ECONOMIC STUDY OF OXFORD

Final report to Oxford City Council by SQW Limited and Cambridge Econometrics

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Executive summary

1. The economic study of Oxford was commissioned in early 2004 by Oxford City Council and undertaken by SQW Limited utilising econometric forecasts provided by Cambridge Econometrics. The remit for the study stated that "the City Council wishes to reassess the local economy and its dynamics, how the Council should support it, and how the case for growth can be promoted".

2. The first stage of the project began with a desk based study of existing economic strategies at regional, subregional and local levels. At the ***regional level*** policy is predominantly based around the Regional Planning Guidance for the South East (RPG9) and the Regional Economic Strategy (RES). The main policy instrument at the ***subregional level*** is the Central Oxfordshire Subregional Study. At the ***county level*** the Oxfordshire Structure Plan and Oxfordshire Economic Development Strategy are the key policy documents.

3. At the ***city level*** the Oxford Local Plan and the Economic Development and Regeneration Work Plan form the main focus of the City Council's vision to "build pride in our city". At all levels the principal policy documents emphasise the need for sustainable economic development balanced with the conservation and improvement of the environment. The ultimate aim is to work towards an environment that is healthy, attractive and pleasing to live and work in.

4. Running in parallel with the strategy analysis the project team reviewed the structure and state of the Oxford economy in the context of the wider county and regional economies. The analysis was designed to complement the five strategic aims of the Regional Economic Strategy for the South East: ***competitive businesses***, ***successful people***, ***vibrant communities***, ***effective infrastructure*** and ***sustainable use of natural resources***. This baseline assessment provided a benchmark against which subsequent developments in the Oxford economy can be measured and monitored and also contributed to the development of a SWOT analysis of the local economy (see overleaf).

5. The first stakeholder workshop under the banner "Oxford City Futures" considered the key issues raised by the initial work on the policy context and the structure of the Oxford economy. A broad representation of the business community, local organisations, the universities and the public sector took part in a lively and positive discussion.

6. The study looked at five sectors which the analysis of the current Oxford economy and the forward looking models of Cambridge Econometrics highlighted as being of crucial importance to future development: ***education***, ***health***, ***retail***, ***tourism*** and ***high-technology businesses***.

SWOT analysis of the Oxford economy

Strengths	Weaknesses
• A diverse economy • Knowledge-based industries • Growing business services • World class universities • Leading-edge research institutes • Regionally important hospitals and health care • Low unemployment • Quality built and natural environment • Social entrepreneurship (growing number of schemes) • Strong reputation as tourism destination • Good location and accessibility: well-developed transport links • Park and Ride (has reduced peak traffic flows) • Strong international image • Sectoral strength in sectors less vulnerable to the economic cycle	• Traffic congestion in, and around, city • Little parking space (inhibits city centre business activities) • Underperforming city centre • Pockets of relatively high housing deprivation (IMD) • Pockets of relatively high education deprivation (IMD) • Lack of affordable housing • Few business units (for small and start-up companies) • Little land for housing and employment development • Limited resources to assist the local economy (especially business support services) • High levels of crime and perceived crime • Complacency about the local economy
Opportunities	**Threats**
• High-tech sector • Strong international image can attract inward investment • Oxford West End Project • Links between universities/research institutes and more traditional sectors (currently underdeveloped) • Links between universities/research institutes and SMEs (currently underdeveloped) • Social entrepreneurship (through high-profile academic programmes) • Integrated transport plans • Flexible working arrangements could reduce rush-hour congestion and help release office space • Increasing levels of pedestrianisation, coupled with well-developed Park and Ride, could attract more regional shoppers and tourists • Strong international image can attract mobile business and tourism • Tourism	• Global competition • Economic stagnation • Low growth in earnings • Pressure on infrastructure especially transport • Lack of affordable housing • Restrictive planning regime and physical limits on development • Environmental/aesthetic threat to Oxford's historic built environment • Traffic congestion • Shortage of land for housing and employment development • Complacency over strong international image • Decline of longer-distance public bus services (due to Park and Ride subsidies)

7. The second stage of the project developed a range of future development scenarios for the Oxford local economy and then suggested how a preferred scenario could be worked up into a draft Economic Development Strategy. The three scenarios considered were: ***economic contraction***, ***continuation of current trends and policies***, and ***managed economic growth***.

8. A second workshop was held to debate the strengths and benefits of these scenarios and to gain feedback on a common vision for the future development of Oxford city. The workshop concluded that managed economic growth was the preferred option. The team then agreed a common vision with the clients which stated:

> ***The vision for Oxford's economic development is to enable the city to realise the economic potential of its world class universities, its knowledge based industries and its unique character in order to promote a stronger economic role within the local, regional, national and international context. This will be achieved by sustaining local business diversity and by managed economic growth supported by improvements in integrated transport to assist social inclusion, conserve local heritage and secure environmental enhancement.***

9. Ten strategic objectives were then formulated from this overall vision and the preceding elements of the study as follows:

- encourage growth in business turnover and productivity
- sustain a diverse local economy, adaptable to change
- promote development in high growth sectors and clusters
- promote development in high productivity sectors and clusters
- encourage business networking and technology transfer
- assist business start-up and small firm development
- assist full employment across the local workforce
- assist education and skills training to meet business needs
- ensure adequate provision of business sites and premises
- promote flexible working and reduce commuting

10. The vision, strategic objectives and an economic development action plan were discussed at the third stakeholder workshop. Subsequent discussions with Steering Group refined this approach and agreed on the structure for the draft final report.

11. The economic development action programme was formulated to translate the strategic objectives into a series of project areas with clear priorities and responsibilities for implementation amongst the various stakeholders involved. It comprised the six main elements outlined in the diagram overleaf.

12. The final report of the Economic Study of Oxford provides a full account of the substance and findings of the study.

Figure 5.2: Action programme summary

Project Areas	Lead agency	Period	Target Year
Economic Development Strategy			
Set up Oxford Business Forum (OBF) and secretariat	City Council	Immediate	2004
Develop a full economic development strategy	City Council	Immediate	2005
Increase resources for economic development	City Council	Immediate	2005 - 2014
Regional and national role			
Promote Oxford as a leading commercial centre	OBF / private	Medium term	2009
Improve city centre retail and leisure facilities	OBF / private	Medium term	2009
Develop tourism and cultural facilities	OBF / private	Medium term	2009
Business development			
Support business start-up / small firm development	OBF / agencies	Immediate	2005
Coordinate high technology support initiatives	OBF / agencies	Medium term	2009
Labour resources			
Extend provision for education and skills training	OBF / agencies	Immediate	2005
Encourage more efficient use of labour resources	OBF / agencies	Medium	2009
Business space			
Investigate supply and demand for business space	City Council	Immediate	2004
Encourage more efficient use of business space	OBF / private	Medium term	2009
Related issues			
Secure sustainable development	OBF / agencies	Long term	2005-2014
Continue reductions in unsustainable commuting	OBF / agencies	Long term	2005-2014
Coordinate economic and transport issues	OBF / agencies	Long term	2005-2014
Coordinate economic and community issues	OBF / agencies	Long term	2005-2014
Coordinate economic and heritage issues	OBF / agencies	Long term	2005-2014
Establish monitoring and evaluation of strategy implementation	OBF / agencies	Long term	2005-2014

1 Introduction

1.1 This document is the final report of a study commissioned in early 2004 by Oxford City Council. The work was carried out by SQW Limited utilising economic forecasts provided by Cambridge Econometrics. The consultants brief for the report stated that "the City Council wishes to reassess the local economy and its dynamics, how the Council should support it, and how the case for growth can be promoted".

Background

1.2 The consultants brief stresses that the study should ensure that other current development strategies at the local, subregional and regional levels should be taken into account when developing recommendations. The brief further describes the need for a study which provides a focused and better understanding of economic performance. The reasons for this are that:

- as part of current work to better understand economic performance and inform policy development, SEEDA has commissioned work on intra-regional issues within the South East Region, and as part of this Oxford is being looked at as a location representing unfulfilled potential
- SEERA has agreed to consider a sub regional study of the Oxford City-Region as part of its work towards producing a Regional Spatial Strategy for the South East Region, which provides a land use planning framework. This may lead to work on a sub regional strategy.
- the Oxfordshire Structure Plan, which is currently being reviewed, is essentially seeking to preserve the status quo in Oxford, advocating that limited economic growth be directed towards Oxfordshire's smaller market towns
- a study will provide an invaluable tool for helping the City Council develop its Vision for Oxford by including comment on the core competencies and strengths of the city both currently and how they will be applicable in the future
- a study will help the embryonic Oxford Strategic Partnership develop its role in relation to supporting a vibrant and inclusive local economy
- the West End Regeneration project in central Oxford is a major long-term commitment, and, together with the bold concept of the Oxford-Cambridge Arc, invites consideration of how wider economic development strategy might be developed
- the Oxfordshire Economic Partnership will be revisiting its economic development strategy for Oxfordshire over the next few months

- the City Council will have a robust and expert basis for reviewing how it supports the local economy and relates to other bodies able to help in providing such support

- OX1, the new City Centre Management Company, would find such a study invaluable in developing its strategy towards city centre development.

1.3 This study has analysed the current make-up of the Oxford local economy and assessed how it economy is likely to change over the next 15 years. The assessment was conducted at the level of nine sectors and 49 sub-sectors. On the basis of these analyses an economic development strategy was produced which describes a process of managed economic growth in the short to medium term.

Methodology

1.4 Figure 1.1 summarises the approach used in the study. The study began with an inception meeting in which the SQW team presented their views on the main issues involved in the study and the approach to be adopted. This meeting was also utilised to collect names from the Steering Group of local businesses and other stakeholders who they felt should be consulted as part of the study (Annex A). A document review was initiated which focussed in particular on relevant economic development strategies within the city, the county, County sub regional and regional levels. This review was updated throughout the life of the study. Face-to-face interviews were held with the leaders of the City and County Councils and some key stakeholders at the beginning of the study to obtain their views on current priorities and to collect suggestions for further consultations.

