

MINUTES

DORSET LOCAL ENTERPRISE PARTNERSHIP SKILLS ADVISORY PANEL AND BOARD

10 January 2022, 2 – 4 pm
Virtual meeting

Board Attendees:

- Luke Rake, Kingston Maurward College, Chair (LR)
- Adrian Trevett, Bournemouth, Christchurch and Poole Council (AT)
- David Matthews, Upton Beach Consulting (DM)
- Heidi Cooper-Hind, Arts University Bournemouth (HCH)
- Hugh Joseph, Air Bearing Solutions (HJ)
- Jim Andrews, Bournemouth University (JA)
- Julia Howe, Weymouth College (JH)
- Lesley Haig –AECC (LH)
- Lesley Spain, Skills and Adult Community Education (LS)
- Nicola Newman, Ansbury Guidance (NN)
- Phil Sayles, Bournemouth and Poole College
- Rebecca Davies, Dorset LEP Head Of Enterprise, Skills And Industry (RD)
- Rod Davis, Dorset and Somerset Training Providers (RoD)
- Steph Simpson, Department for Work and Pensions (SS)
- Tim Ford, Independent Director (TF)

Also Present:

- Mira Koseva, Dorset LEP Skills Analyst (MK)
- Nicola Kildunne, Federation Small Businesses (NK)

Apologies:

- Richard Renaut, University Hospitals Dorset NHS Foundation Trust (RR)
- Zannah Chisholm, Pavilion Dance South West (ZC)
- Jon Bird, Dorset Council (JB)

Item	Welcome, introductions and apologies	Action
1	<p>LR opened the SAP Board meeting welcoming two new members to the group - Heidi Cooper-Hind, Arts University Bournemouth - Director of student experience and employability (replacing Emma Hunt) and Phil Sayles – the new Principal and CEO of Bournemouth and Poole College (replacing Diane Grannell).</p> <p>Heidi has worked for AUB for the past 14 years, currently as a Director of Student Experience and Employability her background in higher education overseeing all the student support services, the library and the academic services as well.</p> <p>Starting his career in commercial roles, Phil changed careers and started teaching in colleges, where he has spent the past 20 years moving up the ranks, through the academic curriculum and management, ultimately becoming a principal with Bournemouth and Poole College being his second principalship and the fifth college he has worked for.</p>	

	<p>The SAPB proceedings started with all-round introductions for the benefit of the new members. LR also welcomed Nicola Kildunne, Federation Small Businesses to the meeting as an external guest.</p> <p>Apologies were noted.</p>	
2	Minutes, Actions and Matters Arising	
	<p>The 8 November 2021 meeting minutes were agreed as an accurate reflection of the proceedings. All actions were confirmed as completed and there were no matters arising.</p>	MK: Publish minutes
3	Place	
3.1	<p>Local Skills Report (LSR) data update – local context presentation</p> <p>MK presented labour market and skills developments, providing latest insights on Dorset's vacancy levels, labour demand and occupational developments, shining light on labour and skills shortages and apprenticeships statistics in Dorset (the full presentation is published with the committee papers). The main question for Dorset is identifying whether the issues on the labour market are linked to lack of people available to work – labour shortages, or whether there are skills shortages and mismatches between those looking for work and the vacancies available.</p>	
3.1.1	<p>Exploring the labour shortages hypothesis</p> <ul style="list-style-type: none"> • Vacancies <p>The historic job vacancy figures demonstrate Dorset has a robust labour market holding up well and bouncing back relatively quickly after spells of economic uncertainty. The Covid-19 pandemic arrived at what was a pre-existing state of subdued economic and labour market activity brought by the prolonged economic and political uncertainty of Britain's exit from the EU. The combined effects were two consecutive years of subdued labour demand which spilled into early 2021, but the levels of recruitment seen later in the year broke that trend. The jobs market throughout 2021 was tumultuous but strong. Overall recruitment not only recovered but exceeded previous two years over most of the year, although demand fluctuated considerably over the course of the year and across industries. Christmas was overshadowed by Omicron resulting in a vacancy drop mirroring the one last seen with the first lockdown back in April 2020, yet the aggregate vacancies advertised throughout 2021 exceeded 80,000 and were the highest on record - 41% on 2020 and 28% on 2019.</p> <ul style="list-style-type: none"> • New jobs <p>It has been questioned whether these developments on the market are reflecting the creation of new jobs or are linked to churn and turnover and pandemic related spikes in business activity. To try and answer this question MK showed some statistics on job creation which demonstrate that most of the activity on the labour market is linked to churn – possibly related to pandemic displacement, job and retirement movements, although there are signs for new job creation in Dorset as well. Between 2015 and 2020, jobs in Dorset LEP area increased by 5.5% with circa 17,630 new jobs, outpacing the national growth of 5.0%.</p>	

