Topic Paper 3

Support Economic Development

February 2019

Purpose

1.   The purpose of this Topic Paper is to provide background information on the subject of economic growth in relation to the development of the Oxfordshire Plan 2050. Further versions of these Topic Papers may be produced at later stages in the Plan making process.

Context

2.   Oxfordshire is one of the strongest economies in the UK, and is one of three net contributors to the exchequer, generating an economic output of around £23 billion of Gross Value Added each year, from about 400,000 jobs and 30,000 businesses[1].

3.   Oxfordshire has a number of national assets, including globally-renowned education institutions, national research centres, and leading science and technology clusters. It has a highly skilled workforce, near-full employment, and a wide range of successful, growing and world-leading businesses in both established and emerging strategic sectors for the UK.

4.   The county sits in a strategic location in the UK. It is close and well-connected to London and within an hour of Heathrow, a global hub airport. It is an integral part of the UK's Golden Triangle (London, Cambridge and Oxford) for research and innovation, which has contributed to the success of the place and the growth of key industries including Life Sciences, Small and Medium Enterprises (SMEs) and tourism. It is a very desirable place to live where the integrity and richness of the county's historic character and natural environment are valued and conserved.

National Policy

5.   The National Planning Policy Framework[2] (NPPF) sets the context for plan makers in terms of building a strong, competitive economy. It states that:

> "Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow

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[1] Oxfordshire Local Industrial Strategy: Baseline Review (Dec 2018) OxLEP
[2] NPPF (July 2018) MHCLG

each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.

Planning policies should:

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations."

6.   The Oxfordshire Plan will be prepared in conformity with the NPPF, with economic growth and productivity at its heart, enabling Oxfordshire to build on its distinct strengths in science and innovation and other key sectors while protecting the environment and delivering infrastructure, services and housing.

7.   The economic strategy for Oxfordshire is set out in the Strategic Economic Plan[3]. The Oxfordshire Plan will develop this strategy, identifying future economic growth requirements for the county with broad locations for new business development. The Local Industrial Strategy[4] provides a business-led framework detailing how Oxfordshire can realise its full potential by raising productivity and commercialisation of its unique innovation assets. It is to guide Government, public and private sector investment decisions to deliver a strategy.

Local Plans

8.   The Oxfordshire authorities have committed to submitting their Local Plans for examination by 1 April 2019. Each of the adopted and emerging Local Plans takes a

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[3] [Strategic Economic Plan for Oxfordshire](#) (2016) OxLEP
[4] [Oxfordshire Local Industrial Strategy](#) (Technical Negotiating Draft) (Dec 2018) OxLEP

distinct approach to economic development and growth, guiding the scale and location of business development within each district up to the end of each defined plan period.

9.   Themes across the district's adopted or emerging Local Plans include facilitating economic and jobs growth, developing a diverse economy, building on strengths in medical, scientific and technological research industries, encourage sustainable tourism, supporting the rural economy, increase skills and innovation, support the retail sector and the vitality of town centres.

Other relevant strategies

10.   There are a number of plans and strategies at a national, sub-national and county level which are relevant to the Oxfordshire Plan, setting the context for the scale and type of growth that we might want to plan for. Below are some of the key plans and strategies guiding economic strategy in Oxfordshire.

The UK Industrial Strategy[5]

11.   The aim of the Industrial Strategy is to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. It sets out grand challenges to put the UK at the forefront of the industries of the future. The first 4 grand challenges are focused on the global trends which will transform the future of the country and where Britain can lead a global technological revolution:

- Artificial Intelligence and data
- Ageing society
- Clean growth
- Future of mobility

12.   To meet these grand challenges, the Government has committed millions of pounds worth of investment in Oxfordshire's businesses, including specialists in battery manufacture, health care innovation, life sciences and nuclear fusion through their sector deals.

Oxfordshire Strategic Economic Plan 2016[6]

13.   The Oxfordshire Local Enterprise Partnership (OxLEP) published a Strategic Economic Plan (SEP) in 2016 setting out an ambition for accelerated economic growth for Oxfordshire. The vision of the SEP is Oxfordshire as a vibrant, sustainable, inclusive, world leading economy, driven by innovation, enterprise and research excellence.

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[5] [Industrial Strategy: building a Britain fit for the future](#) (Nov 2017) Department for Business, Energy and Industrial Strategy
[6] [Strategic Economic Plan for Oxfordshire](#) (2016) OxLEP

14.   The SEP helps to identify potential opportunities and prospects of Oxfordshire. The plan seeks to meet the needs of a science and knowledge-rich economy, placing Oxfordshire at the forefront of the UK's global growth ambitions.

