

# OXFORD ECONOMIC GROWTH STRATEGY

*January 2013*

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**The Oxford Growth Strategy was agreed and adopted by the Oxford Strategic Partnership on the 17<sup>th</sup> January 2013**

# Introduction

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## Oxford and Oxfordshire

- 1.1 Oxford is a national economic asset and essential to the future of the UK and the regional economy as a whole. The city contributes £4.7bn to the UK economy. It is the engine of Oxfordshire's economy with the highest levels of business growth. Over one third of Oxfordshire's employment is located in the city. Over half of Oxford's workforce is drawn from outside the city, mainly from the adjacent districts and the rest of the County, which in turn supports additional local employment, services and inward investment. The city's strategic infrastructure is also critical to the wider regional economy. The future economic prosperity of Oxford and the prosperity of the County as a whole are closely linked together.
- 1.2 One of the key reasons for the city's success is its diversity. Oxford is an international brand, a global seat of education, learning and research, a centre of engineering and scientific excellence, a world leader in automotive and advanced manufacturing, publishing, health care and life sciences and an iconic tourist destination. This diversity has helped Oxford weather the worst of the impacts of the global economic recession.
- 1.3 Yet, there is no room for complacency. Prevailing macro-economic conditions mean that future economic growth in Oxford can no longer be taken for granted. Oxford is competing in a global environment where businesses, researchers and students are internationally mobile. Oxford's "offer" needs to stand up against not only other UK cities such as Cambridge but international competitors such as Boston, Palo Alto, and Sophia Antipolis.
- 1.4 Ensuring the continued growth of Oxford's economy, with the consequent boost to the prosperity of adjacent districts and the County as a whole, requires enabling development within the city's boundaries, and ensuring that investment in employment and housing developments takes place in adjacent districts and in the County as a whole. Further investments in transport and broadband infrastructure are key to enabling balanced growth.
- 1.5 While growth needs to be managed carefully, in order to ensure it is sustainable and balanced, Oxford offers a unique combination of factors for businesses which are not replicated elsewhere, particularly the immediate links and proximity to research excellence, which are essential to leading businesses. The three designated locations for growth in the County – Oxford, Science Vale and Bicester – complement one another. This Economic Growth Strategy for Oxford considers how best to maximise the economic role that the city could perform and the necessary enabling actions.

## Purpose of this strategy

- 1.6 This Economic Growth Strategy (EGS), prepared on behalf of the Oxford Strategic Partnership (OSP), seeks to:
- establish a shared narrative on the future direction of the Oxford economy; and
  - define clear strategic priorities, objectives and actions for delivering and managing economic growth in Oxford over the next ten years.
- 1.7 The strategy makes recommendations to build on Oxford's position as an important economic asset both for the wider Oxfordshire economy and to the UK as a whole. Oxford is one of the key engines of the Oxfordshire economy, providing one third of the county's total jobs and employing a workforce which is largely (56%) drawn from the surrounding areas. The city also contributes around £4.7bn to the UK economy and has the fifth highest GVA per capita of all UK cities –significantly higher than the national average.
- 1.8 It is the diversity of Oxford's economy which is one of its biggest strengths and has undeniably helped the city to weather the worst of the impact of the recession. This diversity includes high value knowledge-based enterprises, research and education, healthcare, manufacturing and public sector services. Its function as a significant regional centre for professional services is also important. However, future growth and success can't be assured. Even for a prosperous and successful economy such as Oxford's, there are still a number of significant and on-going challenges around managing sustainable economic growth.
- 1.9 As future growth can no longer be guaranteed to "happen by itself", growing the city's economic assets will require concerted efforts from all partners. In particular, there is a need to support the continued growth of Oxford's knowledge economy; to ensure that new and existing companies are able to establish, develop and expand within the city and the region; to address disparities in educational attainment and raise workforce skills; to respond to the environmental challenges and opportunities; and to address the infrastructure constraints that are holding back growth.
- 1.10 In order for Oxford's future growth to be sustainable there will be an ongoing need to ensure that growth is carefully managed and that infrastructure enhancements go hand in hand with new developments. The responsibilities for promoting and managing economic growth are shared across a wide range of partnerships and organisations and this places a premium on effective joint working.
- 1.11 The aims of the Oxford Strategic Partnership are:
- to provide a clear and ambitious vision for the future of Oxford, developing its environmental, economic and social life in a positive and sustainable way;

- to improve the quality of life of all sections of the community, to reduce inequalities, and support the needs and aspirations of citizens in their local areas; and
- to foster and promote closer working between local agencies to deliver responsive and high quality services across the city.

1.12 It has an independent chair and comprises the City and County Councils, the Universities and colleges, health and public services and representatives from business and voluntary sectors. One of OSP's aims is agreeing with partners a vision for the Oxford city region's economic future and measures that can realise that vision.

- **Oxford City Council** is the planning authority for the city with a duty to promote economic development.
- **Oxfordshire County Council** has responsibility for transport and infrastructure, education and skills promotion.
- **Oxfordshire Local Enterprise Partnership** is the business-led organisation established and funded by Government to promote enterprise and economic growth across the region, and administers the Growing Places Fund and the business rates remitted in the Science Vale Enterprise Zone. It has identified three centres as a focus for growth and investment: Oxford, Science Vale and Bicester.

1.13 Of course, future economic growth in the city will be driven by Oxford's major employers (the large private companies, the two universities, the National Health Service particularly the hospital trust, many smaller, high technology companies with considerable potential, the voluntary sector organisations) and companies who decide to invest in Oxford for the first time.

1.14 Promoting economic growth, and addressing infrastructure investment challenges, will require concerted, co-ordinated action. Partners wish to see strengthened working between the City and County Councils, and with adjacent District Councils. It is also essential that there is active support from the city's major institutions including the universities and colleges, business organisations and major employers, to help shape the policies and partnerships required. When there are differences in priorities across authorities, then it is more difficult to mobilise co-ordinated actions to promote economic growth. This is a particular challenge for the City Council as Oxford's boundaries are so tightly drawn.

1.15 Nevertheless, a shared narrative for the future of the Oxford economy is essential, as the city's economic growth brings considerable benefits to adjacent districts and the County as a whole. All private, university and voluntary sector stakeholders clearly hope that partners will work more closely together to promote the city's economic growth, **agree the necessary actions**, and continue to share the benefits of this growth.

- 1.16 This new Economic Growth Strategy (EGS), together with the City Council's existing physical regeneration and social regeneration action plans, will ultimately form a revised Oxford City Economic and Regeneration Framework.

## Developing the strategy

- 1.17 In developing the EGS, Shared Intelligence worked extensively with key partners and stakeholders, adopting co-production techniques to build a shared narrative and agree strategic priorities. The process included interviews with a wide range of stakeholders to better understand their concerns and priorities. The process also included reviewing previous research and undertaking an independent analysis of the Oxford economy. Following this, a wide range of stakeholders were brought together into thematic focus groups to better understand current activities, key issues and opportunities. Then stakeholders contributed in two half day workshops, building a shared economic vision for the city and identifying the key strategic priorities for future action. Each of these stages is described in more detail below.
- 1.18 The initial consultation stage involved a series of telephone/face-to-face interviews with key individuals from Oxford's business community, education providers, public authorities and the voluntary sector.
- 1.19 In parallel, a detailed economic analysis was undertaken setting out the latest position of Oxford's economy, building on existing work and updating key statistics where possible. Some of the key economic data is reproduced in this Strategy, but full details can be found in the companion report *Oxford Economic Narrative, July 2012*.
- 1.20 Interviews and economic analysis were supplemented by 'themed' focus groups aimed at specific areas of priority for the Oxford economy, specifically: High Technology, Spin Outs & Innovation; Pro Oxford Group (professional services); Low Carbon Economy; Economic Development Officers (city, district & county representatives); Culture, Tourism & the Visitor Economy; Medical/Life Sciences & Health.
- 1.21 Presentations, discussion sessions and additional face-to-face interviews have also been held with various groups along with way, including the OSP Steering Group overseeing the work, the full OSP group, senior District and County executives and business representatives at one of the City Council's regular Business Breakfast meetings.
- 1.22 The final key stage of the process was focused around two workshops. The first was a scenario planning session where participants worked through a series of 'exercises' to give consideration to the uncertainties surrounding Oxford's economic future and agree how these uncertainties should be managed. Consensus was reached on the most important drivers influencing Oxford's economic future, a 'preferred vision' for the city and the key themes around which actions should be developed.

- 1.23 A follow-up action planning workshop focused on developing these action themes further and formulating some key actions to drive growth and realise the preferred vision for the local economy<sup>1</sup>.
- 1.24 Through this process, a clear Oxford narrative has emerged around the city's economy as both a national and global economic asset. The city is the engine of growth for Oxfordshire and the region due to its strong and competitive knowledge-based economy.
- 1.25 Despite weathering the worst of the economic downturn, there is no room for complacency. The city must be enabled to grow the knowledge economy; the Universities and existing businesses (both large and small) are central to this and need to be supported in their efforts to invest in research, development and innovation, support new spin outs and gear their business operations towards the emerging economies, particularly Brazil, Russia, India and China (BRICs). There is also scope to target new investment, both new enterprises and inward investment, into the city at the existing Science Park, Business Park, and Innovation Centre, and identify selected new locations for development.
- 1.26 Any aspirations for growth cannot be realised without addressing the serious constraints in Oxford's infrastructure. Workable solutions must be found to bring sites forward for housing and employment – and carefully balanced with managing the transport infrastructure. Reaching these solutions will require coherent leadership across geographical boundaries to reap the economic benefits from Oxford's dynamic economy which extend across the wider county.
- 1.27 It is also important to note that this strategy does not stand in isolation of other strategies and plans, both for the city, surrounding areas and the county as a whole. The EGS should be viewed alongside the city's planning, housing and other strategies and also alongside the broader work of the OSP and its' partners. It is also recognised that surrounding districts and the County Council have their agreed priorities and there will be a need for close collaboration and joint working. In the future the new growth strategy, to be prepared by the Oxfordshire Local Enterprise Partnership, should play a particularly important role in aligning activities across all partners.

## Context for the strategy

- 1.28 Following the recession in many of the advanced economies in 2008 and 2009, the path of international and domestic economic recovery remains uncertain. While 2010 saw an improvement in economic performance, growth stalled in 2011 and at the beginning of

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<sup>1</sup> A list of the organisations and individuals consulted during stakeholder workshops, through focus groups and workshops is provided as Appendix 1

2012, the UK entered a technical recession. Current projections suggest that the remainder of 2012 will be, at best, a period of slow economic growth for the global and UK economies.

- 1.29 Understandably, this uncertainty means that employers, developers and investors are more cautious and cities such as Oxford will need to work hard to provide a compelling offer and a shared agenda for investors, as well as certainty of decision making in a reasonable timeframe.
- 1.30 One of the impacts of the recession in the UK has been to further exacerbate existing regional and local disparities, with successful areas, including Oxford, suffering less than areas that were already struggling prior to the recession<sup>2</sup>. The recession has also accelerated existing long term trends in the retail sector<sup>3</sup>, leading to increasing high street vacancies in secondary or tertiary locations<sup>4</sup>. Equally worrying has been the significant rise in youth unemployment, which is at its highest level since the mid-1980s<sup>5</sup>.
- 1.31 More broadly, there are a number of key global trends that present both challenges and opportunities for the UK economy and for Oxford. The most obvious structural change being experienced by the global economy today is the rapid growth of a number of emerging economies, most notably China, India and Brazil. As well as lower value manufacturing and services these countries are now increasingly moving up the value chain into higher value manufacturing sectors and these countries will increasingly compete directly with the advanced economies in these high value sectors.
- 1.32 The past two decades have seen considerable changes in the balance of global economic activity with the emergence of developing nations such as Brazil, Russia, India and China (the BRICs). According to the IMF, combined GDP in the BRICs will rise to more than \$14 trillion this year - around 20% of global GDP - from just \$2.8 trillion in 2002. And by 2050 Goldman Sachs predicts their share of world GDP could be as high as 40%<sup>6</sup>.
- 1.33 While developing nations have thus far grown largely on the back of lower value manufacturing and services activities, they are increasingly moving up the value chain. In

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<sup>2</sup> Centre for Cities (2012) *Cities Outlook 2012*

<sup>3</sup> For example BIS (2011) *Understanding High Street Performance* states that 'the retail floorspace of town centres has fallen from 310 million sq ft in 2000 to 283 million sq ft in 2009, a decline of 27 million sq ft or 9% in just nine years' and that 'high street footfall (excluding Central London) has fallen by 10.4% over the past three years.' These trends have been driven by changing consumer preferences and new business practices, including a significant rise in online retailing.

<sup>4</sup> BIS (2011) *Understanding High Street Performance*

<sup>5</sup> ONS (2012) *Labour Market Statistics: January 2012*

<sup>6</sup> Goldman Sachs, Global Economics Paper 208 'The BRICs 10 Years On'



China, the Government has announced seven strategic high technology sectors: alternative fuel cars, biotechnology, environmental and energy-saving technologies, alternative energy, advanced materials, new-generation information technology and high-end equipment manufacturing. The fact that this list corresponds so closely with similar priority lists created by western governments, and indeed to a number of Oxford's current strengths, illustrates that advanced economies will increasingly compete directly with emerging economies in these high value sectors.

- 1.34 As wealth grows in these emerging economies, foreign investors will look to opportunities in western economies. For example, the chairman of China's \$450bn sovereign wealth fund has signalled his intention to concentrate on western infrastructure as a means of securing long term returns. In discussions with stakeholders in Oxford the point was often made that investment decisions are often less about Oxford versus other regional or UK locations and more about how Oxford fares against competitors around the globe. Boston was often cited as an example, particularly in relation to life sciences. In this context, global identity and differentiation will be important factors for Oxford but competition for investment will be intense.
- 1.35 Although globalisation is intensifying competition, it is opening up tremendous opportunities for UK businesses. Rapid growth in developing nations is generating demand for capital goods needed for their burgeoning manufacturing sectors, and now a growing global middle class is creating demand for desirable western consumer goods. It is often argued that the UK lags behind other nations in capturing these opportunities but Oxford is better placed than many with footholds in many sectors where global demand is expected to be strong.
- 1.36 At the same time, growth in wealth and real wages in these countries is creating a new global consumer class with increasing purchasing power. By 2030 it is estimated that total spending by the middle classes outside North America and Europe will be five times what it is today<sup>7</sup>. This is creating significant new markets for western goods and services.
- 1.37 A more subtle, but critical, aspect of global competition, is the rapid change in the dynamics between research and business. These are a consequence of commercial pressures to reduce time and cost in applied research and diminishing public funding. The healthcare-pharmaceutical industry is one example, where we have recently seen a major UK state of the art European research headquarters closed and a new business model adopted co-locating research facilities with a range of leading Universities and research hospitals. The requirements to support new spin-out and research based businesses are well researched and understood, including the need for close location and links with research centres.

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<sup>7</sup> OECD Development Centre (2010) Working Paper No. 285 – The Emerging Middle Class in Developing Countries

- 1.38 Another overarching trend will be the continued and growing demand for high skilled workers, due to the proliferation of increasingly sophisticated production techniques and the increasing importance of ‘knowledge-based’ services. A related trend is the continued ‘hollowing out’ of the labour market, with more higher skilled and some lower skilled jobs being created, whilst the number of medium skilled jobs declines<sup>8</sup>. As a strong knowledge based economy, Oxford is well positioned to respond to this trend but the increasing mobility of labour and skills requires the city to provide a rounded offer than encompasses quality of life factors. But it is also recognised that providing employment opportunities for a range of abilities is essential to allow people to reach their potential.
- 1.39 Technological changes will continue to be key drivers of growth. Most obviously, digital technologies continue change, at an accelerating pace, in every sector of the global economy. The internet has created a new segment of the economy which in the G20 countries alone was worth \$2.3trn in 2010 and is expected to be worth \$4.3trn by 2016<sup>9</sup>. Another key area of change is in the field of low carbon technologies. BIS estimates that the global market for low carbon and environmental goods and services was £3.2trn in 2009 / 2010, £116bn of which was in the UK alone<sup>10</sup>. Furthermore, new technologies such as 3D printing and developments in fields such as biotechnology, nanotechnology, advanced materials and robotics will continue to develop and mature over time. The effect of all of these trends will be to generate new employment and business opportunities globally.
- 1.40 Climate change and increased environmental concern will continue to impact on all economies and will have a major impact on health, security, agriculture, infrastructure and the economy for decades to come. Carbon emissions and the effect on the climate are forecast to increase and forecasts suggest an unavoidable rise in global temperature of at least 1°C.
- 1.41 Climate change will also create economic opportunities; some stimulated by market demand and some by regulation, but will include opportunities for the development of new technologies and products. Oxford is in a strong position to grow its local low carbon economy and is demonstrating leadership and flagship initiatives through Low Carbon Oxford. This relates to both the design/production/delivery of environmentally driven goods and services (e.g. energy provision, electric vehicles, legal and professional services) and efforts to ‘mainstream’ low carbon behaviours to drive economic benefit and carbon reduction in the longer term. But this is a potentially crowded market, with many regions in the UK aiming to grab the high ground. Oxford also needs to consider how the city’s own

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<sup>8</sup> University Alliance (2012) *The Way We’ll Work: Labour market trends and preparing for the hourglass*

<sup>9</sup> BCG (2012) *The Connected World: The \$4.2 trillion opportunity – the internet economy in the G20*

<sup>10</sup> BIS (2011) *Low Carbon and Environmental Goods and Services (LCEGS) – report for 2009 / 2010*

environmental challenges might be addressed through the application of new innovations and technologies in this field.

- 1.42 Finally, it is worth recognising that the recession has created significant pressures on government budgets, and that government spending will remain lower than the historical trend. UK Government has also highlighted the need for a ‘rebalancing’ of the economy away from an overly consumption and public sector-led model of growth to one where investment and exports play centre stage. Much has been made of the UK trade position and the need to export its way out of recession. In this respect, Oxford is well placed with its diverse range of tradable goods and services sectors. However, fundamental questions will continue to be raised about how the UK pays its way in the world in the face of international competition.
- 1.43 For Oxford, like many other parts of the UK, this will reduce the resources available to support new and existing businesses and fund the infrastructure required to support sustainable economic growth and emphasises the need for robust prioritisation and effective working across the public sector and between the public and private sectors.

## Structure of the Economic Growth Strategy

- 1.44 Following this introduction, the Economic Growth Strategy has three main sections:
- Section 2: Oxford – Economy and Place provides an analysis of Oxford’s current economic performance, highlighting key opportunities and barriers to future growth. A fuller account of the economic analysis can be found in the companion document to this strategy Oxford Economic Narrative, July 2012.
  - Section 3: Vision and the Growth Strategy proposes an economic vision for Oxford, based on the work with stakeholders, and then the eleven key elements of the EGS itself. Principal actions for each of these elements are recommended; together these will ensure that Oxford makes good progress towards realising the economic vision.
  - Section 4: Summary of Recommendations draws all of the recommendations and next steps together into a short summary.