There are also 10,400 new jobs projected in the period to 2025 and research commissioned by local authorities is showing even higher projections.

- **Dorset Labour Force**

The crucial question is whether there are enough working people in Dorset to meet this demand or whether there is a labour shortage.

Dorset's population increased by 1.9% between 2015 and 2020, growing by 14,255. It is projected to grow by a further 24,047 (3.1%) by 2025 and reach 800,000 residents. Around 16% are under 16 years of age (compared to 19% nationally) and 26% are in retirement age (national reference is 19%), which leaves just 58% of the population in working age vs 62% nationally and Dorset is moving closer to a 1:1 dependency ratio. Furthermore, there are 20% of those in working age who do not participate in the labour force - many of them studying, looking after family, in long term sickness or early retirement and a fifth of them (around 20,000) want a job, but are not actively seeking one. That leaves 379,000 to form Dorset's labour force. Most of them are in employment - 96% and 4% or 16,000 are unemployed and looking for work, representing a small proportion of the overall population (2%).

These calculations offer a simple conclusion that the projected increase in population and accommodating those unemployed alone is unlikely to alleviate much of the labour shortages in Dorset.

- **Employment and unemployment in Dorset**

Up-to-date claimant figures show there was a spike in claimants with the first lockdown from under 10,000 in February 2020 to close to 26,000 in May of that year and they have remained high throughout the rest of 2020 and most of 2021. However, over 2021 there was an accelerated decline in the numbers of people claiming unemployment related benefits, down to the continuous efforts of DWP and the various support schemes available through 'Plan for Jobs'. At the end of 2021 the number of people that are unemployed, was still around 5,000 higher than before the pandemic, but the decline in the rates of claimants seen over 2021 is an important achievement and this was even more pronounced among young people, which is encouraging. Nationally, ONS also reported a record high net flow from unemployment to employment in the third quarter and total job-to-job moves also increased to a record high, largely driven by resignations rather than dismissals, during the July to September 2021 period.

Over the last months of 2021, there has been a particular concern that the closure of the furlough scheme at the end of September will drive up the number of claimants again. Encouragingly, no evidence was seen of an increase in the number of claimants. This is remarkable as there were 137 thousand people furloughed at some point of the pandemic - 38% of all in employment in Dorset. This is a staggering figure illustrating the devastating effects that the pandemic could have caused on employment rates.

Comments

SS from DWP commented on their current customer base in Dorset, where there were around 14,000 people actively seeking employment at the time and close to 2000 of those between the ages of 18 and 24.

