in the areas of 'Leadership and Management' (86%); and 'Professional/Higher Level Skills' (57%). Looking a year ahead, the same areas remained relevant but with an expectancy of a continued increase in the skills development required for 'Professional/Higher Level Skills' (86%); and 'Technical Level Skills' (71%).

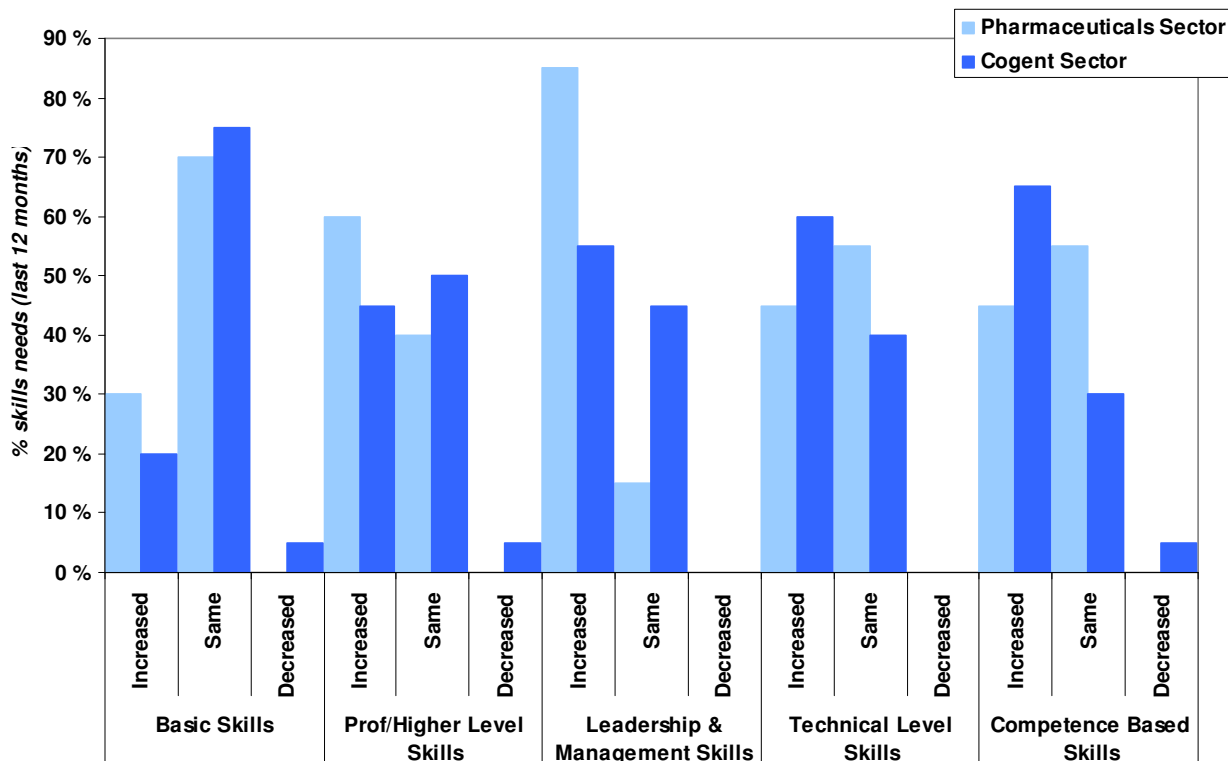
Skills needs are charted below (figure 11 & figure 12).