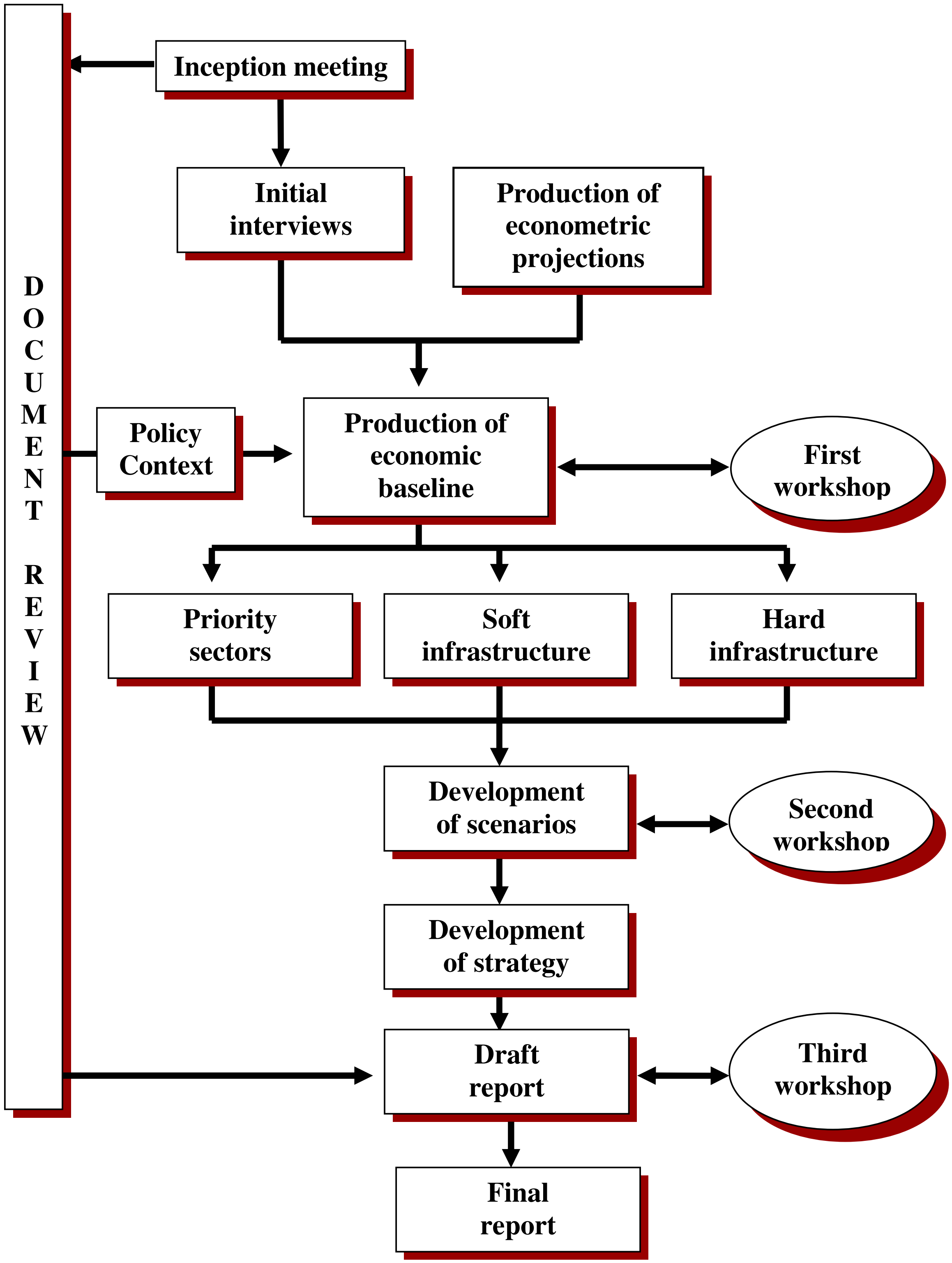
1.5 Cambridge Econometrics produced a series of econometric projections based on historic data and national forecasts from 1981 to 2019 using their Local Economy Forecasting Model. These projections were provided for employment and output at three geographical levels, for nine sectors and 49 sub-sectors:

- Oxford City Council area

- Oxfordshire excluding Oxford City Council area

- Oxfordshire as a whole.

Figure 1.1: Study Methodology



1.6 The SQW team's existing knowledge of the Oxford local economy was combined with data from the literature review, the consultations and the econometric analysis to produce an economic baseline for Oxford city i.e. a snapshot of the economy as it is at present. At this stage, the first of a series of three workshops was held at Oxford City Town Hall, advertised as the Oxford City Futures initiative. The underlying concept was to involve a wide range of local businesses and other stakeholders in developing an economic development strategy for Oxford city. The first Issues Workshop consisted of a presentation of the initial results to a mixed audience from the private and public sectors (a list of participants from all three workshops is presented as Annex B). The presentation also included a SWOT analysis.

1.7 The next stage of the study built upon the previous analysis and feedback from the first workshop to produce a more detailed analysis of:

- ***priority sectors***; education, retail, tourism, manufacturing, health, and high-technology activities
- ***soft infrastructure***; business support mechanisms
- ***hard infrastructure***; transport, IT infrastructure, housing, employment land availability.

1.8 A second Scenarios Workshop was then held at which the SQW team presented three economic development scenarios;

- economic contraction of growth
- current trends and policies
- managed economic growth.

1.9 Following feedback from the Scenarios workshop, the Economic Development Strategy and Action Plan was formulated, and the key findings and recommendations in a draft version of this report were presented to the final Strategy Workshop (notes from the first two workshops are presented as Annex C).

Structure of the report

1.10 The rest of this report is structured into five chapters. Chapter 2 presents the policy context for the study and provides a review of relevant policy documents at regional, sub regional and local levels. Chapter 3 presents an analysis of the Oxford economy based on the literature reviews, analysis of hard and soft infrastructure and the economic projections provided by Cambridge Econometrics. Chapter 4 builds upon this analysis and reviews the priority sectors of education, retail, tourism, manufacturing, health, and high-tech activities in more detail. Chapter 5 presents three economic development scenarios and SQW's recommended outline Economic Development Strategy and Action Plan covering the next 15 years. The final chapter presents the main conclusions of the stud

2 Policy context

2.1 This chapter of the report reviews the planning and economic development policy context for Oxford at the regional, sub regional and local levels. It outlines various strategies and programmes which have current and future implications for Oxford and reviews various materials that provides information about the local economy of Oxford.

2.2 This overview provides a starting point towards understanding the current performance and future prospects of the local economy. It is an important mechanism in the development of a SWOT analysis of the Oxford economy which is provided at the end of Chapter 3.

2.3 The document review is divided into four main sections considering:

- papers and documents which outline the policy agendas and economic development strategies for the ***South East*** region as a whole
- a review of progress of the ***Central Oxfordshire Sub Regional Study***
- policy documents and research papers about ***Oxfordshire*** as a whole
- a various sources of information relating specifically to ***Oxford City***.

Regional context

Regional Planning Guidance

2.4 Regional Planning Guidance for the South East (RPG9)[1], [2] provides the framework for development and the preparation of Structure Main and Local Plans in the South East up to 2016. Consequently, it impacts directly on the planning and development process in Oxford and so its policies, aims and objectives need to be clearly understood.

2.5 The emphasis underlying the guidance is based around sustainable development principles . Thus, RPG9's vision is one of encouraging economic success throughout the region that ensures a higher quality of environment with the management of natural resources, opportunity and equity for the region's population and a more sustainable pattern of development. It is suggested that only through the rigorous application of sustainable development principles can the economic success of the region be secured.

[1] Regional Planning Guidance for the South East (RPG9), Government Office for the South East, March 2001.

[2] Details of all sources of information can be found in the bibliography in Annex 1.

2.6 Oxford falls within the Western Policy Area detailed in RPG9 which is a notional description of the area to the west of London stretching from Milton Keynes in the north through Oxford in the west and Reading to Gatwick in the south. It is characterised as a prosperous area with concentrations of business service employment and high-tech, knowledge-based industries, but also increasing pressure on infrastructure, land resources and house prices.

2.7 Within the Western Policy Area, the Thames Valley sub region (including the Berkshire Unitary Authorities, South Oxfordshire, Oxford, Chiltern, South Bucks, Wycombe, Basingstoke & Deane Districts and parts of West London) is one of the most prosperous in the UK. It is also the centre of a particular 'hotspot' of traffic congestion, expensive housing, and shortage of skilled labour.

2.8 The RPG9 states that in the Western Policy Area, positive strategies should be developed for areas where congestion or labour or land shortages are constraining economic growth. 'Hotspots' should be identified and specific policies developed to tackle local problems. Development plans should:

- ensure that the best use is made of employment land to maximise the performance of the economy as a whole, facilitating changes of land use where appropriate and ensuring that land allocations and development policies are consistent with local economic strategies

- identify hotspots and formulate specific policies and proposals to tackle the problems in these localised areas. These might include:

  - re-allocating land where necessary to secure a better balance between housing and employment

  - tighter traffic management and parking policies including a co coordinated approach to travel plans

  - additional investment in public transport provision and facilities for walking and cycling

  - greater emphasis on affordable housing based on local needs assessment.

2.9 In addition RPG9 recommends that, local authorities should:

- work with partners to tackle congestion through local transport and housing strategies which secure private contributions to add value to public investment. This would include focusing priorities for investment in Local Transport Plans and encouraging public-private investment

- consider taking an audit of outstanding commitments and the current stock of employment land in accordance with criteria set out in RPG9 with particular emphasis on accessibility by non-road transport alternatives.

