

Thames Valley Business Barometer

‘Recruitment and Retention in the Thames Valley’

The Thames Valley Business Barometer is a collaboration between BDO LLP and C8 Consulting, providing a regular snapshot of business and economic confidence in the Thames Valley. The results offer a compelling street level view of business sentiment, helping to inform decisions on growth, investment and employment in the region.

June 2015

EXECUTIVE SUMMARY

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“Green Park offers excellent opportunities for the business to expand and grow. Not only is it more cost effective than the majority of locations in other parts of the country, but the business park also has great access to the major airports and enables inland to tap into a great local talent pool.”

WILLIAM RABIE
Head of Cloud Business
EMEA and APAC, inland

As we pull together our findings for our sixth Thames Valley Business Barometer we question how buoyant the business community is under the new government. Our unemployment rate fell to 5.5% in the first three months and the drop gave us the second-lowest unemployment rate in the EU after Germany. Yet while the economic impact of the election cannot be fully measured at this stage there are some early indicators which suggest that the economy has been affected. For instance, we saw that the rate of economic growth halved in the first three months of this year. However, looking at BDO's National Output Index which rose to 104.3 this month from 103.7 there may be good news to come. These figures indicate that growth could speed up in the latter half of 2015 following a weaker start to the year.

The new Conservative government need to combat the underlying fragility of the economy and turn confidence into investment, securing sustainable growth¹. By putting firm actions in place to help businesses thrive we might fulfil the Bank of England's expectations of a 2.5% growth for the UK economy².

Momentum of economic confidence in the Thames Valley consolidates

This time last year we measured staggeringly high levels of economic confidence in the Thames Valley with 90% of those surveyed stating that confidence had improved. Six months ago we saw confidence levels flatten off slightly to sit at 70% and the latest Barometer results show another drop in confidence to 62%.

These figures align with what we are seeing nationally, and they might be expected as we come out of recession. There can be a spike of activity with pent up demand, which then cools down as the recovery starts to become more 'the norm'. We might also be seeing the Election impacting results as businesses undertook this survey in the lead up to it, and there was great uncertainty about the results and what they might mean for the UK.

Headcount in the Thames Valley

Our latest survey focused on the key challenges that businesses currently face around recruitment and retention in the Thames Valley. We asked respondents several questions which gave us an insight into a variety of key areas; headcount, recruitment, skills, school leaver schemes, annual staff attrition and retention initiatives.

Plans to expand headcount and recruitment have fluctuated over the three-year period since we started the Barometer, rising from 30% at the start of 2012 to 65% in spring 2014 and then dropping to 50% last autumn. Our latest Barometer shows another rise to 64%. This is promising for the region and correlates with the national picture. However, businesses appear to be restricted when it comes to finding the right people to recruit, with 59% of businesses surveyed saying that they were having more difficulty. This could be for a number

of reasons but we are seeing a shortage of skills in the area and increased competition.

This issue ties in with the challenge of finding people with the right skills. Nationally we know companies are facing this same problem, the ever increasing 'war for talent', and Hays claim that only 67% of employers think that they have the talent to meet current business objectives³. Demand for skilled staff is evidently outstripping supply. This is a picture which is emerging most prominently in sectors such as manufacturing and construction, according to BDO's national Business Trends Survey. The problem obviously lies in the lack of training. Companies during the recession were forced to cut back, and training was one such area which got sliced. Now more than ever companies in the Thames Valley need to examine their training structures and schemes to see if they are making tangible differences. Our survey saw that over half, 58%, of the companies we surveyed don't offer school leavers training programmes or apprenticeships, and only 5% of them are planning on introducing them in the future. This seems to me to be an area in need of review; after all, investing in people delivers improved performance and, ultimately, outcomes. Companies in the Thames Valley need to utilise and equip their home-grown talent.

Retention

Training is also important to consider when examining attrition rates. When asked what their current attrition rate was 63% of survey respondents said that theirs was less than 10% which is encouraging. Retention initiatives included promotion, flexible working and share schemes, alongside training. Remuneration packages may need to be reviewed as well based on Hays' 2015 findings that over half (54%) of employees expect a pay rise and 48% expect a bonus. However, the fulfillment of this could push the Bank of England to bring forward its first interest rate rise since 2007 to later this year, rather than in 2016.

We hope you find the Barometer interesting and informative reading and we welcome your feedback. We also encourage you to share these results with your own networks with your customers and your suppliers to encourage increased participation in future Business Barometers. The more organisations that get involved, the more we are able to gauge what is really happening across the region.

About the survey

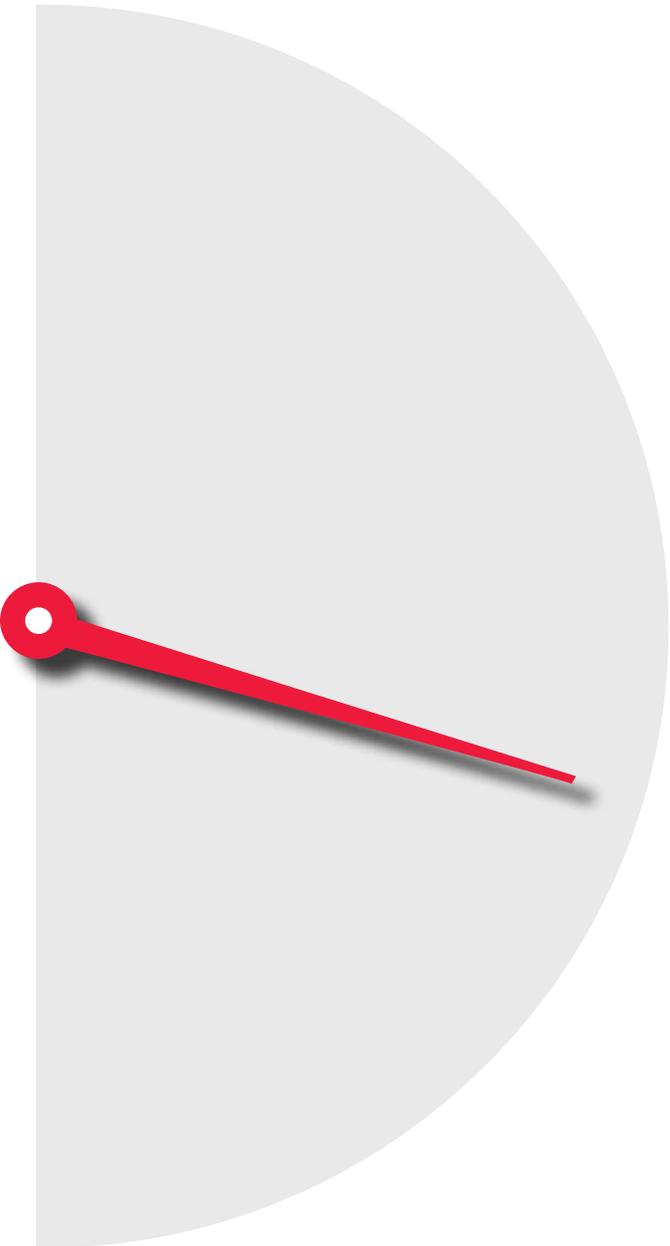
The Thames Valley Business Barometer - a collaboration between BDO LLP and PR and marketing firm, C8 Consulting - provides a twice yearly snapshot of business and economic confidence in the Thames Valley. This latest survey opened on 23rd March and run until 17th May 2015. Over 100 businesses took part and we would like to thank all of our panel members for helping to encourage responses through their own networks.