## 2 Oxford – Economy and Place

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### Introduction

- 2.1 Oxford is a successful economy and a successful place with a long history as both a centre of educational and scientific excellence, and as a prominent manufacturing centre. Oxford has a world-class university and is an important location for national and international innovation and research. The city is a strategic focus for a wider economy: a third of the county's employment is located here and approximately half the workforce commutes from the surrounding districts. Extremely high average skills levels play an important role in attracting an array of globally significant companies to the city, although average salaries are below county and regional averages.
- 2.2 Oxford contributes approximately £4.7bn to the UK economy and plays a vital role in the wider Oxfordshire economy. Oxford's GVA per capita is estimated at £30,800, the fifth highest GVA per capita of any city in the UK, and significantly higher than the national average of £20,300. In light of the current economic uncertainties it is important that the value that Oxford brings to the county and the UK as a whole is recognised and supported.
- 2.3 There is a virtuous circle between Oxford as a high quality economy and Oxford as a high quality place. The quality of life in the city allows Oxford to attract the highly skilled workforce which provides companies investing in the city with the skills they need. These two attributes make Oxford extremely well placed to achieve growth in the new global economic climate.
- 2.4 The global and national economy is currently going through a period of significant uncertainty. While Oxford's economy has escaped the worst of the impacts of the recent recessions, in part thanks to its diversity, future economic growth is not certain and global economic conditions will undoubtedly continue to influence the direction of the city's economy.
- 2.5 Planning controls have restricted development within and outside the city for most of the past sixty years. There is no doubt that these have protected the city and its wider environs from some poor development but it also imposes costs. The choices and balances need to be kept under review, rather than fixed by precedent and inertia. By contrast with most UK cities outside London, residential developers' find it extremely difficult to secure sites for new projects, and it has been suggested that some companies located in the city have found it difficult to expand. Moreover, the success of Oxford as a place has resulted in less housing being available and increasing prices, leading to transfers of land from employment to residential use and exacerbating the lack of commercial space.

- 2.6 While there is space for economic growth across the county as a whole, there is also a need to consider how the specific needs of the current and future businesses within the city can best be met. This includes, the aspirations of the two Universities and the need to provide an environment and associated infrastructure to support spin outs and knowledge based businesses that will benefit from spatial proximity to researchers and research facilities. Equally, it is also important to consider the relationship between space for business growth within the city and the wider county, in particular the potential for creating a positive relationship between the city and the new Enterprise Zone, Science Vale, and Bicester. It is clear that these locations have distinct roles, which are not as substitutes, but which can be complementary, and that the region's success depends on investment in each of the centres.
- 2.7 On top of this, Oxford faces some persistent local challenges in the form of pockets of localised deprivation. The problems of deprivation are made worse by the lack of affordable housing, even for those whose incomes are not the lowest. In addition, despite the high proportion of residents with degree level skills, there remain a significant proportion of residents with 'no skills', and educational attainment in some of Oxford's state schools is in the lowest quartile regionally and nationally.
- 2.8 If Oxford is to continue to be a key driver for the regional and national economy it will need to address these main challenges. Failure to do so will see Oxford lose ground and the region lose economic growth to locations that are able to provide high value firms with the business accommodation and infrastructure that they need to be competitive. This suggests that there is a need for sufficient space for business to set up, grow and attract a skilled workforce

### Employment in Oxford<sup>11</sup>

- 2.9 With 110,900 jobs in Oxford, equivalent to 72.2 jobs per 100 residents<sup>12</sup> the city has a high jobs density, reflecting Oxford's importance as a regional centre of employment. There is a very significant amount of in-commuting into the city, particularly from other parts of the county. Almost half the city's workforce commutes from surrounding districts. Moreover, the city's rail connections are used by those living in the city and nearby to travel to jobs in London and the Thames Valley. This underlines the important two way relationship between the city, adjacent districts, and the rest of the county.
- 2.10 Despite the fact that a large proportion of Oxford's population is economically inactive students, this is a very high job density in comparison to both the county as a whole (51 jobs

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<sup>11</sup> Please note: two distinct measures of employment are used in this section, these being the number of employees and total employment as defined in the ONS Business Register and Employment Survey. Please see appendix one for a full discussion of the data used in this section and the implications.

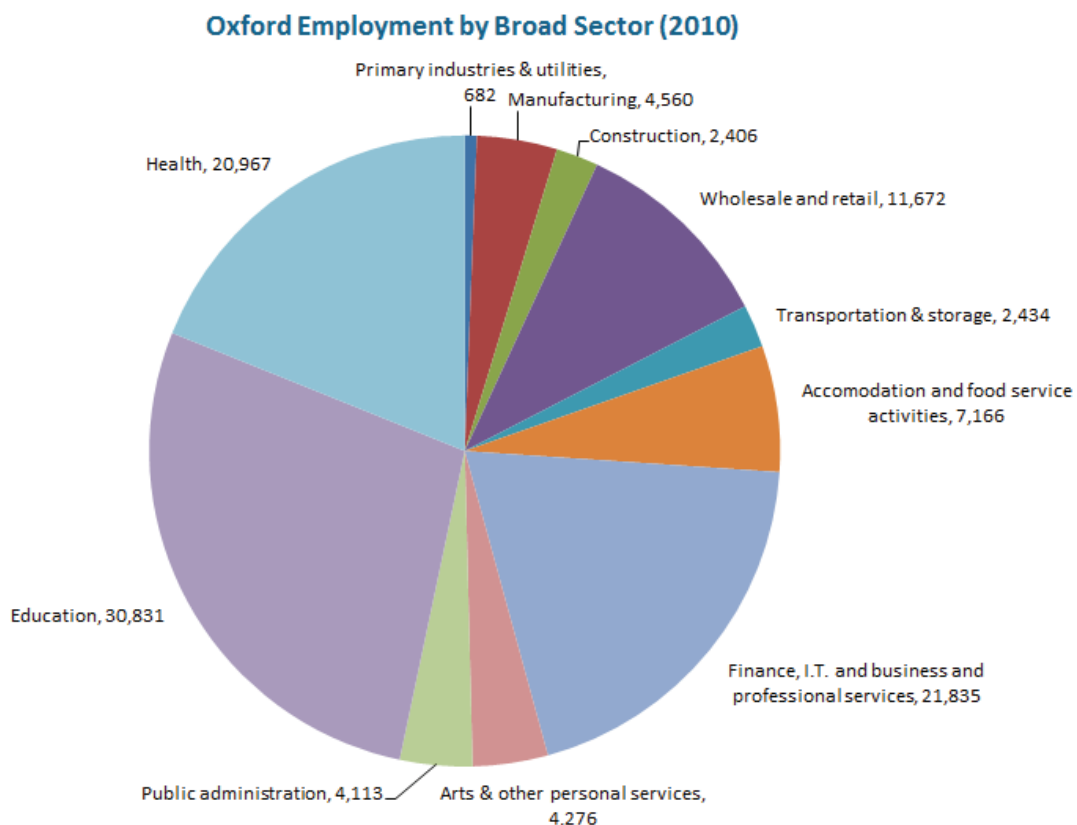
<sup>12</sup> ONS (2011) Business Register and Employment Survey and ONS (2011) Mid-Year Population Estimates

per 100 residents), the regional average (46.5) and the national average (46.1). It is also relatively high in comparison with comparable cities such as Milton Keynes (60.6) and Reading (61.2), though it is similar to the jobs density of Cambridge (71.6).

- 2.11 The majority of employment in Oxford is concentrated in three main locations, central Oxford (including the retail centre and Oxford University), Headington (which includes Oxford Brookes University and the hospital campuses) and the old Cowley works (which includes BMW, Unipart and Oxford Business Park). The wards in Oxford city centre account for around 47,200 jobs, or 42.5% of total employment. Headington accounts for 10,600 jobs whilst the old Cowley works account for 10,500. These latter two areas together account for 19% of total employment in the city. Established transport policies recognise the importance of the city centre as an employment location and that this dominance will continue in future.

### Sectoral Composition

- 2.12 In 2010, there were just under 111,000 jobs in Oxford. Reflecting the city's role as an administrative and educational centre, public sector occupations account for just over half of total employment in the city, with 55,900 public sector jobs. Finance, I.T. and business and professional services account for a further 21,800 jobs, which underlines the importance of the city as a regional business and service centre. Personal services sectors such as retail (8,600 jobs), accommodation and food and other personal services account for a further 20,000 jobs.



2.13 Looking at the public sector in more detail, education and health account for 46.7% of total employment, a significantly higher proportion than the equivalent level in Oxfordshire (27.4%), the South East (22.1%) and England (21.6%). At the same time, public administration employment accounts for a lower proportion of employment than any of the comparator areas. Oxford's unique strengths in education and health sectors is the reason why such a high proportion of the jobs in Oxford are in the public sector; these are, of course, significant "wealth creators" in their own right and a major source of income from outside the UK. As set out below, further detailed assessments of the growth potential in each of Oxford's key economic sectors is required. This will be key to gaining a better understanding of how best to accommodate future economic growth in Oxford and adjacent districts.

#### Employment by sector (2010)<sup>13</sup>

Sector	Oxford		Oxfordshire	South East	England
	Number	% of total	% of total	% of total	% of total
Education	30,831	27.8%	15.5%	9.9%	9.2%
Finance, I.T. and business and professional services	21,835	19.7%	25.0%	25.9%	25.2%
Health	20,967	18.9%	11.9%	12.1%	12.4%
Wholesale and retail	11,672	10.5%	15.7%	17.3%	16.4%
Accommodation and food service activities	7,166	6.5%	7.0%	6.7%	6.6%
Manufacturing	4,560	4.1%	7.6%	7.0%	8.6%
Arts & other personal services	4,276	3.9%	4.6%	4.8%	4.7%
Public administration	4,113	3.7%	3.8%	4.1%	5.2%
Transportation & storage	2,434	2.2%	2.9%	4.1%	4.6%
Construction	2,406	2.2%	4.8%	5.5%	4.8%
Primary industries & utilities	682	0.6%	1.2%	2.6%	2.5%
<b>Total</b>	<b>110,942</b>				

<sup>13</sup> ONS (2011) Business Register and Employment Survey

- 2.14 Due to the high proportion of employment in the health and education sectors, Oxford has a relatively low proportion of total employment in other sectors. In particular, Oxford has a lower proportion of total employment in finance, I.T. and business and professional services, wholesale and retail, and accommodation and food service activities when compared to the county, region and England as a whole. However, the representation of major national and international professional services businesses emphasises the importance of the city as a headquarters location and its strategic transport connections.
- 2.15 In terms of the proportion of the workforce employed in knowledge intensive activities<sup>14</sup>, Oxford has a very high level of employment within knowledge intensive sectors, with 71,200 jobs in such sectors, equivalent to 64.3% of total employment in Oxford<sup>15</sup>. This is a much higher proportion than Oxfordshire (49.5%), the South East (43.5%) or England (42.6%)<sup>16</sup>. It is also in line with Cambridge (65.1%) and higher than comparator cities such as Milton Keynes (46.5%) and Reading (53.8%)<sup>17</sup>.
- 2.16 This is a key strength for the city, and companies in several knowledge intensive sectors - automotive engineering, life sciences and biomedical research and publishing - compete very effectively in global markets. Oxford also has a highly successful professional services sector and is developing a strong position in the design and application of low carbon technologies. Oxford needs to build on these strengths whenever possible

## Businesses in Oxford

- 2.17 Oxford is home to 3,905 businesses, equivalent to 25.4 businesses per 1,000 residents, which is much lower than in either Oxfordshire (41.6 businesses per 1,000 residents), the South East (38.5) or England as a whole (34.1)<sup>18</sup>. This is perhaps not particularly surprising given the extent to which the economy is dependent upon the health and education sectors but is a potential concern in light of the on-going pressure on public services and expenditure. (In due course, it might be helpful to rework this analysis to include locations such as Begbroke and other sites in adjacent districts. This would highlight the extent to which Oxford's city's economic growth potential is already located outside the city's boundaries and will not, therefore, contribute to the cost of providing services to the city's residents.)

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<sup>14</sup>A sector is defined as knowledge intensive if more than a third of the workforce are educated to degree level - the definition used in this section is the Eurostat definition of Knowledge Intensive Activities based on NACE Rev. 2. – Eurostat (2011)

<sup>15</sup> ONS (2011) Business Register and Employment Survey

<sup>16</sup> Ibid

<sup>17</sup> Ibid

<sup>18</sup> ONS (2011) Business Demography and ONS (2011) Mid-Year Population Statistics



- 2.18 The city is a leading focus for business enterprise and entrepreneurial activity in the region and nationally. Between 2004 and 2010 the number of active businesses in Oxford increased by 9.3%, significantly faster than surrounding areas and Oxfordshire overall (6.5%), the South East (4.6%) and England (6.2%) over the same period<sup>19</sup>. Oxford saw a decline in the number of active businesses between 2009 and 2010, matching the general trend across the comparator areas.
- 2.19 Large companies make up 1% of Oxford's business base, a higher proportion than the equivalent Oxfordshire, South East and England proportion of 0.4%<sup>20</sup>. Medium sized firms are also better represented in Oxford than in the comparator areas, making up double the proportion of firms compared to Oxfordshire, the South East or England. Conversely, only 85.5% of Oxford businesses employ four or fewer employees, compared to 89.2% of Oxfordshire businesses, 89.6% of South East businesses and 88.9% of England businesses<sup>21</sup>.
- 2.20 This emphasises the importance of retaining existing companies, supporting their growth and expansion, as well as the need to encourage and attract new businesses, entrepreneurs, new start-ups and spin out companies. Oxford has significant opportunities to build on success.

## Key Employers and Sectors<sup>22</sup>

- 2.21 The 100 largest employers in Oxford account for approximately 66,600 jobs, equivalent to 60.1% of total employment. The remaining employers were in diverse fields including cleaning services, charities, transport, market research, personal care, energy, security, manufacturing, engineering and construction.
- 2.22 The city has demonstrated significant activity in 'high growth' businesses, aside from large employers. There is a significant and growing literature on the importance role of high growth firms in generating employment and driving economic growth<sup>23</sup>. Analysis of detailed business data has shown that 177 firms in Oxford between 2008 and 2011 could be considered to be 'high growth'<sup>24</sup>. In total, these firms created 4,000 new jobs over the three year period in question.

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<sup>19</sup> ONS (2011) Business Demography

<sup>20</sup> Ibid

<sup>21</sup> Ibid

<sup>22</sup> Except where otherwise noted, all data in this section is based on confidential data from ONS' Inter-Departmental Business Register (IDBR).

<sup>23</sup> NESTA (2009) The Vital 6 per cent: How high-growth innovative businesses generate prosperity and jobs

<sup>24</sup> Note: this means that the firms in question had at least ten employees in 2008 and saw employment grow by more than 20% over the period 2008 to 2011.

2.23 In a climate in which business support activities may be constrained, it is even more important for Oxford to focus on both its key existing employers and those firms which have the potential to grow. This is not to say that general business support services are not important and where they exist they should be promoted and encouraged, but in light of funding constraints a greater focus on a smaller number of businesses, perhaps 5-10% of the total business base, Oxford can ensure that resources invested in business engagement and support has the greatest effect. In this context, there is an important key account management role to be played across the city and more generally across the county. Further analysis of Oxford's existing sectoral potential is required to assess how best to concentrate limited resources.

#### **Oxford's Universities and education sector**

2.24 Oxford benefits greatly from the presence of the two Universities, Oxford University and Oxford Brookes University. The two Universities have a significant economic impact on the city. Higher education in Oxford accounts for approximately 21,800 jobs, or 19.6% of total employment<sup>25</sup>, and the indirect economic impact is undoubtedly far bigger. Oxford University estimates that the university alone attracts more than nine million tourists to the city, resulting in a combined spend of £589m and supporting 13,700 local jobs<sup>26</sup>. In addition, the Universities support spin-out companies and knowledge transfer partnerships (KTPs) which create commercial value from academic and research expertise. The benefits of the Oxford brand and association are widely distributed across the region's economy, but the common narrative and wider profile are underplayed, for example when compared with the 'Cambridge Phenomenon'. For example, in future, efforts to attract investment to adjacent districts could place more emphasis on the educational, research and development, and manufacturing strengths of the city's economy itself, as the "engine" of growth.

2.25 Both Universities have plans for growth. Oxford University has identified that medical and clinical research is likely to be the largest single area of future growth and has identified a number of potential developments to support this. In addition, the Innovation Centre at Begbroke Science Park has outline planning permission which will enable it to double in size following the recent completion of the access road to the A44. Oxford Brookes has also outlined a series of major developments to provide new and improved facilities and better join up the existing sites into a single or at most two campuses. The Universities are a key part of Oxford's global offer, but they also play an important role in the local economy, both of these elements should be supported and developed.

2.26 Oxford's non-tertiary education sector accounts for 7,590 jobs (compared to 22,757 employed in higher education). Some 3,316 are employed in primary education, and 2,143

<sup>25</sup> ONS (2011) Business Register and Employment Survey

<sup>26</sup> [http://www.ox.ac.uk/visitors\\_friends/oxford\\_in\\_the\\_community/the\\_universitys.html](http://www.ox.ac.uk/visitors_friends/oxford_in_the_community/the_universitys.html)

in secondary education<sup>27</sup>. The city is a secondary education hub for the surrounding area and has 13 secondary schools including a number of leading state and private schools. Private schools such as St. Edwards, Headington School Oxford, The Dragon School, Magdalen College School, and Oxford High School are significant private sector employers, as well as an important attractor for affluent and skilled elements of the workforce.

- 2.27 Other elements of the education sector with links to the tourism are the tutorial colleges and language schools, which grew out of Universities vacation activity. These have been very successful in bringing international students and income to the city despite a global recession, although concentrations of student activity have placed pressures on neighbourhoods and residential areas.

### Hospitals and Medicine

- 2.28 Oxford is home to a cluster of acute and specialist medical organisations which together employ around 14,400 people, or 13% of the total workforce<sup>28</sup>, and supports a further 2,700 or jobs indirectly<sup>29</sup>. A recent report found that the sector accounted for around £20m in local supplier purchases per annum<sup>30</sup>. Oxford is also a major centre for teaching hospitals. In addition, the high quality of the health services in the city plays an important role in the quality of life of local residents.
- 2.29 Aside from providing an important public-facing service, these assets provide significant support to healthcare research undertaken at the Universities. Oxford University's plans to expand medical and clinical research will undoubtedly create more demand for such links and further strengthen the synergies between the two sectors. The health sector also plays an important role as a catalyst and supporting pillar of the city's biotechnology sector (see below).
- 2.30 There is also a link between the ageing population, health and social care. In terms of health, Oxford is one of the leading global centres for research in health, medicine and life sciences. The application of this research to health and wellbeing will help to keep the older generation fit, active, able to work in later life and less reliant on health and care services. Ensuring that this economic asset is supported is critical, this means proving sufficient space for growth and access to sufficient workforce skills. How best to realise this opportunity should feature in emerging proposals for the Churchill Hospital site area.

