

**To:** Oxfordshire Growth Board

**Title of Report:** Overview of skills landscape

**Date:** 8 June 2021

**Report of:** Adrian Lockwood, Chair, Oxfordshire Skills Board & Richard Byard, Oxfordshire Local Enterprise Partnership & Oxfordshire Skills Board

### 1. Executive Summary and Purpose:

This report provides an update on the emerging national skills landscape and the implications for Oxfordshire's skills priorities. The report also provides an overview of the skills required to support the transition to net zero.

There are many factors that contribute to a successful and vibrant economy. Sufficiency of housing supply, connectivity and infrastructure coalesce alongside access to good quality employment options, which are underpinned by access to the skills required by our economy to create the conditions for economic prosperity.

The Oxfordshire Skills Board (OSB) has provided the strategic direction for skills in Oxfordshire for over a decade. Following the national introduction of Skills Advisory Panels (SAP) in late 2019, OSB assumed additional responsibilities including the requirement to develop Local Skills Reports and Plans (see additional note).

The priority on accelerating transition the UK's transition to net zero will clearly present key challenges – including adoption of new technologies, market incentives, changing consumer habits, supply chain creation – all of which will be underpinned by new skills required by businesses – including supporting a number of job roles that have yet to be invented!

A recent Local Government Association event '[Local green jobs - accelerating a sustainable economic recovery](#)' explored future job requirements of the 'green economy' to 2030 & 2050. A detailed presentation looking at predicted Oxfordshire green jobs – broken down by job type and LA level accompanies this report.

### 2. How this report contributes to the Oxfordshire Strategic Vision Outcomes:

Skills are an underpinning requirement for economic prosperity and form a key priority of the 'productivity' theme of the housing and growth deal and the Local Industrial Strategy. Skills training to meet the needs of our economy both now and in the future, access to re-skilling and creating opportunities for those most impacted by Covid19 are priorities of our Economic Recovery Plan. The emerging Oxfordshire Plan 2050, underpinned by continued support for creating sustainable communities, provides further strategic context for supporting communities, residents and businesses to develop the skills required to maximise economic prosperity into the mid-term.

Alongside this Oxfordshire's transition to net zero will require a well-functioning and aligned skills ecosystem that supports businesses, providers and residents with the skills necessary to succeed.

### Recommendations:

- 2.1 That the Growth Board notes the report and reaffirms the Oxfordshire Skills Board as the body responsible for strategic skills development in Oxfordshire.
- 2.2 That the Growth Board note the emerging skills challenges and opportunities presented as we transition to net zero.

**Status:** *Open:*

### 3. Introduction

#### 3.1 The National Landscape

The Department for Education published its **Skills for Jobs: Lifelong Learning for Opportunity and Growth** white paper in January 2021. The white paper sets out reforms to post-16 technical education and training to support people to develop the skills needed to get good jobs and improve national productivity. The White Paper sets out 35 reforms which are split into five categories; “employers at the heart of post-16 skills”, “advanced technical and higher technical skills”, “a flexible lifetime guarantee”, “responsive providers supported by effective accountability and reform of funding”, “governance and intervention” and “supporting outstanding teaching”.

The key measures in the white paper include:

- Business groups, including Chambers of Commerce, working alongside colleges to develop tailored skills plans to meet local training needs; supported by a £65 million Strategic Development Fund to put the plans into action and establish new College Business Centres to drive innovation and enhanced collaboration with employers.
- Giving employers a central role in designing almost all technical courses by 2030, to ensure the training people receive is directly linked to the skills needed for real jobs.
- Boosting the quality and uptake of Higher Technical Qualifications – that provide the skills that many employers say they need and that can lead to higher wages – by introducing newly approved qualifications from September 2022
- Changing the law so that from 2025 people can access flexible student finance so they can train and retrain throughout their lives
- Launching a nationwide recruitment campaign to get more talented individuals to teach in further education and investing in high quality professional development including a new Workforce Industry Exchange Programme.
- Overhauling the funding and accountability rules, so funding is better targeted at supporting high quality education and training that meets the needs of employers; and introducing new powers to intervene when colleges are failing to deliver good outcomes for the communities they serve. (nfcfe, 2021)

