

To: Future Oxfordshire Partnership (formerly the Oxfordshire Growth Board)

Title of Report: Oxfordshire Economic Recovery Plan Update

Date: 20 September 2021

Report of: Ahmed Goga, Director of Strategy & Programmes, OxLEP on behalf of the Economic Recovery Task Group

Status: Open

Executive Summary and Purpose:

This paper provides the Future Oxfordshire Partnership with an update on the progress of the Oxfordshire Economic Recovery Plan, overseen by the Economic Recovery Task Group, and the headline performance of Oxfordshire's economy as it emerges from the challenges of the COVID-19 pandemic. It also identifies the need to continue to undertake a 'system-wide' approach to recovery and co-ordinate resources and effort in order to maximise investment to support local communities and businesses to recover and thrive.

How this report contributes to the Oxfordshire Strategic Vision Outcomes:

The Economic Recovery Plan supports a number of the outcomes set out under the Strategic Vision including:

- Our local economy will be globally competitive, sustainable, diverse and inclusive
- Our county will be a more equal, fair and inclusive place for everyone

Recommendations:

1. That the Future Oxfordshire Partnership notes the progress being made in delivering the Economic Recovery Plan and the key issues facing the economy
2. That the Future Oxfordshire Partnership endorses the need for continued whole-system responses, through the Economic Task Group, to the economic challenges faced in Oxfordshire and the co-ordination of resources across partners to drive delivery and secure further investment to support businesses and local communities

Appendices:

Appendix One – Economic Recovery Plan - Monitoring Plan

Introduction

1. The Oxfordshire Economic Recovery Plan (ERP) is part of an Oxfordshire 'whole-system' approach to tackling the impact of COVID-19 in the county. It sits alongside other plans and emergency response measures introduced by Oxfordshire partners to support residents, businesses and communities recover and adapt to the pandemic.
2. The ERP is led by OxLEP on behalf of Oxfordshire partners and is overseen by an Economic Recovery Task Group comprising chief officers from each of Oxfordshire's six local councils, alongside senior representatives from both Universities, the Future Oxfordshire Partnership and the Government's Cities & Local Growth Unit. The Task Group also draws on specific knowledge of the county's Destination Management Organisations (DMOs), Experience Oxfordshire and Cotswold DMO, to provide insight on the visitor economy which supports over 40,000 jobs and contributes £2.4bn each year to the Oxfordshire economy.
3. The ERP was prepared during 2020 in response to the pandemic and comprises a range of interventions to support the Oxfordshire economy. It includes projects where:
 - a. funding is already secured by partners and is being flexed, where possible and within the parameters of each project, to respond to the changing needs of the economy;
 - b. specific response funding is available and being drawn down from Government to support recovery activity or be accelerated to deliver economic support, in line with the priorities set out under the ERP; and
 - c. there is a clear economic need and has been highlighted by the baseline assessment as a priority but funding has yet to be secured
4. The ERP is informed by a comprehensive economic baseline assessment of the Oxfordshire economy prepared by Cambridge Econometrics and Steer Economics which includes district level analysis, business and sector trends and short, medium and long term forecasts for recovery. It was undertaken in autumn 2020, with a further update of economic trends published in April 2021. The data has been used across Oxfordshire partners to support local and countywide planning and has also informed work on both the Oxfordshire Plan 2050 and Oxfordshire Infrastructure Strategy refresh, to ensure a consistent approach and understanding of the county's economy.
5. Both the Future Oxfordshire Partnership and the OxLEP Board has received regular updates from the Task Group as the ERP was developed; there has been updates to the Scrutiny Panel too. In addition to this, member briefings have also been undertaken with individual Oxfordshire councils.
6. The full ERP and supporting economic baseline documents can be accessed via the OxLEP website at [Publications | OxLEP \(oxfordshirelep.com\)](https://publications.oxfordshirelep.com)

ERP – Key Developments

7. A range of projects across the ERP are in delivery and making a positive impact on the ground to help local businesses and communities recover from the impact of the pandemic, across each of the themes under the plan – *Reskilling People*;

Resilient Business; Reviving Places; and Rebuilding Connectivity. Appendix One provides a high level update on the progress of projects to date and will continue to be refreshed on a quarterly basis, as part of the Task Group's work including evaluation and impact assessment of grants and support measures introduced at the start of the response phase.