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<sup>27</sup> ONS (2011) Business Register and Employment Survey

<sup>28</sup> ONS (2011) Business Register and Employment Survey

<sup>29</sup> Oxford City Council (2008) Core Strategy Background Paper F (iii): The Universities, Hospitals and Medical Research

<sup>30</sup> Nathaniel Lichfield and Partners (2008) The role of the higher education, health and retail sectors in the Oxford economy

## Biotechnology<sup>31</sup>

- 2.31 Linked to the city's strengths in hospitals and medicine, Oxford has a number of important strengths in particular biotechnology subsectors, including drug discovery and development, drug discovery and development support, diagnostics, and medical technology and imaging. The biotechnology sector as a whole is able to draw on links with Oxford's higher education institutions.
- 2.32 There are approximately 7,200 jobs in biotechnology subsectors in Oxfordshire. The Oxfordshire biotechnology cluster comprises 163 companies. Of these, 49 are based in either Oxford or the Science Park with the remainder (around 70%) located elsewhere in Oxfordshire. Even during the financial crisis, the cluster has continued to grow. Between 2008 and 2010, a further 28 biotechnology companies were established in Oxfordshire, of which 24 were start-ups or spin-outs. The sector is expected to grow by a further 1,500 jobs over the next three years and there is a need to ensure that there is sufficient space available in the right locations to enable this growth to occur.
- 2.33 The distribution of bio-technology companies is an illustration of the economic linkages between the city and the surrounding districts. The focus is based on Oxford University and the hospitals, and this provides the location for spin-out and new business formation. However, over time some of this economic activity can migrate and some businesses will adopt different, or modify, their location criteria.

## Automotive industry

- 2.34 Oxford sits at the centre of a £6bn automotive cluster, which has been dubbed 'Motorsport Valley', providing 4,871 jobs, or 4.4% of total employment. BMW are a major industrial employer and their Plant Oxford at Cowley accounts for nearly half of citywide industrial space. According to BMW, 80% of Minis are exported, playing an important role in the UK's exports and balance of trade.
- 2.35 In 2011, BMW announced that it would invest £500m in its UK operations over the next three years, most of which would be invested in Oxford as the Cowley plant is reaching its capacity of 240,000 vehicles per year. This demonstrates that with progressive support the city can capitalise on economic growth opportunities. More recently, it has been reported that BMW are creating 150 new jobs in response to increasing demand, a welcome change after jobs had previously been cut in response to the global economic downturn.
- 2.36 Aside from BMW, Harley-Davidson's European headquarters are located at the Business Park. Official statistics suggest that direct employment from motor vehicle and parts

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<sup>31</sup> Except where otherwise noted, the information in this section is derived from: Oxford Biotechnology Network (2011) OBN Biocluster Report 2011: Transition

manufacture is 3,327, with sales and repair of vehicles and vehicle parts accounting for a further 1,544 jobs.

- 2.37 Supporting existing employers' growth and investment is therefore important. Continuing public investment in infrastructure, such as transport, energy and broadband are essential to maintain these businesses' global competitiveness. This includes exploring opportunities to diversify and attract associated high value businesses. Despite Oxford's significant strengths as a location for R&D activities, BMW's design work is undertaken as a central business function in Germany which may restrict opportunities. However, many motor manufacturers encourage the clustering of key component suppliers<sup>32</sup>. In considering the future growth potential of this sector, Oxford is located in the heart of a cluster of motor sports companies in Oxfordshire and in Northamptonshire. Growth of some of the smaller businesses will be accommodated in the city itself but most will be accommodated elsewhere in the sub-region.

### Publishing Sector

- 2.38 Oxford has a significant publishing sector, with strong links to its academic institutions and wider research community. The city houses more than 100 publishing businesses providing over 3,500 jobs<sup>33</sup>. There are a number of other significant firms working in both academic and mainstream publishing in a variety of sectors. Oxford University Press, the university's official printer, is a global leader in academic and research publishing. Other significant firms include Pearson Education, Wiley, Blackwell, Macmillan, Osprey (military history), Hart (law), and Lion Hudson.
- 2.39 A major shift is underway in Oxford's publishing houses from printed to electronic delivery, especially in the academic and specialist sectors. For example, 70% of Oxford University Press' revenue now stems from electronic material<sup>34</sup>. There is also some cross-over with the digital and computer games industry. Partners need to determine how best to support this locally important sector through this period of transition and change; investments to ensure that broadband infrastructure matches the best in the world will be critical. Digital technology can allow dispersal of activity in the sector but it is essential for the city, and Oxfordshire as a whole, to retain the sectors' critical mass which ensures that it can continue to attract and develop the best skills and workforce.

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<sup>32</sup> ONS (2011) Business Register and Employment Survey

<sup>33</sup> ONS (2011) Business Register and Employment Survey

<sup>34</sup> Oxford Inspires (2011), *The Economic Impact of the Cultural and Creative Industries*

## Tourism

- 2.40 Oxford is the sixth most visited city in the UK by international visitors, and is a major regional tourism hub and a gateway to the region's tourism. It attracts more than 9.5 million visitors a year, around half of them international, and generates £770 million of income for local Oxford businesses<sup>35</sup>. Oxford is famed for its university heritage, and has numerous other attractions (many of which are linked to the university), including the Ashmolean Museum, Pitt Rivers Museum, University Museum of Natural History, University Botanic Garden, Harcourt Arboretum, Sheldonian Theatre, and Holywell Music Rooms. Oxford has links to a wider tourist region including attractions such as Henley-on-Thames – home to the Henley Festival – and the UNESCO World Heritage listed Blenheim Palace.
- 2.41 The city both benefits and suffers from its proximity and links with London. Day trips and links with other heritage locations, such as Stratford, can mean that the duration of tourist visits can be limited and opportunities to increase spend lost.
- 2.42 Oxford published a new Tourism Strategy in 2008 focused on developing the tourism industry through targeting high value markets, increasing spend and length of stay, and growing business and conference tourism through the 'Destination Oxford' conference desk<sup>36</sup>. Visit Oxfordshire, the DMO (Destination Management Organisation), was launched last year. It is a partnership between the private sector, the City and County Councils, and the Universities and is integrated with cultural promotion through its agency Oxford Inspires. This is now operating under one banner, "Experience Oxfordshire". Whilst it is early to make an assessment, the DMO is on an upward trajectory with increased visitor numbers, accommodation bookings, tours and promotions. Other District Councils have been approached to see if they wish to join the DMO, which offers the opportunity for stronger linkages and more co-ordinated regional tourism offer.
- 2.43 Partners need to work together to enhance the quality of the city's tourism offer and product and to ensure that maximum benefits are captured for both the city and the wider county. There are three essential elements to this: improving the overall range and quality of accommodation (and many different options are available to do this); extending and developing the cultural offer: and raising the quality of the visitor experience, particularly city centre circulation and the quality of the pedestrian environment and public spaces.

## Retail

- 2.44 Oxford is a major regional retail and service centre. The city has a significant retail industry, concentrated in the city centre, but also including a number of district centres and out-of-centre retail warehouse parks. There are two major shopping centres (Westgate and

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<sup>35</sup> Oxford Inspires (2011), *The Economic Impact of the Cultural and Creative Industries*

<sup>36</sup> Tourism Company (2008) *Tourism Strategy for Oxford*

Clarendon) and major specialist retailing off the prime pitch such as High Street and Broad Street and the Oxford Covered Market. Oxford's retail is significantly boosted by the tourism industry in the city but there is a growing need to improve the choice for consumers and to increase the general shopping offer. The sector is a very significant employer in Oxford, providing over 8,000 jobs<sup>37</sup>. Major retailers include Tesco's, the Co-operative, Sainsbury's and Marks & Spencer.

- 2.45 The City Council, working with the County Council, Land Securities and the Crown Estate, has promoted a £330 million redevelopment plan Westgate Shopping Centre, Oxford's largest shopping centre. The mixed-use scheme will include 69,000 sq. metres of shopping space including 90 new shops and a major department store, and 127 new apartments, and will generate 2,000 additional jobs. In the context of a major economic recession this is a significant achievement and there remain significant risks, with more work to be done before the re-development is assured in 2017.
- 2.46 The main concentration of retail floorspace in Oxford is in the city centre, where shopping is focused around Cornmarket, Queen Street, the Westgate Centre and the Clarendon Centre. Comparison shopping is well represented in the city centre, which competes for with nearby large centres such as Milton Keynes and Reading. Comparison shopping in the city centre is complemented by the nearby visitor and cultural attractions. The district centres tend towards more convenience shopping though with some comparison.
- 2.47 In addition to the Westgate Centre refurbishment, Oxford's 2008 Retail Needs Study suggests that by 2021 a further 24,500 sq. metres of comparison retail space could be supported and, depending on the density of development, a further 2,300 – 4,700 sq. metres of convenience space could be supported. The majority of additional comparison space is expected in the city centre with a smaller amount in district centres, principally at Cowley. However, recent changes in the structure of the UK retail sector suggest that this assessment ought to be reviewed.
- 2.48 The principal challenge for Oxford in regards to retail is to successfully position itself as a much stronger regional centre. The overarching trends in the retail sector, primarily the shift from traditional to online retail, mean that centres which fail to achieve the right volume, quality and balance of retail and leisure will struggle. Oxford city centre, with its complementary cultural and visitor offer should be able to prosper in this changed environment, though this will require further investment and active management. Other district centres in Oxford are likely to require careful management to ensure that they continue to meet local needs.

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<sup>37</sup> ONS (2011) Business Register and Employment Survey

- 2.49 The Westgate redevelopment provides a step change but it is only a beginning and needs to be catalyst. Bus, vehicle and pedestrian circulation will need to be reviewed and this is being taken forward with the developers and the County Council. The quality of the public realm needs significant improvement, which includes the pedestrian and paved areas. Parking in the city and Park and Ride require integrated management and an integrated approach to charging. The rebalancing of the retail core will need careful thought if specialist and independent retailers are to flourish. The retail community also needs to increase its engagement with the City and County Councils if it is to maximise the benefits of investment and management of the city centre.

### Creative and Cultural Industries

- 2.50 Oxford has a variety of cultural and creative industries. The city's strong cultural life is underpinned by theatres, museums, galleries and classical and contemporary music. A number of these are of national or international stature. The University is a major supporter of Oxford's cultural life, and many of its students are informally involved in cultural activity. This area employs only a few hundred directly but is a major contributor to the city's wider draw as a tourism and retail destination. Oxford Inspires is a cultural umbrella organisation which promotes the culture and events programme in the city, such as the very successful Christmas Light Night and the recent Tree of Light event. Whilst cultural events are ends in themselves, the ability of the sector to work together is essential at a time of major reductions in arts funding to maximise the artistic and commercial impact. Integrated event packages and destination marketing could help enhance the tourist offer.
- 2.51 Oxford has a variety of commercial creative industries. It has a particular strength in computer games and software, which crosses over with its electronic publishing industry; and to businesses specialising in digital advertising and social media. Oxford also has strong video and film-related activity. This has been boosted by the popularity of historic sites in the city and region as filming locations, such as for the Harry Potter films. Location Oxfordshire was established in 2009 as an organisation to attract film makers to the county<sup>38</sup>. There are also a number of fashion firms drawing on graduates from Oxford and Cherwell Valley College and Oxford Brookes University. The City is home to the annual Oxford Fashion Week. There may be scope for promoting more "cross-over" projects across these commercial creative sectors.

### Professional Services

- 2.52 Oxford has a significant employment base in professional services. The combination of consultancy, financial, insurance, real estate, legal, advertising, administrative and information services employ over 10,200 people in the city<sup>39</sup>. Moreover, these firms

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<sup>38</sup> Oxford Inspires (2011), *The Economic Impact of the Cultural and Creative Industries*

<sup>39</sup> ONS (2011) Business Register and Employment Survey



contribute more widely to the success of the local economy through providing competitive and locally available skills to other businesses. The major professional firms, such as legal and accountancy, are positioned to provide a lower cost base than London practices as well as compete for local business. There are key large companies in specialist sectors include market research firms SPA Future Thinking and A.C. Nielsen.

- 2.53 It can be overlooked that city has significant potential as a headquarters location. The business park includes a significant number of service companies. The recent consolidation and expansion of Centrica is a practical example. There are congestion points in the local connections to the strategic road network. However, major investment in the railway over the next few years will transform services: new routes and faster services to London, and connections to London Heathrow Airport, and through services to East and West Coast main lines.

### Voluntary Sector and Social Enterprise

- 2.54 The voluntary sector provides vital support to Oxford's residents and communities. Support ranges from helping people back into work, to supporting education outcomes, through to social care services, such as providing social activities, home visits and helping with basic activities such as shopping. The sector also plays an important role in encouraging integration amongst minority communities, supporting language learning and cross-cultural connections.
- 2.55 All of this activity plays a crucial role in supporting economic capacity amongst local residents. This is crucial if the local concentrations of disadvantage are to be addressed and that individuals' are able to realise their full potential. Inclusion is also essential for economic grow, supporting employers ability to access a skilled and motivated workforce. At a time when public funding is restricted and the direction of policy is to place services into the voluntary sector or social enterprises, effective working by partners to link with the voluntary sector is essential if disadvantaged persons are to benefit from economic growth.

### Workforce and Skills

- 2.56 As of 2011 Oxford has a population of 151,900 people<sup>40</sup>. Of this, 73.1% of the population is between 16 and 64, higher than the equivalent proportions in Oxfordshire (65.5%), the South East (63.9%) and England (64.8%), though slightly lower than Cambridge (75.3%)<sup>41</sup>. This high proportion of working age residents is driven by the 32,160 students which attend the city's Universities.

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<sup>40</sup> ONS (2012) Census 2011

<sup>41</sup> ONS (2011) Mid-Year Population Estimates

- 2.57 On balance, Oxford has a very highly skilled workforce, in 2010 53.7% of Oxford residents aged 16 – 64 held degree level qualifications or higher, much higher than the equivalent proportions in Oxfordshire (40.3%), the South East (33.9%) or England (31.1%)<sup>42</sup>. However, whilst the proportion of working age residents with no skills in Oxford (9.6%) is lower than the equivalent proportion in England (11.1%), it is higher than the equivalent proportion in Oxfordshire (8.7%) or the South East (8.5%)<sup>43</sup>. This suggests that there is a requirement to focus on areas where there are skills and education weaknesses. As evidence of this a major employer in the city recently found half of the applicants for administrative posts did not have the basic literacy and numeracy skills, and were not employable. These applicants were unable to proceed to interview.
- 2.58 As a result of the high proportion of workers with higher level skills, 52.7% of Oxford's residents are employed in either managerial or professional occupations, compared to 39% in Oxfordshire, 31.8% in the South East and 29.3% across England as a whole<sup>44</sup>.
- 2.59 Commuting plays an important role in the economy. Only 54% of people who work in Oxford also live in Oxford<sup>45</sup>, which indicates that nearly half of the city's workforce commutes in from outside the city boundary. Available data suggests that the majority of these in-commuters come from other parts of the county<sup>46</sup>. Most Oxford residents (79%) work in the city, with the remaining 21% working in areas outside the city<sup>47</sup> - again, usually other parts of the county<sup>48</sup>. More informed insight into commuting patterns will be available when 2011 Census data is published.
- 2.60 Despite having relatively high proportions of high skilled residents, average wages in Oxford are not particularly high. The median annual salary of city residents is £27,778 which, though higher than the average across England (£26,615), is less than the average across Oxfordshire (£29,672) or the South East (£29,330)<sup>49</sup>. By contrast, the median annual salary of those who work in Oxford are slightly higher at £29,326, higher than either Oxfordshire (£29,005), the South East (£27,881) or England (£26,601)<sup>50</sup>. This suggests that whilst Oxford attracts high earners, there is a substantial proportion of the population which is on more

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<sup>42</sup> ONS (2011) Annual Population Survey

<sup>43</sup> Ibid

<sup>44</sup> ONS (2011) Annual Population Survey – data is for the year ending June 2011.

<sup>45</sup> ONS (2010) A study of commuting patterns in Great Britain based on the Annual Population Survey 2008

<sup>46</sup> ONS (2011) Annual Population Survey – Flows of commuters between local authorities

<sup>47</sup> Ibid

<sup>48</sup> ONS (2011) Annual Population Survey – Flows of commuters between local authorities

<sup>49</sup> ONS (2011) Annual Survey of Hours and Earnings

<sup>50</sup> Ibid

modest incomes than the surrounding districts. This carries a range of implications, particularly when set in context of high housing costs and affordability.

- 2.61 The latest data on the employment rate for Oxford residents puts this at 73.9%, which whilst higher than England as a whole (70.3%) is lower than the employment rate in Oxfordshire (76%) and the South East (74.4%)<sup>51</sup>. At 6% of the working age population, unemployment is in line with the average for the South East (6.1%), significantly lower than the average for England (8%), but significantly higher than the rate for Oxfordshire as a whole (3.4%)<sup>52</sup>. Economic inactivity in Oxford is 21.4%, which is in line with Oxfordshire (21.3%) and the South East (20.8%), though lower than the average for England (23.8%)<sup>53</sup>. The data are consistent with higher levels of economic exclusion, lower skills and education attainment in the city.
- 2.62 As with other parts of the country, Oxford has seen unemployment increase since the recession. Oxford's JSA claimant rate (3.6%) is below that of England (5.3%) and in line with that of the South East (3.5%), though slightly above the county level (2.5%)<sup>54</sup>.
- 2.63 The most recent JSA claimant rates for 18 – 24 year olds for Oxford is 5.1%, higher than Oxfordshire (4.7%), but lower than the South East (6.4%) or England (10%)<sup>55</sup>. Whilst these statistics suggest that Oxford has lower rates of youth unemployment than other parts of the country, it is important to recognise that JSA claimant figures do not tell the whole story about unemployment<sup>56</sup>, and youth unemployment is still significantly higher than unemployment across the whole adult population.
- 2.64 The graph below shows the pattern of youth unemployment over the longer term. As with the comparator areas, Oxford saw youth JSA claimants increase dramatically from the beginning of 2008 to mid-2009. A low starting base meant that JSA claimants in the city and

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<sup>51</sup> ONS (2011) Annual Population Survey

<sup>52</sup> ONS (2011) Annual Population Survey

<sup>53</sup> ONS (2011) Annual Population Survey

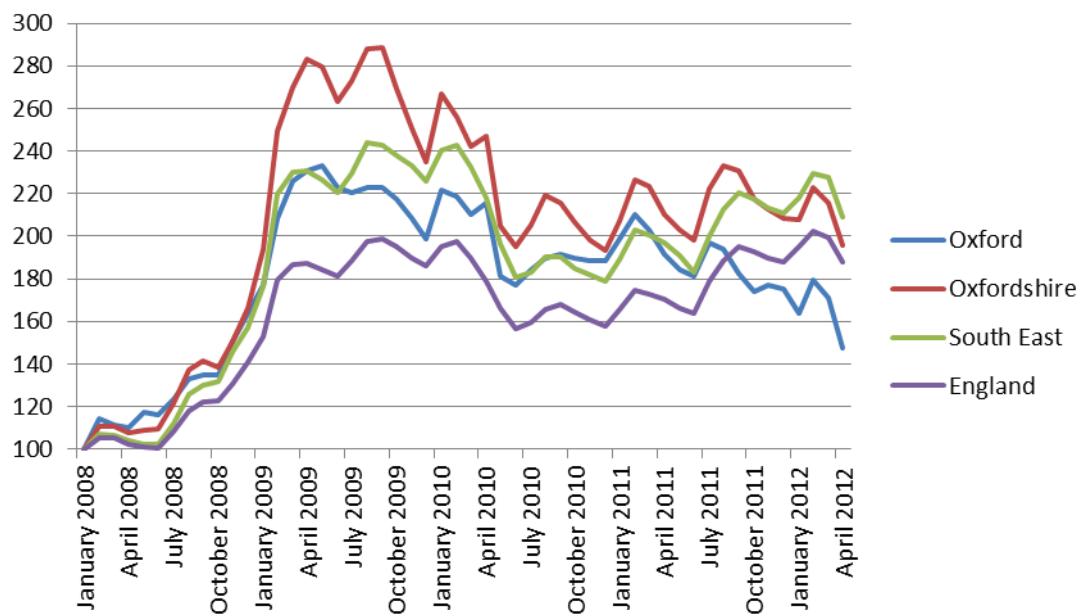
<sup>54</sup> ONS (2012) Claimant Count - Age and Duration. JSA Claimant Count here has been calculated on the basis of the economically active population. This is to exclude the student population which would otherwise make Oxford's claimant rate look excessively low (as students are unable to claim JSA).