The Barometer also includes in-depth profiles of Thames Valley based businesses, HR Wallingford, iland, Activate Enterprise, UTC Reading & UTC Oxfordshire and Venntro who shared their perspectives on their own performance in 2015 and the key challenges they face for the remainder of the year. We would like to thank them for giving their time to be interviewed for this report.



SIMON BROOKER
Partner and Head of BDO
Thames Valley

Survey Results



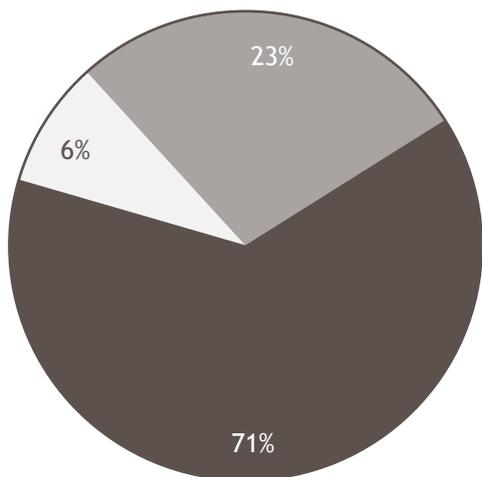
TURNOVER

Continued growth

- When asked whether turnover had increased, decreased or remained the same, over 70% of respondents said that their turnover had increased (versus 70% in autumn 2014 and 82% in spring 2014).

In the previous six months turnover...

- 71% Increased
- 6% Decreased
- 23% Remained the same



“We have no external investment, our growth is all self-funded. It’s amazing to think that 25,000 people join one of our sites every day. That’s just under one million per month.”

ROSS WILLIAMS
 Founder and CEO
 Vennro Media Group

“We are not looking to grow exponentially. Because of the high technical standards that we set ourselves, we have to recruit staff that meet those standards and we cannot afford to compromise.”

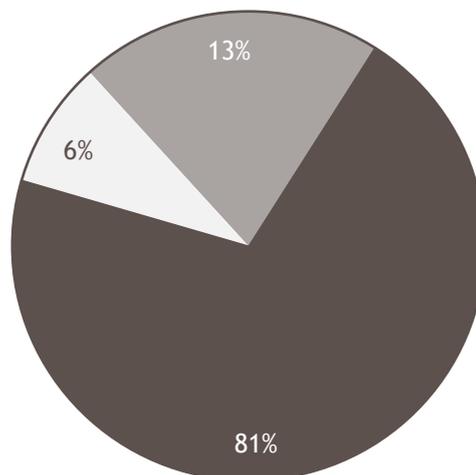
BRUCE TOMLINSON
 Chief Executive
 HR Wallingford

Sustained increase

- Looking forward to the next six months, 81% of respondents expect turnover to increase (the same figure as in autumn 2014 and compared to 86% in spring 2014). Only 6% expect turnover to decline in the next six months (this figure was the same in both previous surveys).

In the next six months turnover is expected to...

- 81% Increase
- 6% Decrease
- 13% Remain the same





ACTIVATE ENTERPRISE - A THREE WAY PARTNERSHIP BETWEEN EMPLOYEE, EMPLOYER AND EDUCATION PROVIDER

Pablo Lloyd is Chief Executive of Activate Enterprise. Activate Enterprise is part of the Activate Learning group and is the leading apprenticeship and training provider in the Thames Valley region with a track record of supporting businesses nationally.

Pablo became Activate Enterprise's first Chief Executive in January 2014, having created its vision and strategy as an adviser to the Activate Learning group. He based his vision on helping business clients and their employees compete and grow through their skills and talent. He believes clients need a blend of educational integrity and business agility, something he saw in Activate Learning's existing expertise in its consultancy and apprenticeship delivery teams, which are now both part of Activate Enterprise.

Earlier in his career, Pablo was a finance director specialising in successful transformations, from start-up to turnaround to merger. In 1999 he became a founding director of learndirect, where for over 12 years he helped transform the government idea of accessible and rigorous online learning into the UK's largest training company, which is now in private ownership.

Pablo comments on the development of Activate Enterprise since his appointment in 2014: "We have a successful track record supporting over 1000 organisations every year with their training and team development. We provide coaching, mentoring and leadership training to some of the largest companies in the UK. Business has been good over the past 12 months and as we move into a more positive business market employers are putting more focus on how they can train and retain staff."

Activate Enterprise supports businesses in the sourcing, recruitment and development of young people in the workforce, and its training is tailored to meet industry specific requirements. By combining high educational standards with extensive commercial expertise, its services range from high level board leadership programmes to government-approved apprenticeships.

According to Pablo, Activate Enterprise provides a unique mix of apprenticeship provision, bespoke training and consultancy, which means that it is ideally placed to identify skill gaps within organisations and provide cost effective and hassle free solutions to plug these gaps. As the specialist apprenticeship partner of Banbury and Bicester College, City of Oxford College, Reading College and Berkshire College of Agriculture, it has the expertise to deal with local training needs and is working hard to

develop strong links with local businesses. "Our clients are organisations that prioritise the development of their people. We talk about 'growing people' in order to grow businesses because our clients see the sales, service and efficiency improvements they get from nurturing talent."

Pablo believes that companies are now getting more demanding in terms of what they expect from employees. Likewise, young people are also pushing back in terms of their expectations from employers. He comments: "Increasingly, the young people we see are not thinking job, they are thinking career." Pablo firmly believes that there needs to be a three-way partnership between employer, employee or apprentice, and education provider. If one of those links are weak then it does not allow the individual to thrive.

Pablo also believes that apprenticeships are one of the most effective forms of work-based training and he would like to see more businesses in the region taking them up. He summarises: "As well as being an excellent way of achieving nationally recognised qualifications, apprentices gain real workplace experience and earn a salary too - so they really do provide a win:win for everyone."

"Our clients are organisations that prioritise the development of their people. We talk about 'growing people' in order to grow businesses because our clients see the sales, service and efficiency improvements they get from nurturing talent."