8. Additionally, partners continue to seek to secure further investment from budgets and funds which have been released by Government in recent months, to support economic recovery in Oxfordshire.
9. OxLEP has secured investment of c£750,000 to support skills development within small businesses focusing on increasing opportunities for promoting apprenticeship pathways and investing in 'Green Skills'. It is anticipated that delivery will formally commence in October.
10. The County Council has co-ordinated a package of five projects with local groups worth c£2m for submission under the pilot Community Renewal Fund (CRF) to assist employment creation, community regeneration and energy advice to businesses across Oxfordshire. Alongside this, Oxfordshire's councils have individually submitted projects, in consultation with local MPs, worth a total of £45m under the Government's new Levelling Up Fund to support a range of local public realm, infrastructure and regeneration projects. We expect to hear the outcome of both the LUF and CRF bids by late September, at the latest.
11. Regardless of the outcome of these bids, a number of key projects within the ERP which have been developed and are ready for delivery, particularly to support skills development and retraining for young people, town centre renaissance initiatives and support for rebuilding the visitor economy and helping small businesses in supply chains to transition towards net zero, remain unfunded despite the urgency of need for these initiatives. It is imperative that Oxfordshire partners continue to work collaboratively as a 'whole-system' to co-ordinate and maximise the deployment funds which have been secured within the county to move these areas forward at pace.

Economic Recovery – Key Headlines

12. The updated baseline assessment highlighted that, whilst it will experience a short but focused contraction, the Oxfordshire economy has, on the whole, been resilient to the challenges created by the pandemic. The county's diverse business base and technology sectors have adapted to the main shocks created. However, there are areas which have been exposed: most notably the visitor economy and areas of the labour market which have been vulnerable to furlough or redundancies, and for young people entering into employment.

Unemployment

13. The latest monthly unemployment claimant count data (for June 2021) shows that Oxfordshire's unemployment rate is 4.3% (14,645) but remains lower than the national rate of 7.4%. A third of all claimants in the county are resident in Oxford City, with approximately 24% located in Cherwell – this remains in line with the projections set out in the baseline assessment.

Job Retention Scheme (Furlough)

14. The JRS will be withdrawn by the end of September, with payments to employers beginning to taper from June. As of 31 May, there were 23,200 people still on furlough in Oxfordshire which is a rate of 7% and broadly in line with the national trends – c48% of the cohort are women and 52% men.
15. The main employment sectors with staff on furlough in Oxfordshire were:
 - Accommodation and food services (22.76%)
 - Wholesale and retail (14.08%)
 - Administration and support services (9.16%)
 - Manufacturing (8.2%)
 - Professional, scientific and technical (7.78%)
 - Education (7.78%)
 - Transportation and storage (7%)

Young People

16. The pandemic has had a major impact on the ability of young people to enter and participate in the labour market. 16-24 year olds account for approximately 20% of all claimants in the County; the number of young people not in employment, education or training (NEET) in May was nearly 300, which is significantly higher than 12 month ago.
17. Latest data indicates a reduction of 17% in those starting an apprenticeship, compared to the same time last year with major falls in arts, culture and creative areas in particular. However, there is encouraging evidence of some growth in some parts of the visitor economy and also in health and care. Opportunities in science remain much lower and this needs to be a key focus moving forward, encouraging more of our technology sectors to create pathways into apprenticeships and for young people to access these opportunities.