<sup>55</sup> ONS (2012) Claimant Count - Age and Duration and ONS (2012) Annual Population Survey. JSA Claimant Count here has been calculated on the basis of the economically active population. This is to exclude the student population which would otherwise make Oxford's claimant rate look excessively low (as students are unable to claim JSA). Please note, the population statistics from the Annual Population Survey used to calculate a comparable rate are not robust for Oxford and may overstate the level of youth unemployment.

<sup>56</sup> For example, a person might be unemployed without claiming JSA, in which case JSA would understate the level of unemployment in a given area.

the county rose faster than the national average. Since mid-2009, Oxford has seen youth unemployment decrease whilst the trend in the comparator areas has been largely static and far above the long run trend. Taken at face value this data is quite positive. Unfortunately, what this data doesn't tell us is whether the claimant count is falling due to young people gaining employment, or because more young people are exiting the labour market. The concern remains that there is a growing concentration in some communities of worklessness and a lack of employability.

### Indexed JSA Claimant Count 18 - 24 year olds (January 2008 = 100)



- 2.65 The Oxford Strategic Partnership are looking at these critical issues; this will be reported separately.

### Housing supply and affordability

- 2.66 Housing is a critical economic issue for Oxford. The city is the least affordable housing location nationally based on the ratio of average incomes to house prices, outside limited areas in London. As of 2011, there are 58,300 dwellings in Oxford<sup>57</sup>. Since 2001, Oxford's dwelling stock has increased at a rate of 10.4%, faster than the comparable rate of

<sup>57</sup> CLG (2011) Dwelling Stock Estimates by Local Authority

development in Oxfordshire (9.5%), the South East (8.6%) or England as a whole (7.6%)<sup>58</sup> but well below the pace or scale to address the challenges around supply and affordability that the city faces.

- 2.67 This issue was almost universally highlighted by employers and stakeholders during the development of this strategy. The practical impacts are that employers cannot readily transfer or attract staff to work in the city because of housing costs and the alternative of extended daily commuting. This includes attracting staff from other high cost areas in London and the South East. It applies across the labour market, from private sector professions such as IT and accounting, through to the recruitment of teachers and medical staff
- 2.68 Increasing the supply of new homes, on its own, would be unlikely to reduce housing costs significantly for all of Oxford's households. It is unlikely that new housebuilding could be increased sufficiently to make up for the low rates of completions over the past decades. The case for increasing the rate of housebuilding within the city's boundaries and in immediately adjacent locations is that it will increase housing choice, will slow the rate of house price inflation, and make it easier for those working in Oxford to journey to work by bus and bicycle. This in turn, over time, will take pressure from the severely congested road network.
- 2.69 Of course, increasing the rate of housing development in the city must be part of a balanced approach which supports economic growth in the city and the wider region. Whilst there is an ongoing need for more "affordable housing" there is no doubt that new developments must be mainly private market housing for sale (in all price ranges), and possibly, for privately rented housing. Market evidence supports the need for increased rate of new housing development.
- 2.70 A relatively high proportion of Oxford dwellings are either local authority owned or managed by a Registered Social Landlord (RSL). 23.4% of Oxford's total dwelling stock is publically owned compared to 13.9% across the South East as a whole and 18.1% across England as a whole<sup>59</sup>. This is also high in comparison to other similar cities such as Milton Keynes (where 18.7% of stock is publically owned) and Reading (16.7%), though slightly lower than Cambridge (24%)<sup>60</sup>.
- 2.71 The median price of property in Oxford at £260,000 is higher than the equivalent averages at a county level (£245,000), South East level (£229,000) and England level (£185,000)<sup>61</sup>. Since

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<sup>58</sup> CLG (2011) Dwelling Stock Estimates by Local Authority

<sup>59</sup> CLG (2011) Number of Dwellings by Tenure and District

<sup>60</sup> Ibid

<sup>61</sup> CLG (2011) Median House Prices based on Land Registry Data

1996, median house prices in Oxford have more than tripled, a similar increase to that experienced across the county, South East and England as a whole<sup>62</sup>.

- 2.72 The upshot of high prices is that the ratio of median house prices to median wages is significantly higher in Oxford than in other areas. The median house costs 9.8 times the median resident salary in Oxford, higher than Oxfordshire (8.3 times median salary), the South East (7.9) or England (7.0)<sup>63</sup>. Oxford's house prices are also high in comparison with similar cities such as Cambridge, Milton Keynes and Reading<sup>64</sup>. The situation in the Oxford housing market has been summarised as 'London prices and Midlands wages'.
- 2.73 Prices are also high in the private rented sector, with the median private rent for all properties at £995 per month, compared with £860 in Oxfordshire, £725 in the South East and £575 in England<sup>65</sup>. Oxford has a ratio of median private rents to median resident earnings of 0.43<sup>66</sup>. In other words, median rents are equivalent to 43% of median salaries. This is significantly higher than in other comparable areas, being higher than Oxfordshire (35%), the South East (30%) and England (26%)<sup>67</sup>. It is also higher than other comparator cities such as Cambridge (35%), Milton Keynes (30%) and Reading (32%)<sup>68</sup>.
- 2.74 Moreover, this ratio is even higher in the lower quartile (bottom 25%) of rents and salaries. The ratio of monthly lower quartile rents to monthly lower quartile resident salaries is 0.51 in Oxford, implying that rents account for just over half of salaries at this level<sup>69</sup>. This is at a point where housing costs will give rise to poverty, and the ratio is significantly higher than Oxfordshire (0.4), the South East (0.34) or England (0.29)<sup>70</sup>, suggesting a serious housing affordability problem in the city, particularly in the case of poorer residents.

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<sup>62</sup> CLG (2011) Median House Prices based on Land Registry Data

<sup>63</sup> CLG (2011) Median House Prices based on Land Registry Data and ONS (2011) Annual Survey of Hours and Earnings

<sup>64</sup> Ibid

<sup>65</sup> Valuation Office (2012) Private Rental Market Statistics – Apr 2011 to Mar 2012

<sup>66</sup> Valuation Office (2012) Private Rental Market Statistics – Apr 2011 to Mar 2012 and ONS (2011) Annual Survey of Hours and Earnings

<sup>67</sup> Valuation Office (2012) Private Rental Market Statistics – Apr 2011 to Mar 2012 and ONS (2011) Annual Survey of Hours and Earnings

<sup>68</sup> Valuation Office (2012) Private Rental Market Statistics – Apr 2011 to Mar 2012 and ONS (2011) Annual Survey of Hours and Earnings

<sup>69</sup> Valuation Office (2012) Private Rental Market Statistics – Apr 2011 to Mar 2012 and ONS (2011) Annual Survey of Hours and Earnings

<sup>70</sup> Valuation Office (2012) Private Rental Market Statistics – Apr 2011 to Mar 2012 and ONS (2011) Annual Survey of Hours and Earnings

- 2.75 The Oxford Core Strategy<sup>71</sup> identifies that the city will need to complete at least 8000 new dwellings (between 2006 and 2026) to meet forecast demand – which equates to around 400 homes per year. Housing development is planned in each of the three main growth areas of the West End, Barton (largest residential potential) and a small number of units in the predominantly employment growth location in the Northern Gateway. However, current figures emerging from the Local Investment Plan process suggest there may be a shortfall in meeting the target.
- 2.76 Much larger residential developments are planned for/underway outside the city boundary (e.g. in Bicester, Didcot). It is clear the solution to Oxford's housing challenges relies on closer collaboration between the City Council and other districts in the County. Maximising housing development in adjacent districts but still within walking/cycling distance of employment locations in Oxford must be the preferred way forward. This will also support the use of bus and rail for journeys to work in Oxford. This is all key to ensuring that Oxford becomes less reliant on private transport for commuting and be a more sustainable city as a result. This will improve the current imbalance between job and housing availability within the city.
- 2.77 However, when it looks likely that housing for those working in Oxford will be developed further outside the City, very careful consideration must be given to whether it will be achievable for a significant proportion of those working in the city to commute by public transport. The empirical evidence shows that commuting by private car will remain attractive for many, particularly if there is free or low-cost parking and the cost of public transport continues to rise. Otherwise, efforts to meet Oxford's housing needs elsewhere in the county will place further pressure on Oxford's already congested road network. Whilst options such as express coach services are already being expanded, the capacity has limits. We will also see a significant increase in local rail services and commuting, but the cost of rail travel will continue to increase above inflation.
- 2.78 At present, there appears to be mixed experiences of public transport access from other parts of Oxfordshire into and out of Oxford. Some rail and bus routes are well served with frequent services at convenient times. Others were at the mercy of infrequent services which forced them into their cars. Development within the city's boundaries and near to the city in adjacent districts would increase passenger volumes to make public transport services viable.

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<sup>71</sup> Oxford Core Strategy (2026), Oxford City Council (adopted 14th March 2011)

## Deprivation and Educational Attainment

- 2.79 Despite being generally prosperous, Oxford has local concentrations of deprivation which can be masked by wider averages. 12 of the 85 Lower Super Output Areas (LSOAs)<sup>72</sup> in the city are in the 20% most deprived LSOAs in England, with one LSOA in Northfield Brook ward being amongst the 10% most deprived LSOAs in England<sup>73</sup>. In general, the south and east of the city is relatively more deprived than the north and centre of the city, with Blackbird Leys, Littlemore, Barton and Sandhills the areas of relatively high deprivation.
- 2.80 Whilst Oxford has a relatively high crime rate when compared with the regional and national average, the crime rate is lower than comparator cities such as Reading and Milton Keynes. Oxford recorded 8 offences per 100 residents in the period between April 2010 and March 2011 (the latest data)<sup>74</sup>. Over the same period the South East recorded 5.5 offences per 100 residents and England as a whole recorded 6.1 per 100 residents. Oxford had a lower crime than Reading (10.5 offences per 100 residents) or Milton Keynes (8.3 per 100 residents) though higher than Cambridge (7 per 100 residents)<sup>75</sup>.
- 2.81 Despite being a world class city for higher education, Oxford has some significant problems with regards to educational attainment amongst young people in state schools. Pupils in Oxford perform significantly worse than the regional and national average across all age groups. At GCSE level, only 67% of Oxford pupils attain five or more A\*-C grades compared with 75.8% across the South East and 76.1% across England as a whole<sup>76</sup>. Oxford also has relatively high rates of unauthorised absence from school and higher proportions of persistent absentee pupils at both primary and secondary school level<sup>77</sup>. These critical challenges have already been recognised by the City and County council and plans are being formulated. There are also examples of Oxford employers engaging directly with this challenge. Given the scale and deep-seated nature of the problem it does require a broad based approach, and there is the need to ensure improved co-ordination and an increase in the scale of these initiatives to ensure early success.

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<sup>72</sup> Lower Super Output Areas (LSOAs) are one of the smallest levels of statistical geography.

<sup>73</sup> ONS (2010) The English Indices of Deprivation 2010

<sup>74</sup> Home Office (2011) Notifiable Offences Recorded by the Police

<sup>75</sup> Ibid

<sup>76</sup> Department for Education (2010) GCSE and Equivalent Results for Young People by Free School Meal Eligibility in England - data is for the period September 2009 to August 2010

<sup>77</sup> Department for Education (2010) Pupil Absence in Schools by Free School Meal Eligibility – data is for the period September 2009 to August 2010



## Employment land and commercial property

- 2.82 As with housing, there are significant constraints on the amount of land available for employment use. The Green Belt surrounding Oxford, the city's tightly drawn boundaries, an extensive flood plain and limitations due to areas of nature conservation and heritage all conspire to limit growth.
- 2.83 The Oxford Core Strategy (2026)<sup>78</sup> recognises these constraints and how they impact on employment land coming forward and the long term ability of the city to compete with other locations in and outside of the county. It is vital that existing employment sites are protected to support economic growth. The Strategy anticipates job growth of between 11,000 and 14,000 to 2026. Meeting these targets will require a combination of extending or re-developing existing sites, implementing Local Plan allocations and developing key strategic sites in the West End and Northern Gateway. These strategic sites are also important due to their proximity to areas in need of regeneration and could help stimulate investment into deprived communities.
- 2.84 The vision for the city in the Core Strategy recognises that *'Oxford is a world class city that is proud of its past, but also modern and forward looking, while embracing the changes that are necessary to ensure its continued prosperity in the 21st Century. The City will plan for growth and regeneration by identifying strategic locations for development to address housing, employment and other needs.'*
- 2.85 The previous Oxfordshire Structure Plan, published in 2005, recognised that for Oxford to maintain and enhance its present role in the global economy the city must allow development which contributes to the city's economic priorities. This approach was reflected in the South East Plan which stated that *'Oxford itself will be allowed to grow physically and economically in order to accommodate its own needs, contribute to those in the wider region and help maintain its world-class status.'* Although the Structure Plan is no longer in force and the South East Plan is being revoked the broad approach set out in these strategies has been retained, and the underlying analysis and rationale has not changed.
- 2.86 Nonetheless, the impact of the longstanding policy of development restraint, combined with a strict Green Belt policy, has been largely to restrict development to previously developed sites, strongly limiting economic growth. Moreover, the demand for residential development has also resulted in significant amounts of employment land being lost.

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<sup>78</sup> Oxford Core Strategy (2026), Oxford City Council (adopted 14th March 2011)

- 2.87 The most recent study of employment land in Oxford is the Employment Land Study (ELS) published in 2006<sup>79</sup>. This study highlighted the fact that Oxford's employment land provision continues to face significant constraints, and that these constraints meant that the city is less able to compete in attracting new investment. The ELS concluded that it is vital that key employment sites in the city are protected, either for existing use or to be recycled. Failure to do so would undermine any future economic growth strategy.
- 2.88 Related to this is the need to recognise that support services / firms, which may not be high value activities in of themselves, play an important role in supporting the broader economic 'ecosystem' of the city in terms of supporting the activities of high value firms and providing a diverse range of employment for residents. Therefore, it is important to ensure a continued diversity of economic activity and that lower value uses are not priced out of the market. Displacing these activities is likely to increase business costs, increase travel and place existing employment at risk.
- 2.89 In the consultations for this Growth Strategy, participants in some focus groups particularly highlighted the potential offered by the Churchill site (owned by the University Hospitals NHS Trust) as a key strategic location for future knowledge based employment. They also highlighted the potential for the expansion of the Oxford Science Park to the south of the city. A strategic development opportunity has already previously been identified, although located in Green Belt. This land is part owned by the City Council and adjoins water treatment and other statutory undertakings. It is supported by highway infrastructure. If developed, in addition to employment and economic growth, it could provide a very significant source of capital for investment which could be used for infrastructure and economic development elsewhere in the county. Closer to the city centre, there may be scope in other locations such as Oxpens to accommodate small technology start-ups. The nearby Oxford Centre for Innovation has a significant waiting list for accommodation and a wide range of other stakeholders has identified similar demand.
- 2.90 The consultation process has flagged there may be opportunities to make strong economic cases to landowners to support growth within the city. The city shouldn't shy away from being bold on prudential borrowing and using existing planning powers or creating innovative finance mechanisms to achieve what's needed, investing in the planning and partnering on development. However, securing available land is a pre-requisite. In this context the City Council successfully championed the case for employment development at Northern Gateway. However, there are major highway and infrastructure costs here, and the lack of funding for speculative development means the project is temporarily stalled, and new routes to delivery are required.

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<sup>79</sup> Nathaniel Lichfield & Partners (2006) *Oxford Employment Land Study*

2.91 It is acknowledged the relationship with neighbouring districts and the county is critical to the employment (and housing) site issue; it will be important to link the city's employment land strategy to sites outside its boundary – such as the Begbroke Science Park and land adjoining the Oxford Science Park.

### B Class Uses

- 2.92 The largest proportion of Oxford's B Class employment land is industrial, which accounts for 44% of B Class employment land. This is followed by office space, which accounts for 28% of B Class employment space. Warehousing accounts for 24% of B Class employment space whilst R&D accounts for the remaining 4%, though this underestimates the amount of overall space in the city which is accounted for by research as it does not include space within Universities and hospitals.
- 2.93 Oxford is an important office location within Oxfordshire, accounting for 30% of total county-wide office space. 65% of office space in the city is in out-of-centre locations, with the majority of this space concentrated in either the Science Park or the Business Park. 60% of Oxford's office space is in larger units of 1,000 sq. metres or more, and again this reflects the relative importance of the larger units in the Science Park and the Business Park on the overall employment space picture. The city will significantly enhance its attraction as a headquarters location with the strategic changes to the rail services and network strengthening communications with London, London Heathrow Airport and regional centres on the great western, west and east coast main lines
- 2.94 Manufacturing and warehousing shows similar concentrations of space. Despite the fact that Oxford has 20 main industrial areas, the majority of floorspace is concentrated at a handful of sites. BMW and Unipart in particular account for a significant proportion of total floorspace, with BMW alone accounting for more than half of total manufacturing floorspace, or around 24% of total B Class commercial floorspace in the city.
- 2.95 A key problem that Oxford faces is the historical loss of employment land to other uses. Between 1985 and 2004, the city lost an average of 2.5ha of employment land per year. This has slowed to 2ha per annum over the last five years, and may continue to slow in the future, especially as the city has now recognised this problem and implemented a 'cascade approach' to protect existing sites and/or recycle sites for new employment uses.
- 2.96 There is still some land available at both the Science Park and the Business Park. Both of these locations are situated in the south of the city, the Science Park being situated just off the A4074 on the border with South Oxfordshire, and the Business Park being situated on the old Morris Motors Cowley site adjacent to the Oxford Ring Road. The most recent information on the Science Park suggests some 3,200 sq. metres of vacant space, 5,300 sq. metres of space available for pre-let, and six further plots with a combined capacity of 27,200 sq. metres of employment space. The most recent information on the Business Park suggests some 2,650 sq. metres of vacant space, 13,700 sq. metres of space available for pre-let, and four further undeveloped plots with a combined capacity of 29,400 sq. metres.