PABLO LLOYD
Chief Executive
Activate Enterprise

HEADCOUNT

Headcount improves

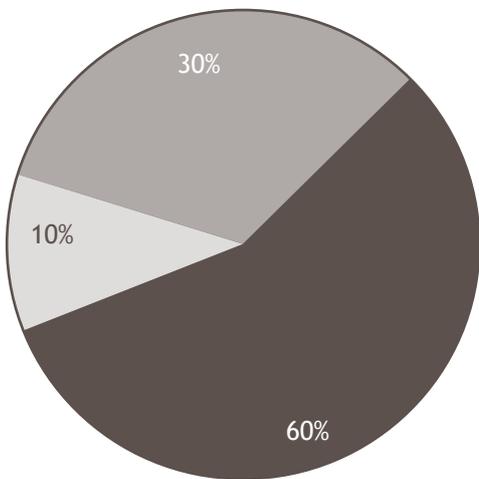
- More than half of respondents (60%) indicated that their headcount had increased (versus 50% in autumn 2014 and 61% in spring 2014), with a slightly higher proportion (64%) stating that their headcount will increase again in the next six months (versus 59% in autumn 2014). This is an increase from autumn 2014 when 49% of respondents stated that headcount had increased.

“A Windsor headquartered business with over 160 staff, Venntro is one of the largest private employers in the area. The company also has offices in London, Boston and San Francisco.”

ROSS WILLIAMS
Founder and CEO
Venntro Media Group

In the previous six months headcount...

- 60% ■ Increased
- 10% ■ Decreased
- 30% ■ Remained the same

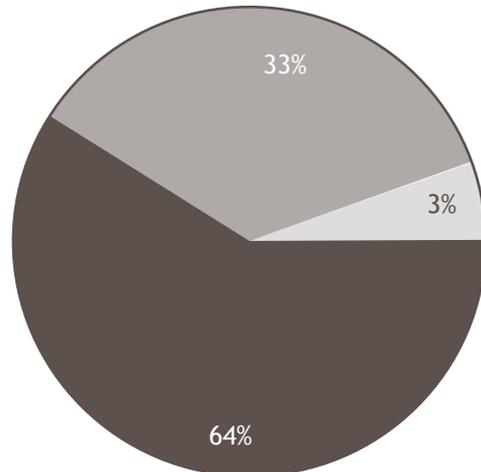


Headcount expected to increase

- 64% of respondents said that headcount is expected to increase in the second half of 2015.
- Only 3% expect to reduce headcount in the next six months.

The next six months headcount is expected to...

- 64% ■ Increase
- 3% ■ Decrease
- 33% ■ Remain the same



“In order for us to recruit, develop and retain technical expertise, we have to ensure that we provide an attractive working environment. Together with competitive salaries, we create a workplace that fosters creativity and encourages innovation.”

BRUCE TOMLINSON
Chief Executive
HR Wallingford



ILAND - BUSINESS CONTINUES TO EXPAND AS IT OPENS NEW OFFICES IN GREEN PARK

iland, an enterprise cloud hosting provider, has just opened its new EMEA Headquarters in Green Park, Reading. With data centres in London and Manchester, iland's move to Green Park is a strategic and deliberate one as iland believes that this location offers excellent opportunities for the business to expand and grow. Not only is it more cost effective than the majority of locations in other parts of the country, but the business park also has great access to the major airports and enables iland to tap into a great local talent pool.

The move also coincides with the appointment of William Rabie, a well-known industry figure who joins iland as Head Of Cloud Business for EMEA and APAC. William will focus on addressing accelerating demand for global cloud hosting and disaster recovery, and will be responsible for leading the company's cloud business in Europe, Middle East and Africa (EMEA), as well as Asia-Pacific (APAC) regions.

As companies continue to turn to cloud for scalability, agility and cost benefits, they must also address key issues associated with data sovereignty, compliance, transparency, resource management and business continuity. This is especially true as cloud environments expand globally. With data centres in the US, UK and Singapore, iland delivers proven enterprise cloud solutions that help companies do business faster, smarter and more flexibly. Unlike any other provider, iland's technology and consultative approach mean anyone—regardless of expertise, location or business objective—can experience the benefits of a hassle-free cloud. From scaling production workloads, to supporting testing and development, to disaster recovery, iland's secure cloud and decades of experience translate into unmatched service.

In his new role, William will help drive iland's strategy to address the evolving needs of its growing enterprise cloud and disaster recovery customer base throughout EMEA and APAC. Commenting on his appointment, William says: "When I encountered iland as a competitor in the market, it was clear the company delivered the technological innovation and support that enterprise companies need to bypass barriers and fully capitalise on the benefits of cloud. It's invigorating to join a company that has such passion for its customers and is taking on top industry challenges. I look forward to the road ahead."

Prior to joining iland, William spent over a decade in the cloud industry and 20 years in the technology services industry building out international go-to-market strategies for some of the largest names in the global IT and cloud space including CenturyLink, NetSuite

and Oracle. Now he is keen to build iland's business. He comments: "There are some great businesses on Green Park and I am keen to network and connect more with these organisations. In fact, two partners of ours, Cisco and Zerto, are literally on our doorstep. There's also a great talent pool which will be key as I look to build the team up over the coming few months to take advantage of the rapid growth that we are experiencing in cloud adoption. As cloud becomes mainstream more and more businesses are turning to iland to help provide the infrastructure and support they need. Just like our customers, it's critical therefore that we have the right office and infrastructure that will enable us to continue to expand."

"When I encountered iland as a competitor in the market, it was clear the company delivered the technological innovation and support that enterprise companies need to bypass barriers and fully capitalise on the benefits of cloud. It's invigorating to join a company that has such passion for its customers and is taking on top industry challenges."

WILLIAM RABIE
Head of Cloud Business
EMEA and APAC, iland

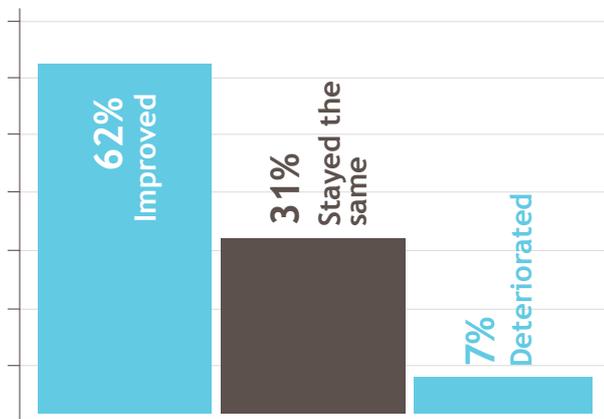
ECONOMIC CONFIDENCE

Momentum consolidates

In this latest Barometer we measured a consistent level of confidence for the first half of 2015:

- 62% of those surveyed stated that confidence had improved (versus 70% last autumn and 90% last spring 2014)
- Very few respondents (7%) suggested economic confidence had deteriorated (this figure has increased since autumn 2014 (2%) and it had been the same as spring 2014)
- 31% felt that it had remained the same (versus 28% in autumn 2014 and 8% in spring 2014)

In terms of the general level of economic confidence in the Thames Valley in the last six months respondents believe this has...



“After a slight pause over the last six months things are beginning to move in the right direction. This is coming off the back of reduced uncertainty, and now with exchange rate movements also more supportive, confidence has increased slightly.”