<p>3.1.2</p>	<p>SS confirmed the anticipated spike in claims of benefit after the closure of the furlough scheme has not materialised. There could be a proportion of the adult population who are not in work but have decided not to make a benefit claim. There is also a large proportion (40%) of those actively looking for work in Dorset who have declared a health condition and are far more vulnerable and have additional challenges whilst seeking employment. In addition to that, around a quarter of the customer base is actively progressing with self-employment.</p> <p>Closing the first part of the presentation MK concluded that there was strong evidence to establish that the labour market in Dorset is back to its pre-pandemic state of near full employment and there are not enough workers to fill in the jobs available.</p> <p>Exploring the skills shortages/ mismatches hypothesis</p> <ul style="list-style-type: none"> • Education and experience expected by employers <p>Cautioning that a very small number of actual vacancies advertised have minimum education and experience attached to them, MK said that in 2021, around 41% of vacancies required degree-level education and around 50% - GCSC or A level. In terms of experience, just under 60% of jobs required very little experience between zero and two years.</p> <ul style="list-style-type: none"> • Labour market demand by levels of study based on Standard Occupational Classifications (SOC) <p>Standard Occupation Classification (SOC) gives an approximation of occupations that require high, medium or low skills.</p> <p>Categories 1-3 are considered high skilled roles (include management, professional and associate professional and technical occupations) and generally require graduate level education. In Dorset the high skilled labour market for college and university graduates is strong and accounted for half of the 2021 vacancies, particularly for professional jobs, which increased by 80% since 2012. There is also a positive future outlook on these roles expected to represent at least 50% of the jobs in the future. In terms of top specialisms required these include nurses, software developers, accountants, HR specialists and many more.</p> <p>Mid-skilled roles (admin, skilled trades, caring, leisure, service occupations) accounted for 30% of the jobs in demand and these generally require education levels three to five.</p> <p>Lower-skilled (sales, process, machine operatives and elementary occupations) represented a fifth (20%) of job postings and generally require lower education levels – two or below.</p> <p>Growth was recorded across all these occupations since 2012, and particularly for elementary roles, but the highest increase by far (150%) was for caring roles.</p> <ul style="list-style-type: none"> • Employment by SOC <p>To compare the growth in vacancy activity with actual employment, MK showed the number of people in Dorset employed by SOC code which largely mirrored the demand picture. High skilled job roles accounted for 49% of the employment, mid- skilled for 30% of and lower-skilled for 21%.</p> <p>But looking at the historic employment developments between 2015 and 2021, the biggest increase (27%) was in professional occupations whilst the largest decline (26%) was in elementary roles.</p>	
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<p>3.2</p>	<p>Therefore, it could be concluded that the increased demand in elementary roles seen across the vacancy data could be attributed to churn as these are traditionally high turnover occupations. They will keep high level of demand on the labour market due to replacement rather than growth in actual employment. Conversely the long-term trend is towards an increase in high skilled (SOC 1-3) employment.</p> <ul style="list-style-type: none"> • Education levels in Dorset <p>Looking at educational levels achieved in Dorset - around 39% of people in working age in Dorset are educated up to Level 4 and above, and these proportions have increased from 24% back in 2004. Over the past years, however the proportions of those educated to higher level is slowing down compared to national trends and there is currently a 4-percentage points gap in Dorset. This shows that key efforts locally should be focused on the attainment of higher skills that are needed to support the local economy.</p> <p><u>Comments</u></p> <p>The Chair said this is an important point in terms of education strategy, having in mind professionals are also retiring from the work force at a significant rate and HE progression is generally low in some areas - rural parts of the county and low-income families in particular. Therefore, ideas to work in collaboration across FE and HE, engage with schools and businesses to ensure that there's sufficient career progression and retention would be key for the SAPB strategic work.</p> <p>Apprenticeship statistics</p> <p>Finally, MK gave an update on apprenticeships developments as key area of focus for the group, highlighting that participation has seen a continuous decline after the 2017 reforms. Responding to national trends, Dorset saw apprenticeships starts dropping by more than a third between 2016/17 and 2020/21 - 19% decline recorded over the past two years alone which is in line with aggregate decline nationally and is compounded by the pandemic effects on employer and provider apprenticeship delivery and assessments.</p> <p>One positive development noted in 2021 is an increase in achievements, picking up by 6% in England and 10% in Dorset, which is likely linked to pandemic related breaks and delays in learning in the previous year.</p> <p>Apprenticeships are associated with occupations identified as essential in responding to employer need in Dorset- with manufacturing and engineering as well as health, public services and care being most prevalent and making up almost half of all achievements.</p> <p>Whilst decline in the number of achievements occurred in most subject areas in 2020/21 when compared to pre-pandemic levels (2018/19), those most affected by the pandemic include travel and tourism with a striking 83% fewer starts in 2020/21 followed by a 61% decline in engineering and manufacturing. The significant drop in the number of apprenticeships in STEM subjects is a worrying trend. At the same time, education and training starts more than doubled and healthcare starts increased by 44%. These developments paint a complex picture of considerable distress across sectors.</p>	
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	<p><u>Comments</u></p> <p>RoD agreed the data is clear on the overall decline in apprenticeship participation, but noted that the 2017 apprenticeship reforms, which introduced new funding models and standards meant that comparisons with 2016/17 are misleading because it was a very different system within which employers and providers were operating. The reforms, combined with a range of other factors along the supply chain, as well as the restrictions on funds have changed the climate completely and that has not been beneficial in encouraging employers to take on apprentices, limiting the numbers quite naturally and leading to a change in everybody's provision. Whilst that process is still ongoing, now it has improved significantly.</p>	
4	Recovery: Business challenges	
4.1	<p>Federation of Small Business Update</p> <p>NK, Business Development Manager at the Federation of Small Businesses gave a snapshot of the small business landscape, the pandemic impact and current challenges including skills and recruitment concerns.</p> <p>NK said the last four years have been a roller coaster for small businesses as the EU transition had already created a very challenging environment before the pandemic and recently small businesses have experienced a range of pressures, including skills and labour shortages, rising costs, changes to operating and working models, requirements to implement distancing and be engaged digitally. Whilst small businesses have become even more central in their communities, they have also seen an increase in crime against staff, particularly in retail and hospitality settings thus staff retention is becoming even more of an issue.</p> <p>There has also been a big gulf between businesses that have embraced the digital world and those that haven't. A small business survey completed just before the pandemic in 2019 revealed that a quarter of small business owners lacked confidence in their own basic digital skills. This pre-existing situation means not all businesses were able to capitalise of available digital opportunities and support schemes. For example, ShopAppi is an e-commerce platform funded by Dorset LEP for the benefit of businesses across Dorset to help them gain visibility online through e-commerce. And whilst this has been beneficial for many businesses, the uptake could have been better with a stream of businesses still using word of mouth to promote themselves and have concerns about cybersecurity. Digital innovation is something many are yet to get to grips with, and digital skills have remained a barrier.</p> <p>The FSB quarterly business confidence index has shown that confidence was down again at the end of 2021, which has been a consistent trend for the past couple of years, yet there were positive noises on the ground lately, some starting to feel more optimistic and continuing to adapt to the ongoing changes.</p> <p>Some of the additional challenges faced by small business include suppressed customer demand in an environment of high costs and eroding returns, particularly in the hospitality industry, which is leading to cashflow problems. 76% of FSB members have flagged that the</p>	