2.10 Other economic policy guidance within RPG9 which is important to the Oxford economy includes:

- ***Policy RE9*** - states that high value-added activities should be actively encouraged, including the grouped location of such activities in business clusters where this is economically beneficial and environmentally acceptable

- ***Policy RE10*** - which states that economic diversity should be encouraged, facilitating small and medium enterprises, and supporting the growth of a variety of economic sectors including manufacturing.

Regional Economic Strategy

2.11 The Regional Economic Strategy for the South East of England (RES)[3] is based on the key principles of realising economic potential, tackling disadvantage, recognising the contribution of environmental assets to sustainable economic growth, ensuring the sound stewardship of natural resources, addressing the needs of a diverse region and working as an integrated region. These principles manifest themselves in the five objectives of generating:

- ***Competitive*** businesses – with a dynamic, diverse and knowledge based economy that excels in innovation and turning ideas into wealth creating enterprise

- ***Successful*** people – a skilled, motivated workforce that anticipates and embraces change

- ***Vibrant communities*** – an inclusive society characterised by strong, diverse and healthy communities enjoying ready access to high quality jobs, education, homes, health and other services, and free from high levels of crime and discrimination

- ***Effective infrastructure*** – transport, communications, housing and health infrastructures that support and enable continued economic growth and improved quality of life for all

- ***Sustainable use of natural resources*** – environmentally efficient businesses and high quality development demonstrating that quality of the environment is a key asset that underpins economic success.

2.12 These five key objectives are embedded within the concept of sustainable development, which considers collectively economic, social, environmental and natural resource issues. Based on this, the RES sees it necessary to support:

- social progress which recognises the needs of everyone, with strong communities and diverse opportunities

[3] Regional Economic Strategy for the South East of England 2002-12, South East England Development Agency, 2002.

- effective protection of and investment in environmental assets, to ensure a distinctive, diverse and attractive landscape through high quality development
- prudent use of natural resources, with environmentally efficient households and businesses and burgeoning environmental industries
- the maintenance of high and stable levels of economic growth and employment, with a strong, diverse and dynamic economy.

2.13 The RES views raising economic productivity as the key to realising economic potential and improving the long term performance of the region's economy. To this end, local and regional authorities are encouraged to assist with several productivity drivers and in particular:

- ***Skills*** – of all sections of the workforce
- ***Investment*** – in people, research and development, land and premises, capital equipment and infrastructure
- ***Enterprise*** – including the creation of new businesses and their subsequent growth.[4]

2.14 Through business links and commuting patterns, Oxford is linked with South West England, the East and West Midlands and notably London and the East of England.

Subregional context

2.15 The Central Oxfordshire Subregional Study[5] identifies the key planning issues facing Oxford and the adjoining districts of Cherwell, South Oxfordshire, Vale of the White Horse and West Oxfordshire.

2.16 The Central Oxfordshire Study profiles the sub region as the core part of a city region with Oxford at the centre, surrounded by the green belt and market towns and villages. It also identifies the sub region as having an attractive living and working environment and a creative, prosperous diverse economy with low unemployment. But, in spite of the relative prosperity of the area as a whole, there are pockets of deprivation, evidence of skill shortages and acute and growing pressures on the housing market.

2.17 Several potential issues are outlined about links with adjoining areas. They include:

- whether steps will be taken to effectively address the significant and growing imbalance between the large number of jobs and much smaller local labour force in the Western

[4] Derived from Productivity in the UK: 3 – the Regional Dimension, HM Treasury and the Department of Trade and Industry, November 2001

[5] Central Oxfordshire Subregional Study, South East England Regional Assembly, April 2004.

Corridor of London; or whether housing and commuting pressures will intensify and extend over a wide area, including central Oxfordshire

- the potential to spin out economic activity from Central Oxfordshire and in particular to develop economic linkages with Milton Keynes and Aylesbury, in line with the broad concept of the Oxford-Cambridge Arc

- competition for economic growth and investment between Central Oxfordshire and Milton Keynes /Aylesbury

- aspirations for improved east-west road and rail links and the risks of encouraging long-distance commuting.

2.18 Three main options for how the Central Oxfordshire Subregion might develop are suggested. They are:

- continue to build steadily on the sub region's strengths as at present, developing a high value added, high productivity, knowledge based economy whilst limiting overall employment growth, with spin off employment growth out of the subregion

- adopt a more expansionist approach which seeks to accommodate more home grown activity and to attract inward investment and achieve a higher level of employment growth

- continue to build on the subregion's strengths but with more focus on the environment and export growth out of the subregion.

County context

Oxfordshire Structure Plan

2.19 Set within the national and regional context, the Oxfordshire Structure Plan 2016 sets the framework for development in the county. Since the first Structure Plan was approved in 1979, the broad strategy of Oxfordshire County Council has been to protect the environment, character and agricultural resources of the county by restraining the overall level of development. Key aspects of this strategy have focused on:

- protecting the environment in the Green Belt around Oxford and other major landscape designations

- the country towns strategy which has sought to locate most development for new housing and employment in Banbury, Bicester, Didcot and Witney

- a transport strategy seeking to switch the mode of travel away from the use of cars which has been manifested in the Oxford Park-and-Ride scheme.

2.20 The Deposit Draft[6] of the Oxfordshire Structure Plan 2016 identifies the pressures Oxfordshire currently faces. Born out of a successful and growing economy and a quality living environment more people are moving into the county. Consequently, the main issue facing the county is identified as how to support a successful and growing economy without fuelling pressures on the supply of housing, without adding to congestion and infrastructure problems and without damaging environmental character.

2.21 The County Council's priorities are to improve the quality of life of Oxfordshire's people by helping them to fulfil their potential, protecting the environment, safeguarding communities, sustaining prosperity and raising the performance of the County Council to improve services and promote Oxfordshire's interests in the region, nationally and in Europe. These are translated into the following 4 key aims:

- ***Aim 1*** - to protect and enhance the environment and character of Oxfordshire
- ***Aim 2*** - to encourage the efficient use of land, energy and natural resources
- ***Aim 3*** - to support progress towards a better quality of life for all
- ***Aim 4*** - to sustain prosperity for all by supporting sustainable and appropriate economic development.

2.22 The balance of these aims highlights how the Structure Plan is focused around sustainability in an attempt to protect the natural, historical and cultural environment. To this end, the Structure Plan strategy aims to preserve the landscape, setting and character of Oxford. It wants to protect and enhance Oxford as a city of international historic importance by preventing unchecked growth. It seeks to avoid growth which would damage Oxford's landscape and heritage and increase pressures on transport and other services. Consequently, the Structure Plan supports only small-scale development which helps maintain the diversity of the Oxford economy.

2.23 The provision for employment development within the Structure Plan is to ensure that sufficient land is available in appropriate locations to meet the needs of small businesses. A key objective is to support the development of Oxfordshire's existing and emerging growth sectors and clusters – namely the educational, scientific and high technology industries and services. The Structure Plan recognises that it may be necessary to provide new employment sites to:

[6] Oxfordshire Structure Plan 2016 – Deposit Draft, Oxfordshire County Council, September 2003.

- provide for the expansion and relocation of existing local firms and firms with a need to be located in an area, in particular for research and development and related activities

- work towards a better balance between the number of jobs and the workforce in the main urban centres.

2.24 ***Policy E1*** states that:

- in Oxford, development for employment generating uses will be expected to take place on land that is already used or allocated for that purpose

- where the employment use on a site ceases, favourable consideration will be given to redeveloping the site for residential or mixed employment/residential use, except where the premises provide for small scale businesses which can contribute to the diversity of local employment opportunities.

2.25 This policy demonstrates just how tightly the provision of land for employment generating purposes in Oxford is restrained by the planning system. Yet, justification for this is brought about by the in-commuting and housing pressures caused by the resident workforce being much smaller than the number of jobs in the city. In light of this, the County Council believes that there is scope for redevelopment for housing or mixed uses on some employment sites when the existing use ceases (without reducing new job opportunities for unemployed residents).

2.26 Where provision for new employment land is made by the Structure Plan, it is mostly earmarked to meet university and hospital requirements (although these development plans will only be permitted to go ahead if the new transport pressures they would generate can be managed).

2.27 Given their importance in fostering economic diversity the County Council attaches particular importance to the role of small businesses in the local economy. ***Policy E3*** permits the development of small new premises with one or more units up to 500 sq m for the occupation by small firms (where the location is appropriate when considered against the environmental, transport and other policies in the development plan).

2.28 ***Policy E4*** of the Structure Plan states that tourism projects which are based on the conservation and enjoyment of the county's inherent qualities and heritage will be encouraged in appropriate locations, particularly where the proposed development is accessible by foot, cycling or public transport.

2.29 The heart of this policy is integrating tourism opportunities with schemes to conserve, maintain, upgrade and enhance the wildlife, cultural and historic aspects of the county. The Structure Plan also acknowledges that Oxford's historic built environment and its standing as a centre of learning is at the heart of the county's international tourist reputation.

2.30 Given the central role of Oxford in the county the County Council wants to promote Oxford as a first class vibrant city, modern in outlook with a diverse economy. Consequently, the Structure Plan promotes Oxford's role as a subregional centre for shopping, leisure and cultural activities and gives priority to the promotion and support of the redevelopment of central Oxford focusing on the castle site, the Westgate Centre and the relocation of the Railway Station.

Oxfordshire Economic Development Strategy

2.31 The vision of the Economic Development Strategy for Oxfordshire 2001-2005[7] is to raise Oxfordshire's profile as a pioneering, productive, world-class economy that fulfils the potential of its inhabitants through continually developing its capacity for innovation, business and personal development, research and education, and through the effective management of its high quality environmental resources.

2.32 The vision of the Economic Development Strategy is to sustain and develop the county's educational, scientific and technological economy and to deliver continued economic prosperity through improved competitiveness and productivity, skills development and job and firm creation in a way that protects the county's important environmental assets.