Further work is required to prepare an up to date assessment of the potential to accommodate employment growth in the city, and in nearby locations outside the city boundaries; this is discussed further below.

- 2.97 Taken together, in the very short term, this means there is some potential for companies to move from elsewhere to Oxford or existing companies to expand. Both of these schemes are generally regarded as very good quality opportunities. As the UK economy picks up, it is possible that this capacity will be taken very quickly. Given the timescales involved in securing planning and infrastructure the current supply is modest.
- 2.98 However, one drawback is that this land is only available in a few key locations and owners see considerable value in this limited supply. Office space in the city centre tends to be older and of lower quality, and in comparison to other locations industrial space is relatively limited. If Oxford's economy is to continue to grow, there is clear need to build a strong pipeline of development sites, both in the city centre and on greenfield sites.
- 2.99 A common comment from discussions with partners is the relative weakness of the strategic marketing of Oxford as an employment centre. This has a number of facets. There is not a compelling strategic narrative to potential inward investors and locators which explains the opportunities and advantages of the centre. The marketing and response to investment enquiries is unclear and appears uncoordinated, and is reliant on sequential signposting rather than active management. At a practical level there is limited overall documentation which presents the portfolio of sites and property in a coherent way. Whilst officers respond professionally, these limitations reflect the need for more clarity and effective integration across the three organisations involved, the LEP, City and County Councils, and a more proactive approach working with landowners and developers, and organisations with influence, such as the Universities. This can be achieved, as is evidenced by the working at Science Vale EZ.

## Transport Capacity

- 2.100 Infrastructure investment and capacity are essential to enable and promote economic growth in the city. The capacity issues on the road networks in and around Oxford are well known. Congestion on the A34 and A40 was cited by many as a concern, as was the impact of the Northern Gateway development on traffic in the area. .
- 2.101 Policies around car use/parking in the city centre have been successful to a degree, and Park & Ride services are well developed. However, it is evident that more sophisticated integrated parking management (such as information, variable pricing, parking controls and integration with public transport) will be required to use and plan capacity within the centre and on the periphery going forward.
- 2.102 The ability to attract custom from further afield to shop in the city centre could be compromised by the perception of 'no car' policy. Again, solutions will depend on

city/district/county co-operation; the existing proposals in the Local Transport Plan and the preparation of the new Transport Strategy for the city will focus on these issues.

- 2.103 Commuting plays an important role in the economy. Only 54% of people who work in Oxford also live in Oxford<sup>80</sup>, as noted above, which indicates that nearly half of the city's workforce commutes in from outside the city boundary. The majority of these in-commuters come from other parts of the county<sup>81</sup>. Most Oxford residents (79%) work in the city, with the remaining 21% working in areas outside the city<sup>82</sup> - again, usually other parts of the county<sup>83</sup>.
- 2.104 Balancing public and private transport and peak commuting flows into the city will require increasingly sophisticated management to ensure the optimum outcome. The city's transport (rail and coach) is also used by a significant number of commuters from a wide area to London and this is likely to increase with improved rail services.
- 2.105 Within the city centre proposed development at Westgate, Oxpens and the station has required a review of city centre transport and in particular bus circulation. The County Council is leading the review working with the City Council. This needs to be an all modes review which provides a clear framework for planning and investment.
- 2.106 There are also significant capacity issues within the urban area, particularly in the vicinity of the Universities and the hospital where their growth impinges on residential areas, such as Headington. It is essential that there is a clear transport framework in these areas which provides certainty and investment, rather than leaving a vacuum.
- 2.107 The recent announcement by Government of the major investment in rail infrastructure has benefited Oxford significantly; it is a step change. The main features of the 'electric spine' are electrification and connection east and west coast mainlines, the east-west rail connection through to Cambridge and a direct service to London Marylebone, and London Heathrow via Reading. Journey times will be reduced and there will be a significant expansion of through services, making Oxford a strategic rail interchange and raising its attraction as a location for growth and investment. There will also be a significant increase in rail freight with connections through to Southampton docks.
- 2.108 Oxford station will be the focus of significant redevelopment and is a major opportunity to deliver high quality development which meets the aspirations of the city and provide a first class interchange with buses and other modes. It is also a catalyst for regeneration in the

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<sup>80</sup> ONS (2010) A study of commuting patterns in Great Britain based on the Annual Population Survey 2008

<sup>81</sup> ONS (2011) Annual Population Survey – Flows of commuters between local authorities

<sup>82</sup> Ibid

<sup>83</sup> ONS (2011) Annual Population Survey – Flows of commuters between local authorities

station environs, addressing the constraints of the Botley Road bridge and extending into Oxpens where the City Council has long supported the principle of mixed use development.

- 2.109 Finally, a key feature of the city is its accessibility for pedestrians and cyclists. This is critical to the functioning of the city centre and the quality of attraction for businesses and tourists. The quality of public spaces and the environment of the principal thoroughfares require a strategy for investment. The proposals for Frideswide Square are encouraging, but a comprehensive approach linked to the city transport strategy is needed.

## Institutions and administration

- 2.110 The institutional arrangements for the city, districts and the wider county are complex and overlapping: two tier local government, three partnerships (OSP, LEP, SPIP), Universities and colleges, as well as other organisations. A balanced assessment would recognise that there much practical endeavour between the partners which goes unnoticed, and attention is focused on disagreements. Nor is this exclusive to relationships between councils, although these are more visible. However, it is acknowledged amongst partners that the current arrangements are divisive. Further, at a time of diminished resources, changing roles and reorganisation the default is often for partners to withdraw or reduce commitments. The current partnerships are working well, within inherent constraints, but progress is seen to be incremental and uncertain-as evidenced for example in addressing the issues of educational attainment.
- 2.111 Partners referenced the comparison with Cambridge. Here, a combination of a skillful university narrative (Cambridge Phenomenon), active private and public sector leadership (Cambridge Futures Study) and local government working (City/District/County) in partnership (Cambridge Horizons) led to the brokering of the extension of the urban area, which is now in development. It is important to emphasise that local authority and university partners in and around Cambridge have a long track record of working together. Whilst local circumstances vary, the experience is instructive in considering how the City Council, the adjacent District Councils, the County Council and the Universities can best move forward.
- 2.112 Weaknesses in the economic narrative and effective inward investment promotion have been noted earlier. This reflects a wider need to improve co-ordination and more efficient working. Neither the councils nor the partnerships are well resourced for promoting economic development. The LEP, in common with many across the country, has no resources for an executive and relies on County Council officers. Both recent Public Accounts Committee and Select Committee reports highlight this as a significant weakness for LEP's delivery. Similarly SPIP relies on the local authority in the chair to resource the secretariat.
- 2.113 Immediate steps can be taken to improve joint working between the partners to deliver the recommendations of this report. However, it is clear that a step change is needed in bringing together executive resources which would significantly improve joint working, increase

efficiency and enhance transparency and accountability. This needs to be addressed at two levels through enhanced integrated working both at the city-level and strategically across the county. This is discussed further below.

## Key issues for economic growth

2.114 This overview of the Oxford economy today provides clear pointers towards the matters which must be addressed in the economic growth strategy. Essentially, these fall into three categories. Oxford:

- offers unique strengths which can provide the foundation for further growth;
- faces significant barriers to growth which must be overcome; and
- has the opportunity to ensure that in future all of Oxford's residents can better share in the benefits of economic growth.

### Unique Strengths

2.115 In contrast with many UK cities, Oxford offers immense strengths; the city's diverse economy provides a strong foundation for growth. Education (primarily but not exclusively the two Universities) the city's health care organisations, provide 46.7% of all jobs; medium term growth prospects for both sectors are sound. Although the city's manufacturing base is relatively small (4.1% of all jobs) it is dominated by BMW and other companies with excellent growth prospects. The city has a strong publishing sector and a very wide range of small and medium sized high technology companies; most are in those sectors of the UK economy with excellent prospects.

2.116 The city's heritage and environment supports a strong tourism economy and an international profile with further opportunities to capture more visitor spend. Even though the UK retail industry is in flux, with the planned investment in the Westgate Centre, Oxford is well placed to become a much stronger sub-regional retail centre.

2.117 Oxford is an entrepreneurial city with a highly skilled workforce. The number of active businesses in the city increased far faster than in the South East and England as a whole. Over half (53.7%) held degree level qualifications or higher.

2.118 Oxford's businesses and workforce are well placed to drive growth. The Oxford Economic Growth Strategy must build from these strengths.

### Significant Barriers to be Overcome

2.119 This economic assessment has also highlighted the significant barriers to growth. The most significant are:

- Housing choice and affordability is limiting economic growth with businesses' restricted in the ability to recruit the best workforce, even from London and the South East: from skilled IT and other professionals through to teachers

and other workers. Demand for housing in the City is very high leading to exceptionally high housing costs. Average house prices in Oxford are well above national, regional, and county levels. The ratio of median house prices to median wages (9.8) is much higher than ratios elsewhere. Similar problems exist in the private rented sector with the median private rent (at £995 per month) much higher than national, regional and county levels. Median rents are equivalent to 43% of median salaries; again much higher than elsewhere. This makes Oxford a less competitive location.

- In part as a result of these high house prices, nearly half of the city's workforce commutes in from elsewhere, mainly other communities in Oxfordshire. Although commuting in itself is not a barrier, this creates severe peak hour congestion on major arterial routes and on the Oxford Ring Road making Oxford a less attractive location for investment. In recent years, investment in transport infrastructure has not kept pace with demand. Whilst efforts to diverting demand onto public transport (rail and bus) must continue, the private car will remain the dominant mode of choice for residents commuting from outside the city. A balanced approach by partners is needed to the challenges of development and commuting which extends across city-district boundaries. To enable the ongoing expansion of the Oxford economy, investment in transport network improvements must remain an ongoing priority.
- Relatively low levels of educational attainment in the state sector are a problem although good progress has been made recently at KS1 and 2. On average, pupils in Oxford state schools achieve lower results across all age groups when compared with national and regional average. For example, at GCSE level, only 67% of Oxford pupils attain five or more A\*-C grades compared with 76.1% across England as whole. This under-attainment also makes Oxford a less competitive location, and is reinforcing deprivation and exclusion from economic opportunity.
- Some of Oxford's households have not shared the benefits of Oxford's prosperity and may not do so in the future; people living in parts of the south and east of the city are living in severely deprived neighbourhoods. Overall 12 of Oxford's 85 Lower Super Output Areas are in the 20% most deprived in England. Partners are working together to ensure that deprived households, particularly those currently excluded from the labour market, can share the benefits of growth.

2.120 The Growth Strategy must highlight efforts to overcome these barriers. Oxford's economic strengths more than outweigh the city's weaknesses. The city offers strong growth potential.



## 3 Vision and Strategic Priorities

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- 3.1 This assessment of the Oxford economy has reinforced the ‘story’ of Oxford as a valuable national asset. Oxford’s Universities and companies compete very successfully in world markets. What is more, Oxford city is the engine of growth for Oxfordshire and the wider sub-region with a high proportion of the county’s employment based in the city. The opportunities for continued economic growth and success are widely shared and are important to the city, districts and the wider region. This needs to be reflected in a stronger strategic dialogue between partners.
- 3.2 Growing the city’s knowledge economy will be driven by the two Universities, Oxford’s large private sector employers, and existing smaller science and technology based companies. These Universities, and companies, often working together will continue to invest in research, continue to develop innovative products and services, and continue to focus on global markets. This growth will be further enhanced by new companies starting up and spinning out from the Universities.
- 3.3 Yet, Oxford’s growth aspirations will not be realised without addressing the serious constraints imposed by Oxford’s infrastructure. Workable solutions must be found to accelerate the pace of house completions – including allocating additional sites, ensuring that there is a long term supply of land to accommodate employment growth, and on-going investment to improve the performance of the transport networks serving the City. Given that very many residents in Oxfordshire work in Oxford, finding solutions to these challenges will bring significant economic (and financial) to the County as a whole.

### Economic Vision

- 3.4 As part of the process of building this Economic Growth Strategy, business, university, and voluntary organisation leaders, elected City Council members, and City and County Council officials worked together to build a vision of Oxford’s economic future:

***Oxford ...***

***...is the City which offers the UK’s most prosperous, resilient, diverse, globally competitive knowledge-based economy;***

***...is home to two Universities, strong multi-national companies, and a wide range of small companies known for their world leadership in research, development and innovation and these are prime drivers of future economic growth;***

***...seeks and welcomes global investors and businesses serving global markets – which provide real economic benefits for the City’s and the County’s residents and businesses;***

*...enables and supports the growth of new start-up/spin-out ventures;*

*...strengthen its position as Oxfordshire's primary retail centre and as a top international tourist destination;*

*...ensures that young people gain the skills needed to access to jobs in the city through their enrolment in the City's high performing schools;*

*...offers a readily available supply of homes for sale, and for rent, at prices which those working in Oxford can afford; and*

*...is demonstrating, in practice, how best to promote economic growth and establish Oxford as a truly sustainable City.*

## Elements of the Growth Strategy

- 3.5 There are eleven main elements of the growth strategy to realise this Vision for Oxford's economy. These elements are based upon the economic analysis contained within this report and supporting economic narrative, the extensive interactions with stakeholders throughout the strategy development process, and consultations with partners and the OSP. Oxford's stakeholders -- working together through Oxford Strategic Partnership and with the Local Enterprise Partnership (LEP) and the Strategic Planning and Infrastructure Partnership (SPIP) – should consider how best to undertake these actions. All of these build on Oxford's existing economic strengths and the “generally agreed narrative” about Oxford's future. Many of the required actions build from established City and County Council policies and LEP priorities... but require more focused implementation.
- 3.6 However, there are also opportunities which require the City Council, the County Council, adjoining District Councils, and the Universities, to take some bold initiatives which could truly ensure Oxford's long term prosperity. The foundation for this must be a shared commitment to economic outcomes that will benefit residents of the city, the adjacent districts, and the county as a whole. This must reflect a shared understanding of the economic narrative and recognition that a step change in partnership working across all the organisations is required.
- 3.7 The eleven elements are as follows:
1. Expanding Oxford's knowledge economy using the global connections of Oxford's Universities and major/large employers to attract new companies, and promote new start-ups;
  2. Supporting the growth of existing employers including large, global companies, high value small and medium sized enterprise, the Universities, and the health care sector;
  3. Ensuring sufficient supply of employment land;

4. Strengthening Oxford's city centre retailing offer;
5. Expanding the value of Oxford's tourism across the region;
6. Continuing to improve education and skills attainment to support future economic growth opportunities;
7. Increasing, the annual rate of housing development in locations which are easily accessible to the city centre and other main employment areas by cycle, bus, and rail;
8. Ensuring on-going investment in broadband infrastructure;
9. Addressing the environmental challenges and opportunities presented by economic growth;
10. Investing in the physical and transport infrastructure to enable economic growth; and
11. Securing an effective partnership for implementation and 'single team' delivery for Oxford.

3.8 The current position, the new requirements, and principal next steps, are set out below, including a summary of the work underway under the auspices of the Oxford Strategic Partnership. It is also worth stating that many of these elements are interconnected and implementation should be approached on an integrated basis.

#### **1. Expanding Oxford's knowledge economy: Frameworks for Sector Growth**

- 3.9 As previously described, Oxford is already a successful knowledge based economy, taking advantage of its highly skilled workforce, excellence in medical and scientific research, University spin-out success and strong knowledge intensive sector base (e.g. automotive engineering, publishing and low carbon technology design).
- 3.10 In light of global competition and economic conditions, more needs to be done to ensure that the city's knowledge economy continues to expand and develop. Partners are already aware of the importance of this and regular meetings already take place between key employers, the Universities and public sector leaders. However, there is a need for more concerted action to support growth.
- 3.11 There is a widespread view that growing the knowledge economy will be highly dependent on having a clear strategy for growing the city's key sectors. Similarly, as a result of the restructuring of the national arrangements for business support, there is an urgent need to ensure that there is sufficient support available for business start-ups and spin outs, and that the support which is available is properly resourced and signposted. Also, while recent progress has been made, driven by the Local Enterprise Partnership, in developing the Oxfordshire inward investment offer, more needs to be done at the city wide level.

- 3.12 For some sectors, such as medi-science much of the information may be held by individual partners, but may not be widely disseminated. For others, such as start-ups and spin outs the knowledge appears more fragmentary. The key is a 'light-touch' framework which can address the main opportunities, support inward investment promotion, plan provision of sites and infrastructure, and support funding and bidding. It is a continuous approach which refines and adjusts its working to tackle opportunities. This requires integrated working between all the organisations involved and shared leadership, which is considered subsequently. Action in this area will also be informed by the work currently underway to analyse the 'Oxford Phenomenon'.

**Key Decision and Next Steps – Oxford City Council, Oxfordshire County Council, the LEP and the Universities should develop a clear assessment of the growth potential of the principal growth sectors, incorporating existing and planned research, defining inward investment and marketing plans, and identifying the key sites and infrastructure requirements suitable for each sector. From this an integrated delivery strategy and action plan for each sector should be developed. As set out below, these would be implemented by a new delivery team.**

## 2. Supporting the growth of existing employers

- 3.13 Within the city centre, which tends to be the preferred location for small technology start-ups for example, options are extremely limited. The Oxford Centre for Innovation (OCI) is at capacity and cannot accommodate its waiting list – despite refurbishing the basement to create more space. This building is earmarked as the new home of Science Oxford, although funds have yet to be raised to finance the refurbishment costs. Although there will still be business space available at the new centre, there is a question mark over where companies can be relocated to temporarily. These small, high technology start-ups are particularly drawn to the benefits of a city centre location and all that offers. The flexibility offered by the set up at the OCI is attractive to companies of this type – and this may not be easy to replicate in the out of town Science and Business Parks.
- 3.14 Redevelopment and regeneration in the city centre, such as at Oxpens or the Island site at Park End Street may give opportunities. A fresh assessment of some of the city's established industrial areas may also yield potential. Whilst there may also be limited scope in areas such as Summertown with its growing café culture and easy proximity to the city centre, but we know that there could be potential conflict with residential uses.
- 3.15 While the knowledge economy is particularly important to the future growth of the city, there is also a wider need to ensure that the growth of existing employers including large, global companies, high value small and medium sized enterprise, the Universities, and the health care sector is also supported. Efforts to expand the local knowledge economy must be carefully balanced with doing what is necessary to keep large employers (e.g. BMW, Centrica, and Oxford University Press) in Oxford and in supporting and nurturing the existing SME base. Any complacency around this could compromise any prospects of growth.

