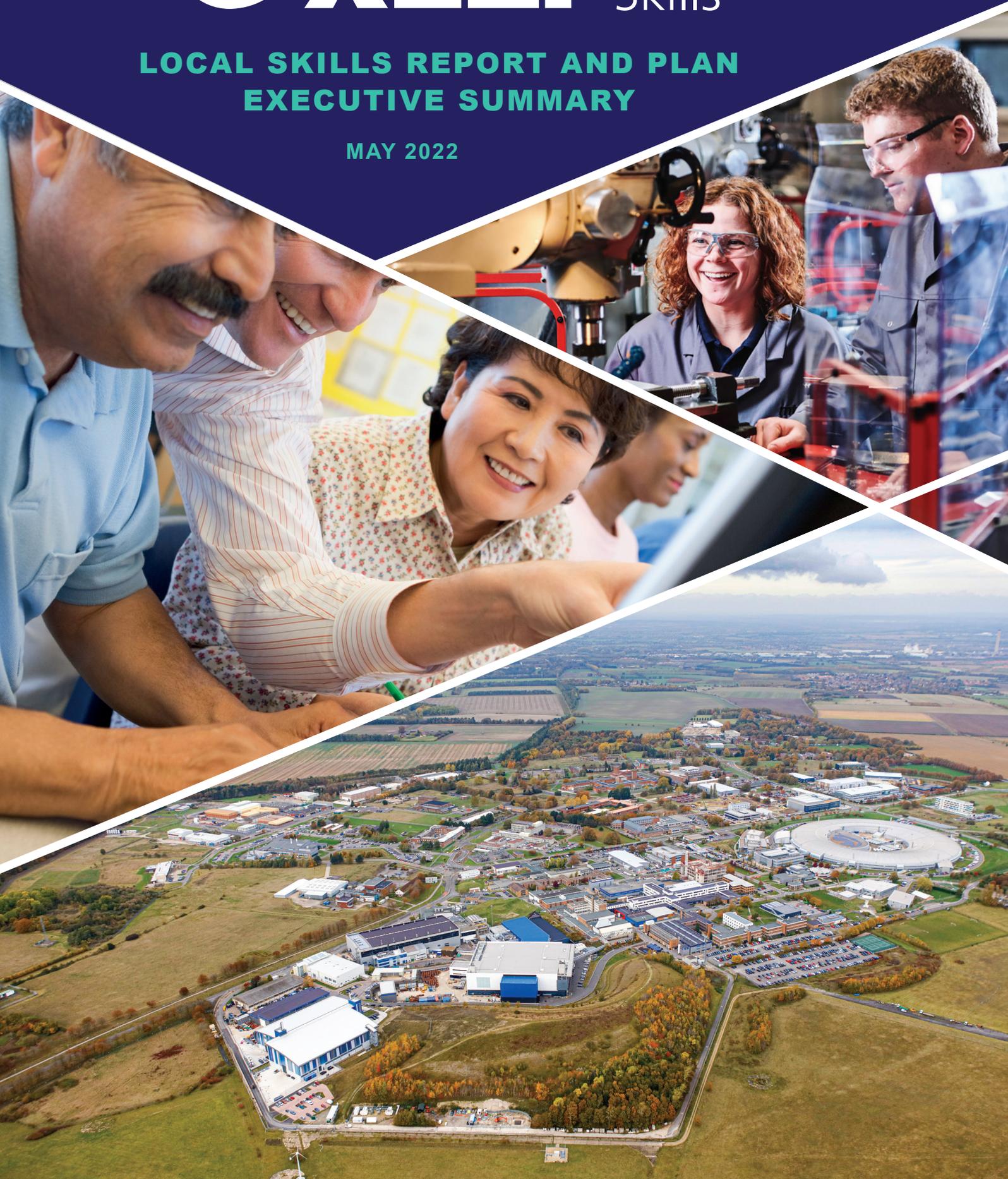


xLEP Skills

LOCAL SKILLS REPORT AND PLAN EXECUTIVE SUMMARY

MAY 2022



SECTION 1 – SUMMARY

Oxfordshire, the UK's engine for innovation, has an ambition to become a top three global innovation ecosystem by 2040. This is evidenced through the ground-breaking research and development (R&D) that is driving the creation of new, dynamic businesses and cutting-edge products and services that are solving global challenges in a number of areas, including healthcare, mobility, energy and communications. The commercialisation of these new ideas is delivering manufacturing and supply chain opportunities across the country – levelling up in action. For example, Ipsen's Research and Development (R&D) innovation hub at Milton Park, Oxfordshire (with its manufacturing site based in Wrexham, Wales) and the recently developed Oxford University/AstraZeneca coronavirus vaccine that is now being administered globally.

To achieve our ambitions, we will continue to need a highly skilled, adaptable and innovative workforce, ensuring they, and future generations, have the skills that businesses need and value. Three key enabling skills have been identified by all sectors to enable continued growth and development. They are: Artificial intelligence (AI) and Big Data skills; Business and Digital/ ICT skills; and other skills often termed as 'soft' skills such as 'employability'.

As well as enabling Oxfordshire to achieve its plans for innovation, growth and development, these skills also underpin recovery from the impact of the COVID-19 pandemic and provide foundations for future prosperity. This is

outlined in the Economic Recovery Plan which suggests that Oxfordshire will bounce back from the impacts of COVID-19 much quicker than many other economies and that is being borne out by the current data.

Although Oxfordshire has demonstrated high levels of economic resilience, the pandemic restrictions had most impact on jobs within service industries such as Wholesale and Retail trades, Accommodation and Food

Services and Manufacturing, 'cornerstone' sectors that support the basis of our economy and offer a range of employment opportunities to all – including those furthest

“...to build a skills system that better responds to local demand, which provides a range of opportunities for all across the county”.

from the labour market. This impact is seen alongside those roles that support the innovation ecosystem such as Professional, Scientific, Technical and ICT – 'breakthrough' sectors that drive innovation.