2.33 To help sustain, develop and deliver this vision, the Economic Development Strategy has three key aims. These are to:

- improve the competitiveness of the Oxfordshire economy to achieve a gross domestic product (GDP) per capita that ranks among the top ten subregions in Europe
- achieve growth in productivity whilst sustaining the county's environmental assets
- fulfil the employment potential of all the citizens in Oxfordshire by increasing participation in the labour market and matching skills to job opportunities.

2.34 In order to improve the competitiveness of the economy, the strategy has set out the following objectives:

- ***Spread innovation good practice*** - through network activities to encourage stronger interaction between universities, research institutes and innovative organisations such as Venturefest (an annual conference created to draw attention to Oxford's commitment to new business innovation and growth) and the Oxfordshire Chamber of Commerce

[7] Economic Development Strategy Oxfordshire 2001-2005, Oxfordshire Economic Partnership, December 2001-2005.

- ***Exploit the commercial and creative potential of the science and technology base*** - given that Oxford is an internationally recognised brand and a centre for research learning and entrepreneurial activity

- ***Invest in*** workforce ***development*** - since the skills and abilities of the workforce are a crucial factor in economic growth (especially in a knowledge-based, high value-added economy)

- ***Refine*** support ***services for new and growing businesses*** - such as those provided by the University of Oxford, Oxford Brookes University, Oxford City Council's Enterprise Centre and Business Link to help assist with the strong demand by new businesses for affordable, flexible business accommodation that is not subject to financially restricting long-term leases

- ***Nurture business clusters and support networks*** - given the importance of business clusters to local economic development[8]

- ***Drive e-***commerce ***forward, through a communications infrastructure*** - to help raise awareness of the benefits and opportunities offered by e-commerce

- ***Exploit new*** export ***opportunities*** - to sign post companies to where they can get help to develop their international markets.

2.35 In order to achieve productivity growth whilst sustaining the county's environmental assets the Oxfordshire Economic Development Strategy emphasises the importance of sustainable development. To this end the objectives are to:

- ***Achieve a more equitable housing market*** - by encouraging the implementation of affordable housing policies and working with councils to develop and implement their studies into affordable housing

- ***Secure*** adequate ***investment in transport and communications infrastructure*** - to encourage initiatives that reduce travel to work times and the use of cars for commuting

- ***Protect the county's important environmental assets*** - by making the best use of land and buildings within built up areas in order to reduce the development of the green belt through encouraging more efficient business practices to ensure growth in output can be accommodated without the need for more business space

- ***Maximise the*** benefits ***of brown field land in appropriate locations*** - by working with policy makers and supporting planning decisions which protect green field sites and

[8]See for example, Porter (1990) The Competitive Advantage of Nations or Business Clusters in the UK: A First Assessment, Department of Trade and Industry, 2001 or Boosting Innovation: The Cluster Approach, OECD, 1999.

encouraging the redevelopment of appropriate brown field sites by making them more attractive to developers

- ***Build and sustain*** viable ***rural economies*** - to help support rural development initiatives

- ***Improve the environmental performance of all employers*** - through the integrated pollution prevention and control legislation (IPPC) to encourage a 'cradle to grave approach' to be taken by industrial and commercial businesses.

2.36 In order to fulfil the employment potential of all the citizens in Oxfordshire a key aim of the Economic Development Strategy focuses on fostering social inclusion. The objectives within this are:

- ***Investment in learning especially in early years and adult basic skills*** - to help develop a lifelong learning culture with a foundation for subsequent qualification attainment and personal development

- ***Widen*** participation ***in the labour market*** - to address under-representation in the labour market and monitor equal opportunities policies across economic development policy

- ***Change community attitudes towards enterprise*** - to offer a way into enterprise for all sections of society and help generate social as well as financial capital

- ***Promote enterprise development within disadvantaged areas*** - to prevent social exclusion and help the areas to also benefit from economic and social development in line with the rest of the county.

2.37 Despite the problems of Oxfordshire's current economic success, the Economic Development Strategy identifies further growth potential because:

- the county's overall skills base has room for improvement

- its investment levels are low

- its economic growth rate is average by the standard of other parts of the South East of England.

Oxford context

Oxford Local Plan

2.38 The Second Draft Oxford Local Plan 2001-2016 (SDOLP) [9] more explicitly sets the planning framework for the city, providing the detail in the planning framework, and the basis for translating higher level policies into action.

2.39 Historically, Oxford Local Plan policies have sought to reduce dependency on the car through increased pedestrianisation and parking restrictions. It also aims to diversify the economic base to reduce dependency on the motor vehicle industry and structure service provision to create a hierarchy of city centre, district and local retail centres. Many of these policies are reinforced in the SDOLP, which is largely based around utilising existing assets.

2.40 The SDOLP identifies several important functions of Oxford. These are as a:

- centre of higher education
- major shopping centre
- tourist centre
- centre for public services
- centre of manufacture.

2.41 The key functions of Oxford are closely linked to the high quality of the built and natural environment, the diversity of the economic base, the compact nature of the city, accessibility and the reputation of the health care and education sectors, which the SDOLP sees as Oxford's main strengths.

2.42 The SDOLP is designed to encourage sustainable development, strengthen existing employment sectors and modernise existing employment uses within Oxford. But, this is to take place in the context of a policy of employment restraint, which is required to protect Oxford's character and avoid adding to the city's housing and transport pressures. It seeks to build on Oxford's economic strengths, which it sees principally as education, the motor industry, publishing, healthcare, research and development, tourism and telecommunications. But it also seeks to encourage and support a variety of businesses to strengthen and diversify the local economy, especially to help maximise employment opportunities for local people. Planning policy for small business unit development is less restrictive than for other uses, in part because of the short supply of units for the small and start-up businesses in Oxford.

[9] Second Draft Oxford Local Plan 2001-2016, Oxford City Council, February, 2003.

2.43 The City Council has a transport policy which aims to reduce the need to travel, particularly by private car, and to give people better choice in the way they travel by walking, cycling and public transport. To this end, the Oxford Transport Strategy (OTS) focuses mainly on access to the city centre and is underpinned by policies on controlling car parking and supporting non-car travel as the main means of access to the city centre.

2.44 ***Policy CP.4*** is based around limiting the need to travel. It states that any new development should be located with a view to minimising travel journeys and offering a realistic choice of access by walking, cycling or public transport. It also adopts a sequential approach to proposed development where it has to be proven that development could not first be accommodated in the city centre, then on the edge of the city centre, then in district centres and finally in neighbourhood shopping areas.

City Council vision

2.45 The City Council has a vision of 'Building Pride in Our City'. It encompasses a number of strategic priorities and aims to work with residents, the local business community, other public sector bodies and the voluntary sector to deliver shared goals. The key strategic priorities[10] are to:

- ***Improve the environments where people live and work*** – through keeping roads and streets clean and tidy and preserving the green spaces that define the city
- ***Make*** Oxford ***a safer city*** – through working with other bodies, such as the police, to reduce crime, the fear of crime and anti-social behaviour
- ***Provide*** more ***affordable housing*** – through working with partners to provide more homes that ordinary people can afford to buy or rent
- ***Create local prosperity and sustain full employment*** – with a thriving local economy providing jobs, housing and services for local people
- ***Improve*** transport ***and mobility*** – through providing alternatives to the private car to ease traffic congestion and the problems it causes
- ***Improve dialogue and consultation*** – to create effective partnership working
- ***Provide more and improved affordable leisure activities*** – to contribute to the health and well-being of the city.

[10] Profiled in full on the City Council website at www.visitoxford.org/oxford/council.nsf/leadpages/OurVision

Economic Development and Regeneration Work Plan[11]

2.46 Oxford City Council's economic development and regeneration aim is 'to develop, promote and support the economy of Oxford for the benefit of its residents and business community through partnership with other public sector bodies, local private businesses and business organisations, and with voluntary and community organisations'.

2.47 To work towards this, six strategic objectives have been set. These are to:

- promote partnership working wherever appropriate in addressing economic development or regeneration issues and opportunities
- maintain an understanding of the effect of local economic change, lobby and inform others to ensure resources are effectively directed towards local needs
- identify and encourage key growth sectors and diversify the city's economic base
- improve access to jobs for all local people
- promote sustainable development and investment
- encourage good quality employment, enhanced skills and lifelong learning.

2.48 The Oxford City Centre Management Company Ltd (OX1) is working closely with the City and County Councils to revitalise the city centre. OX1's vision states "Oxford will be recognised as the most attractive, prosperous and successful city centre in the South of England. It will provide a vibrant, clean, safe and friendly environment to live, work, study, invest in and visit".

Oxford Inspires Tourism Strategy

2.49 The tourism strategy for Oxford and Oxfordshire[12] identifies Oxford as one of Britain's leading visitor destinations. Research shows that Oxford receives over 7m visitors a year who contribute £364.4m to the local economy.

2.50 The overarching aim of the strategy is to deliver sustainable economic and social benefits from tourism across Oxfordshire. Within this there is a five point action plan to promote tourism development which involves: planning on the basis of relevant and reliable data, marketing the whole county externally as a visitor destination, improving the visitor experience, improving transport links into and around the county and involving Oxfordshire communities in developing and promoting tourism.

[11] Economic Development and Regeneration Work Plan 2002/2003, Oxford City Council.

[12] A Tourism and Action Plan for the City and County of Oxford, 2003-2008, Oxford Inspires.

Summary

2.51 At the ***regional level*** policy is predominantly based around the Regional Planning Guidance for the South East (RPG9) and the Regional Economic Strategy (RES). In the case of the RPG9 the main emphasis is based on sustainable development within the region. The RES advocates economic development but again stresses that such development should be sustainable.