ROBIN BARNES
Regional Director
Natwest

PROFITABILITY

Profitability drops back slightly

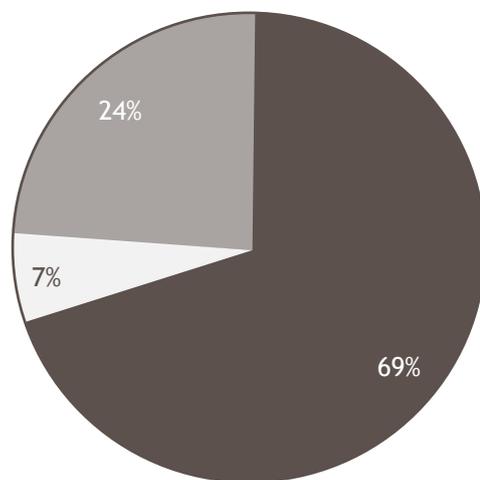
- 58% of respondents saw an increase of profitability in the last six months. This is a slight decrease from autumn 2014 (66%) and spring 2014 (65%). Profitability remained unchanged for 32% of respondents. 68% of respondents anticipated their profitability to increase and 9% saw profitability decline.

Businesses are positive about the second half of 2015

Expectations for the second half of 2015 are positive. 69% are expecting profitability to be up in the next six months (versus 75% in autumn 2014 and 68% in spring 2014) and 24% expect profitability to remain the same. Just 7% expect to see a decrease in profitability.

In the next six months profitability is expected to...

- 69% Increase
- 7% Decrease
- 24% Remain the same





UTC OXFORDSHIRE AND UTC READING A NEW WAY OF LEARNING

Lee Nicholls is Executive Director at Activate Learning, an education and training group based in Oxford, and Chair of the Board at UTC Reading and UTC Oxfordshire. UTC stands for University Technical College (UTC), schools that give young people the opportunity to innovate, invent, learn and be inspired. To date 30 UTCs have been established in the UK with another 20 expected by 2016.

Two new UTCs in the Thames Valley area are UTC Reading, which was opened in September 2013, and UTC Oxfordshire, which will open in September 2015. UTC Reading delivers computer science and engineering excellence for 14-19 year olds within a 15-mile radius of its East Reading campus. UTC Oxfordshire will also focus on science and engineering and is based in Didcot. Both are involved and engaged with local businesses, partnering with well-known brands such as BMW, Microsoft, Cisco and Network Rail. The goal is to get all of industry engaged with UTCs, but Lee admits that it is more challenging for smaller and medium sized businesses to get involved. This is a key goal in the year ahead.

Although UTC Reading has now been open for two years and admissions are strong, many UTCs have struggled to convince parents and local schools that a UTC is an option that young people should seriously consider. For many 14 is not considered a natural time to change schools as typically this happens at 11 and then again at 16. Lee admits that it has proven to be quite challenging as a result to get both young people and parents engaged with the benefits of making that change.

Lee goes on to say: “At Activate Learning we have quite clearly sited our UTCs where there is significant population growth plans and where the colleges are viewed as complementary to the existing school and college network. We want to be seen to offer choice. As a result we are getting very positive support where existing schools are unable to offer the sort of vocational programmes that we provide at our UTCs.”

UTC Reading and UTC Oxfordshire also reflect the main industries in the area such as technology, civil engineering and science. Again this has made it easier to engage with local businesses. Both UTCs offer more practical applied learning in a focused way. Lee admits that schools have made the mistake of undertaking a bit of vocational learning and then subsequently found it hard to maintain the right staffing levels, which then makes it hard to sustain courses. By partnering with industry, UTCs offer high quality specialisms and choice

for those that have already made their mind up and want to go down a particular vocational route.

It is still early days but students are now leaving UTC Reading having completed two years in the Sixth Form and many more are exploring jobs and apprenticeship opportunities with businesses like Cisco, Microsoft and Peter Brett Associates. Lee goes on to say that because of the way the colleges have been set up there is a big focus on soft skills as well as coursework, getting students prepared and ‘work-ready’ for the business environment.

Lee believes the key to the ongoing success of UTCs is not to overcrowd the market and to only site these colleges where there is a clear gap in the market. That way they also get the support of the local schools, colleges and business network.

“UTC Reading and UTC Oxfordshire reflect the main industries in the area such as technology, civil engineering and science. And this has made it easier to engage with local businesses. Both UTCs offer more practical applied learning in a focused way.”

LEE NICHOLLS
Executive Director
UTC Oxfordshire and UTC Reading

AVAILABILITY OF FINANCE

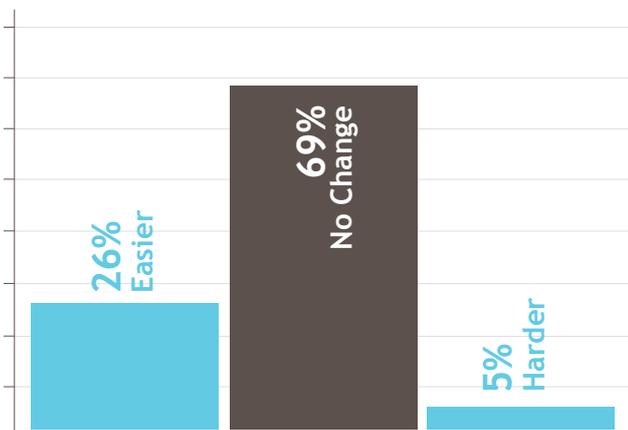
Businesses more optimistic on availability of finance

- Over a quarter (26%) of those surveyed believe that it is now easier to access finance. This is slightly higher than autumn 2014 but lower than spring 2014 when 20% and 37% respectively felt that availability of finance saw a remarkable increase. Almost three quarters of the total respondents (69%) believe that the availability of finance has remained the same (versus 74% in autumn 2014 and 57% in spring 2014). There was only a small percentage (5%) that believe it has become harder to access finance.

“There are some great businesses on Green Park and there’s also a great talent pool which will be key as I look to build the team up over the coming few months to take advantage of the rapid growth that we are experiencing in cloud adoption.”

WILLIAM RABIE
Head of Cloud Business
EMEA and APAC, iLand

Change reported on the availability of finance...



“Today the business boasts a run rate of £42 million and is the largest privately owned dating platform in Europe. In fact, the business has just been valued at £50 million, being both profitable and cash generative.”

ROSS WILLIAMS
Founder and CEO
Venntro Media Group



HR WALLINGFORD - DELIVERING WORLD RENOWNED RESEARCH AND EXPERTISE

Bruce Tomlinson is Chief Executive of HR Wallingford, an engineering, infrastructure and environmental hydraulics business based on the banks of the River Thames in Wallingford. From source to sea, HR Wallingford delivers solutions to the complex water-related challenges faced by clients around the world. With a 65-year track record of achievement, HR Wallingford has a reputation for excellence which it sustains through continuous reinvestment in its assets, facilities and people.

Set up in 1947 as a UK government research organisation, HR Wallingford was privatised in the early 80s and underwent successful transformation into a fully commercial global business. Today, the company has 270 employees, a diverse workforce of over 20 different nationalities and a network of offices around the world. HR Wallingford is a non-profit distributing organisation; profits are reinvested into the business, and fund a programme of industry-focused research. Bruce comments: "We use our research programme to develop practical new tools and technology; this helps us to ensure that HR Wallingford offers and applies the most advanced technical skills in the market."