Employers specifically report shortages of degree level (Level 4+) candidates for occupations such as programmers and software developers and those with sector specific specialist skills. Other skills supply challenges exist, such as an ageing population and the attraction and retention of talent (linked to graduate retention, and housing affordability). Despite these skills challenges, Oxfordshire has a well-established skills ecosystem with two world-renowned universities that provide a strong pipeline of graduates which are well matched to the local area's specialisms.

As well as a strong talent pipeline, Oxfordshire remains a global centre for research and innovation. The 2014 Low Carbon Economy report estimates that the low carbon economy generated £1.15 billion/year in sales, representing 7% of the county’s economy. Leading the development of a zero-carbon future is an opportunity which Oxfordshire can grasp and ultimately become a global leader.

It is against this backdrop that the Local Skills Report 21/22 has been developed. The report provides a comprehensive overview of our skills and labour market and shines a light on some significant opportunities and challenges for our economy, our communities and our businesses.

The National Context - Skills Advisory Panels:

Since 2018, Skills Advisory Panels (SAPs) have been bringing together employers, skills providers and key local stakeholders to better understand and resolve skills mismatches at a local level. SAPs are aligned to Mayoral Combined Authorities and Local Enterprise

Partnerships. The Department for Education (DfE) has supported SAPs with grant funding primarily to produce high-quality analysis of local labour markets and publish Local Skills Reports. These reports set out the local skills strengths and needs, proposing how an area can address its key priorities.

Over the course of 22/23 the emergence of Local Skills Improvement Plans overseen by Employer Representative Bodies will bring together key stakeholders - businesses, providers, statutory bodies, LEPs and other key stakeholders to drive improvements in the local skills landscape. Whilst guidance states that OxLEP and the Skills Advisory Panel cannot become an Employer Representative Body in their own right we intend to work collaboratively with whatever body emerges to drive improvements in our skills landscape – aligned to our longstanding ambition:

“...to build a skills system that better responds to local demand, which provides a range of opportunities for all across the county”.