15.   In order to realise the vision, the SEP is structured around a series of priorities which define four programmes illustrated below:

People – delivering and attracting specialist and flexible skills at all levels, across all sectors, as required by our businesses, filling skills gaps, and seeking to ensure full, inclusive, employment and fulfilling jobs;

Place – ensuring a strong link between jobs and housing growth, and providing a quality environment that supports and sustains growth; and offering the choice of business premises and homes (including more homes that are genuinely affordable) needed to support sustainable growth whilst capitalising on and valuing our exceptional quality of life, vibrant economy and urban and rural communities;

Enterprise – emphasising innovation-led growth, underpinned by the strength of Oxfordshire's research, business collaboration and supply chain potential; recognising and reinforcing the significant contribution made by all sectors, in all parts of Oxfordshire and all types of business;

Connectivity – enabling people, goods and services to move more freely, connect more easily; improving broadband and mobile coverage and capacity; and providing the services, environment and facilities needed by a dynamic, growing and dispersed economy.

16.   Aligned with the SEP are a series of investment plans:

Creative, Cultural, Heritage and Tourism Investment Plan (CCHTIP)[7]

17.   Recognises the contribution that creativity, cultural, heritage and tourism industries make to the thriving Oxfordshire economy. Culture and heritage are important to sense of place and identity but also contribute to the quality of life and health and well-being of residents.

18.   The plan sets out a prospectus of opportunities to attract and secure outside investment in the county's economy and to deliver the growth goals of the Strategic Economic Plan 2016. It sets out a new model for a higher growth and more self-sustaining economy for Oxfordshire. 35 proposals for the Investment Plan have been attracted with a total value of £44.5 million.

Strategic Environmental Economic Investment Plan (SEEIP)[8]

19.   The SEEIP recognises that investment in the Oxfordshire environment will ensure that the county's natural capital assets are able to meet the demands placed on them,

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[7] Creative, Cultural, Heritage and Tourism Investment Plan (Jul 2016) OxLEP
[8] Strategic Environmental and Economic Investment Plan for Oxfordshire (Dec 2015) OxLEP

but it will also make its own distinctive and very significant additional contribution to growth.

20. There are two overlapping dimensions of the SEEIP and those are to make Oxfordshire a better place to live and do business, and to generate new environmental products and services with wealth creation and export potential. It identifies five strategic priorities for environmental investment to support the vision:

- Growing the green economy in Oxfordshire
- Enhancing the quality and resilience of urban areas
- Improving management of land to reduce flood risk, enhance water resources, and promote biodiversity
- Promoting and enabling access to the countryside
- Engaging people in the environment and enabling more sustainable lifestyles

21. The SEEIP steering group have worked with stakeholders across the county to identify an initial pipeline of investment proposals which have the potential to deliver on those priorities amounting to a total investment of £31 million. These projects are part of a wider investment need to support and enhance the county's natural capital.

Oxfordshire Skills Strategy[9]

22. The Skills Strategy sets out the key priorities that will help address skills challenges to 2020. The aim of the strategy is to provide an overview of the high-level interventions required to support the Oxfordshire economy and which are likely to have greatest impact in terms of addressing skills deficits and supporting growth. It is envisaged the strategy will:

- Provide a clear direction of travel to skills commissioners, our provider networks and employers
- Influence local skills provision and curriculum design
- Become a vital tool in setting priorities, allocating resources and potential funding.

Oxfordshire Innovation Strategy[10]

23. The vision of the Innovation Strategy is to enhance and support the innovation-led economy. It is intended to harness the component parts of Oxfordshire's excellent innovation base and experience and to enable, where practical, activity to be aligned and coordinated to ensure that all are working towards a common goal for Oxfordshire that spawns new ideas, new processes, and new ways of working that together combine to create high value job opportunities and increased productivity.

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[9] Oxfordshire Skills Strategy OxLEP
[10] Oxfordshire Innovation Strategy OxLEP

Oxfordshire Local Industrial Strategy[11]

24.   Flowing from the established UK Industrial Strategy and the Strategic Economic Plan (SEP), Oxfordshire is one of three trail blazers nationwide to prepare a Local Industrial Strategy (LIS), a framework for guiding investment decisions to deliver a strategy between now and 2040.