2.52 The main policy instrument at the ***subregional level*** is the Central Oxfordshire Subregional Study. This document addresses key planning issues facing Oxford and the adjoining districts of Cherwell, South Oxfordshire, Vale of the White Horse and West Oxfordshire. It recognises the significance of the city of Oxford as a central hub but stresses the need to address several issues across Local Authority boundaries, particularly distribution of employment, linked economic activity and competition between the subregion and surrounding areas (especially Milton Keynes and Aylesbury) and the importance of improving east-west transport links.

2.53 At the ***county level*** the Oxfordshire Structure Plan and Oxfordshire Economic Development Strategy are the key policy documents. Again the main focus of both documents is to encourage sustainable and equitable development across the county. Both documents stress the need to strike the correct balance between managed economic growth and the requirement to conserve and improve the environment in which people live and work and to minimise ecological damage.

2.54 At the ***city level*** the Oxford Local Plan and the Economic Development and Regeneration Work Plan form the main focus of the City Council's vision to "build pride in our city". Both documents aspire towards sustainable developments in selected areas of economic activity, whilst striving to maintain the special qualities of the city, and its diverse economy.

2.55 At all levels the principal policy documents emphasise the need for sustainable economic development balanced with the conservation and improvement of the environment. The ultimate aim is to work towards an environment that is healthy, attractive and pleasing to live and work in.

3 The structure of the Oxford economy

3.1 This Chapter analyses the structure and state of the Oxford economy in the context of the wider county and regional economies. It draws on economic and social data to provide a current and past trends assessment of the readily available standard statistical indicators, examines differences in the Oxford local economy and where relevant draws comparison with the county, region and the country as a whole.

3.2 Our analysis is divided into five main sections which tie into the five strategic aims of the Regional Economic Strategy for the South East:

- Competitive businesses
- Successful people
- Vibrant communities
- Effective infrastructure
- Sustainable use of natural resources.

3.3 The baseline provides a benchmark against which subsequent developments in the Oxford economy can be measured and monitored. It is also fundamental to the development of the SWOT analysis of the Oxford local economy which is provided at the end of this chapter.

Competitive businesses

Value added

3.4 Economic indicators which relate to Oxford show that the city has a relatively buoyant economy. Information on Gross Domestic Product (GDP)[13] per head shows that the Berkshire, Buckinghamshire and Oxfordshire subregion performs well in relation to the rest of the region and the country as a whole. GDP growth in the subregion between 1997 and 1998 was the highest in the UK. GDP per head in the subregion was higher than the region and the country in 1998 when it was recorded at £16,207[14]. This represents 129 indexed to the UK average (UK=100) compared with a regional score of 109. However, the county underperforms in comparison to the subregion. The index of GDP per head for Oxfordshire in 1998 was 111, lower than the 129 indexed for the subregion, although it is still higher than the regional and national averages.

[13] GDP is a measure of economic activity calculated by adding the value of the annual output of goods and services.

[14] Source: ONS Local Area and Subregional GDP, April 2001, measured at 1998 prices.

3.5 Gross Value Added (GVA)[15] data shows also that the subregion[16] performs above average and has experienced growth in recent years. Estimates of GVA per head at current basic prices for 2001 showed that the subregion scored 143 when indexed against the UK average (UK=100), compared with 110 for the South East as a whole,[17] although within the subregion Oxfordshire itself scored relatively poorly[18]. The industry breakdown indicates that those industries which contribute most to wealth creation in the subregion are business services and real estate (estimated to generate £13,975 million in 2000) followed by manufacturing (£6,442 million) and wholesale and retail trade (including motor trade) (£6,201 million).

Sectoral profile

3.6 Figure 3.1 shows the proportion of total employment by industrial sectors in 2002. It reveals that the main employment sectors in Oxford are in real estate, renting and business activities, health and social work and education. In comparison to the employment structure of the county, the region and the country, Oxford is particularly well represented in health and social work and education. In 2002, health and social work accounted for 18% of all employment in Oxford in comparison to 11% in Oxfordshire, 10% in the South East and 11% in England; education accounted for 16% of all employment in Oxford compared to 10% in Oxfordshire, 9% in the South East and 9% in England. These sectors are more prevalent in the local economy due to the prominence of the universities and hospitals detailed in the sector analysis in Chapter 5.

3.7 The wholesale, retail trade and repair sector is the fourth largest in the local economy. Although it accounts for 13% of Oxford employment, it is underrepresented as a proportion of all employment in comparison to employment in the sector in the county (18%), the region (20%) and the country (18%). While manufacturing is the next largest sector accounting for 10% of employment in Oxford, it is similarly slightly under-represented as a proportion of all employment in comparison to employment in the sector in the county (13%), the region (11%) and the country (13%).

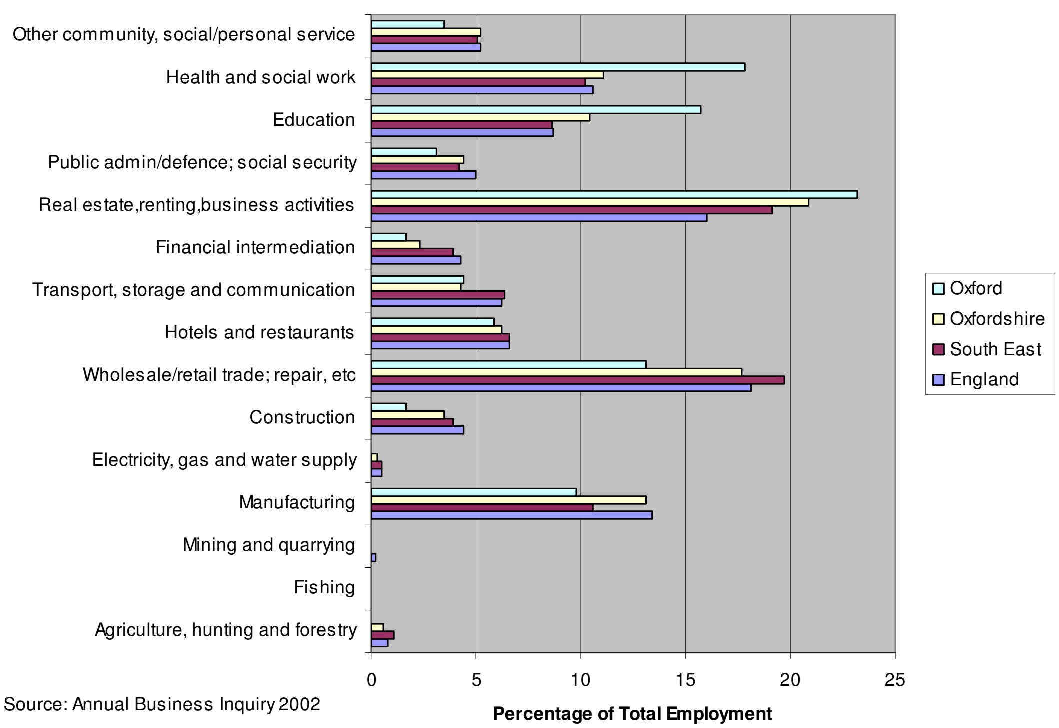
[15] Under the European System of Accounts 1995 (ESA95), the term gross value added (GVA) is used to denote estimates that were previously known as GDP at basic prices.

[16] The subregion is the NUTS2 area which comprises Berkshire, Milton Keynes, Buckinghamshire and Oxfordshire.

[17] Source: ONS Local Area and Subregional GVA, April 2001. Note – GVA estimates are workplace based so the earnings of employees are allocated to the area where they work rather than where they live.

[18] Oxfordshire scored 126 when indexed against the UK average.

Figure 3.1 Employment by Sector 2002



Source: Annual Business Inquiry 2002

3.8 Although not readily picked up by the Standard Industrial Classification (SIC) system high technology businesses are significant employers in the local economy. The Oxfordshire Economic Observatory (OEO)[19,20] demonstrates the importance of high technology businesses, outlining a successful, creative economy which is one of Europe's leading centres of innovation. They show that:

- there were over 1,400 high-tech firms in Oxfordshire employing 37,000 people at the end of 2001(12% of employees in the county)
- Oxfordshire experienced the fastest rate of high-tech employment growth of all the 45 English counties between 1991 and 2001.

[19] Enterprising Oxford: the Growth of the Oxfordshire high-tech Economy (Volume 1), Oxfordshire Economic Observatory, 2003.

[20] Enterprising Oxford: the Anatomy of the Oxfordshire high-tech Economy (Volume 2), Oxfordshire Economic Observatory, 2003.

3.9 The Oxfordshire 'Phenomenon' Case Study[21] - part of the work commissioned by SEEDA – similarly outlines how high-tech manufacturing and knowledge-intensive business services contribute markedly to Oxford's economy. Across Oxfordshire as a whole over 55,000 people were employed in these activities. This was broken down as follows:

- professional knowledge-intensive business services (27,200) mostly in advertising and market research, business/management consultancy, architectural/engineering activities and related technical consultancy
- technology-based knowledge-intensive business services (20,300) mostly in research and development, software and other computer-related activities
- high-tech manufacturing (7,600) mostly in computer equipment, electrical and electronic equipment and precision instruments).