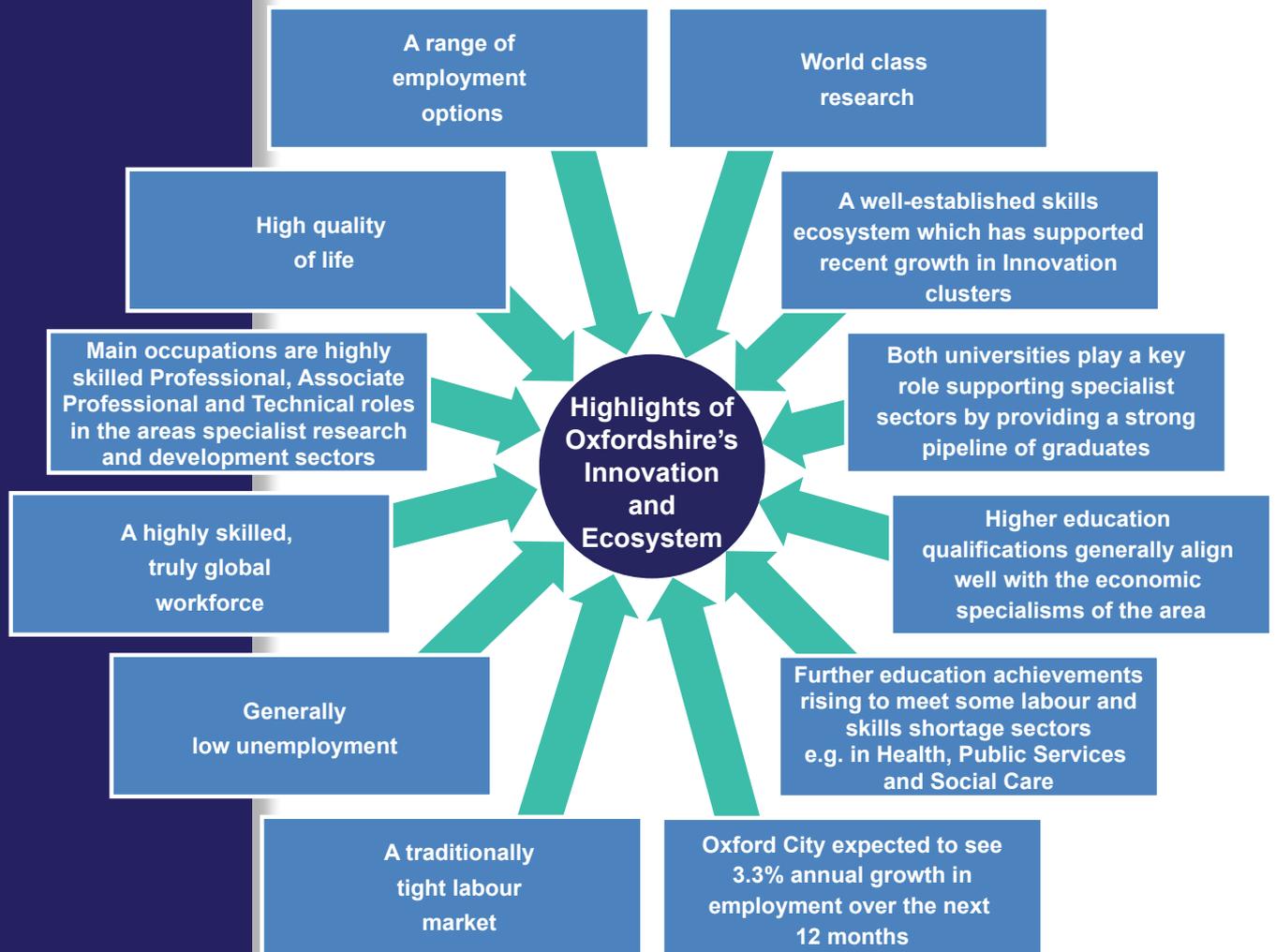


Winners and Finalists of the OxLEP-led Oxfordshire Apprenticeship Awards, May 2022.

SECTION 2

OXFORDSHIRE'S KEY SKILLS STRENGTHS

Oxfordshire's strong economy is driven by a high concentration of innovation assets, both through business and academia, which position the county at the forefront of global innovation. Oxfordshire has world-leading strengths in key transformative technologies, with rapidly growing global markets offering significant opportunities for growth.