25.   Led by the Oxfordshire Local Enterprise Partnership (OxLEP), the LIS includes a vision that Oxfordshire will be a top three global innovation ecosystem by 2040, building on world-leading science and technology clusters to be a pioneer for the UK for emerging transformative technologies and sectors. The aim of the LIS is to double GVA to £46 billion and create 108,000 private sector jobs in the County.

26.   The LIS suggests an approach to initiate a step change in the way economic growth is planned and pursued in Oxfordshire. It would deliver growth that would be innovation-led and inclusive, place-sensitive and sustainable, enhancing communities, the natural environment and quality of life.

27.   A key pillar of the LIS is to develop Oxfordshire as a globally-recognised Living Lab. This encompasses creating sustainable, liveable places that utilise new technologies and services developed within the ecosystem and encourage collaboration between businesses and communities, to tackle the UK's four Grand Challenges set out in the UK Industrial Strategy: ageing society, mobility, clean growth, and data and artificial intelligence. The LIS aims to establish three types of Living Lab across the county – Clean Growth, Data and Mobility, and Health and Wellbeing.

Living Labs

28.   A key pillar of the LIS is to develop three Living Labs in Oxfordshire. These are developments where new technologies can be tested in a real-life environment, such as Autonomous Vehicles or smart communities such as those being developed at North West Bicester Ecotown. New and expanded settlements across Oxfordshire could be living laboratories for the integration of Autonomous Vehicles, demonstrating transport solutions for further deployment nationally and in other countries. New developments could be a test-bed of innovative solutions in sustainability at all scales. As part of the Oxfordshire Plan we will consider options for new development to be designed as Living Labs.

Challenges for the Oxfordshire Plan

Key issues

29.   The aim set out in the LIS is for Oxfordshire to become one of the top three global innovation ecosystems where groups of people develop new ideas and technology where

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[11] [Oxfordshire Local Industrial Strategy](#) (Technical Negotiating Draft) (Dec 2018) OxLEP

teams, technologists, business leaders, investors and service providers form an innovation ecosystem.

30.   It is important to consider what is distinctive and unique about Oxfordshire that differentiates it from other global innovation ecosystems. It is essential for a globally-leading innovation ecosystem to have a distinctive brand and strong vision that differentiates itself from other ecosystems, around which citizens, businesses, leaders and investors can unite. The quality of the Oxfordshire environment is one such factor that is often cited as making Oxfordshire a special place to live and work.

31.   Oxfordshire has a unique and attractive lifestyle, combining science and technology excellence with the historic city, market towns, Areas of Outstanding Natural Beauty and close proximity to London. However, Oxfordshire faces significant challenges relating to living costs and transport.

32.   Oxfordshire has a wealth of keystone assets which are essential in supporting an innovation ecosystem. It is home to a globally-renowned university, a number of national assets and several industry-leading clusters and facilities. Oxfordshire has further potential to build on these assets with more land available to create new and expand existing assets.

33.   The Oxford universities are a particularly important asset in generating local skills and talent, releasing highly skilled graduates into the Oxfordshire talent pool. Oxfordshire needs to do more work to retain this talent, and attract and retain more from around the globe. Oxfordshire could also look to improve the way it nurtures and develops the skills of its domestic labour pool, for both high-tech jobs but also for the jobs that support the innovation industries.

34.   The LIS future state assessment report identifies a spatial vision concept for delivering the vision of the Local Industrial Strategy in a sustainable manner, enhancing the natural environment and quality of life for Oxfordshire's residents. The spatial concept is designed to complete the Oxfordshire Business lifecycle, to nurture emerging businesses at the ideation stage, allow them to grow through the innovation stage and establish themselves for future growth through the commercialisation stage.

35.   The spatial vision ideas for the LIS will be helpful in guiding the broad spatial distribution of economic growth areas in the Oxfordshire Plan.

Determining appropriate economic growth aspirations

36.   The LIS considers scenarios for continuing 'business as usual' economic growth and a 'go for growth' scenario to 2040. It also focuses on increasing 'productivity' i.e. job growth generated by improving productivity of existing businesses. It also talks about the importance of supporting sustainable development and infrastructure delivery as both are essential to ensure the area is attractive to investors/ employers.

37.   For the Oxfordshire Plan, economic growth scenarios for the period to 2050 will be required which will build upon information in the LIS scenarios. This will form part of the housing need assessment. The assessment will determine housing need based on household demographic projections and affordability levels.