The majority of HR Wallingford's expert staff are located at HR Wallingford's headquarters in Wallingford. The 70 acre estate is also home to their world class testing and laboratory facilities. The site is run as a business park, Howbery Business Park, which is home to a mix of 40 start-up and established businesses representing a variety of sectors, including the Environment Agency.

Given the organisations focus on technical excellence, recruiting staff with strong technical skills is critical. Bruce looks for employees that are naturally inquisitive, have a drive to continuously improve, and who can see how their research can be applied to real world problems: "The type of people we employ don't grow on trees. In order for us to recruit, develop and retain technical expertise, we have to ensure that we provide an attractive working environment. Together with competitive salaries, we create a workplace that fosters creativity and encourages innovation. Our international reputation makes this a prestigious place to work, so we are not short of applications. We host an annual open day for prospective employees and visit universities to talk to potential applicants." Unusually, the majority of staff are very experienced technically, so HR Wallingford doesn't have a massive annual graduate intake with only five to ten recruited per year.

One key challenge that HR Wallingford has faced in the last year is the low price of oil but Bruce comments that while one energy market might be low others, such as the offshore renewables and nuclear industry, counter-

balance this. Bruce adds that globally the market is still emerging from economic challenges and as a result the UK is seen as expensive in comparison to some of its European competitors.

Over the past 12 months, headcount has remained stable and Bruce admits that unlike other organisations HR Wallingford is not looking to expand: "We are not looking to grow exponentially. Because of the high technical standards that we set ourselves we have to recruit staff that meet those standards and cannot afford to compromise."

Meanwhile, income from Howbery Business Park means that HR Wallingford has a very strong balance sheet, so cash flow and working capital is not a problem. Looking ahead Bruce is particularly interested to see what will happen with the referendum on Europe, and how this might play out for businesses across the UK.

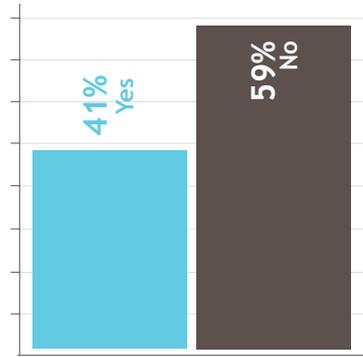
"We use our research programme to develop practical new tools and technology; this helps us to ensure that HR Wallingford offers and applies the most advanced technical skills in the market."

BRUCE TOMLINSON
Chief Executive
HR Wallingford

RECRUITMENT AND RETENTION IN THE THAMES VALLEY

Recruitment in the Thames Valley

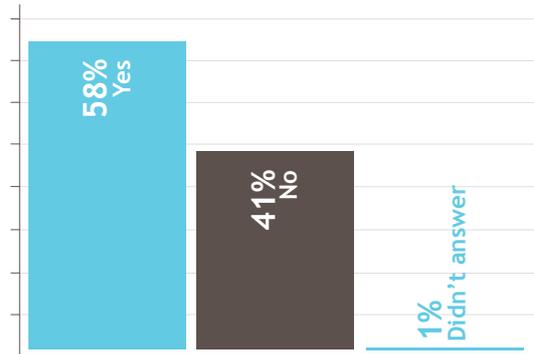
Over the last 12 months businesses feel that it has become more difficult to recruit the right people...



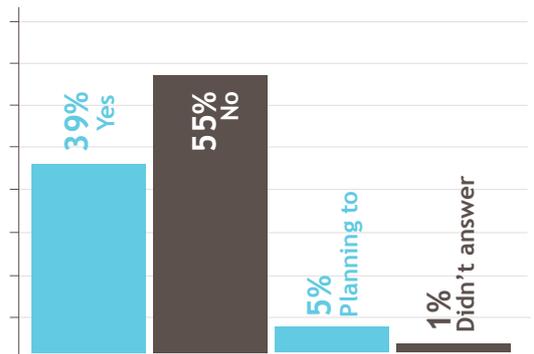
Finding the right skills...

When respondents were asked if they have a problem finding people with the right skills...

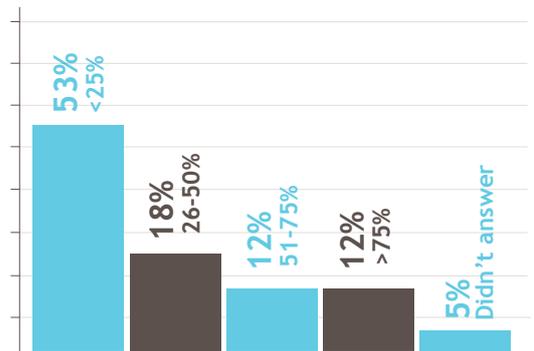
When asked the reasons why they consider they have a problem finding people with the right skills the majority of respondents said that this was due to the skills shortage. Other factors were improved demand for skilled labour, competition for the best candidates by companies, and the 'London effect'.



Do you offer school leaver training schemes or apprenticeships?

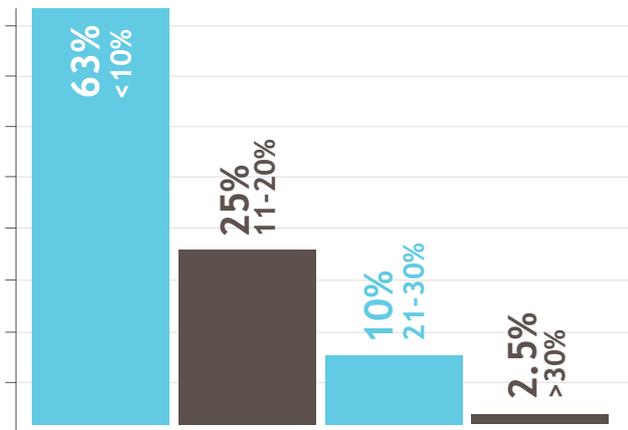


What percentage of your new recruits are graduates?