Key Sectors:

Oxfordshire is one of the strongest and most resilient economies in the UK, underpinned by one of the highest concentrations of research assets and pioneering clusters of knowledge intensive firms in western Europe.

The high concentration of innovation assets, both through business and academia, position the county at the forefront of global innovation in Transformative Technologies and sectors such as Fusion Technology, Autonomous Vehicles, Quantum Computing, Cryogenics, Space, Life Sciences, and Digital Health – breakthrough sectors underpinned by a highly

skilled global workforce and creating high value employment opportunities for future generations.

In 2020, Oxfordshire was home to over 691,000 residents and more than 43,000 (which include non VAT registered businesses) active companies (99% being SMEs, of which 89% are micro businesses - ONS, 2021). The economy is founded on a diverse mix of businesses, which for the purpose of this report, have been grouped into two main categories: cornerstone businesses and breakthrough businesses; both are essential for sustainable future growth in Oxfordshire.

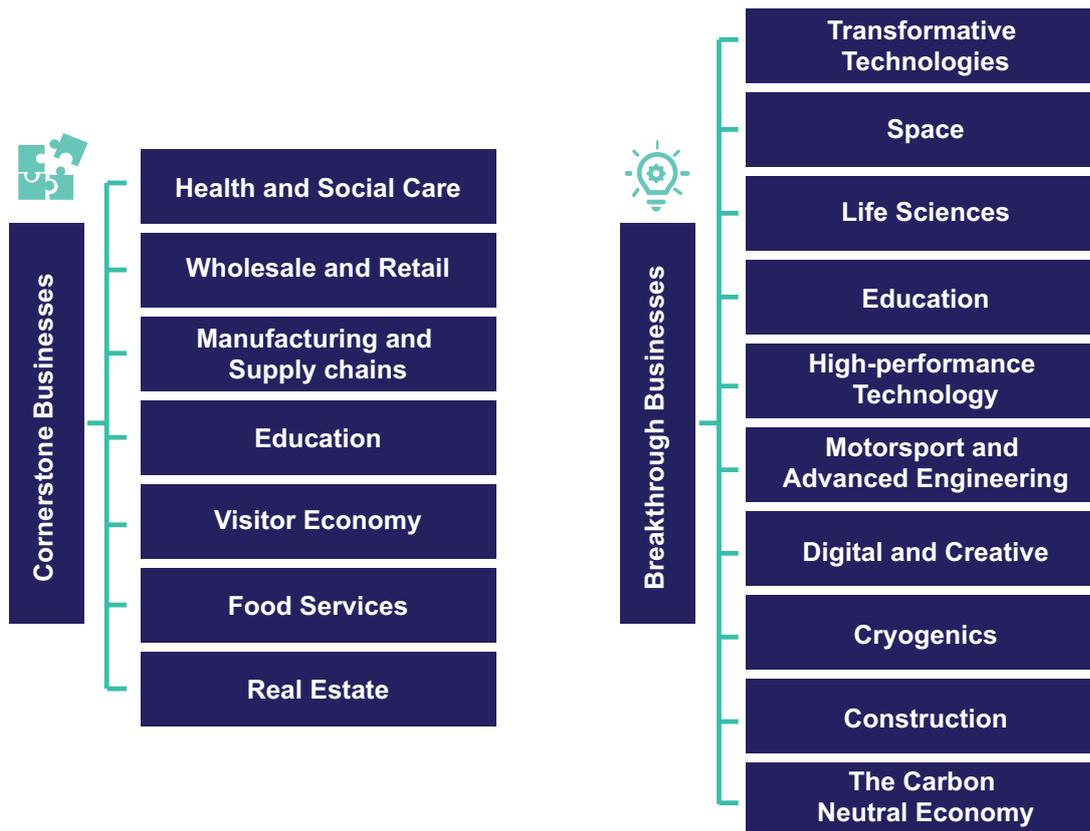


Figure 1 Oxfordshire's Key Sectors: Cornerstone and Breakthrough Businesses

Oxfordshire's GVA

Oxfordshire is one of the UK's strongest economies, with sustained annual growth of 3.9% per annum recorded between 2006-2019 and exceeding national and South East averages on most key measures. Our economy is driven largely by five broad sectors, which produce around 60% of the GVA output. These five sectors are shown below by percentage share of total GVA output for the County.