The recent Queens Speech set out a number of Skills priorities. Whilst there is currently little detail on how these will be implemented, we have seen the recent emergence of employer led [Local Skills Improvement Plans trailblazers](#). Thames Valley Chamber of Commerce is co-ordinating a submission covering Oxfordshire, Bucks, Berkshire & Swindon aligned to its ‘footprint’. The respective LEPs are fully engaged in project development which is likely to focus on the range of ‘green skills’ necessary to support the transition to net zero.

OSB will continue to work with DfE, key stakeholder and our provider network to maximise the opportunities for Oxfordshire as more details emerge.

What is clear is that the skills landscape remains confusing and challenging to navigate for employers, learners and many stakeholders and that a collective evidenced based approach to growing key sectors and supporting communities and employers remains key to continued economic prosperity for all.

#### **4. The Oxfordshire Local Skills Plan & Report (LSPR)**

Commissioned by the Skills Board as part of its Skills Advisory Panel responsibilities the LSPR reviews Oxfordshire key labour market and skills landscape across a range of economic indicators required by DfE that feed into the national Skills & Productivity Board.

##### **4.1 Oxfordshire's Key Skills Strengths**

Oxfordshire's strong economy is driven by five core sectors and a high concentration of innovation assets, both through business and academia, which position the County at the forefront of global innovation. The economy consists of cornerstone businesses, breakthrough businesses, large employers and high value employers.

Oxfordshire has world-leading strengths in key transformative technologies industries, with rapidly growing global markets offering significant opportunities for growth. Oxfordshire's unique strengths and capabilities in these industries are of strategic importance to the UK. Our economy is founded on a diverse mix of businesses, which we have grouped into two main categories: cornerstone businesses and breakthrough businesses; both are essential for sustainable future growth in Oxfordshire.

Supporting Oxfordshire's innovation and business ecosystem is a highly skilled, truly global workforce, drawn by a high quality of life, world class research and a range of employment options, with the following highlights:

- The area has a tight labour market with generally low unemployment.
- A well-established skills ecosystem has supported recent growth in our innovative clusters which we need to maintain in the post Brexit era.
- Higher Education qualifications align well with the economic specialisms of the area.
- Both universities play a key role supporting specialist sectors by providing a strong pipeline of graduates.
- In some of the area's labour and skills shortage sectors, Further Education achievements are rising to meet shortages such as those experienced locally and nationally in the Health, Public Services and Social Care.
- Higher numbers of learners move directly into sustained employment than nationally, with the rest mainly moving into apprenticeships or on the job training.
- Apprenticeship achievements by all age groups increasingly match the area's sector make-up, enabling 93% of apprentices in Oxfordshire to transition to sustained employment.

##### **4.2 Oxfordshire's Key Skills Needs and Shortages**

**Short Term:** Predicting the impact of COVID-19 pandemic on our labour market is still a challenge, the area has seen a tripling in the Claimant and Alternative Claimant Count rate during the Covid19 pandemic to 3.9%. Young people and the over 50's have been hit hardest; older citizens proportionally more than in other previous economic recessions. Employers in specialist sectors value recent training/qualification over long term experience creating challenges for those older workers to get back into work.