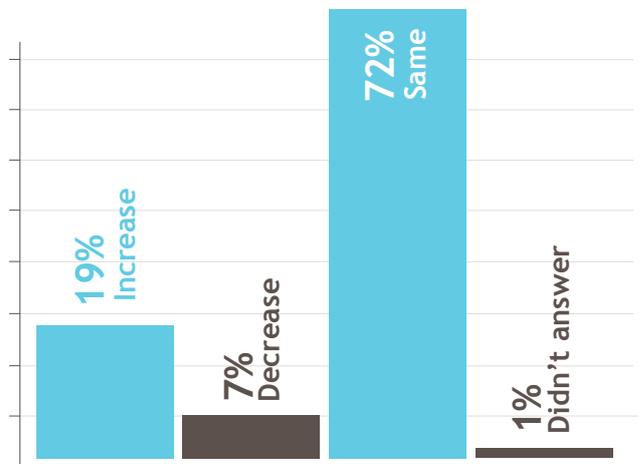


ATTRITION IN THE THAMES VALLEY

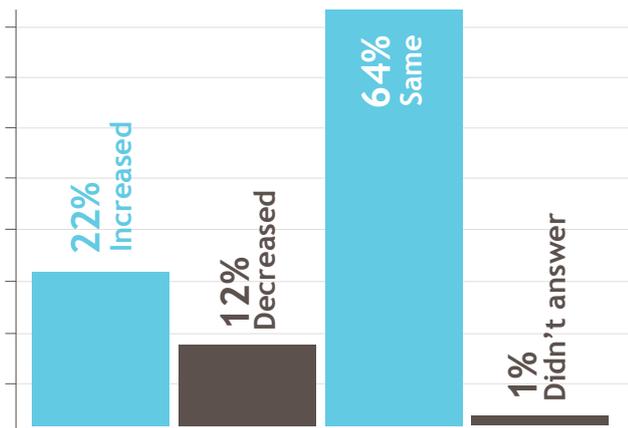
What is your current annual staff attrition rate?



How do you expect your staff attrition rate to change over the next 12 months?



How has your staff attrition rate changed over the last 12 months?



“As well as being an excellent way of achieving nationally recognised qualifications, apprentices gain real workplace experience and earn a salary too - so they really do provide a win:win for everyone.”

PABLO LLOYD
 Chief Executive
 Activate Enterprise



VENNTRO MEDIA GROUP - MAKING A CONNECTION TO A LIFE YOU WILL LOVE

Ross Williams gained his pilot's license at the age of 18, after receiving a scholarship for 20 hours basic flight training from the RAF following a stint in his schools' Combined Cadet Force. Despite being offered an RAF bursary, Ross turned down a career in the Royal Air Force to study at Plymouth University. His entrepreneurial spirit led him to launch website design agency, Rawnet, while he was still studying.

Renowned for spotting and capitalising on new opportunities, Ross realised the potential of the online dating industry when Rawnet undertook a project for a dating site. With no private-backing, armed with just an idea and personal credit cards, he founded Venntro Media Group with Steve Pammenter in 2003. The company's original product, White Label Dating®, allows brands and individuals to generate revenue by creating their own online dating sites.

In 2007, Ross started working on Venntro full-time. Over the next four years, revenues grew four times to over £30 million. Today the business boasts a run rate of £42 million and is the largest privately owned dating platform in Europe. In fact, the business has just been valued at £50 million, being both profitable and cash generative.

Ross picks up the story: "We have no external investment, our growth is all self-funded. It's amazing to think that 25,000 people join one of our sites every day. That's just under one million per month."

A Windsor headquartered business with over 160 staff, Venntro is one of the largest private employers in the area. The company also has offices in London, Boston and San Francisco.

Venntro runs a 24/7 operation, which means it has to offer flexible working conditions. It has a diverse workforce, employing people of all ages and backgrounds. Recruitment, however, is inevitably a challenge. Ross opened a London office back in 2012 to allow Venntro to ably compete against the competitive London job market. The company also works closely with schools and universities; in addition, Ross recently introduced a mentoring programme. Ross is not fazed by staff turnover and believes that if employees haven't progressed in the organisation within two years, you haven't hired good people in the first place.

Ross claims that the business focus is now all about putting in place the right systems, technologies and processes to ensure that the business can continue to grow. Indeed Venntro is looking at improving access for remote working, implementing flexible working conditions and developing the right culture.

Moving forward, the challenge according to Ross is about adapting to mobile. New apps hitting the market mean that the industry needs to adapt its product offering to meet the demand for mobile, across both free and paid subscription services.

Ross concludes by saying the economy is recovering well. He advises companies to make sure they have solid foundations in place rather than racing ahead. "We need to use this time as an opportunity to invest in scalable processes. Businesses therefore need to look at slower, sustainable growth."

"We need to use this time as an opportunity to invest in scalable processes. Businesses therefore need to look at slower, sustainable growth."

ROSS WILLIAMS
Founder and CEO
Venntro Media Group

THAMES VALLEY BUSINESS BAROMETER ROUNDTABLE

Thames Valley Business Barometer Breakfast Debate

This senior-level roundtable discussion was designed as a forum to unveil top level findings from the most recent Thames Valley Business Barometer, allowing panel members to discuss the results as well as the challenges and opportunities facing businesses in the region. The event was held at BDO's Thames Valley office in Reading on 3rd June 2015 and was attended by panel members from BDO, C8 Consulting, Hays Plc, Henley Business School, Hicks Baker, HSBC Bank, J Bennett & Sons, Mabey Holdings, Natwest, Parkside Recruitment, Peter Brett Associates, Ridgeway Group, Shoosmiths, TVB LEP, The Romans Group and the UK Property Forum and UTC Reading.

Leading the discussion was Simon Brooker from BDO and Paula Elliott from C8 Consulting who together summarised the high level findings from the survey, providing the group with context ahead of the general discussion. They spoke about the sustained levels of economic confidence as evidenced in the survey, and the impact of the general election on confidence levels, which appears to have had a short-term impact on people's confidence. Paula stressed that confidence in the Thames Valley reflected national sentiment and, without a doubt, confidence is still high at 62% despite dropping back slightly from the last survey in autumn 2014 (when it was 70% and spring of last year when confidence levels hit an all-time high of 90%). Simon and Paula asked if these results were consistent with people's expectations?

Robin Barnes from Natwest stated that after a slight pause over the last six months things are beginning to move in the right direction. This is coming off the back of reduced uncertainty, and now with exchange rate movements also more supportive, Robin believes that confidence has increased significantly.

Michael Palmer from The Romans Group added: "As a business we were concerned, particularly on lettings. Some of the Labour policies on no agent fees for tenants and no rental increases would have caused a big problem for us. But house transactions carried on and we experienced growth last year. For us it's more about capacity, but we have seen a big dip in May."

Simon Brooker from BDO asked the attendees if anyone had experienced negative confidence after the election and questioned the group about skills and staff as the stats showed that businesses are finding it more difficult to find the right staff. **Sarah Stevenson from Hays** commented: "We're finding that businesses are recruiting just fine but headcount isn't increasing. As fast as companies can recruit they are losing people. The stats showing that companies are not overly worried about attrition therefore are really surprising. I think every business that I talk to has a concern around filling jobs with people who weren't actually looking. Candidates

are not cautious anymore, they see an opportunity and they leap at it. We're seeing a massive increase in jobs being filled with these passive candidates and that causes problems with staff leaving."

Simon Brooker from BDO: "Employees are feeling more confident and subsequently are more likely to take a risk with their career." **Paula Elliott from C8 Consulting** added: "60% of people are struggling to recruit the right skills and this means that more and more candidates are being headhunted in their jobs. Those passive candidates get offered a change and think 'why not, I've got nothing to lose'."