Figure 2 Oxfordshire's Key Sectors - Highest GVA

Highly Skilled and Well-Paid Workforce

Supporting Oxfordshire's innovation and business ecosystem is a highly skilled workforce. Oxfordshire has one of the highest skilled workforces in the country, with over half (53%) of its working age population qualified to degree-level or above (compared to 43% nationally). There are also fewer people in Oxfordshire with no qualifications than nationally.

Established Skills Ecosystem

We have a well-established skills ecosystem that has supported recent growth in our innovative clusters. With a truly global workforce drawn by a high quality of life, world class research and a range of employment options, Oxfordshire must focus on retaining the existing skills of our businesses whilst focussing on ensuring the next generation have access to the skills businesses need.



Employers such as Blenheim Palace have developed a strong variety of talent through their Apprenticeship programme.



Cross Cutting Skills Successes

- Over half (53%) of the working age population qualified to Level 4 or above.
- Most learners (93%) move directly into sustained employment at larger proportions than nationally. Higher (level 4+) Apprenticeship courses led to 100% sustained employment.
- Oxfordshire has a traditionally tight labour market. The area enjoys strong employment and higher than national average wages with a tight labour market.
- Job postings have returned to pre-pandemic levels demonstrating a resilient labour market.
- 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 who use their Apprenticeship levy to upskill and reskill their existing workforce.

Figure 3 Cross Cutting Skills Successes, Challenges and Barriers

Cross Cutting Skills Barriers, Challenges and Gaps

Oxfordshire is globally renowned with a strong international brand and a thriving Visitor Economy pre-pandemic. Prior to the pandemic, Oxfordshire attracted 32 million visitors a year and the value of the visitor economy grew to £2.5 billion per annum: 9% of total GVA. However, 'the COVID-19 pandemic has decimated the Visitor Economy with unemployment potentially reaching 10,000 – almost 25% of employment in this sector.'¹ Whilst we have seen some bounce back in the visitor economy we are aware that many businesses are struggling to recruit and struggling to pivot their business successfully to meet the 'new norm'. Alongside this it is estimated that growth will take longer to return to pre-pandemic levels than most other sectors – thus creating additional challenges.

Skills Supply for Breakthrough Businesses

Higher Education qualifications align well with the economic specialisms of the area as can be seen by recent increases in Creative, Art and Design subjects to meet needs of the area's growing Creative Industries sector. Both universities play a key role in supporting specialist sectors by providing a strong pipeline of graduates.

¹ Beauhurst COVID-19 Business Impact Report, Beauhurst, 2019

SECTION 3

OXFORDSHIRE'S KEY SKILLS NEEDS AND SHORTAGES

Short Term

Predicting the impact of COVID-19 pandemic on our labour market is an ongoing challenge. The Claimant and Alternative Claimant Count rate remains at double the pre-pandemic levels at 3.5%. However, the area's economic resilience is evident when comparing this to the national rate of 6.3% (October 2021). The labour market remains tight though, as vacancies are difficult to fill despite the number of claimants roughly matching the number of vacancies currently available.

Young people aged 16-24 years and the over 50's have been hit hardest by pandemic related unemployment, older citizens proportionally more than in 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. Many of this cohort are likely to need support as they may not have been in the job market for considerable time and often do not have experience of current recruitment practices. Long term labour shortages have been amplified and are now acute in sectors such as Hospitality, Health and Social Care and Logistics.

Mid/Long Term

The longer-term impact of the COVID-19 pandemic impact for hardest hit sectors remains to be seen, in particular the Retail, Hospitality and Visitor Economy sectors. In 2021, there has been a striking fall of 22,500 in the actual number of people in employment.

Job growth has been focussed on knowledge-intensive, Science, Technology, Engineering and Maths (STEM) and technology professional, associate professional and technician roles as well as managerial and senior leadership roles between 2004 and 2020. Half of all occupations require degree or higher level (Level 4+) qualifications compared to a third nationally.