3.10 Structural shifts in the Oxford economy have led to changes in the employment profile of the city. These amounted to slightly negative employment growth (-0.1%) with a loss of 129 jobs in Oxford between 1998 and 2002. This is in line with similarly negative employment growth in the county (-0.2%), but compares unfavourably with employment growth experienced regionally (6.7%) and nationally (4.6%). The employment analysis for the 1998 – 2002 period shows that:

- by far the greatest absolute growth in employment in Oxford took place in health and social work (+3,704 jobs). This represents an increase over the four years of 22%, which was slightly more than the 21.4% in Oxfordshire, but much higher than the figure for the region (9.4%) and the country (9.1%)
- significant employment growth also took place in the education sector which grew by 10.4% (+1,536 jobs), although this was less than education employment growth in the county (12.7%), the region (15.8%) and the country (15.5%). In Oxford, the only other areas in which employment growth took place was in real estate, renting and business activities (4.7% and 1,044 jobs) and the hotel and restaurant sector (3.7% and 206 jobs)
- the most notable decline in employment took place in public administration, defence and social security where the number of jobs fell by 4,542 (-154.6%) - a reduction in the sector's employment base by more than a half from 1998 - which was significantly more than the 41.5% employment decline in the sector in the county, 20.2% regionally and 1.7% nationally
- employment also declined in wholesale, retail trade and repair activities by 9% in comparison to employment growth elsewhere (by 0.7% in the county, 7.1% in the region and 5.1% across the country as a whole). Employment declined in construction by 22.7%

[21] SEEDA – Structure and Dynamics of the South East Economy Reducing Intra-Regional Disparities: Oxfordshire 'Phenomenon' Case Study, Miles Strategic Consulting and Oxfordshire Economic Observatory, February 2004.

in line with the employment declines in the sector in the county (-22.3%) and the region (-0.9%), but set against national employment growth (6.6%) in the sector. Similarly, employment in manufacturing declined by 3.3% in line with the county (-6.5%), the region (-13.5%), the nation (-18.2%) and the industry's long term sectoral decline.

Business base

3.11 In 2002, there were over 5,000 business units[22] in Oxford[23]. Of these, more than 4,000 micro business units (79%) employed one to ten people. However, micro enterprises are much less prevalent in the local economy than they are in Oxfordshire (where they account for 85% of all business units), the South East (85%) or England (84%).

3.12 Larger firms are more significant to the Oxford economy. Of all business units in 2002:

- 1% (over 50) were large business units, which employed 200 or more people, in comparison to 0.6% in Oxfordshire, 0.6% in the South East and 0.7% in England
- 5% (just less than 230) were medium-sized business units, which employed 50-199 people, in comparison to 3% in the county, 3% in the region and 3% across the country
- 16% (over 790) were small business units, which employed 11-49 people, in comparison to 11% in Oxfordshire, 12% in the South East and 13% in England.

3.13 Over the five years between 1998 and 2002 the number of business units in Oxford grew by 5%[24]. This was, however less than business unit growth in Oxfordshire (8%), the South East (9%) and even England (6%). Growth was most notably lower in the smaller business units:

- the number of micro-business units grew by just 5% between 1998 and 2002 in Oxford compared with 9% in Oxfordshire, 9% in the South East and 7% in England
- there was zero growth in the number of small business units in the local economy between 1998 and 2002, which was in line with the county but less than growth in the South East (10%) and the country (5%)
- the number of medium-sized business units in Oxford between 1998 and 2002 grew by 5% in comparison with 12% in Oxfordshire, 8% in the South East and 9% across England.

[22] Note – that business units do not correspond exactly to businesses, companies of firms because the way data is collated means more than one unit can be present in the same workplace.

[23] Source: Annual Business Inquiry, 2002.

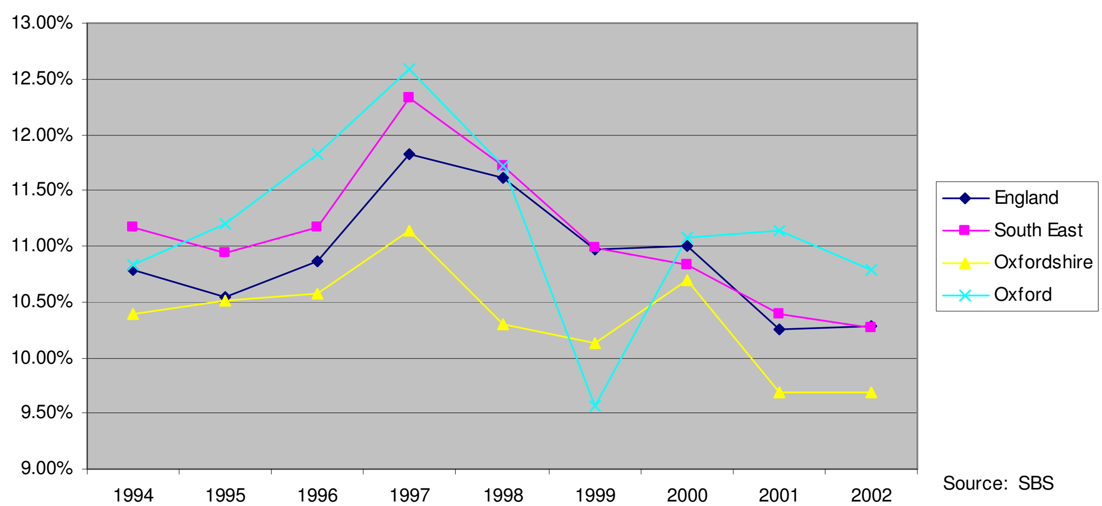
[24] Source: Annual Business Inquiry, 1998-2002.

Entrepreneurship

3.14 Entrepreneurship is an important element of a dynamic economy. Business formation is a reflection of entrepreneurial activity, which can be measured by the number of VAT registrations and de-registrations since they are indicative of the underlying rate of business 'births' and 'deaths'[25].

3.15 A distinctive feature of the Oxford economy is the relatively high rate of new firm formation. Figure 3.2 shows that since 1994, the proportion of VAT registrations in Oxford have been consistently higher than the county, regional and national averages. In 2002, the number of VAT registrations as a proportion of total business stock stood at 10.8%, which was higher than in the county (9.7%), the region (10.3%) and the country (10.3%)[26]. This relatively high rate of new business formation is suggestive of a healthy and developing local economy.

Figure 3.2: VAT Registrations as a Proportion of Total Stock



Source: SBS

3.16 Oxford also appears to have a relatively high rate of new firm survival. Figure 3.3 shows that since 1994, the rate of VAT de-registrations in Oxford as a proportion of the business stock have been consistently lower than the regional and national averages although generally higher than for the county. In 2002, the number of VAT de-registrations as a proportion of total business stock stood at 9.5%, which was lower than in the region (9.8%) and the country (10.3%), although not as low as in the county (8.7%)[27].

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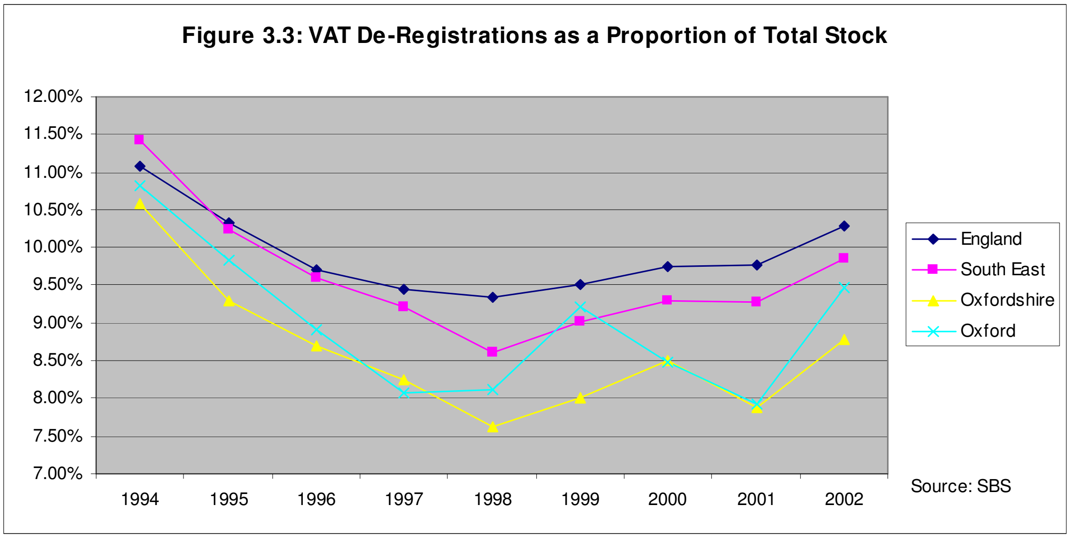
25 Note – the DTI estimate that the actual number of business start-ups is around twice the number of VAT registrations.

26 Source: SBS

27 Source: SBS



3.17 However, these relatively high rates of new firm formation and survival seem to be accompanied by lower than average rates of self employment. The most recent available data shows that self-employment in Oxford is much lower than in Oxfordshire, the South East and England. In 2001/2 the rate of self-employment as a proportion of those in employment in Oxford was 8.4% in comparison to the 11.1% in the county, 12.5% in the region and 11.6% in the country28. Allied to low levels of self-employment is the smaller relative role of small firms in the local economy outlined earlier.

Soft infrastructure

3.18 Soft infrastructure comprises a broad spectrum of organisations and agencies which play a role in supporting the local economy. They are the supporting elements to business growth which help promote entrepreneurship and are important to the city's overall competitiveness. In Oxford, there are a number of public and private sector organisations part engaged in the delivery of business support. Some of these are Oxford specific, but most form part of the wider county and regional infrastructure.

3.19 Many of the largest organisations have a lack of resources to assist the local economy. Oxfordshire County Council, the Oxfordshire Economic Partnership and Oxford City Council all have limited funds for supporting economic development[29]. In fact, Waters and Lawton Smith (2002) note how Oxfordshire County Council has one of the smallest economic development teams in the country[30]. Oxford City Council also has limited capacity for economic development. Only Business Link and the Local Learning and Skills Council have significant funds that can be applied to local economic development. The general lack of

[28] Source: Local Area Labour Force Survey

[29] Oxfordshire Economic Observatory

[30] Waters, R. and Lawton-Smith, H. (2002) 'Regional Development Agencies and Local Economic Development: Scale and Competitiveness in High Technology Oxfordshire and Cambridgeshire', *European Planning Studies*, 10 (5), 633-649.

available funds is a major cause of the dearth of public institutional actors engaging in strategies to assist the development of the local economy.

3.20 This gives increased importance to the role of private and charitable service providers supporting local businesses. These are led primarily through the Oxford Trust, Oxford Innovation and Isis Innovation, who facilitate technology transfer initiatives and help business start-ups.