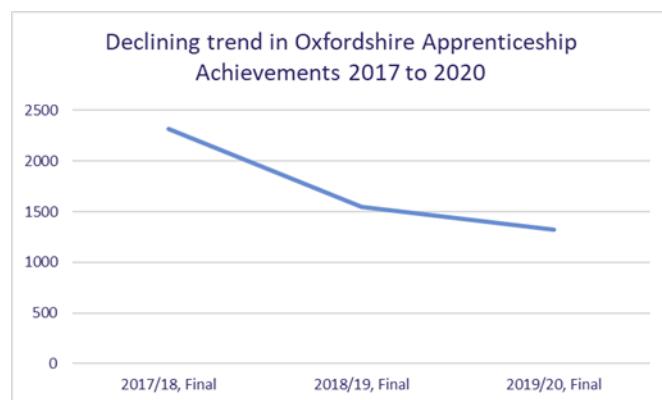
Youth unemployment has increased and there has been a significant sharp rise in not in Education, Employment and Training (NEET) young people across the county.

**4.3 Medium to Long Term:** Broadly speaking, Oxfordshire's labour market dichotomy appears to be skill shortages centred on higher value-added job roles and labour shortages centred on lower-value added job roles. Job growth has been focussed on knowledge-intensive, STEM and technology professional, associate professional and technician roles, as well as managerial and senior leadership roles. In striking contrast, there has been a contraction in employment across every other SOC Major Group occupational category.

There is under-representation of FE take-up and achievements in the area's core and specialist subjects given the areas specialisms and planned large construction projects. Local colleges report this as take-up choice by students, rather than under-representation of provision.

With employers reporting a shortage of high level technical skills, an increased take-up of T-Level, high (degree) level vocational/ technical courses and apprenticeships which are adapted and aligned to emerging technologies and employer needs, could do much to address this, including more flexible 'bite-sized' courses for existing workforce to upskill and reskill.

**4.4 Apprentices:** In common with the rest of the country, the number of apprenticeships undertaken has declined over the last four years, with 22% less apprenticeships started in 2017/18 compared to 2014/15. This must be seen in the context of poor national performance, with the introduction of the Apprenticeship Levy dampening employer demand for apprenticeships and more recently the effect of the pandemic. Unsurprisingly in 2020 the number of advertised vacancies for Apprenticeships in Oxfordshire fell significantly.



The distribution of achievements by sector subject is a similar reflection of national achievements. Most of the areas' economic specialisms are represented in the top apprenticeship achievements, demonstrating how these qualifications which provide more on the job training align with the areas' skills need. Oxfordshire's top apprenticeship achievements are in:

- Business, Administration and Law
- Health, Public Services and Care
- Engineering and Manufacturing Technology
- Retail and Commercial Enterprise
- Construction, Planning and the Built Environment

Notwithstanding the decline the achievements and advertised vacancies apprenticeships remain a key opportunity to drive prosperity and opportunity – for all ages groups and across all sectors and offer a valuable route into sustained employment.

Apprenticeship achievements by all age groups increasingly match the area's sector make-up, enabling most (93%) apprentices in Oxfordshire to transition to sustained employment. This mirrors the national picture at all levels of Apprenticeship. Higher (level 4+)

Apprenticeship courses led to 100% sustained employment in Oxfordshire, which is substantially higher than nationally. This might help satisfy some of higher level technical skill required in the county. Achievements of learners aged 25+ tend to be at higher levels in Business and Administration, Health, Public Services and Care. This could be because these sectors represent larger levy paying organisations that use their Apprenticeship levy to upskill and reskill their existing workforce.

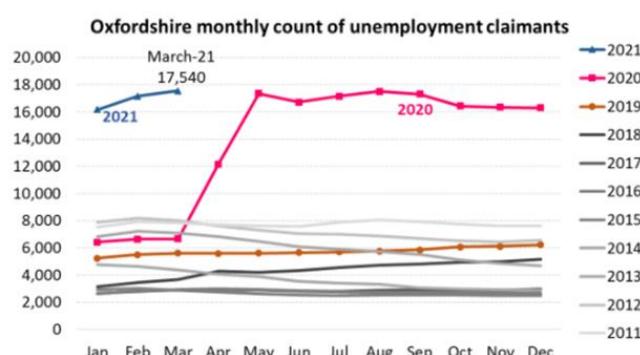
## 5. Covid 19

The impacts of COVID have been felt across Oxfordshire's businesses, people and places and a co-ordinated County-wide response is required. Our Economic Recovery Plan (ERP) identifies a clear need for a targeted and well-resourced recovery plan to ensure Oxfordshire can continue to adapt to the new normal. Many existing programmes have been pivoted – for example OxLEP's ESIF activities as well as the introduction of new programmes such as Peer Networks and Business Investment Fund to support our ERP priorities.