In striking contrast, there has been a contraction in employment across every other Standard Occupation Codes (SOC) Major Group occupational category including Elementary occupations where there are also the greatest labour shortages currently. There is under-representation of FE take-up and achievements in the area's core and specialist subjects given the area's specialisms and planned large scale construction projects. Local

colleges report this as take-up choice by students, rather than under-representation of provision. Apprenticeship vacancies have also hit record highs in 2021, but many are difficult to fill, particularly in sectors of labour shortage.

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 could do much to address this, including more flexible 'bite-sized' courses for existing workforce to upskill and reskill.

There are differences in ethnic diversity of subject choice and employment in scientific and technical industries and process and elementary occupations. There are also differences in salaries of graduates from different ethnicities.

Existing workforce, graduate and young people retention remains a challenge based on housing affordability and attractiveness of other roles in the South East, particularly London. A greater focus on developing home grown talent with better awareness of local labour market information along with higher levels of upskilling and reskilling within current workforce should lead to better matched skills supply that employers are looking for and stronger retention.

Labour Market Challenges

Broadly speaking, the dichotomy in the Oxfordshire labour market appears to be **skill shortages centred on higher value-added job roles and labour shortages centred on lower value-added job roles.**

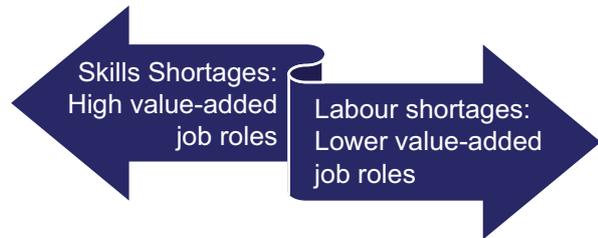


Figure 4 Skills Dichotomy

There is high and growing demand for STEM and professional and technical skills to meet the needs of the area's specialist innovation sectors. This trend is expected to continue; 'Harwell Campus is at the heart of transformative technologies and is forecast to grow to over 20,000 people over the next decade from 6,000 today, attracting new staff and requiring reskilling and upskilling of existing staff and strong links into future talent pipelines. OxLEP has done much to support the STEM sector with significant capital investments into improved STEM provision across the county.



Oxford Biomedica continues to expand rapidly due to recent successes, including being the UK manufacturer of the Oxford, AstraZeneca vaccine.

Cross Cutting Enabling Skills

Local Employer Skills Survey focus groups identified three particular sets of Cross Cutting ‘enabling’ skills.

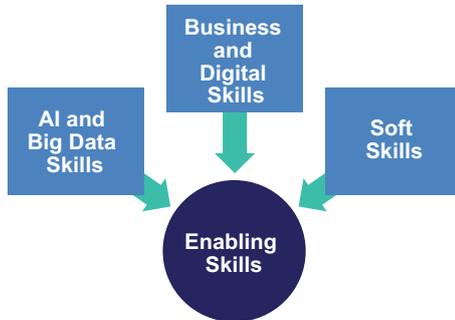


Figure 5 Cross Cutting Enabling Skills

Cross Cutting Skills Gaps and Challenges

In common with the rest of the country, the number of Apprenticeships has declined over the last four years. However, Apprenticeship achievements have risen by 20% back to pre-pandemic levels (national rise only 6.5%).

Apprenticeship achievements demonstrate how technical qualifications, which provide more on the job training, might align with the area’s skills needs at degree level. Despite the Government offering Apprenticeship bursaries to employers low take-up persists in some of the area’s key specialisms and cornerstone businesses, such as the Visitor Economy, Nursing and Subjects allied to Medicine, Education subjects and Science and Mathematics.

T-Levels are being introduced initially at three of the main FE providers with a limited roll-out, in line with Government policy. The value of technical qualifications may not be seen as equal to a degree by employers. Stronger employer engagement in the development of new T-Levels and Apprenticeships could help change this view.