3.21 Isis Innovation, Oxford University's technology transfer company has spun out over 30 companies since 1997 based on academic research[31]. Other than just direct employment, many of these companies have helped to spawn further spin-offs, source suppliers from within the local area, and assist with the creation and upgrading of skills[32].

3.22 There have been a number of sector support initiatives – the Oxfordshire Motorsport Industry Forum and the Oxfordshire Bioscience Network – to bring together leading people to identify the best way to build support for businesses in the same field. They are designed to improve the business environment of firms in specific sectors, which includes technology flows and improving the quality of the local labour market, to develop a best practice model of building local capabilities33. The Oxford Trust through its Oxford Networks project has produced reports on three sectors; medical and biosciences, materials and engineering in motorsport, and information and communication technology.

3.23 The Oxford Trust was the pioneer of business incubation across the county. Today, this service is provided by its spin-off Oxford Innovation, which specialises in the support of science and technology based businesses. They manage 11 innovation centres which provide start-up premises which offer leasing flexibility and business support services designed to assist firms with the commercialisation of research[34]. The Trust also developed the Oxfordshire Investment Opportunity Network (OION) which links investors to companies with high growth potential seeking business development funds. The network is now operated by Oxford Innovation.

3.24 The City Council manages the Oxford Enterprise Centre which provides small office and workshop units for local people who wish to support or start up their own business. It contains eleven offices with seven ground floor workshops available on three year agreements. The Thames Business Advice Centre Management Services offers similar facilities. The company has around 70 fully serviced units for small businesses in the county, nine of which are located at the TBAC Business Centre in Oxford.

[31] Oxfordshire Economic Observatory

[32] Source: The Structure and Dynamics of the South East Economy – Measures to Reduce Intra-Regional Disparities, Arup, Miles Strategic Consulting and RHA, December 2003.

[33] SEEDA – Structure and Dynamics of the South East Economy Reducing Intra-Regional Disparities: Oxfordshire 'Phenomenon' Case Study, Miles Strategic Consulting and Oxfordshire Economic Observatory, February 2004.

[34] There are also a small number of serviced office spaces for science and technology companies provided by the Magdaln Centre at the Oxford Science Park.

3.25 There are two enterprise centres just outside Oxford in the wider county. The North Oxfordshire Enterprise Hub supports opto-electronics, advanced materials, automotive engineering, multimedia and aerospace at Oxford University's Begbroke Business and Science Park[35]. South of Oxford, the Southern Oxfordshire Enterprise Hub operates across three innovation centres at Harwell, Culham and Howbery.

Successful people

Population and workforce

3.26 The characteristics and economic position of the people of Oxford influence the performance of the local economy. Following the 2001 Census their situation can now be interpreted more accurately. In 2001, the population of Oxford was 134,248 people[36]. Between 1991 and 2001 the city population grew by 4%, which was slightly lower than in the county (5%), the South East (5%) and England as a whole.

3.27 The city is extremely important economically. Almost 95,000[37] people work in Oxford, which represents 32% of overall employment in the county. Yet, half of these jobs are taken by people commuting into Oxford from elsewhere; mostly the country towns and the rest of Oxfordshire[38]. Consequently, despite a high resident working-age population in Oxford (94,260[39] - 70% of the total population) economic activity rates, as detailed in the following section, are relatively low.

3.28 Other population characteristics are explored in more detail in the following section on Vibrant Communities.

Economic activity and unemployment

3.29 The claimant count unemployment[40] rate in Oxford was 1.7% in April 2004, which represents a total of 1,654 people out of work. This rate of unemployment is higher than both Oxfordshire (1.1%) and the South East (1.5%) although it is lower than England as a whole (2.4%)[41]. Over the last decade, claimant count unemployment in Oxford has decreased mirroring both national and regional trends. However, since the unemployment rate in

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[35] SEEDA – Structure and Dynamics of the South East Economy Reducing Intra-Regional Disparities: Oxfordshire 'Phenomenon' Case Study, Miles Strategic Consulting and Oxfordshire Economic Observatory, February 2004.

[36] Source: 2001 Census

[37] Source: Annual Business Inquiry, 2002.

[38] Oxford Local Plan Inquiry: Proposed Expansion of Plant Oxford, SQW Ltd., January, 2004.

[39] The working-age population taken from the 2001 Census age bands is comprised of males aged between 16 and 65 and females aged between 16 and 60.

[40] Measured by the number of people unemployed as a proportion of the working age population.

[41] Source: Claimant Count Rates and Proportions

Oxford reached its lowest point in 2001 (1.5%) it has slightly increased again in line with the trend across Oxfordshire and the South East.

3.30 Although the overall level of unemployment is relatively low, long-term unemployment is evident in Oxford. Information from the 2001 Census shows that 28% of the City's resident population has not worked since 1999 or earlier. This is significantly higher than Oxfordshire (22%) although lower than the proportion for England as a whole.

3.31 The relatively low unemployment rate in Oxford is not however reflected in a relatively high rate of economic activity. Slightly under 80% of the working age population of Oxford are economically active[42]. This is lower than the economic activity rates for Oxfordshire (87%) and the South East (83%) and in line with the economic activity rate for England as a whole (80%).

3.32 These relatively low economic activity rates in Oxford are however distorted by the large student population. Analysis of the 2001 Census seems to suggest that the proportion of the resident population that is economically inactive in Oxford is 21% in comparison to 32% across England and Wales as a whole. But, if the economically inactive student population is added to this equation, the overall rate of economically inactive people increases to 41% in Oxford in comparison with 37% across England and Wales.

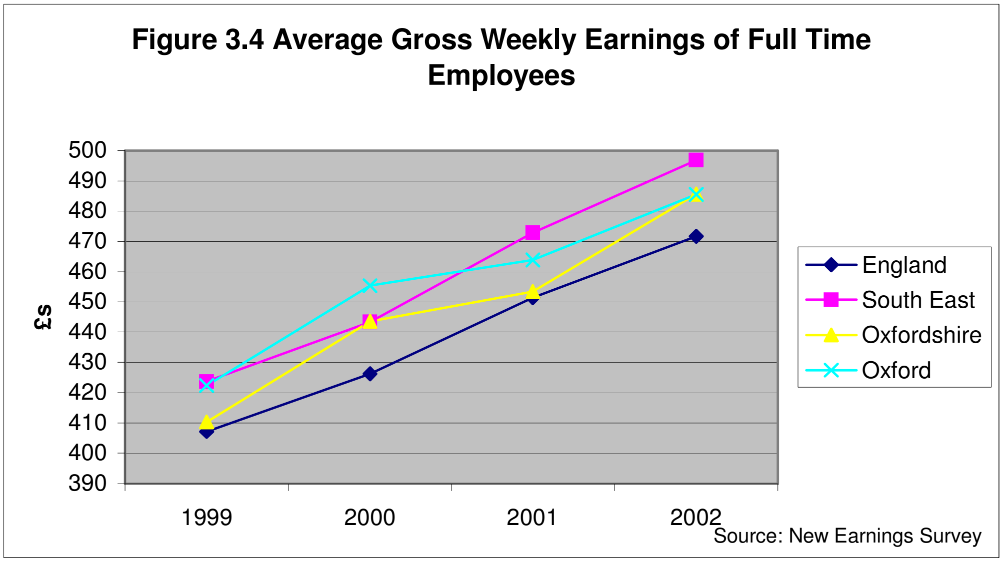
Earnings

3.33 In 2002, gross average earnings for full-time employees in Oxford were £486 a week[43]. These were roughly equivalent to the average gross weekly earnings of full-time employees in Oxfordshire (£486) and higher than across England as a whole (£472), but lower than those in the South East (£497). Figure 3.4 illustrates the weekly earnings of full-time employees between 1999 and 2002. It shows that the earnings of employees in Oxford grew steadily over the period. However, the growth over the period was only 13% which was much lower than growth in the county (16%), the region (15%) and even the country (14%)[44].

[42] Source: 2003 Labour Force Survey

[43] Source: New Earnings Survey

[44] Note, however that comparisons of the value of earnings between areas should be should be interpreted with caution because they do not take account of variations in the cost of living and to that extent, do not represent the actual buying power of these earnings.



Deprivation

3.34 Poverty and affluence are closely juxtaposed in Oxford. The district level Indices of Deprivation (2000)[45] rank Oxford significantly lower and therefore more deprived than the surrounding four districts, as illustrated in Table 3.1. The average score for the wards in Oxford is 168 compared with the average score for the other districts in Oxfordshire which are close to and over 300[46].

3.35 The Indices of Deprivation (2000) provide information for the seventeen wards in Oxford[47]. Two of these wards, Blackbird Leys and Littlemore, rank within the first quartile of the 8,414 English wards (i.e. they are within the 25% most deprived in the country[48]). Conversely, the three wards of Central, Wolvercote and North have a deprivation rank of more than 6,000 (i.e. they are within the 25% least deprived in the country).

[45] Source: DETR 2000 Index of Deprivation

[46] A rank of 1 indicates that the district is the most deprived in England according to the relevant measure (there are 354 English districts).

[47] Based on 1998 ward boundaries.

[48] Although only Blackbird Leys ranks amongst the 10% most deprived wards nationally.