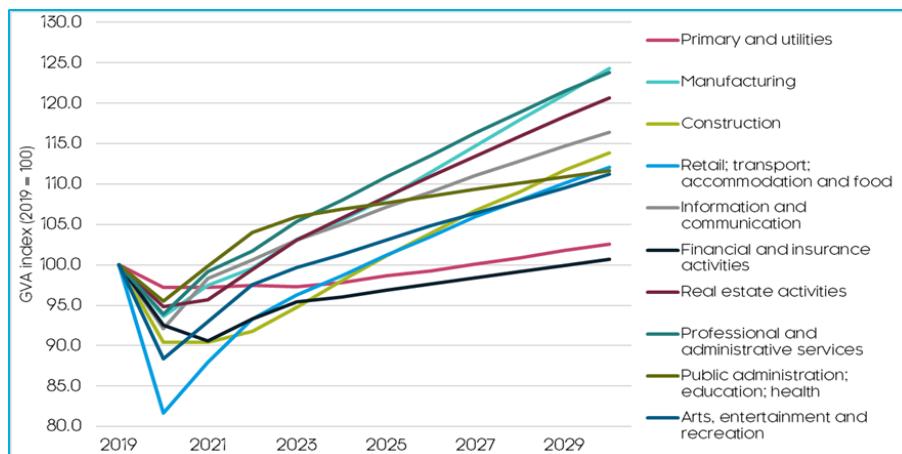
### ERP Headline Messages

- A strong economic base in industries less impacted by COVID-19 restrictions means Oxfordshire's economy has been more resilient to the Pandemic than most areas of the country
- However, the Visitor Economy has been hit very hard. *Furlough* and job losses are highest in this sector, and city centre footfall and spend are down 50 % to October 2020. The scale of this damage means that the Visitor Economy is not expected to recover until 2024
- Broad industry-level data does not tell the full story, with some businesses (particularly in Life Sciences) having increases in turnover, while others suffer losses of over 50 % (tourism related industries)
- Cherwell and West Oxfordshire have been hit harder than other areas in Oxfordshire, likely due to higher levels of baseline deprivation and a high dependence on the Arts/Entertainment sector, respectively
- Major challenges present themselves for the transport sector, with bus use and rail use recovering to maximum levels of still below 50% of pre-COVID-19 norms in summer 2020, before falling again throughout the autumn

The pandemic has seen a significant shift in our labour market with a near 300% increase in Universal Credit claims at peak with over 17500 individuals now claim UC-an increase of near 12000 individuals since March 2020. Its likely that many of these individuals would have been in work for many years and would have developed a range of job-related competencies and have been highly effective in their roles. As a consequence of continued employment it's also likely that many would not have maintained a relevant range of employment related skills that many employers now require (e.g. digital) and thus are likely to need additional help to find new employment options.



The table below looks at projected recovery by sectors in Oxfordshire. It highlights that retail, transport, accommodation and food – which underpin our ‘visitor economy’ suffered a sharper economic contraction – and are likely to take longer to recover. By comparison manufacturing and real estate activities saw a much shallower contraction with a much shorter recovery period projected.