Workforce retention and attraction

Existing workforce, graduate and young people retention remains a challenge. There is a strong trend for movement to London alongside high levels of mixed commuting to other areas such as Reading.

Upskilling the existing workforce

Employer investment in skills is relatively high, with over two thirds of Oxfordshire employers having provided a combination of off-job and on-job training over the last 12 months (above that provided nationally). However, 99% SME businesses, including 89% micro businesses, struggle to support skills initiatives and just over one third of employers provided no training at all. The cost to employers and ongoing impact of COVID-19 is likely to have affected upskilling provision, given the wider economic uncertainty.



Informing Education Providers of the Oxfordshire Labour Market at the Headteachers’ Conference, November 2021.



OxLEP secured £1m from the Local Growth Fund towards a Livestock Technology Centre at Abingdon & Witney College to support courses and research relating to livestock husbandry.



BMW Group, only 1% of businesses in Oxfordshire are large employers (over 250 employees).



Students at a careers fair at BMW MINI Plant Oxford.



Teachers of Year 8 students visited Harwell Science and Innovation Campus as part of a OxLEP-led project funded by the Careers & Enterprise Company.

SECTION 4

OXFORDSHIRE SKILLS PRIORITIES AND ACTION PLAN

Our priorities are set in six broad thematic areas but of course there are interdependencies and many points of cross reference between each and as such, they should not be taken in isolation. The OxLEP Skills Action Plan details a range of activities that will contribute towards the delivery of our skills priorities. The focal points of the action plan are summarised below, the range of actions/activities can be found in the full report. These are Oxfordshire priorities and will require the collective input and support from a number of organisations to deliver Oxfordshire's priorities.

Skills Priority	Action Plan
Supporting the reform of vocational and technical skills provision, which includes promoting Apprenticeships and T-Levels offers	<ul style="list-style-type: none"> • Make the Apprenticeship landscape easier to navigate. • More information about Apprenticeships. • Raise the profile, value and status of higher technical level qualifications. • Support the FE sector to broaden partnerships. • Ensure that micro and small SMEs are supported to participate in employer-led Apprenticeship and T-Level standards.
Help to provide clear, diverse and inclusive career pathways for young people and adults to ensure they are aware of the Oxfordshire Labour Market and sectors	<ul style="list-style-type: none"> • Make the career landscape less confusing. • Support those furthest from the labour market into employment and training/reduce the number of unqualified people. • Inspire a greater number of women and Black Asian Minority Ethnic groups (BAME) within growth sectors. • Decrease the number of young people who are Not in Education Employment or Training (NEET). • Ensure all young people have the right information and support required for them to make successful and informed decisions about their next best step, in line with the Oxfordshire Labour Market.
Managing Oxfordshire's consistently tight labour market	<ul style="list-style-type: none"> • Help and support for employers to better understand the tight labour market and the impact it has on recruitment. • Reduce significant skills shortages in identified sectors and roles. • Develop the Industry Specialist Teaching and Knowledge Exchange Programme. • As part of the Inclusive Economy Commission's potential priority areas for the Inclusive Economy Agenda: increase targeted investment and local spend, encourage more socially and environmentally responsible businesses and respond to the increasing demand for digital skills. • Help identify the Skills, Employment and Enterprise of Oxfordshire's Ethnic Minority Communities.

Skills Priority	Action Plan
Graduate Promotion and Retention	<ul style="list-style-type: none"> • Promoting Oxfordshire as a place for education and employment. • Supporting the University of Oxford and Oxford Brookes University with their strong careers service. • Improve equality of opportunity for underrepresented groups. • Work with Harwell Campus Skills Strategy Group to ensure a future pipeline of diverse talent to meet future needs. • Promote employer 'good practice'. • Promote Internship programmes. • Championing breakthrough career pathways, such as those supported through Knowledge Transfer Partnerships.
Business Skills Provision and Support	<ul style="list-style-type: none"> • Develop Skills Bootcamps based on employer needs • Reduce the shortage of high-level technical skills reported by employers. • Reduce the digital skills gap for employment. • The SAP will work with the Government and FE providers in anticipating the occupational standards needed in order to meet the energy performance of a zero-carbon economy.
Ensure training and re-skilling provision in identified priority sectors	<ul style="list-style-type: none"> • Support the need from employers to provide increased numbers of Higher-Level technical provision. • Work collectively with providers to maximise student demand continue employer engagement and to use these investments to deliver a step change in specialist provision.