<p>4.2</p>	<p>operating expenditure has risen by 14% in general across all sectors, which is significant when operating with low margins already. The rising cost and difficulty in getting hold of supplies, higher international trade taxes, increase in national insurance contributions, inflation, national minimum wage, energy prices all create a combination of pressures for small businesses.</p> <p>Many (38%) of businesses are struggling to recruit and staffing issues have escalated, both due to sickness and overall labour shortages, affecting all levels of business – from professional down to roles that are less skilled – and creating barriers not just for recruiting but also for retaining staff. Key issue is that small businesses don't have access to comprehensive HR functions, employee management policies, performance review strategies and perhaps don't realise that there are many ways to tackle these issues.</p> <p>All these compounding elements mean that having conversations with businesses about apprentices and training programs is more difficult now.</p> <p>Looking into the future, digital and technical developments are expected to accelerate and net zero is big on the agenda, but only 56% of FSB members were thinking there is a climate crisis and only 37% have plans in place to do anything about it in a recent survey. FSB is therefore developing a major education program for businesses as it is something small businesses will need help with to move forward and is a critical consideration for the future in terms of skills.</p> <p>Dorset Chamber of Commerce & Industry Update NN reported on challenges for larger local businesses on behalf of Dorset Chamber outlining the findings from the British Chamber's quarterly economic survey.</p> <p>The survey data was collected before the 22nd of November 2021 and 93% of the respondents were SMEs and it looked at domestic and export sales, cashflow, investment, attempted recruitment, workforce growth and turnover and profitability, looking at changes in business world perceptions around those themes.</p> <p>Business conditions were as described in a holding pattern, firms facing unprecedented inflationary pressures and firms were expecting their prices to increase further.</p> <p>Whilst half of the firms continued to report increases in domestic sales (although this should be read with caution as data was collected before hospitality took another hit in December), there was no indication of improvement for export sales, cashflow, and investment, which in fact had gone down.</p> <p>The three most pressing issues reported by businesses were rising costs, staffing problems and commodity shortages.</p> <p>Moving on to recruitment and employment, the percentage of firms attempting to recruit continued to increase, particularly in production, manufacturing, logistics, and hospitality. The percentage of firms facing recruitment difficulties across all sectors was record high.</p>	
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	<p>There is some anecdotal information primarily about the loss of EU staff and Brexit, shortage of science graduates and labour shortages across the board. Rules around off-payroll working rules for clients, workers (contractors) and their intermediaries (IR35) had a negative impact.</p> <p>Finally NN mentioned that the Chamber was looking to follow up these findings with local investigations and referred to the benefits of membership and the newly released Business Focus magazine.</p> <p>The Chair noted the Dorset LEP and DWP updates provided as part of the papers and thanked all presenters for their contributions moving on to discussions on the matters arising.</p>	
5	Future	
5.1	<p>Opportunities discussion</p> <p>The Chair opened the discussion pointing out the need to identify opportunities to tackle the resource and skills issues reported by business, both in the immediate and long term. He pointed out the areas of work already outlined in the Local Skills Report and Plan and invited RD to share whether there is a feeling that anything needs to change from what we've already done over the last year from LEP perspective.</p> <ul style="list-style-type: none"> • Making Dorset attractive and addressing skills gaps <p>RD said that the data points clearly towards a resource gap and not so much a skills gap thus an overall aim should be to make Dorset attractive for potential workers, whether that be for graduates, increasing the numbers into HE or through vocational routes and apprenticeships and enticing people moving out of the county back to Dorset. Working closely with councils is key, particularly where graduate retention, housing and start-up support in Dorset.</p> <p>Focusing on interventions to address skills gaps, one barrier is the lack of clarity around the future of skills funding. The government has pledged 1.6 billion extra pounds over the next three years, but it is yet unclear how this would be made available at local level and when. We know that the bootcamp training model is seen as one of the potential pathways to address skills gaps locally.</p> <ul style="list-style-type: none"> • Targeted careers advice and the demographic challenge <p>LR said the need to encourage people to come to Dorset is clear, but that might be beyond this committee so ensuring that young people leaving school get the right advice and go to the right next step, whether that's a college, school or other provider, is essential.</p> <p>Also, acknowledging the reality of the population demographic in Dorset with fewer 16-year-olds than nationally and significant need to replace the workforce that we are losing on the other end through retirement is also a key challenge to consider.</p> <ul style="list-style-type: none"> • Apprenticeships and independent provision <p>RoD agreed and said further focus should be given on promoting apprenticeships across all levels including degree apprenticeships and expanding into independent training providers as well as HE/FE to support young people and adults to gain relevant higher-level skills.</p>	

