

Open Report on behalf of Executive Director for Environment and Economy

Report to:	Economic Scrutiny Committee
Date:	21 July 2015
Subject:	Recruitment and Induction Business Support - Summary of a pilot programme

Summary:

LCC funded a pilot project to help businesses recruit new staff.

It was very clear from the pilot that businesses needed support to tackle the various problems associated with recruitment.

This report provides a summary of the pilot project and suggests that the scheme is rolled out in the future, using external funding to do so.

Actions Required:

The Economic Scrutiny Committee members are asked to:

- (i) consider the findings of the pilot project
- (ii) task officers with developing a countywide recruitment project

1. Background

We know from the businesses we speak to that recruitment can be difficult.

When we asked 1500 businesses last year about their workforce, almost 95% of those with over 25 employees had recruited in the previous 12 months (i.e. between May 2013 and April 2014). Around 10% found roles (both new posts and replacements posts) difficult to fill. These tended to be skilled or technical roles and about a third of them were in the manufacturing or renewables/low carbon sectors.

Employers also tell us that a proportion of new recruits, particularly young people, are not 'ready for work' or lack the right attitude to work.

We wanted to find out more about the kinds of recruitment processes employers have in place and if they could be improved. We also wanted to find out if employers are good at telling new recruits exactly what is expected of them.

As a result, the Recruitment and Induction Business Support project was developed. Its aim was to support 25 SMEs, with less than 50 employees to improve their recruitment and induction processes.

It is worth noting that there are no other business support projects, local or national, aimed at supporting recruitment. It is not generally considered a market failure as there are plenty of agencies offering services that businesses can buy.

The Pilot

The pilot was developed to do three things:

- Help businesses tackle their vacancies and develop better processes for the future;
- Assist employers in developing good induction processes because they have an important role in helping new recruits understand the job they are required to do;
- Help us understand the recruitment challenges that businesses face;

A small grant incentive was offered (maximum £750). Eligibility criteria were not rigid so that we could test what needs to exist.

A local HR and skills expert was recruited to deliver the project and it operated from October 2014 to April 2015.

The project provided 15 hours of 1-1 support and advice to 25 businesses across all districts of Lincolnshire, 23 with fewer than 50 employees and 2 with 100 employees.

Businesses were eligible to participate if they were actively recruiting, had struggled to recruit within the previous 3 months or had high staff turnover that was adversely impacting their business activity.

The pilot was advertised through colleagues at local Councils and the Chamber of Commerce.

Findings of the Pilot

The pilot provided support to very small businesses, and to businesses who have not taken part in business support programmes in the past.

Providing support and unlocking barriers had a direct impact on recruitment; smaller, fledgling businesses employed staff that they wouldn't have otherwise.

The small grant was not critical however it was taken up for reasons that had not previously been considered. It was taken up by only six of the businesses involved, and not always in full.

Activities supported were:

- Team training day for all 3 members of staff of a small business to establish a team working culture, incorporating a newly recruited member of staff;
- IT software/support for a business dealing with highly technical documents, to enable employees to access documents when working remotely (i.e. dial-in facility);
- Part-purchase of a computerise till/system, so that processes in the business could be standardised and removed a barrier to employing new staff;
- A short training course for small business owner to enable her to deliver technical training element required by all new recruits, unlocking a barrier to employment;
- Contribution to costs of a temporary member of staff to produce induction booklets and/or recruitment processes.

The challenges that businesses were facing when the pilot was undertaken were varied, and are categorised below:-

Sourcing apprentices

Employers found the process of recruiting an Apprentice difficult. Challenges included not being clear how to go about it, accessing the right type of training and finding a local provider. One business wanted to train their Apprentice in retail but was told that they would need to do Customer Service instead. The business used a national provider instead of a local one. There was also a challenge around one provider telling the business they would have to wait a few months until they were ready to deliver the training.

Recruiting & Appointing

Recruiting someone for the first time *using your own money* feels very high risk and even for those who have done it before, employment law is bewildering. Family businesses or those just starting out, lack the confidence to take this first step, particularly if they end up with the wrong person.

New and existing small employers found the practicalities of recruiting someone a challenge e.g. writing Terms and Conditions, working from home, paying them. It is easier for someone to 'employ' a friend rather than go through a recruitment process.

Sourcing skills

Some businesses struggled to recruit semi-skilled and skilled staff, for example an engineering business that was looking for a specialist welder and toolmaker to fulfil a new contract. This was not something they could train for within the time needed. A legal documentation business could not recruit locally to a technical post. There

were a number of examples of small training providers not being able to recruit the right skills into their business.

Next Steps

We have previously discussed at Committee how we tackle some of these challenges:

- Through the Employment and Skills Board, we are working with Boston College to utilise some of their ESF and Skills Funding Agency money to write website content about good recruitment practice for www.businesslincolnshire.com and to develop better information about the recruitment support available locally from Job Centres, Universities, Colleges and organisations such as ACAS.
- We are using funds provided to the Employment and Skills Board by the National Apprenticeship Service to develop a local apprenticeship awareness campaign via social media that employers, potential Apprentices and training providers will interact with.
- Through the Employment and Skills Board, work with Colleges and Providers to develop their responses to employer need.

However the pilot project has shown how 1-1 support has directly impacted on recruitment, so we would like to work with funders to develop a Lincolnshire-wide recruitment business support project to increase employment, and consider how this might contribute to supporting young unemployed people into jobs.

2. Conclusion

This pilot project was very successful and it clearly demonstrated that there is a market failure in support for businesses to recruit. As the commissioner of skills activity LCC can develop a project to tackle this market failure using ESF and other monies.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Clare Hughes, who can be contacted on 01522 550545 or Clare.Hughes@Lincolnshire.gov.uk.

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