Oxfordshire Advanced Skills offers high quality training to develop the next generation of engineers to support the future skills needs of business.

SECTION 5 LOOKING FORWARD

The Oxfordshire economy is founded on a diverse mix of cornerstone and breakthrough businesses. Cornerstone businesses provide an essential platform for economic growth, through the delivery of critical services and supply chains (for breakthrough businesses), as well as most jobs for people across Oxfordshire. Breakthrough businesses are our innovation-focused businesses in science and transformative technologies, such as space, quantum computing, digital health and connected and autonomous vehicles.

Economic modelling suggests our economy will rebound quicker than many – and that many sectors will return to growth in the short term. Longer term impacts on unemployment may not be as bad as anticipated following the end of the furlough scheme. Employers need to understand that they are, unlike other areas of the country, recruiting in a competitive market. Jobseekers and young people need to be made aware of the exciting employment opportunities in the county and ensure that they have the right qualifications and digital skills which businesses require.

The workforce is highly trained, and we need to ensure that employers not only look at graduates to fulfil their talent pipeline but also consider people keen to learn through the higher-level technical provision such as Apprenticeships, which offers both progression and potential long-term loyalty to that business.

There are over 40,000 university graduates each year in Oxford. We need to ensure that rather than leaving the county for London and other areas, they understand and experience both the employment opportunities and quality of life which can be enjoyed if they put down roots here.

From the smallest provider of niche specialist delivery to the largest Further Education providers will continue to play a key part in taking forward our skills ambitions. They will continue to deliver a range of training and skills opportunities to many, offering support for those most impacted. They should also be in listening mode as employers bring forward key intelligence, skills and shorter term training requirements, ensuring they are responsive to clearly articulated needs.

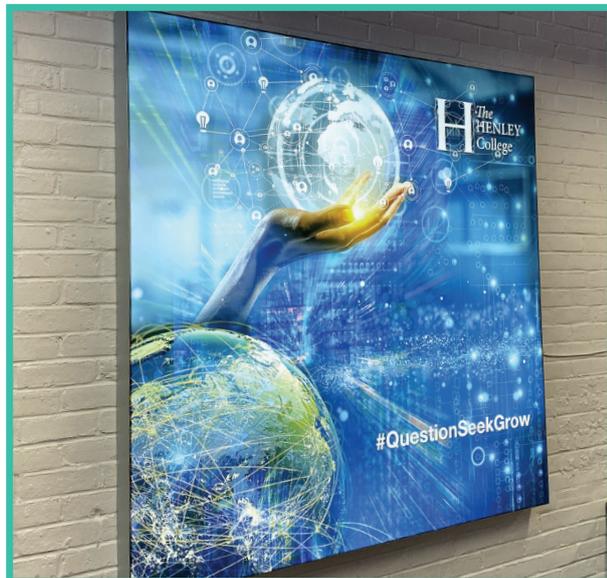
Although we are well placed to recover fairly quickly economically from the COVID-19 pandemic, it has had a severe impact for many groups within the Oxfordshire labour market. OxLEP's continued role in convening employers, business groups and business representative organisations will be key in shaping future skills priorities, influence the curriculum and creating new partnerships with providers - so Oxfordshire can remain the UK's engine for innovation and achieve its ambition to become a top three global innovation ecosystem by 2040.



OxLEP secured £4m from the Local Growth Fund to create an Advanced Skills Centre with Abingdon & Witney College. It is a high-tech hub dedicated to STEM (Science, Technology, Engineering & Maths) training which has been designed to address the regional skills shortages.



Digital and creative industries are a strong Breakthrough sector in Oxfordshire.



The Advanced Digital and Science Centre at Henley College benefitted from £500,000 of government investment, secured by OxLEP.

LOCAL SKILLS REPORT AND PLAN
EXECUTIVE SUMMARY MAY 2022



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