The Visitor Economy

18. The Visitor Economy, comprising retail, tourism, leisure, arts, culture and heritage, is a vital component of our economy. It supports over 40,000 jobs and is the largest employer of women, provides vital employment and apprenticeship opportunities for young people, offer flexible employment which is critical for working families and also offers important routes back into work for people seeking to return to employment having had long term health matters.
19. The sector has been the hardest hit by the pandemic and is beginning the process of resetting itself and recovering with great caution, amid real concerns for the future. Intelligence from both the county's main DMOs report a mixed picture.
20. Anecdotal feedback from hotels in Oxford City and across the county indicates that weekend leisure bookings are currently strong – driven by discounted prices through the usual discounted ticket agencies. Occupancy levels at the weekends have been around 70%, with most being single night stays booked at the last minute. These are all from the domestic market, with up to 30% coming from London. However, business travellers and commercial group bookings are few and far between, and mid-week occupancy levels have been typically 20-25%. Similarly, due to the continued restrictions on travel, there are precious few international travellers or language students visiting the county.

21. The reliance on domestic and localised markets has had a major impact on overall visitor spend, which is well down, with the perception of Oxford as a day trip destination. This has significant implications for the rate of recovery and the ability of businesses to build back market share and employment. Whilst the relaxation of restrictions is expected to increase visitor numbers, there continues to be concern among the general population regarding public health safety in enclosed and populated areas. Covid secure measures have been retained in most restaurants and pubs to provide a safe-feel environment for customers and staff alike but this does impact on turnover and ultimately profitability, though many restaurants do report increased spend per head.
22. Crucially, there is evidence of a vicious cycle emerging in the sector impacted by reported recruitment issues. Furloughed staff are looking for alternative careers and not choosing to return whilst EU citizens chose not to stay in the UK during the pandemic and have reassessed their priorities, in light of post-BREXIT arrangements. This has resulted in businesses unable to increase service offerings due to a lack of staff and, thereby, operating at reduced capacity.
23. There have been some areas of the sector which are enjoying strong growth throughout the late spring and summer and into early autumn in the Cotswolds and other areas including self-catering, camping/glamping sites and outdoor-based 'family fun' activities and gardens. Many businesses have recognised the criticality of transitioning to, and having, a strong digital presence and investing in online pre-booking systems to build closer customer relationships, capture data for improved marketing and promotion and managing visitor flows and guest experience.
24. By contrast, indoor venues and destinations and those businesses over-dependent on overseas visitors, business travellers group based bookings continue to struggle.
25. The Christmas season has increased importance to the sector this year, if it is to preserve some of the uptick in revenues over recent months. However, despite the increase in the 'staycation' market, and evidence that many people have money to spend and are keen to spend it, the sector anticipates that it is unlikely that any real recovery in numbers and turnover will be experienced until the second half of 2022. This will be further pressured with the return to VAT for all hospitality businesses to 20%, from April 2022.
26. In light of the precariousness with which the sector still finds itself in, and the multi-faceted long term nature of the challenges it faces, it is essential that support for the visitor economy sector is strategically sustained. Oxfordshire partners need to pursue a whole-system approach, working with the private sector, transport providers and other key strategic stakeholders to maximise resources to businesses where it is needed most, and avoid unnecessary duplication and confusion in the marketplace to help rebuild the sector and opportunities for local residents to secure long term employment.

Financial Implications

27. There are number of grants and funds which have been channelled into Oxfordshire to support the county respond and recover from the impacts of the pandemic. It is essential that Oxfordshire partners continue to adopt a system-

wide approach to deploying resources and ensure that these are channelled to support agreed priorities , with investment at the appropriate scale to mitigate duplication and confusion for end beneficiaries whilst also addressing need on the ground.

Legal Implications

28. None

Conclusion

29. Recent economic data shows that there remain key areas within the economy where there is a need to continue to focus limited resources in a co-ordinated way, in order to maximise support where it is needed most. Progress is being made in the delivery of the ERP with a number of projects making a positive impact on the ground. However, a number of key areas within the plan, particularly to support skills development and assist small businesses, which are positioned to commence delivery but still require resourcing to move forward. Work at a system-level will be key to being able to get these up and running and deliver at pace.

Background Papers

30. The ERP Monitoring Plan, covering progress updates for the period between April and July, is including as Appendix One to this paper.

Report Author: *Ahmed Goga, Director of Strategy & Programmes, OxLEP*

Contact information: ahmed.goga@oxfordshirelep.com