Ensuring housing availability for workers

38.   Having access to sufficient housing that people can afford is key to retaining a workforce operating in all sectors of the economy. For this reason, the housing need assessment will consider the level and type of housing needed to support economic growth scenarios.

39.   The size of the labour market is a crucial, if complex, factor in increasing the rate of economic output. More workers means there is a potential for higher output, especially if they are highly skilled, (which is characteristic of a large section of Oxfordshire's labour force), but also puts further upward pressure on transport infrastructure, public services and housing costs. Hiring and retaining talent is fundamental to the success of businesses in Oxfordshire.

40.   The median house price in Oxfordshire is now almost 50% higher than the median price in England. This means that Oxfordshire remains one of the least-affordable places in the country to buy property based on the house price to earnings ratio.

41.   Poor housing affordability can prove a deterrent to young professionals hoping to live and work in Oxfordshire. As the population of Oxfordshire continues to age, retention of young workers should be considered a priority. Without these workers, the region's ability to fill positions in high-technology and innovative business sectors may be hampered, weakening Oxfordshire's competitiveness and hindering the aspirations of the SEP and LIS.

Amount and type of employment land needed

42.   The housing need assessment and economic growth scenario work will include an assessment of the amount and type of employment land that would be needed to meet the economic growth aspirations.

43.   This work would include a commercial property market assessment, labour demand modelling, assessment of past employment land completions and allocations. This information would then be drawn together to quantify levels of employment land provision.

44.   In parts of Oxfordshire, a lack of affordable and available business space is constraining productivity and business growth. The constraints on land available for development in Oxfordshire, particularly around Oxford, lead to high prices for business space. New developments and expansions of science and business parks provide an

opportunity for more affordable, high quality and flexible office space which will enable businesses to grow to scale.

A spatial strategy and broad locations for development

45.   The Oxfordshire Plan will determine the spatial strategy for new development. A spatial strategy sets out broad development patterns for where new development should be located. The Plan will identify broad locations for development and it will be the role of future Local Plans to define precise locations and boundaries. It will not allocate sites except at the request of the relevant Local Planning Authority.

46.   This consultation stage (Regulation 18 Part 1) starts the discussion around potential spatial strategies for considering the location of new development. It aims to focus development in the right places, to help balance the need for development with the need to both protect the environment and provide the environmental services needed for the future. It also provides an opportunity to think about the linkages between different places, infrastructure and activities and how these can be coordinated and improved to help achieve social, environmental and economic objectives.

47.   Topic Paper 2: The Spatial Strategy[12] provides further information. Options will be developed and refined through the consultation stages supplemented by evidence/data on issues such as sustainability appraisal, flood risk, natural capital, transport, social and utilities infrastructure, health impact, landscape and townscape, Green Belt and food security.

Economic Land Availability

48.   The Plan will need to give some certainty that development can be delivered so an assessment of land availability will be undertaken.

49.   The Plan is likely to focus on development of significant scale, such as that needed to deliver a new primary school, secondary school or major infrastructure project, should the housing need assessment justify it. For this reason, the assessment of land availability is likely to focus on strategic sites only and any development on sites of a smaller scale is likely to be more appropriate for an individual district authority to assess through reviews of their Local Plans.

50.   To support the assessment of land availability and broad locations, a 'call for ideas' is being undertaken alongside the consultation on the Regulation 18 Part 1 document. The 'call for ideas' encourages suggestions from the public, organisations, landowners and developers. Further details are at www.oxfordshireplan.org.

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[12] Topic Paper 2 – Spatial Strategy (Feb 2019), Oxfordshire Plan 2050

Digital connectivity

51.   Digital connectivity in Oxfordshire has significantly improved in recent years. The *Better Broadband for Oxfordshire*[13] programme has enabled over 96% of premises across the county to access to superfast broadband. 7% of premises in Oxfordshire have full fibre connectivity –whilst double the national average, it is still well behind many of our global competitors.

52.   If Oxfordshire's businesses are to reach new customers and markets online then high quality digital connectivity is key. The provision of full-fibre broadband technology is seen as the future of high-speed and high-quality connectivity. The £200m local full-fibre networks challenge fund provides an opportunity for Oxfordshire to accelerate the roll out of full fibre networks across the region.

53.   The Oxfordshire Plan will consider how it can support the delivery of superfast broadband. This could be by establishing place-shaping principles to ensure new development incorporates superfast broadband.

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[13] Better Broadband for Oxfordshire