	<ul style="list-style-type: none"> Addressing lower skills levels and aspiration LH raised the concern that the proportion shown of the individuals that don't have a level two qualification is a real cause of worry as well. LR echoed that, pointing out the Dorset Careers Hub steering group has been discussing aspirations and some areas of particularly low aspirations across the county. They need to be raised so that that people can progress, and focus should be on both levels 2 and 3. JH confirmed that colleges are struggling to attract students into Access to HE courses and have seen a significant decline. Gaining intelligence around incoming changes to funding NN made a suggestion to reach out to the local colleges and organisations involved in piloting the Strategic Development Fund – Fareham college and the Hampshire Chamber of Commerce, and the Local Skills Improvement Plan – Weston College, the West of England Institute of Technology consortium and Business West Chamber and get them to come to a meeting and tell us what they're doing to help us prepare for future working models in advance to them being reporting through the government, which could give us six months of a head start. The Chair agreed that's a reasonable route to explore. Application rate to local HE institutions growing, but placement capacity is limited JA shared that from BU's experience Dorset is an attractive destination for young people as evidenced by the 18% increase in applications to study at the university. BU has outperformed the sector which was partly due to the growth of the number of 18-year-olds but there is also a significant increase in post-graduate level applications with BU's January intake at 86% up at that point of the admissions cycle. One thing the university is unable to do is take on all the students that apply, even in areas where known skills gaps exist, such as healthcare professions, and this is mainly due to limitations in placement capacity. JA advised there is a need to think creatively around placements to make more opportunities available. Barriers to graduate retention JA also said graduate retention is another pressing issue and confirmed that house prices are a significant barrier. There is a significant proportion of students within BU that apply from the local area, and this has increased recently. Normally it is estimated that an average of around 40% of BU students originate from within 40 miles radius and this has significantly increased to reach upto 80% in the last year. Partly that is linked to COVID restrictions and students wanting to avoid paying for accommodation that they are unable to use, so they prefer to stay closer to home. This is an opportunity to capitalise on keeping larger proportions of students by providing opportunities to start their careers locally through placement and graduate jobs as starting locally will increase their likelihood to remain locally. But even though the area is attractive and there are jobs and careers available, housing affordability remains a challenge. 	<p>RD/LR – discuss inviting the pilots reps</p>
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The Chair felt that across areas of critical demand such as nursing, local partners are clearly starting to align skills provision working with partners such as Clinical Commissioning Groups and the NHS trusts and the possibility should be explored to create and offer housing opportunities.