- 3.16 Public sector partners should consider how they respond to the needs of key employers, ensuring that there is an environment that both encourages and facilitates growth. This necessitates a continued focus on providing the infrastructure and support to service the existing employment base, including: access to finance for growth and research and innovation; the availability of suitable business accommodation; attracting and retaining the best graduates and researchers; and having a highly skilled and technically capable workforce.
- 3.17 This requires more effective engagement with the indigenous businesses to ensure they are getting the support they need to develop and grow. It is a generally held belief that Oxford's business community is mature and well organised with some very strong networks already in existence. But the response to Council engagement is mixed, and most businesses tend to focus on immediate issues rather than invest in long term relationships with Local Authorities or agencies. There is a healthy amount of self-motivation to form and access these networks and less reliance on public business support provision than is perhaps the case in other parts of the UK. That said, support is still welcomed around accessing finance and finding/supplying the right type of business premises at the right price. The support services provided by the likes of Isis Innovation and Oxford Innovation are good examples of where the local support 'ecosystem' is working effectively to meet the often very specific needs of University spin-outs or start-up technology companies for instance.
- 3.18 Similar to the recommendation in the preceding section, there is a strong argument for having a more collaborative approach to managing business relationships between the city, county, other districts and the University. This could be set up as part of the proposed single economic development team mentioned earlier – or at least be an offshoot of this activity – and take the form of a key account management function.
- 3.19 It is therefore recommended that the Local Enterprise Partnership asks partners to establish a key account management function across the city, county, districts and Universities to engage with key business clients on business growth and retention issues in key sectors of the Oxford/Oxfordshire economy.
- 3.20 This account management approach would focus on engaging with key business clients to develop a county-wide view on priorities for supporting business retention and growth in the knowledge economy sectors.
- 3.21 The purpose of the account management function is to significantly scale up existing business engagement on a more strategic and focussed basis across the county as a whole. Specifically within Oxford, the aim should be to engage with the 'top 100 businesses in the city on a regular basis. This 'top 100' will be chosen on the basis of employment and strategic significance.
- 3.22 Each of these businesses should be engaged to assess whether they would benefit and how they would wish to be engaged, making notes of discussions and following up any key issues raised by these firms. For this engagement to be effective, partners must be able to respond

to issues in a timely manner. The kinds of issues that firms might be expected to raise include issues around premises, parking, skills and business rates. There will be a need to ensure that there are robust channels across the city for identified issues to be escalated and addressed. Initial focus for this activity could include:

- Mapping business accommodation offer by location and type;
- Providing evidence for developing an integrated strategy for business premises provision in key city sites and wider Oxfordshire area including Science Vale;
- Providing analysis of sector opportunities including scope to widen/strengthen the local supply chain; and
- Developing a co-ordinated approach to growing key clusters in the Oxford economy e.g. by building on the existing LEP approach to the publishing cluster, exploiting supply chain synergies and co-ordinating access to finance.

**Key Decision and Next Steps – *The City Council should review the choice and availability of accommodation for start up and spin out companies in the city. The LEP should ask councils to establish a single county wide key account management function and agree which partner should take responsibility for hosting the function and ensuring that the service is accessible to all bodies. This should start with a joint Oxford City-County Council team.***

### 3. Ensuring a sufficient supply of employment land

3.23 While the broader Oxford city region has experienced significant employment growth over the last decade, particularly in terms of high tech and knowledge based employment, the overwhelming consensus is that there is not enough employment land available in Oxford City – both inside City Council boundaries and in immediately proximate locations in adjacent districts -- to meet demand over the medium and longer term. This is true of all types and size of business premises whether it is office space for small start-ups, grow on space for expanding companies to specialist laboratory space for University spin-outs or facilities for inward investors.

3.24 Numerous examples have been cited in developing this strategy of difficulties in accommodating demand for business premises. A recent survey of Oxford businesses revealed that 53% of respondents saw the lack of suitable business premises as the biggest barrier to location/relocation to Oxford<sup>84</sup>. This featured more prominently than both the cost of moving (43%) and economic uncertainty (37%). Businesses are not just concerned about availability in the city centre itself. Some prefer to look at out of town development

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<sup>84</sup> Business Barometer (Commercial Property Focus), Withy King, July 2012

on the Science Parks and also in rural locations. But there is growing concern that these are also struggling to meet demand.

- 3.25 Clearly the geographical confines of a small urban area like Oxford are not conducive to significant expansion of employment land. Prevailing economic conditions add to the challenge with speculative development at a standstill at the current time. That said, there is concern that even those sites which are available are not progressing quickly enough. Options might be limited, but there is an urgent need for a more aggressive strategy to unlock development in general and to expedite specific site developments within Oxford city.
- 3.26 There are companies who view proximity to the University, Colleges and similar businesses as the driving force for location. The Oxford Science Park and Begbroke are popular and ideal for science related research companies in particular. But neither offers much scope for expansion beyond what is planned already. The Oxford Science Park could potentially expand on adjacent land but this sits within South Oxfordshire District as the planning authority. This site also has potential to accommodate a mix of employment land and other uses (such as executive housing – see below) as part of an ‘Oxford Science Park Village’ development.
- 3.27 Currently, Cherwell District Council is proposing to undertake a partial Green Belt Review and discussions are underway with the County about whether this should include the possibility of further development at Oxford Airport, where there has been a recent £3 million investment in new business hub facilities, and expanding Begbroke where outline planning permission for expansion of the innovation centre is already in place. Building on this process, it is suggested that there is further merit in the City Council working with South Oxfordshire District Council to undertake a further partial Green Belt review of the land adjacent to the Science Park to enable expansion.
- 3.28 The Old Road Campus of the University of Oxford is another example of supply not keeping pace with demand. Situated across from the new Cancer Centre at the Churchill Hospital, the Campus is home to some of Oxford’s primary cancer research teams, as well as to the very successful academic departments of Primary Health Care and Public Health and the Institute of Biomedical Engineering for example. Clinical trial services are accommodated here as is the Wellcome Trust Centre for Human Genetics. The Campus also has close links to the wider science environment and partnerships with all of Oxford’s local hospitals. This close integration of science and medical care is second to none and sets Oxford apart from other parts of the UK.
- 3.29 There is healthy demand for more business and laboratory space at the Campus but no space to grow the facility. The adjoining Park Hospital site has been purchased by the University (the hospital now being surplus to NHS requirements) and is an ideal site for expansion. A masterplan for the site proposes the development of office and laboratory space complemented by new public amenities. For the University, investment in this site is

crucial to continuing and growing its research programmes as well as offering scope for new, innovative, cross-departmental initiatives. However, this proposal is not without its issues given the proximity to what is primarily a residential area within Headington and concerns around increased traffic movement.

- 3.30 The Northern Gateway is another key development site. A strategic designation in the Oxford City Council's Core Strategy, the site will accommodate up to 3000 jobs and around 200 new homes. It was identified in the inquiry process as the last major development site in Oxford. Again, it has not been without controversy given its proximity to the Green Belt and concerns around traffic at what is already a very busy interchange (at the Pear Tree roundabout). Although the development has been confirmed in Oxford's Core Strategy, progress has been relatively slow. As this is the site with the most potential and has the necessary permissions already in place, it is important to keep momentum going on this development. Whilst current proposals have not progressed because of the need for development funding it is essential that plans are progressed to the point that a prospectus could be put to a potential major occupier that would unlock the scheme.
- 3.31 For each of these major sites there needs to be a clear delivery and marketing strategy which is developed between landowners, the planning and transport authorities and, where appropriate, developers and occupiers, which has deliverables and a timetable.
- 3.32 Looking further afield, efforts to bring forward sites in Oxford City and neighbouring districts needs to happen in the context of developments in the county. Beyond the confines of the Oxford city geography, there are other opportunity sites, most notably within the new Enterprise Zone and Science Vale. Sites outside Oxford city may be more suitable for certain companies, to new inward investors or as a location for grow-on space from the incubation and start-up facilities the city currently provides. These sites are part of a single sub-regional economy and it is clear that across the county as a whole there is appetite for transformational business growth.
- 3.33 While sites beyond the city boundaries are clearly part of the answer they will not be suitable or attractive to some of those businesses that desire physical proximity to the Universities, the research base and an urban environment. It is essential that all businesses, new and existing, are able to find the sites and premises that best suit their needs and to minimise the risk of business either choosing to establish or relocating to other parts of the country or overseas.
- 3.34 Thus, it is recommended that the city, county and district authorities, working through the Oxfordshire SPIP, develop a collaborative approach and joint agreement between all local authorities as to how employment growth can best be accommodated across the county.
- 3.35 A collaborative approach will be critical to attracting and growing businesses in Oxfordshire. It is important that, if grow on space or specialist facilities can no longer be accommodated within the city itself (e.g. at the Oxford Centre for Innovation or one of University Science



Parks) then there needs to be a joined up approach for marketing and promoting other sites around the county, particularly Science Vale.

- 3.36 So, it is clear there needs to be a step change to increase the availability of business premises across the board. How this is realised is highly dependent on all the key authorities working together to agree how this can be accommodated, focusing on key sites across the county. The main sites to be included in discussions are: Northern Gateway, Begbroke Science Park, Park Hospital Masterplan site, Oxpens, City Centre locations (including Summertown) and proposal for expansion of the Oxford Science Park Village at Grenoble Road.

**Key Decision and Next Steps – The SPIP should undertake further work to develop a county wide agreement on meeting employment land requirements, including partial Green Belt reviews around Begbroke and the Oxford Science Park. The City, County and Adjacent District Councils should ensure there is a clear strategy and delivery plan agreed by partners for each of the major city employment sites.**

#### 4. Strengthening Oxford's city centre retailing offer

- 3.37 Oxford is a major retail centre but there is clear evidence that retail offer is below par for a city of Oxford's size and profile. There is considerable scope to improve the position, although there are notable challenges in achieving this.
- 3.38 The South East Plan (2008) identifies Oxford as a Centre for Significant Change within the strategic network of regional town centres. Oxford also benefits from five district retail centres at Cowley, Headington, Jericho and Little Clarendon Street, St Clements and Cowley Road, and Summertown as well as retail parks at Cowley and in the Botley Road.
- 3.39 A Retail Needs Study (2004 and updated in 2008, Roger Tym & Partners) highlighted the potential for additional retail floorspace over time. However, it was noted in these studies that it is difficult to make any meaningful forecasts in the medium/long term and predictions could be significantly over/under estimated. It is recommended the retail assessment work should be updated every 5 years – making 2013 the next key moment for looking at retail requirements in more depth.
- 3.40 The Oxford Local Plan (2001-2016) also highlights the role of neighbourhood centres – small clusters of shops in key localities to the 'retail hierarchy' in Oxford. The space limitations within the city centre make the role of the district and neighbourhood centres very important to the local economy. Within the city centre, the proposed re-development of the Westgate Centre is a critical step in ramping up the retail offer, providing an additional 34,000 sq m of retail space. Various documents highlight the potential of the West End and St Aldate's/Queen Street for future retail-led mixed use development, complementing the Westgate development. Realistically, considering new centres outside the established retail hierarchy would be difficult to sustain in the current uncertain retail environment, even if it was thought desirable.

- 3.41 Retailers in the UK continue to face hard times as consumers hold back spending in the recession. In these straightened times, customers increasingly manage their spend through planned purchases online with 'click and collect' services proving particularly popular, as well as more frequent top-up shopping trips to neighbourhood stores.
- 3.42 The lack of growth in high street retail and the rise of internet shopping means there is currently a general excess of retail space nationally, with many high streets experiencing high vacancy rates. Retailers are reconfiguring their store portfolios, closing underperforming stores as leases expire and consolidating in more popular areas with higher footfall and profitability.
- 3.43 These trends need to be reflected in any retail focused interventions. Destination factors become increasingly important and it is essential that retail areas are clean and safe. There is a need for the public and private sectors to work together to promote retail vitality and make retail areas attractive and stimulating.
- 3.44 The city centre development in particular will appeal to locals and tourists alike and could boost numbers of people choosing Oxford as a shopping and tourist destination. Extending opening hours into the evening is an obvious action to increase footfall and dwell time. This clearly links with the evening economy (having excellent bars and restaurants), the cultural scene (music and theatre) and the attractiveness of the public realm.
- 3.45 A delicate balance needs to be struck between retail development and traffic management; Oxford needs to manage the ambition to reduce car use in the city centre without discouraging people from coming to Oxford to shop. Developing sophisticated management and investing in public transport are essential in planning to achieve this.
- 3.46 The potential Westgate Centre redevelopment needs to be a catalyst, and used to drive change. There are the essential changes to the vehicle and pedestrian circulation to accommodate the development with the County Council preparing a new strategy for vehicles and bus services for the central area and the wider city. An important element is to raise the quality and environment of the thoroughfares and public spaces which are critical to the attraction of the centre and the strategy needs to provide for this.
- 3.47 A further consideration is the importance of the independent or niche retailers which help constitute a distinctive centre. Certain trading patterns are evident-for example the niche fashion retailing in the High Street, and pedestrian footfall and circulation will change with the Westgate development. Environmental improvements to St Giles and Broad Street could help the retail transition in this area. The Covered Market is an asset where a clear retail strategy is needed. The relationship and connections with the restaurant/bar/tourism offer at the Castle is another consideration and, more generally, how visitors "flow" around the city centre.
- 3.48 Finally, shaping the development and management of the city centre needs a stronger relationship between business and the councils. The Councils have invested in partnership

working through town centre management, but the challenge to businesses and managers is: are they prepared to commit additional time and resources to help raise the ambition and quality of the centre further.

**Key Decision and Next Steps – Oxford City Council, working with Oxfordshire County Council where appropriate, should ensure that the proposed Westgate redevelopment as a catalyst to raise the quality of the retail offer including investment in public spaces, transport and environment as part of the transport strategy. The City Council also needs to assess the impact of the development on retail patterns and the opportunities to promote and enable niche and independent retailing as part of the shopping mix.**

## 5. Expanding the value of Oxford's tourism across the region

- 3.49 Oxford is a leading destination for heritage, tourism and culture. However, it is felt that it doesn't always live up to expectations and relies too heavily on the day trip market, which is reinforced by its proximity to London and links with other heritage centres, such as Stratford on Avon. Oxford is already on the tourist map, particularly for day trippers who come to enjoy the world class heritage sites such as the Ashmolean Museum, Bodleian Library, College buildings and grounds and numerous other architectural highlights, as well as institutions of national standing such as the Museum of Modern Art, Oxford.
- 3.50 Visit Oxfordshire, the area's destination marketing service, is looking at ways of promoting extended stays in the city and increasing overall dwell time - which in turn will bring higher rates of visitor spend to Oxford. Success will be highly dependent on overcoming the weak links in the tourism offer (see below), cross promotional initiatives with tourism attractions across the county, modernising the sector, enhancing workforce skills, improving branding and appealing to new and under exploited markets (e.g. families, young people, weekenders). Cross-marketing with Oxford as a gateway or link with other attractions in the county would be a strong offer to a London market which is easily accessible.
- 3.51 Where Oxford is viewed as weak is on the retail, accommodation and food offer in the city. Retail has already been discussed, but there is also agreement that the city needs to raise its game on hotels and restaurants. There is scope to have more in the way of mid-price and affordable accommodation, including boutique hotels in the city. Planning applications have been submitted for a couple of hotels of this type, but there is room for more. Accommodation of this type would appeal to a broader audience and be instrumental in encouraging extended stays. Whilst the city is considered to have some good restaurants, there is a tendency towards 'chains' in the main shopping areas. The city is crying out for retail, accommodation and eating experiences that differentiate it from similar cities and takes greater advantage of the excellent heritage offer and cultural scene.
- 3.52 In terms of culture, it is felt there is an opportunity to reinvent the cultural offer for Oxford and to repackage and promote it more effectively to local, UK and international visitors alike via Oxford Inspires. Oxford has a thriving theatre, live music and literary scene, much of it focused around the University – but this is felt to be slightly 'under played' compared to the

heritage offer, for example. Making more of the city's cultural highlights alongside its strong heritage tradition (and, in time, a top class retail destination) will help put Oxford on the map as somewhere to spend time – as opposed to just passing through as part of a well-worn 'day trip' trail.

- 3.53 Looking at the city's tourism offer, it is recommended that further work is undertaken by Visit Oxfordshire to develop and agree a new tourism strategy for the city and the county which identifies the strategic actions required to maximise the value of existing assets and the priorities for developing and promoting new tourism products.

**Key Decision and Next Steps – Working with Visit Oxfordshire, the Destination Management Organisation - Experience Oxfordshire - should develop a strategy to extend the tourism and cultural offer and event calendar across the city and county. The City Council should support opportunities to extend the range of tourist accommodation, in particular hotels, to support extended trips and visitor expenditure across Oxfordshire to support extended trips and visitor expenditure across the region.**

## 6. Continuing to improve educational and skills attainment and access to employment to support future growth opportunities

- 3.54 The issues with school performance in Oxford city are well documented. City and Council authorities have joined forces to provide extra resource to reverse the trend of poor secondary school attainment. Implementing the measures already in train for raising school attainment is a welcome and important first step in making progress.
- 3.55 The combined efforts of the City and County in tackling this could be taken further and it is recommended that partners work together to extend current initiatives to raise attainment and to bring greater co-ordination to the existing education/business initiatives, University volunteering schemes and relevant voluntary sector programmes to scale up support for schools (e.g. STEM engagement). Alongside efforts to raise attainment, there is also the opportunity to work with schools to improve employability skills amongst leavers, to ensure they are better equipped for the world of work.
- 3.56 Across the city, there are already examples of local businesses providing practical and hands on support to Oxford's schools. There is a need to understand the activities already underway, learn from them and where there are successful links between local business and the education sector these need to be extended where possible to accelerate efforts to raise attainment.
- 3.57 Similarly, there are already some excellent examples of the Universities working with local schools. The Oxford Hub, Oxford University's student volunteering organisation, has over 600 volunteers and includes programmes to work with schools on reading and mentoring schemes amongst its wide portfolio of community schemes. The Hub has now become a national charity with outposts in other Universities around the UK and connections to other

charities. Given the success of this model, it is worth exploring how Student Hub services could be scaled up to offer even more to local schools. Collaborating with the voluntary sector and others could provide scope for significantly increased provision to local schools (through helping with English language teaching, STEM ambassadors or mentoring for example).

- 3.58 With business and/or the Universities becoming more closely involved, there is an opportunity for a more collaborative approach to engaging and raising the aspirations of more young people, generally and in critical areas such as STEM subjects, using Oxford's world class science and engineering base (academia and business) to inspire students along these lines. Making sure schools engage effectively with national programmes such as Science Week is one relatively, easy way to promote interest in science and science related employment; Oxford schools should be encouraged and supported to participate in such initiatives.
- 3.59 It is vital that Oxford maintains the diversity of employment in the knowledge economy and that there is a good supply of well qualified, well trained people available to meet the demand for new jobs. High quality will be needed not just in technical knowledge and proficiency (e.g. through Apprenticeships and engagement in STEM subjects), but also in a wide range of generic skills such as written and spoken communication. These issues are clearly of national concern, but any actions which can be taken at the local level to support this would help to drive forward school improvement more rapidly.
- 3.60 Looking beyond school education, concerns have been raised about the potential for successful economic growth to actually increase the inequality gap in the city unless this is carefully managed. It is also clear that there will be employment opportunities available right across the skills and qualifications spectrum from entry level upwards. It is vital Oxford residents are in the best possible position to access these opportunities.
- 3.61 For some, this will be a relatively easy task. Others will need more help, support and training to get there. There are concerns around the availability of good technical training and lack of Apprenticeship schemes on offer. Whilst some companies like BMW are investing heavily in Apprenticeship schemes and other in-house training, more needs to be done to 'standardise' the offer in all sectors of the economy. Much can be learned and applied from the BMW experience. The public sector too needs to take every opportunity to ramp up the Apprenticeship offer in the city; adopting more stringent procurement policies to stipulate training or local employment requirements with contractors is one approach which works well in other parts of the country. The City Council operates local procurement policies and has a requirement for apprenticeships on capital programmes, and other organisations should consider this.