In line with the national picture, low income families and vulnerable groups are likely to be the hardest hit by COVID-19. Lower skilled workers in the hospitality and tourism industries, for example, are at a higher risk of unemployment which will have a negative impact on household incomes. In parallel poor educational attainment at both primary and secondary school level is a key driver for poor health and wellbeing in Oxfordshire, as is evidenced in the Joint Strategic Needs Assessment:

[https://insight.oxfordshire.gov.uk/cms/system/files/documents/JSPA\\_Final\\_20210331.pdf](https://insight.oxfordshire.gov.uk/cms/system/files/documents/JSPA_Final_20210331.pdf)

The focus on increasing equalities and improved skills as part of a green recovery should target those communities where inequalities are highest to support an inclusive approach to economic prosperity.

## 6. Local Leadership

The Oxfordshire Skills Board has for over a decade brought together strategic stakeholders, communities of interest and providers to develop a more responsive and cohesive skills infrastructure. Formally adopted as a sub-group of OxLEP in 2018 OSB further assumed the functions and responsibilities of a Skills Advisory Panel when launched by DfE in 2019.

Aligned to priorities identified in its Skills Strategies OSB has:

- i) Invested – primarily through Local Growth Funds, over £24m into the Oxfordshire Skills infrastructure delivering additional STEM facilities based on strategic need
- ii) Created the Oxfordshire Provider Network bringing together c28 of our most active training providers to influence provision to meet both current and projected training demand
- iii) Co-designed the creation of the national ‘Enterprise Advisor’ network providing better linkages between education and business based on OSB’s ‘Opportunities to Inspire’ pilot programme
- iv) Created the Oxfordshire Apprenticeship programme and annual awards programme
- v) Created an innovative labour market tool that provides stakeholders and residents with real time skills and labour market intelligence and data alongside core national indicators and the development of an Oxfordshire Standard Skills Classification Code
- vi) Oversees the delivery of c£9m ESF skills programmes supporting those at risk of redundancy, those furthest from the labour market and SMEs.
- vii) Overseen the development of the Local Skills Report and Plan 2021

- viii) Continues to develop relations with HMG/DfE to support the delivery of a more cohesive and responsive skills eco-system
- ix) Invested – via Getting Building Fund £2.5m in the Abingdon & Witney Green Construction Skills Centre supporting 500 new learners to develop net zero skills
- x) The led development of Community Employment Plans maximising opportunities arising from major developments

OSB continues to be alert to policy direction, seeking to maximise funding opportunities and skills investment into Oxfordshire, seeking to collaborate, co-ordinate, communicate and co-design as appropriate.

## **7. Transition to net zero**

COVID-19 has triggered significant business and public interest in a ‘Green Recovery’ with ‘The Climate Emergency’ and the road to zero carbon now featuring consistently in public dialogue. The pandemic is seen as an opportunity to rethink how we recover, with zero carbon principles at the core of a renewed economy. This has culminated in the Government’s publication (November 2020) of its 10 Point Plan for a Green Industrial Revolution which aims to “*build back better, support green jobs, and accelerate our path to net zero.*”

Oxfordshire has expertise in ‘Green’ policies and common ambition within local authorities, universities and other local partners; however, the policy levers and/or incentive mechanisms are not enough to address the scale of the challenges and opportunities being created.

There are opportunities for the Recovery Plan to explore interventions for action at both national and local levels. This includes, for example, establishing ‘*Green Recovery*’ campaigns for the public sector, businesses and young people and those most impacted by COVID-19 to engage them in jobs to contribute to a green recovery and the commercial and employment opportunities it offers.

Skills are one of the drivers to achieve a cohesive transition to a net zero economy, yet skills mismatches and shortages are among the key obstacles faced. For skills to become central in a green recovery from the global COVID-19 pandemic, the identification, anticipation and provision of green skills is crucial.

Action towards emissions reduction raises a number of skills-related challenges: will workers have the skills to match the increased demand for green skills? This in itself raises numerous questions as there is yet to be any commonly accepted definition of what is meant by ‘green skills’.