Brian Poxon from Parkside Recruitment agreed with **Sarah and Paula**: "With LinkedIn and other social media you're getting a generation of twenty somethings who don't have a mortgage who are all about the challenge, the job and the money. Somebody sends them a note on LinkedIn saying 'hey, I can get you a £5K pay increase' and they leap at it. It's so much easier now than it was when I was in my twenties."

Joanne Harper from UTC Reading stated: "Through our ties to the LEP we're finding the STEM aspect of jobs is important and currently underestimated in schools. At the UTC we're seeing some great results but the big issue is still getting women and girls interested in those kinds of subjects. Even after 15 years only a tiny percentage are choosing to go into STEM. We have continual debates and meetings on this topic and the current thinking is that we have to reach out to children earlier, before their minds become set."

Steve Capel-Davies from Peter Brett Associates agreed: "It is a really big issue in engineering. In the last recession a massive percentage of staff were made redundant and we assumed they would be there to come back to, but they're not. They've gone off and joined a different sector."

"We're finding the STEM aspect of jobs is important and currently underestimated in schools. At the UTC we're seeing some great results but the big issue is still getting women and girls interested in those kinds of subjects."

JOANNE HARPER
Principal
UTC Reading

THAMES VALLEY BUSINESS BAROMETER ROUND TABLE

Simon Brooker from BDO: “One of the interesting statistics that came out of our research, or actually more of a contradiction in two statistics, is that while companies are clearly struggling to find the right people, the majority are still not investing in apprenticeships.”

Robin Barnes from Natwest agreed, adding: “I am also a private sector representative on the Thames Valley Berkshire LEP and to me it feels like we are pushing people into careers they don’t fully understand. If businesses want young people to get interested in joining their business they have to invest time and energy into it. We are currently trying to build up interest in providing careers advice and apprenticeships but we need this to start earlier rather than when people finish their education.”

Joanne Harper from UTC Reading: At the UTC all of our industry partners come in and talk to the students about projects. In the past if we had asked our youngsters what PBA do, they would have no idea, but now we have youngsters coming to us who want to work for PBA. **Sarah Stevenson from Hays** added: “We have work experience people and it’s great. I will say though that these young people are very ill-equipped coming out of A-level particularly from a lot of colleges. They don’t know how to put a CV together, how to sell themselves, or how to go about approaching businesses to find a job.”

Charlie Mayes from DAV Management stated: “The world has changed in that when I came into business there weren’t as many choices for young people. I think this idea of getting businesses into schools and colleges is great because at my children’s school they all know what a pilot does and what a nurse does but I’m a management consultant, they have no idea what that is. Somehow we need to inspire young people with different employment options and I think there’s a huge job to do. However there also aren’t the jobs for graduates or school leavers in the numbers we need to take them. So you can go and inspire them but you’ve also got to employ them and that’s a big issue.”

Charlie also added: “In the corporate world there are still lots of redundancies going on. They’re much quieter, they’re happening in the background, you don’t hear about them, but almost every week I hear from people who are coming out of a big organisation. Five years ago they would be on the market a long time, and lot of them would go into freelancing and maybe work with us as consultants. Now they’re being snapped up really quickly. A lot of them haven’t even left and they already have another job lined up. That’s evidence that the market is picking up for experienced labour. Somehow we’ve got to fill the funnel with young people as well.”

Simon Brooker from BDO: “When I left school the aspiration was to go to university. However, I think now there is a real choice about whether you actually take that route.” **Sarah Stevenson from Hays** added: “We do paid internships and as a result we get a lot of interns who then come back to us once they graduate. A huge portion of our intake is graduates. We have the infrastructure to train and grow our own, whereas I think

a lot of SMEs who are customers simply say we haven’t got the infrastructure to recruit on potential, we need them to come in and offer us skills right away.”

Simon Brooker from BDO mentioned the so-called ‘London effect’: “We talked about it before but in the survey again we see the London effect. When we lose staff we rarely lose staff to other accounting firms, we generally lose staff to industry and to London. Is that common?” **Brian Poxon from Parkside Recruitment** replied: “We’ve always found it quite tough because if you’re going after the twenty-somethings then quite often they like the London lifestyle. Certainly in Staines, where we are based, we feel it. From a client perspective as well you’ve got that added competition of getting people to get on a train and come out of the city.”

Emma Gibson from Shoosmiths added: “The pay differentiation is also getting bigger and bigger with many top law firms in London paying their newly qualified staff £80,000. That said, however, I actually lose more people to industry than I do to other law firms because people are often looking to make a lifestyle choice. They have a choice to come and work with me in Reading because you have a 9-5 day and it’s a beautiful environment. Generally I find before they even come to interview they have made a conscious decision not to work in London.” **Steve Capel-Davies from Peter Brett Associates** indicated that this does raise an interesting point: “At a National level inflation is still very low, and apparently wage inflation is very low. But we all know that to replace somebody is expensive and they won’t come in at the same salary. Yet, this doesn’t seem to be coming through in the national statistics.”

“Somehow we need to inspire young people with different employment options and I think there’s a huge job to do. However, there also aren’t the jobs for graduates or school leavers in the numbers we need to take them. So you can go and inspire them but you’ve also got to employ them and that’s a big issue.”

CHARLIE MAYES
Managing Director
DAV Management

THAMES VALLEY BUSINESS BAROMETER ROUND TABLE

Simon Brooker from BDO stated that as far as interest rates are concerned these are going to go up very slowly over the next few years: “The biggest struggle is capacity. In certain pockets we are edging towards full employment. I think that we’ve really got to make hay while the sun shines.” **Robin Barnes from Natwest** agreed with Simon and added: “If you look at it more broadly it’s the right time for all of us to be working really hard to train young people and bring them into our labour pool to support growth for the long term.”

Simon Brooker from BDO then asked the attendees what they do as local businesses to support the Thames Valley. **Joanne Harper from UTC Reading** responded: “We need to engage with SMEs a lot more. For the big enterprises it is much easier to put the time and resources into training and education but actually that doesn’t filter through to the SMEs; they need support from the big companies.” **Brian Poxon from Parkside Recruitment** agreed and added: “One of the issues we’re talking about a lot internally is that it’s difficult to get recruiters. We’re going through a stage of growing our own which means recruiting based on attitudes and behaviours rather than existing skills.”

Simon Brooker from BDO asked how do you look for the so called soft skills when you recruit? **Joanne Harper from UTC Reading** replied saying that there is a new government initiative called ‘the character initiative’ where they are putting a lot of funding in to try and get people to work together. **Brian Poxon from Parkside Recruitment** agreed and added: “We identify particular behaviours that we want such as resilient, hardworking etc., and then we devise questions that will bring those traits out without saying ‘tell me how resilient you are?’ You ask them to give you a scenario for example or do a role-play or take an assessment. All these alternate methods are showing some great results.” **Sarah Stevenson from Hays** indicated that increasingly companies are using other methods: “They need to look for potential rather than the finished product.”

John O’Hanlon from Ridgeway Group agreed: “We’ve been doing exactly that. We have our own Academy, our own trainers and our own administrators. We now have our own apprenticeships that we have been investing solidly even through the dark times and it has created some amazing talent. The problem is that this all has to be heavily driven from the front end, recruitment evenings, social media, interviews and so on. I have to sell to the candidates as much as they sell to me and that is the part that makes the big difference”.