- 3.62 The county wide strategy for developing workforce skills is led by the Oxfordshire Skills Board (OSB), on behalf of the Oxfordshire LEP and supported by the County Council's Business and Skills Bureau. The OSB has developed an Evidence Base<sup>85</sup> to underpin its Skills Needs Analysis work (SNA). The basis of the SNA is a survey of 6000 employers in Oxfordshire who provide work experience/placement opportunities for young people. A companion document to the SNA is the 'So What?'<sup>86</sup> report which goes into more detail on the implications of the SNA and suggests what the biggest priorities are. The intention is to update the 'So What?' report twice a year to reflect changing demands and priorities of employers, the impact of new government policies and assessment of local employment programmes, for example. A summary of skills priorities was also produced in March 2012.<sup>87</sup>
- 3.63 The two main issues around workforce development are to:
- find practical ways of improving employability skills for young people – and all people of working age whether in work or looking for work; and
  - increase the uptake and availability of training in Technical Engineering and Manufacturing through Apprenticeships or similar training schemes.
- 3.64 There is a clear link to proposals on raising educational attainment, with a specific recommendation from the OSB to increase the uptake of Maths and related subjects for young people in schools. The need for a wider Apprenticeship offer has also been raised during the development of this strategy. The OSB highlights the need to include more SMEs in Apprenticeships and to gear more schemes towards the county-wide sector priorities of low carbon and green technologies, advanced material and engineering and space/science-based high value R&D (mostly aimed at Science Vale).
- 3.65 It is difficult to argue against these priorities, but there is not much in the way of real action proposed to tackle these issues – or any clarity around who is responsible for delivering what. Many have raised concerns about dwindling resources for tackling workforce development priorities. Oxford and Cherwell Valley College and Abingdon and Witney College are delivering well on Apprenticeships and Adult Learning currently which is encouraging. But employer responsive provision is falling due to less government funding being available and a more general decrease in investment for training.

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<sup>85</sup> Oxfordshire Skills Needs Analysis: Evidence Base, November 2011, Oxfordshire Skills Board

<sup>86</sup> Oxfordshire Skills Needs Analysis: So What? January 2012, Oxfordshire Skills & Business Bureau, on behalf of OSB

<sup>87</sup> See [www.oxforshireskillsboard.org](http://www.oxforshireskillsboard.org)

- 3.66 If anything meaningful is to be done against these priorities, an Action Plan needs to be developed which clearly provides a clear path from the County to each of the districts and key delivery partners. Much will depend on what resources are available; workforce development is lower down the priority list than others and is very reliant on what the private sector can bring to the table.
- 3.67 In terms of workforce skills, it is recommended that partners should complete the work currently underway on behalf of the OSP and consider how best to integrate and align actions with the Economic Growth Strategy.
- 3.68 Looking beyond school education, stakeholders also raised concerns around the need to continue to address the worklessness agenda to support those who are disengaged from employment opportunities. The voluntary sector is particularly active in this area and delivers many successful programmes with different client groups such as the homeless, people with mental health issues and women's groups. Widening the opportunities for Oxford's most 'hard to reach' residents is an important aspect of economic growth; there is a danger that inequality of opportunity could worsen in the city if this is not carefully managed. There are clear links with some of work being led by the County and City Councils and Oxford Strategic Partnership stakeholders around breaking the cycle of deprivation (through programmes to tackle health, employment and family support for example – see below); exploiting these links will be critical in supporting implementation of the EGS.
- 3.69 Taking a look at this in more detail, one of the key strands of the Oxford Strategic Partnership is focused on Employment Support and Basic Skills. This element of work is working to an Action Plan that covers both the delivery of mainstream Jobcentre Plus programmes and targeted programmes with the most vulnerable groups (such as NEETS, lone parents, BAME groups and those with mental health issues).
- 3.70 This focus on getting those most excluded from the labour market into work is particularly important for Oxford's most deprived areas – and there has been a big drive to give priority to the most deprived wards to tackle this issue. There has been some notable success around working at this grass roots level through programmes like Work Clubs on housing estates, the Barton Community Learning Project, Careers Ladder schemes with local employers and lone parent outreach schemes. All Work Club providers have now been selected to move this scheme forward. The Careers Ladder programme is also making good progress with a contractor running the scheme with ten local employers signed up to offering fast track employment opportunities for suitable candidates.
- 3.71 The stakeholder group leading on this issue believe that this focus needs to continue but have flagged other priorities which will need attention if labour market inclusion issues are to be addressed properly. The number of people responsible for caring for relatives is growing and has a big impact on people's ability to participate in the labour market alongside their caring responsibilities. The impact of welfare reform also requires consideration to ensure programmes are geared up towards dealing with this. There is also

considerable scope to look at those people who are in work but are very low paid. Many may be on Universal Credit and might qualify for additional support, but they are not the highest priority. How can we make sure the incentive is there to remain in work and help is available to move people into higher paid work over time? Concerns have also been raised around the lack of funding available to support in-work learning, particularly for those who have struggled to enter/re-enter the labour market initially.

- 3.72 There is scope to do more work directly with employers; for example, local employers could play a greater role in creating opportunities for work and learning in deprived areas. The Learning experiences from the Careers Ladder schemes could also be used to shape future training and learning provision.
- 3.73 It is important the OSP stakeholder group for Employment Support and Basic Skills continue to deliver their Action Plan priorities as a crucial element of Oxford's economic growth. Regular conversations between the OSP and the proposed new single economic development team (see 3.19) should take place to assess progress against the Action Plan and agree what new measures may be required to meet the on-going challenges of worklessness.
- 3.74 The voluntary sector also plays a major role in the inclusion and worklessness agenda. Many OCVA members are active players in this, delivering long-term programmes for various groups who are disengaged from the labour market such as the homeless, ex-offenders and non-English speakers. They also provide crucial support services to carers who find it difficult to engage in work due to their caring responsibilities. Voluntary sector support for programmes such as integration and language training for BAME groups and assisting with access to FE, HE and employment are all extremely important to tackling worklessness. It is encouraging that the City Council has maintained levels of grant funding to the sector, recognising the payback from a lot of this work is very much long term. Whether this can continue into future funding rounds is less certain.
- 3.75 In terms of labour market inclusion, it is recommended that partners should complete the work currently underway on behalf of the OSP and consider how best to integrate and align actions with the Economic Growth Strategy.

**Key Decision and Next Steps – *The County Council, working with the City Council and Oxford Strategic Partnership, should determine how best to extend current initiatives to raise schools attainment and to bring greater coordination to the existing education/business initiatives, University volunteering schemes and relevant voluntary sector programmes to scale up support for schools (e.g. STEM engagement). Also, the OSP, with the LEP and business leaders should consider whether there is the potential to sustain a stronger apprenticeship and skills programmes across the city and county. This would expand existing initiatives, and link these with the OSP development programme to support the development of “employability” skills of young people and adults who are currently excluded from the workforce.***



## 7. Increasing the choice and availability of housing

- 3.76 Housing supply and affordability are key issues for Oxford, its businesses and its workers, and is the subject of a separate Housing Strategy<sup>88</sup>. The issues around housing affordability are however highly relevant to economic growth. Oxford's Core Strategy and Local Implementation Plan indicate three major sites for housing growth in Oxford – at Barton, the West End and a small number in the Northern Gateway. Barton is the most significant of these with 1000 homes proposed overall. However, this is a long term strategy and planning issues mean that it could be nearer 2025 before all these housing developments are completed.
- 3.77 Even if progress is accelerated, supply is still considerably short of meeting the requirements of reasonable choice and availability, and does not meet the targets set out in the Core Strategy. All authorities need to move quickly to develop the sites already identified as an absolute minimum.
- 3.78 There is also a need to consider what other sites may be available for smaller scale residential development within easy reach (walking or cycling) of the city. The City Council's consultation draft Housing and Site development Plan sets out opportunities and choices. Whilst there may not be any large sites, maximising the potential of smaller sites may go some way towards easing the shortage. This close proximity is important to some employers in terms of staff recruitment.
- 3.79 However, the reality is that, like the situation with employment land, Oxford city cannot accommodate all its growth requirements within the city boundary. Already half the workforce lives in the surrounding districts and commutes, and in addition others use the city's strategic transport connections to travel to London and other centres. Commuting may be a necessity or choice, but employers are facing significant difficulties in recruitment as a consequence, even for well-paid posts and drawing from high value areas such as outer London and Thames Valley. The issue of housing affordability and choice in the city affects those on middle incomes as well as the less affluent.
- 3.80 Ultimately there does need to be a review and a balanced strategy. For housing, much greater numbers of dwellings are planned in other districts, particularly Cherwell (at Bicester and Banbury), Vale of White Horse (at Grove, Wantage and the Science Vale development at Harwell) and over 4000 at various locations in West Oxford. There may be scope for some authorities to accommodate even more housing growth to service county wide demand –but there are limits as to how fast sites are brought forward and there are already signs in some areas that the planning policy is not keeping pace with development pressures. Investment

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<sup>88</sup> See the Oxford City Council Housing Strategy and Action Plan 2012-15

and capacity in transport infrastructure also has inherent limits and as does the potential diversion of commuting from the private car to the public transport alternatives.

- 3.81 As noted above, there are established proposals (dating from the earlier South East Plan) for development on land adjacent to the existing Science Park which is in the ownership Oxford City Council and Magdalen College. However, the site sits within South Oxfordshire District Council. With the introduction of the National Planning Policy Framework it is not possible to progress this site in the way that was previously envisaged. There is an opportunity to consider whether expanding the existing Science Park into an Oxfordshire Science Park Village – a mixed use site for science related research and employment could present a working alternative. In due course, subject to the views of the local planning authority, this could include a mix of higher priced and mid-market housing catering for the needs of those who would work in the Science Park. Such very limited residential development could further enhance, significantly, the competitive advantage of the Science Park.
- 3.82 On this basis it is recommended that the Oxfordshire SPIP progresses urgently a countywide Strategic Housing Market Assessment (SHMA). The SHMA should build upon local Housing Needs Assessments and the City should ensure that it has an up-to-date assessment of need and demand within local neighbourhoods to inform this. In addition, taking into account Cherwell District Council’s partial Green Belt review, the City Council should also invite partners to widen this review to consider other sites around Oxford. This review should address the balance of employment and housing in each part of the county. It should also consider how best to share the costs and benefits of future development. In this context partners should consider the potential for the expansion of the Science Park and, in due course, the provision of private housing on adjacent sites.

**Key Decision and Next Steps – *The SPIP should work to review the countywide housing land requirements study.***

## 8. Investing in broadband infrastructure

- 3.83 The quality, speed and accessibility of broadband are increasingly key considerations for any business. In a global economic environment, Oxford is not simply competing with other medium sized UK cities but also internationally. Cities such as New York and Boston are investing heavily in enhancing their connectivity to support business growth and university industry links. Increasingly, a key factor in the competitiveness and liability of international cities is their digital communications infrastructure, with cities such as Helsinki leading the way.
- 3.84 If Oxford is to be successful in growing its knowledge economy then unlocking the capacity of the University base to develop further its research and commercialisation capabilities and provide businesses with the broadband infrastructure they need. In a city which is constrained by more traditional infrastructure capacity, broadband is a key enabler.

- 3.85 The combination of research expertise, cornerstone companies, technology focused SMEs, and new spin outs represent an opportunity to drive economic growth – and enhanced broadband will be a key ingredient. Good progress is already being made linking the Universities to businesses but more can be done, including in a broader Oxfordshire context, exploiting connections to Science Vale and the Enterprise Zone.
- 3.86 The opportunity is not just business facing. Enhanced broadband can also be a tool for improving services and increasing economic opportunities for residents. Improving the accessibility and impact of education and other public services but also opening up new economic opportunities for residents.
- 3.87 At the county wide level, the OxOnline project was set up to take advantage of the government's Broadband Delivery UK (BDUK) initiative. The project aims to bring the next generation of high-speed broadband access to Oxfordshire by 2015. It will help deliver broadband speeds of up to 24Mb to wide areas of the county and significant improvements to the rest. The focus will be on areas where next-generation broadband wouldn't necessarily be provided by the private sector alone.
- 3.88 Oxford needs to continue to engage with the OxOnline initiative, now known as Better Broadband, but there is also an opportunity for the city to benefit from the investment recently secured from the Government's Urban Broadband Fund via the Super Connected Cities Programme which provides further opportunities to enhance the city's broadband infrastructure and to consider how to link Oxford's research infrastructure with the Enterprise Zone at Science Vale. It is therefore recommended that partners continue to work with the Better Broadband initiative to enhance broadband provision across the county and to ensure that the that Super Connected Cities Programme is successfully delivered in order to enhance the city's competitiveness in the knowledge economy, including the wider connections between Oxford's research infrastructure and the Enterprise Zone.

**Key Decision and Next Steps – *The OSP with the LEP and the Universities should work to ensure that the Super Connected Cities Programme is successfully delivered and effectively linked with the Better Broadband initiative to enhance broadband across the county and in the city.***

## 9. Addressing environmental challenges

- 3.89 For economic growth to be sustainable there is a need to consider how best to mitigate the effects of climate change, securing the resilience of resources and managing economic growth in an environmentally responsible manner.
- 3.90 As stated earlier, Oxford is making good inroads into managing carbon reduction in an urban context through initiatives relating to physical infrastructure, transport management and business/domestic energy use, for example. Low Carbon Oxford (and its related pathfinder programmes) is a good start but its reach with the private sector in particular is still relatively limited. The scope and scale of activity will need to broaden out considerably if real progress

is to be made. This will require greater integration of the low carbon agenda across all City and County Council activities and ensuring that key issues and concerns are fully understood and communicated. Partners have also suggested the need for a climate resilience plan that takes a longer term view of environmental imperatives and required actions.

- 3.91 There are also other opportunities to be grasped through the environmental agenda. Some economic opportunities will be stimulated by market demand and some by regulation, but will include opportunities for the development of new technologies and products.
- 3.92 Oxford already has an active research community in this field through, for example, the Oxford Institute of Sustainable Development (Oxford Brookes University) and Oxford University's Environmental Change Institute. There is an opportunity to build on this to extend R&D, innovation and application of new technologies to grow Oxford's low carbon economy. It is also an area that the LEP should wish to support.
- 3.93 It is therefore recommended that partners work together to develop a more strategic approach to joining up projects across the wider sub-region as well as increased involvement of local communities, the private sector and the Universities in addressing the climate challenge and exploiting new market opportunities.
- 3.94 There are opportunities for the Universities (through their specialist research departments) to work with Low Carbon Oxford to identify and collaborate on new R&D and innovation opportunities to support Oxford's low carbon economy. In addition, Low Carbon Oxford should expand its private sector membership (using university business contacts for example) and work closely with SPIP to add value to their sustainable place making efforts
- 3.95 Provision of housing and transport are central to the environmental challenge. The physical land constraints around growth in the city itself mean a wider geographical view must be taken on how to manage this. The wider sub-region is crucial to accommodating housing and employment growth, primarily in the three identified growth areas of Oxford, Science Vale and Bicester. A joined up approach to delivering county-wide housing, transport and infrastructure development is essential. The Oxfordshire Spatial Planning and Infrastructure Partnership (SPIP) and implementation of the Local Transport Plan, and Local Investment Plan (LIP) to deliver 'sustainable place making' across Oxfordshire has an important role to play in addressing environmental challenges.
- 3.96 Improving the public realm and general quality of life in Oxford through its considerable environmental assets should also be prioritised. This ranges from large scale regeneration programmes (e.g. Oxford's West End) to smaller initiatives to improve and enhance the attractiveness of the city centre, particularly in the retail areas, for example. The proposed expansion of broadband coverage across the city via the Wireless Oxford initiative could also have spin off benefits for carbon reduction as it will enable more scope for home working.

**Key Decision and Next Steps – Low Carbon Oxford should be supported to develop a more strategic approach to joining up relevant environmental projects and increasing the**

***involvement of the private sector and the universities in addressing the climate challenge and capitalising upon new opportunities and extending this across the county through SPIP.***

## **10. Investing in the infrastructure required for economic growth**

- 3.97 Oxford's strategic transport links enable a compact urban area to serve a substantial wider economic area as a focus for employment and services. In addition its connections to London, international air services and other major centre in the Midlands and the Thames Valley are important to its economic success. It follows that the quality of the infrastructure and how the capacity is managed, particularly in the urban area, are critical. With approximately half the workforce commuting into the city this puts a tremendous strain on infrastructure during the limited duration of the peak time. There is also the perception that whilst private and public transport costs are continuing to increase significantly above inflation, commuting journeys are increasing in number and distance. Recession has encouraged workers to search further afield and focus on centres such as Oxford where there is greater economic opportunity. Equally, economic uncertainty and the housing market are deterring workers from relocating. This combines to increase further the strain on the local infrastructure
- 3.98 Oxford has been fortunate to be one of the major beneficiaries of the Government's investment in rail infrastructure earlier this year. Investments in Chiltern Rail, Evergreen 3, East – west rail and Water Eaton interchange, together with the electrification of services to Oxford and strategic decision to create an 'electric spine' will provide service enhancements and a significant increase in through services and reduction journey times, with benefits to business, tourism and retailing. The works to the rail corridor have to be completed by 2018 to fit with the electrification programme already committed. This opens major opportunities with the redevelopment of the station, extending through to Oxpens, which the City and County Councils are pursuing together. As well as a landmark building and gateway to the city, the new station is a potential catalyst for significant improvements to transport circulation and interchange, and enable a commercial and residential quarter in the environs and south of Botley Road.
- 3.99 The city has extensive Park and Ride facilities, and these, together with the city centre car parks, and private parking in the city are well used. Whilst public transport functions reasonably well, it is recognised that for many coming into the city for work or services still prefer the private car. To deliver significant benefits in modal shift will require more sophisticated pricing and integrated management of parking (city centre and peripheral), and continued private and public investment in bus services and improving the customer experience. The existing volume of buses already has a significant environmental impact on the centre, so the future solutions need to continue to focus on service management. The redevelopment of the Westgate, the station and Oxpens has led to a review of circulation and bus services in the city centre and across the city, and this clearly presents major opportunities.