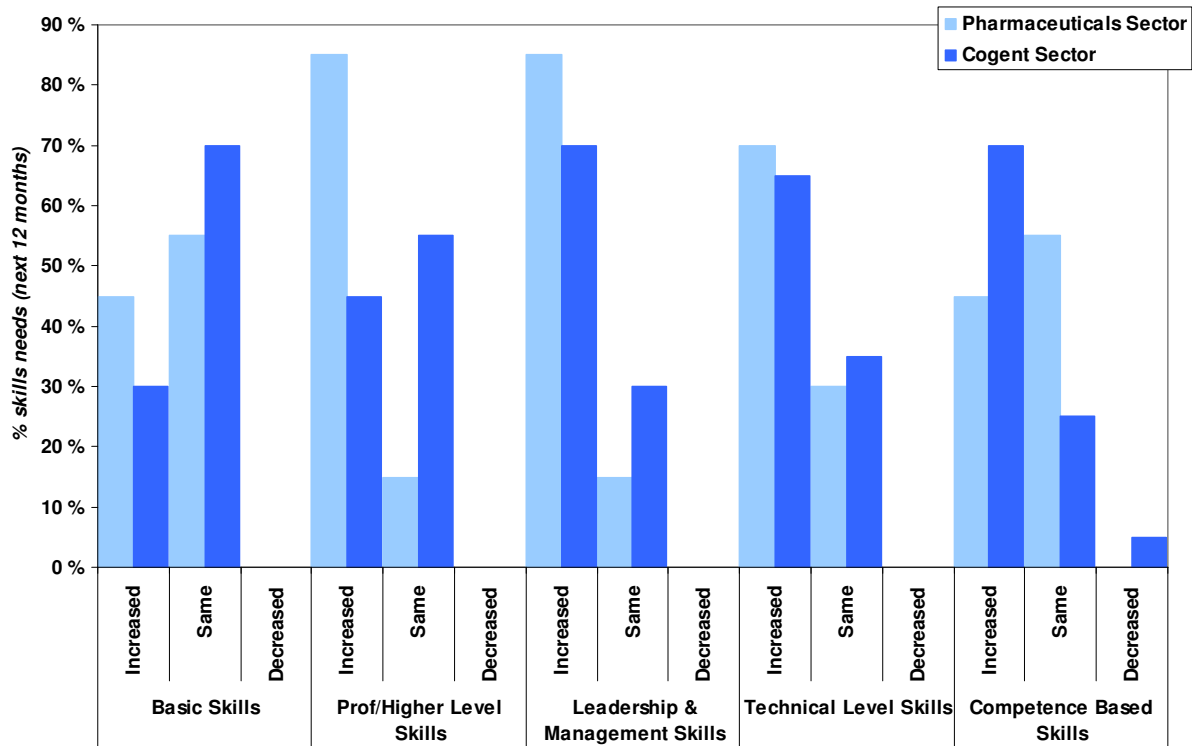
**Figure 10: Skills Gaps and Shortage**



**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. 88% of pharmaceuticals employers also reported that the economy had ‘some impact’ or a ‘significant impact’ on business.

Looking ahead, Pharmaceuticals employers were split in concluding that the economic situation for their businesses would either ‘improve’ (57%) or ‘remain static’ (43%) within the year. No Pharmaceuticals employers concluded that the economic situation for their businesses would worsen within the year.

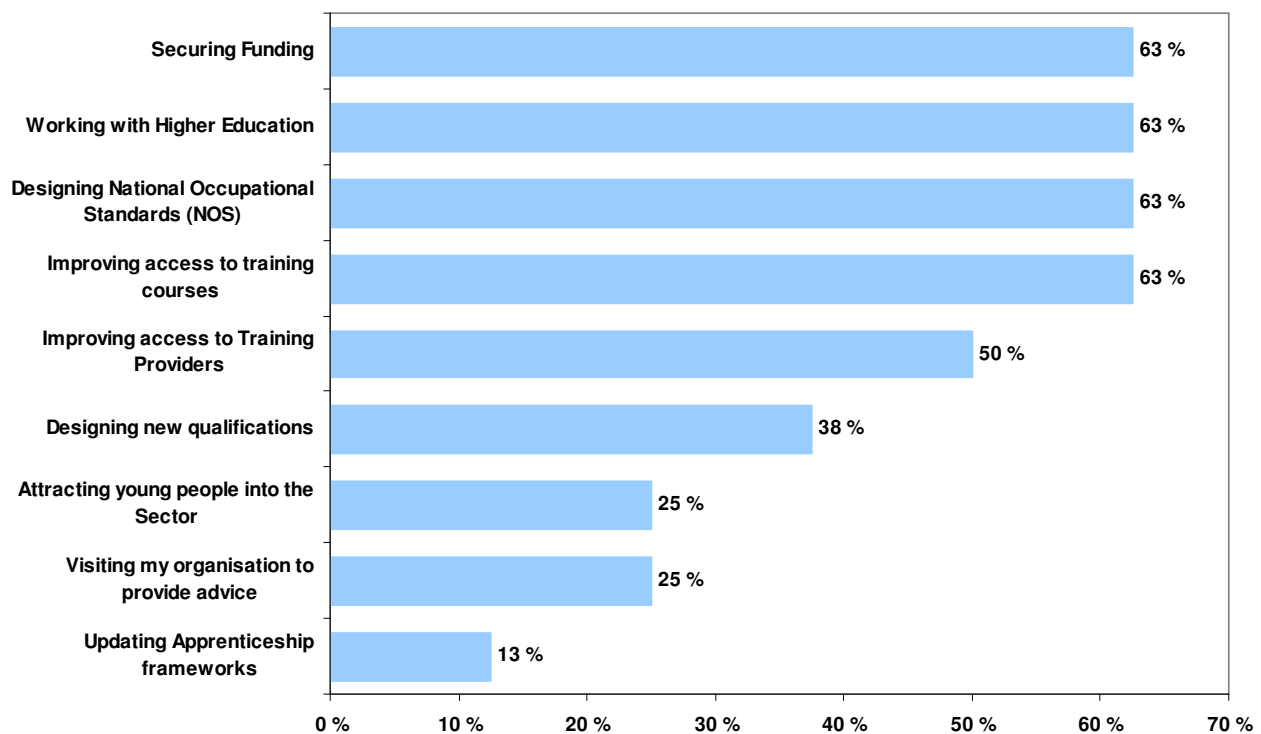
Most Pharmaceuticals employers predicted ‘no significant change’ or an ‘increase’ in employment in both the short term (2 years ahead) and long term (5 years ahead).

#### 4.1 What Pharmaceuticals Employers want from a Sector Skills Council

From a defined list of SSC activities, Pharmaceuticals 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. Securing funding, working with Higher Education and designing National Occupational Standards were top priority for Pharmaceutical employers.



**Figure 13: What Pharmaceuticals 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 Pharmaceuticals 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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