Neither National Standard Industrial Classifications (SIC) nor Standard Occupational Classification (SOC) codes recognise or define green skills so understanding employment demand remains a key barrier though there is emerging international work in this area. Whilst ‘green skills’ will be element of most job roles and functions moving forward its clear that the construction industry is where significant, highly visible and rapid improvements might be made. In parallel ‘less visible’ sectors such as Artificial Intelligence, Big Data and Digital are key sectors that will underpin the transition to net zero. This will impact on the need for reskilling our existing workforce – including teachers and those currently in the education system.

## **8. The Institute of Public Policy Research (IPPR) published ‘Skills for a Green Recovery – A Call to Action for the UK Construction Sector’ in Feb 2021**

It states;

*The UK’s 10-point plan to achieve net zero climate emissions by 2050 is a shared responsibility. Central to the plan is the construction industry, which will be responsible for designing, building and maintaining the infrastructure that will play a pivotal role in decarbonising our built environment. From retrofitting homes to improve energy efficiency to building world-beating major infrastructure projects that stem the tide of carbon emissions; everything starts and ends with the people and firms that will build, maintain and operate our net zero infrastructure. The civil engineering sector is at the heart of these efforts, creating the major infrastructure assets that make our towns and cities cleaner and greener. However, the entire construction industry is facing large and persistent skills gaps and skills shortages, that may hamper its ability to make good on the government’s ambitions. Our analysis shows that up to 750,000 construction workers could retire or be on the verge of retiring over the next 15 years. Not enough is being done to replace these workers, with just 20.3 per cent of construction workers aged under 30.*

## **9. Local Government Association - [Local green jobs - accelerating a sustainable economic recovery](#).**

The report provides analysis of the jobs required for a net zero economy in England, and where these will be located in future years. Based on industry insight from a series of expert interviews and a literature review, the report includes an assessment of the number of jobs that will be required, by sector. This estimate is further broken-down to regional and local authority level, based on industry insight and the current sectoral breakdown in each area. It estimates that by 2030 693,628 direct jobs employed in the low-carbon and renewable energy economy will be required in England and by 2050 1,182,197.

Oxfordshire analysis is included in the accompanying extensive slide pack. This will be considered by OSB and disseminated through the provider network to help shape future delivery.

## **10. Financial Implications**

Whilst there are no direct financial implications for the Growth Board it should be noted that HMG invests significant amounts into the local skills system annually. At present these tend to be centrally administered with funding awarded direct to training providers. This is unlikely to change in the short term.

OSB has long maintained that having greater local influence over allocations linked to current and projected needs of the economy would deliver significant benefit to communities and employers.

## **11. Conclusion**

Given the significant changes to the already difficult to navigate skills landscape, alongside the more centralist approach taken by this government its vitally important we collectively and individually have a well-developed understanding of the key skills challenges and opportunities Oxfordshire faces ensuring alignment and maximising opportunities arising from key strategy and policy developments such as OxIS.

Creating change in the wider skills infrastructure tends to be measured in generations so policies and programmes should take a long-term view and be flexible and responsive to changing economic conditions as we have seen over the past 18 months.

Clearly green skills supply is a key policy development priority over the short term but will need to be developed alongside demand factors from employers. Its likely that HMG incentives will be required to accelerate business adoption to net zero which in turn will place additional pressure of skills supply.

OSB draws together key stakeholders and a ‘wider family’ of communities of interest. It has the expertise and institutional knowledge to lead Oxfordshire’s strategic skills priorities.

## **12. Background Papers**

The following reports and papers have been used to support this report.

Skills for Jobs: Lifelong Learning for Opportunity and Growth – DfE, Jan 2021

ncfe. (2021). Skills for Jobs White Paper - summary and media coverage. Retrieved April 21, 2021, from <https://www.ncfe.org.uk/blog/skills-for-jobs-white-paper-summary-and-media-coverage>

OxLEP: Local Skills Plan – March 2021

DfE 'Skills for Jobs' white paper briefing note

Local green jobs - accelerating a sustainable economic recovery | LG Inform  
skills-for-a-green-recovery-feb2021.pdf (ippr.org)

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