John added: “We’ve been successful lately too. Some of these guys have the right attributes and are very quick to learn. They are willing to work and they are willing to follow process and procedure. Some existing staff may think they know better but the young guys have so much enthusiasm they come on very quickly. We predicted an 18-20 month or longer learning cycle but in seven months they are performing as well as some of our best guys. The problem with that is they aren’t getting the same salary or the same car and that is causing some friction. So this is a great challenge for us.”

Simon Brooker from BDO introduced the theme of the ageing workforce and posed a question about those who would normally be retiring but are choosing to work longer. **Michael Palmer from The Romans Group**: “The average age of our surveyors is 57. What we found though is that even in their 60s or early 70s they will carry on working if they can go down to three days a week or similar levels of flexibility. We almost always accommodate because honestly, it’s better than nothing. The difference for us with a particularly skilled workforce is they can do a lot more in three days than a younger member of staff can do in five.” **John O’Hanlon from Ridgeway Group** agreed and added: “We are the same. We offer as much flexibility as we can. We’ve also expanded our long term rewards to entice them to stay. We need people at the times when we are open, our customers expect and demand that. However we becoming more flexible, for example offering more holiday for length of service.”

Nicolas Hicks from HSBC Bank added: “I think we should broaden the debate around flexible working. It’s not just about the 50 year old. One of our best and most enthusiastic staff came out of retirement for three days a week. He provides mentoring and support for our apprentices. Very enthusiastic, very passionate and he does it for fun! Employers also want Monday to Friday working but there is an enormous skill base that wants to work more flexibly. Interestingly, at the very young end of the spectrum, the school leavers don’t want to do Monday to Friday. They are happy to work Saturday and Sunday because they socialise on a Tuesday and Thursday instead. The mind-set of when and where people work is flexible so the enterprise must adapt.” **John O’Hanlon from Ridgeway Group** disagreed and added: “In a workshop or on the sales floor we just can’t offer that. We need people at the times when we are open.”

“We identify particular behaviours that we want such as resilient and hardworking and then we devise questions that will bring those traits out. All these alternate methods are showing some great results.”

BRIAN POXON
Regional Manager
Parkside Recruitment

THAMES VALLEY BUSINESS BAROMETER ROUND TABLE

Simon Brooker from BDO closed the roundtable by saying that flexible working was a big topic and certainly a theme we could look at in the future. He added: “Our lease runs out in two years so we are in a big discussion about our next office. The size, the location and technology we incorporate etc. And you’re right, the young people today, they don’t really see the 9-5 working day and that is something that as companies we all need to think very hard about and consider what is best for our staff and our business in the future.”

“We have our own Academy, our own trainers and our own administrators. We now have our own apprenticeships and we have been investing solidly even through the dark times and it has created some amazing talent. The problem is that this all has to be heavily driven from the front end, recruitment evenings, social media, interviews and so on.”

JOHN O’HANLON
CEO
Ridgeway Group

Barometer Panel

Thank you to the following organisations for their help and support with the Thames Valley Business Barometer:

- Boyes Turner
- CH&Co.
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- Imago Group Plc
- J Bennett & Sons
- Comparemyfleet.com
- Peter Brett Associates
- RBS
- Shoosmiths/TVB LEP
- The Romans Group
- TV Business Magazine
- TVCC
- Ridgeway Group
- Stoke Park
- HSBC Bank
- Parkside Recruitment
- Hays Plc
- Natwest
- Henley Business School
- Mabey Holdings
- International Brand Development Council

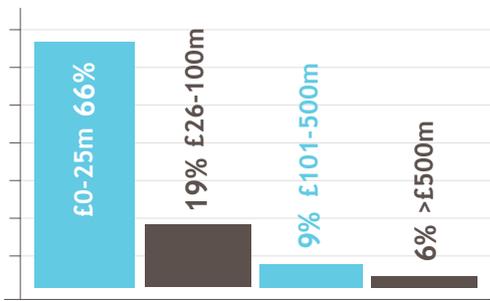
SURVEY METHODOLOGY

The survey was conducted from 23rd March to 17th May 2015. A total of 104 respondents took part in the survey.

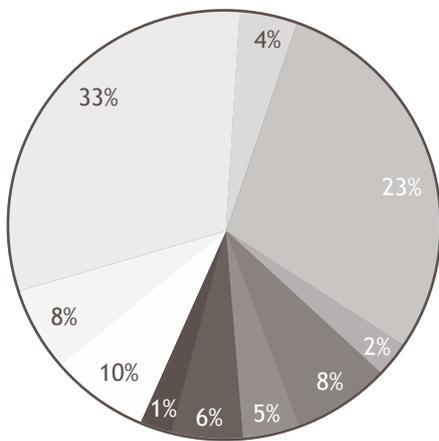
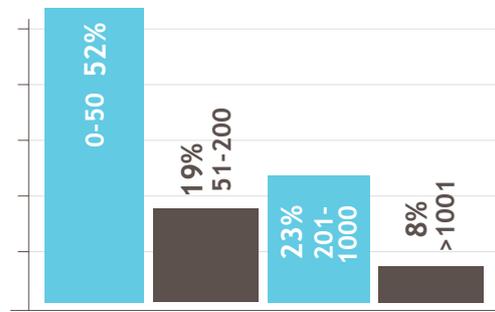
Respondent company make up

- The majority of companies that responded are UK Parented Private Limited companies (72%). 10% are overseas parented
- Over half (66%) have a turnover between £0-25 million
- 19% have a turnover of £26-100 million
- 9% have a turnover of £101-500 million
- 6% have a turnover of £500m

Turnover band (£)

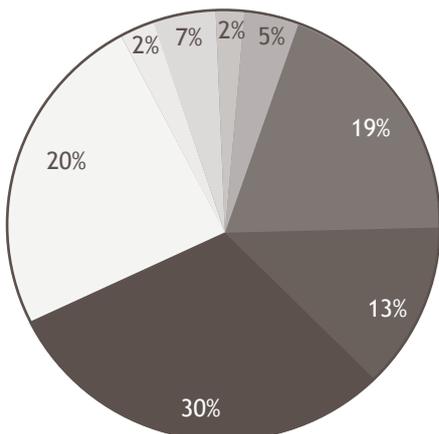


Approximate headcount:



Sector they operate in:

- 5% Primary activity, energy, utilities
- 6% Retail and wholesale
- 1% Leisure & hospitality
- 10% Real estate & construction
- 8% Manufacturing
- 33% Technology, media, telecoms
- 4% Financial service
- 23% Professional services
- 2% Not for profit or public sector
- 8% Other



Business location within the Thames Valley:

- 19% East Berkshire
- 13% West Berkshire
- 30% Central Berkshire
- 20% Oxfordshire
- 2% Buckinghamshire
- 7% Hampshire
- 2% Middlesex
- 5% Other

For more information please

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