3.100 Cycle and pedestrian circulation are also critical to the attraction and economic performance of the city centre. Not only do they offer viable alternatives to bus or car trips, but they are integral to the visitor and user experience. At present the city centre is congested and the arrangements and surfaces of its pavements and thoroughfares are below the quality of comparable centres. This applies not only to the prime retail areas, but for example links to the railway station. The redevelopment of Frideswide Square is an important step, but this needs to be set in the context of a comprehensive and high quality approach.

**Key Decision and Next Steps – *The infrastructure and transport strategies for the city centre and the wider city need to be comprehensive including parking management, pedestrian and cycle movements and upgrading the quality of surfaces and public areas. The station redevelopment offers a major opportunity to deliver an exemplar transport interchange and catalyst for creating a new mixed used development extending through to Oxpens.***

### 11. Securing an effective partnership for implementation and ‘single team’ delivery

- 3.101 Forging strong relationships between the public institutions, with the active support of the private sector, is critical if the opportunities for economic growth are to be maximised; the city and county councils should work with the Universities to address the current lack of co-ordination and build new capacity to deliver economic development outcomes. On this basis it is recommended that partners should establish a new single economic development team comprising representation from Oxford City, Oxfordshire County, and the Universities. The Local Enterprise Partnership would also be invited to invest resources in this team. This team would develop and lead a detailed action plan for growing knowledge economy sectors in Oxford and, as appropriate for Oxfordshire as a whole. This will also be a bidding team as it is clear that over the next few years Central Government will release funds to support knowledge-based economic growth and infrastructure.
- 3.102 More generally, the current arrangements for economic development are under-resourced and divided at city and county levels. A new integrated team will help ensure that the benefits of the ‘Oxford city engine’ are maximised across the county as a whole, taking care to ensure that a balanced approach to growth is maintained and the environment is protected. This will require more co-operative relationship between partnerships, local government and the Universities. There needs to be an effective senior partnership bringing the city, county and Universities together to focus on the most vital facets of the city/county knowledge economy and to agree where the focus for sector growth should be concentrated.
- 3.103 This speaks to the desire expressed by many stakeholders for a new, bold leadership to grasp the big economic opportunities – a leadership which is separate from the OSP and LEP but which has clear links (and reporting) to these Partnerships. There are risks in seeking another partnership organisation, but with a strategic task and finish remit it has the focus required to undertake defined projects and then determine its future.

- 3.104 The work programme is to develop an effective narrative and programme which harnesses the international Oxford brand and defines specific actions and projects to build on the knowledge sectors. For this the new team should include building a clearer understanding and agreement around the facets and growth potential of Oxford's knowledge economy and the relationship and synergies with wider county priorities including Science Vale. Linked to this the team should also focus efforts on the marketing and promotion of the city, which is currently well below par; incorporating the Oxford story into existing or new promotional materials and ensure consistent messages around Oxford's strengths and plans for the future are being disseminated to potential investors.
- 3.105 Using the strengths of the Universities to engage with business should be a priority of the new economic development team. Building on longstanding, successful, personal relationships between University and global companies will also help to identify the types of investment to target (e.g. global pharmaceutical company, automotive R&D, financing arm of big global player).
- 3.106 Similarly there should be a co-ordinated approach to working with large employers to gain access to their existing contacts in BRIC economies, for example. The University in particular places great store in building long term relationships with globally significant players in biomedical research and pharmaceuticals, for example. Nurturing such relationships could influence future investment decisions of global companies - but there are no quick wins to achieving this and collaboration through the new team will be essential.
- 3.107 A necessary first response is the establishment of a task and finish project group to address immediately the opportunities to plan the economic development in the knowledge sectors. If this proceeds successfully then it will extend to implementation and delivery phases to provide an integrated approach to economic development city wide. Effective integration is also required at the city-region level. Establishing an effective, integrated independent single executive serving both LEP and SIPP would improve communication and co-ordination, deliver more capacity, and provide transparency. The core of the executive would be small, with additional staff seconded by partners where the need arises. The principle is widely recognised as desirable, but partners need to define a clear proposition.

**Key Decision and Next Steps – *The City and County Councils and the Universities, with LEP support should establish a dedicated delivery team to lead efforts for growing the knowledge based economy in Oxford and across the wider region. This will formulate - and more importantly visibly deliver - the Oxford narrative for raising the profile of the location for inward investment and growth. A clear proposition needs to be developed for a single independent executive for the LEP and SIPP to improve efficiency, capacity and transparency, supported by seconded staff on a project basis.***

## 4 Summary of Recommendations

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### 4.1 Oxford's partners and stakeholders set out the economic vision for the city:

***Oxford ...***

***...is the City which offers the UK's most prosperous, resilient, diverse, globally competitive knowledge-based economy;***

***...is home to two universities, strong multi-national companies, and a wide range of small companies known for their world leadership in research, development and innovation and these are prime drivers of future economic growth;***

***...seeks and welcomes global investors and businesses serving global markets – which provide real economic benefits for the City's and the County's residents and businesses;***

***...enables and supports the growth of new start-up/spin-out ventures;***

***...strengthen its position as Oxfordshire's primary retail centre and as a top international tourist destination;***

***...ensures that young people gain the skills needed to access to jobs in the city through their enrolment in the City's high performing schools;***

***...offers a readily available supply of homes for sale, and for rent, at prices which those working in Oxford can afford; and***

***..is demonstrating, in practice, how best to promote economic growth and establish Oxford as a truly sustainable City.***

### 4.2 The analysis of the city's economy and place has demonstrated that its economy is a strategic asset, for the city and the wider county, and that its success is critical for employment and economic growth for both. Nearly half the city's workforce commutes from the surrounding districts, and a third of the employment in the county is located in the city. The indirect and multiplier effects magnify this further. The city's diverse economy draws from a combination of knowledge based employment, multi-national companies, the universities and healthcare, professional services, retailing and tourism. However, past success is not a guarantee for the future and it is clear that a combination of global competition, the need to raise skills and education attainment and physical constraints are now impinging on economic growth.



4.3 Addressing these challenges requires a shared commitment and endeavour by all the partners and institutions. The administrative and institutional arrangements are complex and overlapping, and involve a range of partnerships. Partners and stakeholders are asking for a step change in joint working between the institutions, and integration or simplification of working to enable a focused economic narrative and a 'single team' delivery across administrative and institutional boundaries.

4.4 Against the eleven elements of the Economic Growth Strategy the following recommendations are made.

**1. Expanding Oxford's knowledge economy: frameworks for key sector growth using the global connections of Oxford's universities and major/large employers to attract new companies, and promote new start-ups.**

*Recommended Actions:*

- Develop a clear assessment of the growth potential of the principal growth sectors, incorporating existing and planned research, defining inward investment and marketing plans, and identifying the key sites and infrastructure requirements for each sector. From this an integrated delivery strategy and action plan should be developed.
- Ensure there is a clear strategy and delivery plan agreed by partners for each of the major city employment sites.

**Key Decision and Next Steps – Oxford City Council, Oxfordshire County Council, the LEP and the Universities should develop a clear assessment of the growth potential of the principal growth sectors, incorporating existing and planned research, defining inward investment and marketing plans, and identifying the key sites and infrastructure requirements suitable for each sector. From this an integrated delivery strategy and action plan for each sector should be developed. As set out below, these would be implemented by a new delivery team.**

**2. Supporting the growth of existing employers including large, global companies, high value small and medium sized enterprise, the universities, and the health care sector.**

*Recommended Actions:*

- Review and expand the choice and supply of accommodation for start-up and spin –out businesses in the city.
- Establish a key account management function for key business clients on business growth and retention for those businesses who are supportive and build effective liaison with the wider business community using existing arrangements to avoid duplication.

**Key Decision and Next Steps – The City Council should review the choice and availability of accommodation for start up and spin out companies in the city. The LEP should ask councils to establish a single county wide key account management function and agree which partner should take responsibility for hosting the function and ensuring that the service is accessible to all bodies. This should start with a joint Oxford City-County Council team.**

### 3. Ensuring a sufficient supply of employment land.

*Recommended Actions:*

- Undertake a county-wide review of reemployment land requirements, including taking into account the needs of existing businesses and the requirements of Oxford's key growth sectors.
- Build a clear delivery plan for each of the major city employment sites both inside the City's boundaries, and with the relevant District Council and owners, for those sites near Oxford.

**Key Decision and Next Steps – The SPIP should undertake further work to develop a county wide agreement on meeting employment land requirements, including partial Green Belt reviews around Begbroke and the Oxford Science Park. The City, County and Adjacent District Councils should ensure there is a clear strategy and delivery plan agreed by partners for each of the major city employment sites.**

### 4. Strengthening Oxford's city centre retailing offer.

*Recommended Actions:*

- Use the proposed Westgate redevelopment as a catalyst to raise the quality and range of the retail offer, including investment in public spaces, transport and environment.
- Support and revitalise the independent retail offer where this is practical.

**Key Decision and Next Steps – Oxford City Council, working with Oxfordshire County Council, should ensure that the proposed Westgate redevelopment is a catalyst to raise the quality of the retail offer including investment in public spaces, transport and environment as part of the transport strategy. The City Council also needs to assess the impact of the development on retail patterns and the opportunities to promote and enable niche and independent retailing as part of the shopping mix.**

## 5. Expanding the value of Oxford's tourism across the region.

### *Recommended Actions:*

- Build on the success of Visit Oxfordshire, the Destination Management Organisation and extend the tourism and cultural offer and event calendar.
- Focus attention on increasing the quality of the tourism offer and driving up standards across the sector.
- Extend the range of tourist accommodation, in particular hotels, to support extended trips and visitor expenditure across the region.

**Key Decision and Next Steps – *Working with Visit Oxfordshire, the Destination Management Organisation - Experience Oxfordshire -should develop a strategy to extend the tourism and cultural offer and event calendar across the city and county. The City Council should support opportunities to extend the range of tourist accommodation, in particular hotels, to support extended trips and visitor expenditure across Oxfordshire to support extended trips and visitor expenditure across the region.***

## 6. Continuing to improve educational and skills attainment to support future economic growth opportunities.

### *Recommended Actions:*

- Extend current initiatives to raise schools attainment and to bring greater co-ordination to the existing education/business initiatives, University volunteering schemes and relevant voluntary sector programmes to scale up support for schools (e.g. STEM engagement).
- Work with schools to improve employability skills amongst leavers, to ensure that they are better equipped for the world of work.
- Review with the business sector whether there is the potential to sustain a stronger apprenticeship and skills programmes across the city and county to expand existing initiatives. Link this with the OSP development programme to support and develop employability for young people and adults who are currently excluded from the workforce.

**Key Decision and Next Steps – *The County Council, working with the City Council and the Oxford Strategic Partnership, should determine how best to extend current initiatives to raise schools attainment and to bring greater***

*coordination to the existing education/business initiatives, University volunteering schemes and relevant voluntary sector programmes to scale up support for schools (e.g. STEM engagement). Also, the OSP, with the LEP and business leaders should consider whether there is the potential to sustain a stronger apprenticeship and skills programmes across the city and county. This would expand existing initiatives, and link these with the OSP development programme to support the development of “employability” skills of young people and adults who are currently excluded from the workforce.*

**7. Increasing the annual rate of housing development in locations which are easily accessible to the city centre and other main employment areas by cycle, bus, and rail.**

*Recommended Actions:*

- Review the city housing requirement in the context of the forthcoming county-wide assessment to seek to reduce the burden of in-commuting, and improve the city housing-employment balance.
- Develop with adjoining District and County Councils, through SPIP, a set of compacts sharing the benefits and costs (under the Duty to Co-operate) to address the requirements of regional economic growth.

**Key Decision and Next Steps – *The SPIP should work to review the countywide housing land requirements study.***

**8. Ensuring continuing investment in broadband infrastructure.**

*Recommended Actions*

- Work with the Better Broadband initiative to enhance broadband provision across the county, including the wider connections between Oxford’s research infrastructure and the Enterprise Zone.
- Deliver the Super Connected Cities Programme to further enhance the competitiveness of the city region in the knowledge economy.

**Key Decision and Next Steps – *The OSP with the LEP and the Universities should work to ensure that the Super Connected Cities Programme is successfully delivered and effectively linked with the Better Broadband initiative to enhance broadband across the county and in the city.***

## 9. Addressing the environmental challenges and opportunities presented by economic growth.

### *Recommended Actions:*

- Develop a more strategic framework (city and region) to address and join up projects as well as increase involvement of the private sector in key areas such as energy and waste management.
- Identify with the universities, LEP and partners, applied research which could be developed on a practical scale to deliver low carbon solutions in the city and across the region.

**Key Decision and Next Steps – *Low Carbon Oxford should be supported to develop a more strategic approach to joining up relevant environmental projects and increasing the involvement of the private sector and the universities in addressing the climate challenge and capitalising upon new opportunities and extending this across the county through SPIP.***

## 10. Investing in the physical infrastructure and transport required to enable economic growth.

### *Recommended Actions:*

- Ensure that infrastructure and transport strategies for the city centre and the wider city are comprehensive and supported by investment and delivery plans.
- Use the strategic enhancements to the rail services and the redevelopment of Oxford station as a catalyst for central area regeneration (City centre, Frideswide Square and Oxpens) and mixed use development to create employment and residential opportunities.

**Key Decision and Next Steps – *The infrastructure and transport strategies for the city centre and the wider city need to be comprehensive including parking management, pedestrian and cycle movements and upgrading the quality of surfaces and public areas. The station redevelopment offers a major opportunity to deliver an exemplar transport interchange and catalyst for creating a new mixed used development extending through to Oxpens.***

## 11. Securing an effective partnership for implementation and ‘single team’ delivery.

### *Recommended Actions:*

- Create a single City-County-Universities executive – with LEP resources as appropriate -- to take responsibility for ensuring the delivery of each of the elements of this Economic Growth Strategy. This would result in a visible ‘step change’ in partnership working.
- Develop a clear proposition for a single executive serving the LEP and SPIP to implement a measurable ‘step change’ in integrated partnership working across the city and regional partnerships and institutions, which if successful, will move towards a ‘single team’ delivery in driving employment and growth.

***Key Decision and Next Steps – The City and County Councils and the Universities should establish a dedicated delivery team to lead efforts for growing the knowledge based economy in Oxford and across the wider region. This will formulate - and if successful proceed to deliver - the Oxford narrative for raising the profile of the location for inward investment and growth. A clear proposition needs to be developed for a single independent executive for the LEP and SPIP to improve efficiency, capacity and transparency, supported by seconded staff on a project basis.***

# Appendix I

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## Stakeholder Consultations

### Telephone interviews

Simon Allen	MacMillan
Alison Baxter	OCVA
Debbie Dance	Oxford Preservation Trust
Sally Dicketts	Oxford & Cherwell Valley College
Kevin Dixon	Kier Property
Chris Fenton	Amey plc
Paul Goffin	University of Oxford
Rachel Goode	Oxford University Press
Anne Gwinnett	Oxford Brookes University
Jurgen Hedrich	Mini/BMW
Tom Hockaday	Isis Innovation
Mike Jennings	Jennings
Philip Kirk	Oxford Bus Company
Nicola McConville	Blake Laphorn
Hayley Monks	Centrica
Robin Moxon	Goodmans
Claire Prosser	Thames Valley & Oxfordshire Chambers of Commerce
Adrian Shooter	CBI
Michael Sibly	University of Oxford
Joanna Simons	Oxfordshire County Council
Tony Stratton	Oxford Inspires
Martin Sutton	Stagecoach
Helen Watson	University of Oxford
Ian Wenman	IoD
Nigel Wild	Thames Valley & Oxfordshire Chambers of Commerce
Jo Willett	Oxford Innovation
Dan Williams	Goodmans
Charles Young	Magdalen College

### Focus Groups

#### *High Technology/Spin-Outs*

Cllr Bob Price	Oxford City Council (Leader)
Phil Clare	University of Oxford
David Edwards	Oxford City Council
Sebastian Johnson	Oxford City Council
Tom Morris	Oxford City Council
Wilf Stephenson	Oriel College
Stuart Wilkinson	University of Oxford

Charles Young                      Magdalen College

***Pro Oxford Group***

John Cole	Morgan Cole
David Cook	HSBC
Trevor French	Barclays
Paddy Gregan	Brook Street des Roches
Graham Henley	Shaw Gibbs
Tracey James	Grant Thornton
Sebastian Johnson	Oxford City Council
Robert Kirtland	Critchleys
Richard Venables	VSL & Partners
David Walker	Ridge

***Low Carbon Economy***

Becky Buell	Meteos Ltd
Barbara Hammond	Low Carbon Oxford
Saskya Huggins	Low Carbon Hub
Ruth Mayne	Low Carbon West Oxford
Dave Waller	Oxfordshire County Council

***Culture & Tourism***

Brendan Hattam	Westgate Shopping Centre
John Hobart	University of Oxford
Sebastian Johnson	Oxford City Council
Graham Jones	Oxford High Street Association and ROX – Promoting Oxford Business
Peter McQuitty	Oxford City Council
Tom Morris	Oxford City Council
Richard Munro	Experience Oxford
Gordon Reid	Oxford City Council

***Health, Biomedical & Life Sciences***

Chas Boutra	University of Oxford
Phil Clare	University of Oxford
Bass Hassan	University of Oxford
Wenwha Lee	University of Oxford

***Scenario & Action Planning Workshops***

Alexandra Bailey	Oxfordshire County Council
Alison Baxter	OCVA
Michael Crofton-Briggs	Oxford City Council
Debbie Dance	Oxford Preservation Trust
Tim del Nevo	University of Oxford
Shamin Durrain	Swift Cornerstone
David Edwards	Oxford City Council
Cllr Jean Fooks	Oxford City Council
Sara Fuge	Land Securities



Susi Golding	Visit Oxfordshire
Christian Griel	BMW
Brendan Hattam	Westgate Shopping Centre
Cllr Hilary Hibbert-Biles	Oxfordshire County Council
Sebastian Johnson	Oxford City Council
Joanna Jones	Oxford Brookes University
Philip Kirk	Oxford Bus Company
Robert Kirtland	Critchleys
Gary Lloyd	University of Oxford
Peter McQuitty	Oxford City Council
Fiona Piercy	Oxford City Council
Cllr Bob Price	Oxford City Council
Michael Redley	University of Oxford
Michael Sibly	University of Oxford
Martin Sutton	Stagecoach
Martin Tugwell	Oxfordshire County Council
Dave Valler	Oxford Brookes University
Dave Waller	Oxfordshire County Council
Charles Young	Magdalen College

#### Consultation Responses on Draft Strategy

Becky Buell & Ruth Mayne (leaders & experts in low-carbon development in Oxford)  
Cherwell District Council  
Critchleys  
Experience Oxfordshire  
James Cowper LLP  
Kier Property  
Meeson Williams Ltd  
Morgan Cole LLP  
Oxfordshire Community and Voluntary Action  
Oxfordshire County Council  
ROX – Promoting Oxford Business  
South Oxfordshire District Council  
Thames Valley Police  
University of Oxford  
Vale of White Horse District Council  
VSL and Partners  
West Oxfordshire District Council

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