The Chair added that with so many young people choosing to study HE locally, this would offer an opportunity to capture their imagination and keep them interested in pursuing local careers.

- **Supporting people with health issues back into work**

Coming from the perspective of those almost 14,000 unemployed people in Dorset that need support to enter the workplace, SS proposed that more work is done with employers, particularly around working with people with health conditions as there appear to be the assumption that health conditions equal low skills, so further efforts are required to reduce such myths or misconceptions. Exploring employer expectations, barriers and concerns would really help to raise awareness, address some of the issues and facilitate access to work for many. There are programs in DWP which could then fund a specialist back chair for example or other tools to help access to work for smaller businesses.

LH agreed that anecdotally smaller healthcare SME colleagues are experiencing huge occupational health issues on top of all the other changes they are trying to navigate, which creates not just HR challenges but legal issues without the in-house expertise, so expert advice and support is very needed.

LH also mentioned that Dorset LEP has already invested in many facilities that could offer potential solutions. The rehab centre being developed at AECC through the Getting Building Fund is offering opportunities to work with other institutions to increase the placement provision. Equally these facilities could be used to support some of those unemployed individuals to get back into work and these are potential win-win solutions.

NN and NK agreed that further understanding of employer barriers should be explored and building awareness among small business community about the available schemes, so this offers an opportunity for joint working with the Chambers and FSB.

- **Future funding**

AT said that it is expected the Levelling up white paper to reveal some answers around future funding, the role of LEPs, devolution, and county deals and is hopefully going to clarify the sources of funding to replace ERDF and ESF funding and that amounted to 18 million.

Potentially in the not-too-distant future there is going to be an opportunity to fund initiatives around skills for unemployed, business support and other areas that need action. The priority areas identified should be considered in readiness for potential funding that is coming down the line. There is a need of developing readiness and strategy in the event of significant funding becoming available and we also need to be vocal about our plans in order to avoid duplicating projects and efforts. AT also shared that BCP have developed their local plan and economic development strategy and are considering priorities from a skills perspective as well.

	<p>The Chair agreed that the new funding landscape will provide opportunities and there should be readiness for that and alignment of local plans and strategies. The Chair also pointed the raised challenges and skills needs clearly identify priority areas for funding coming down the line as well as areas of work for the group to focus on going forwards. The question is how we deliver those for the benefit of Dorset as a whole.</p> <p>Closing that part of the meeting, the Chair thanked all members for a productive discussion that would feed into the next steps.</p>	
6	AOB	
	<p>SAP Programme RD said the work on the Dorset Local Skills Report will conclude the work on the SAP contract which ends at the end of March, and while there is no clarity on what the future holds for the SAP funds going forward, our Dorset – wide evidence base will remain a key skills strategy and plan regardless and this group will continue to work in partnership, which is essential.</p> <p>Employment and skills hub in Boscombe AT said the business case to create the employment skills hub in Boscombe has been approved as part of the Town's fund bid has been approved by the board and a plan to appoint a project manager to start progressing that is under way.</p>	
7	Date of Next Meeting	
	7 March 2022 2-4 pm	