Table 3.1: Index of Multiple Deprivation, 2000

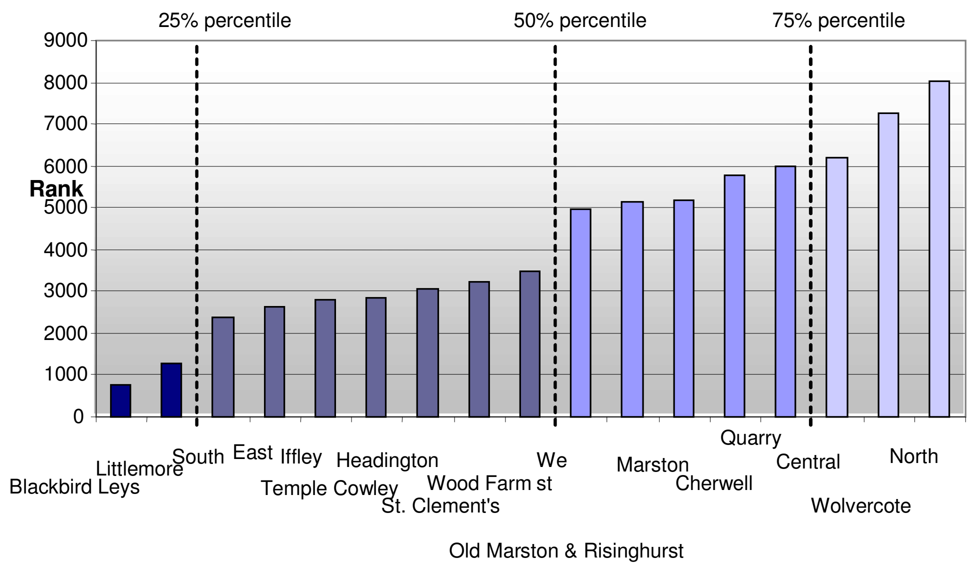
Local Authority name	Rank of Average of Ward Scores[49]	Rank of Average of Ward Ranks[50]	Rank of Employment Scale[51]	Rank of Income Scale[52]
Oxford	168	176	158	137
Cherwell	293	296	241	225
West Oxfordshire	332	332	322	311
South Oxfordshire	331	333	291	281
Vale of White Horse	334	335	307	296

Source: DETR (2000)

Rank 1 = most deprived, 354 = least deprived

3.36 The other twelve wards lie between there extremes as shown in Figure 3.5.

Figure 3.5: Rank of Index of Multiple Deprivation, 2000, for Wards in Oxford



Source: DETR, 2000

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[49] Population weighted average of the combined scores for the wards in a district.

[50] Population weighted average of the combined ranks for the wards in a district.

[51] Calculated from the number of people who are employment deprived.

[52] Calculated from the number of people who are income deprived.

[55] Level 1 is equivalent to 1+ 'O' level passes, 1+ CSE/GCSE any grades, NVQ level 1, Foundation GNVQ; level 2 is equivalent to 5+ 'O' level passes, 5+ CSEs (grade 1). 5+ GCSEs (grades A-C), School Certificate, 1+'A' levels/ AS levels, NVQ level 2, Intermediate GNVQ; level 3 is equivalent to 2+ 'A' levels, 4+ AS levels, Higher School Certificate, NVQ level 3, Advanced GNVQ and level is equivalent to 4/5: First degree, Higher degree, NVQ levels 4 and 5, HNC, HND, Qualified Teacher status, Qualified Medical Doctor, Qualified Dentist, Qualified Nurse, Midwife, Health Visitor.

3.37 Overall most wards are around the normal level, with a slight skew to a position just below the national average. Geographically, deprivation appears to be concentrated especially in the east and southeast of the city.

3.38 The Index of Multiple Deprivation scores consist of a number of different domains which make it possible to analyse which aspects of deprivation are more or less prevalent. Table 3.2 shows that the most acute deprivation in Oxford is in the domains of housing and education given that:

- thirteen Oxford wards rank within the 25% worst wards in the country for housing deprivation
- eight Oxford wards rank within the 25% worst wards in the country for education deprivation.

Table 3.2: Deprivation Domain Ranks for Wards in Oxford

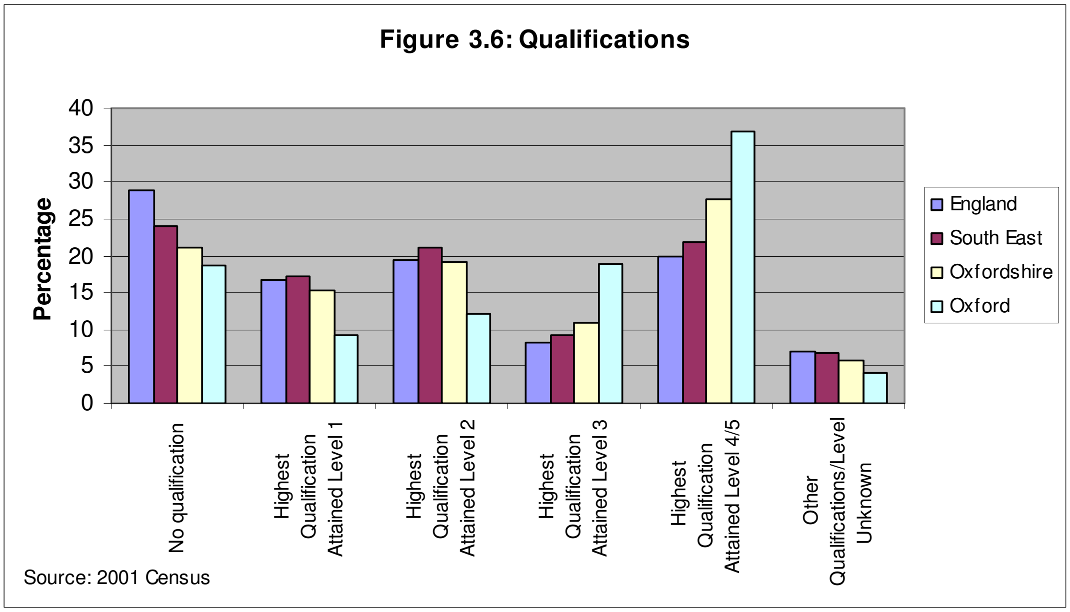
Ward Name	Rank of Income Domain	Rank of Employ-ment Domain	Rank of Health Domain	Rank of Education Domain	Rank of Housing Domain	Rank of Access Domain	Rank of Child Poverty Index
Blackbird Leys	761	2154	2197	81	535	3900	1010
Littlemore	1397	2299	1832	374	1064	5507	1332
South	2948	2272	2468	2913	713	6466	2631
East	3322	3359	4478	1766	295	7361	3316
Iffley	2796	4367	4569	927	1158	6461	2900
Temple Cowley	3710	4465	4718	643	771	7689	3414
Headington	2968	4443	3977	1669	992	6660	2531
St. Clement's	4275	4044	5123	2566	147	8003	1947
Wood Farm	3176	4558	3943	1813	1908	7218	2946
West	5108	5223	5896	5589	610	7337	2837
Old Marston & Risinghurst	5279	6534	6268	2103	2595	4912	4775
Marston	4729	6101	5664	2478	2551	7360	3914
Cherwell	5216	5511	5804	6001	2018	5226	5268
Quarry	5788	7451	7302	2436	2384	6038	4435
Central	8414	8414	8413	2969	457	6066	5070
Wolvercote	7346	7840	8222	6388	985	6346	7503
North	8339	8359	8407	5887	1667	7554	8394

Source: DETR 2000

Note 2: represents 25% most deprived wards in England	761	*represents 25-50%*	2566	*represents 50%-75%*	5511	*represents 75%+*	7554

Qualifications and Skills

3.39 The Index of Multiple Deprivation suggests that education, which includes workforce qualifications and training, is a significant issue facing Oxford. But, other sources show overall qualification levels of the working age population of Oxford to be high. Figure 3.6 uses information of the 2001 Census to show the qualification levels of people aged 16-74[55.]



3.40 The key findings from this show that in Oxford:

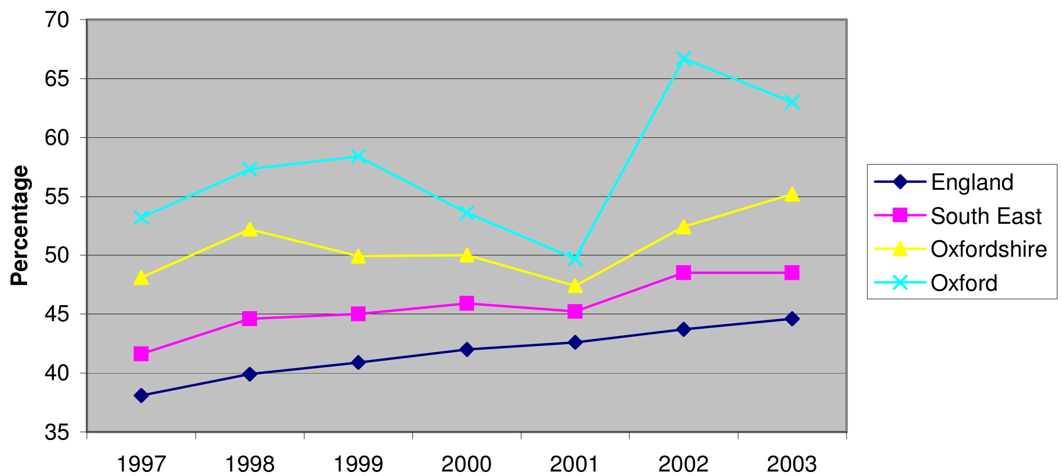
- just 19% of the working age population possess no qualifications in comparison to 21% in Oxfordshire, 24% in the South East and 29% in England
- proportionally far fewer people of working age possess only basic qualifications[56] (9%) than in the county (15%), the region (17%) and the country (17%)
- the proportion of the working age population that possess 'middle ground'[57] qualifications (31%) is similar to Oxfordshire (30%), the South East (30%) and England (28%)
- a particularly high proportion of the working age population (37%) possess the highest qualification levels (4/5) in comparison to the county (28%), the region (22%) and the country (20%).

3.41 Information from the Labour Force Survey allows for comparison of some skill levels over time. Figure 3.7 and 3.8 show the increases in the working age population with NVQ level 3+ and 4+ qualifications which are broadly in line with the findings from the 2001 Census.

[56] Defined as level 1 qualifications.

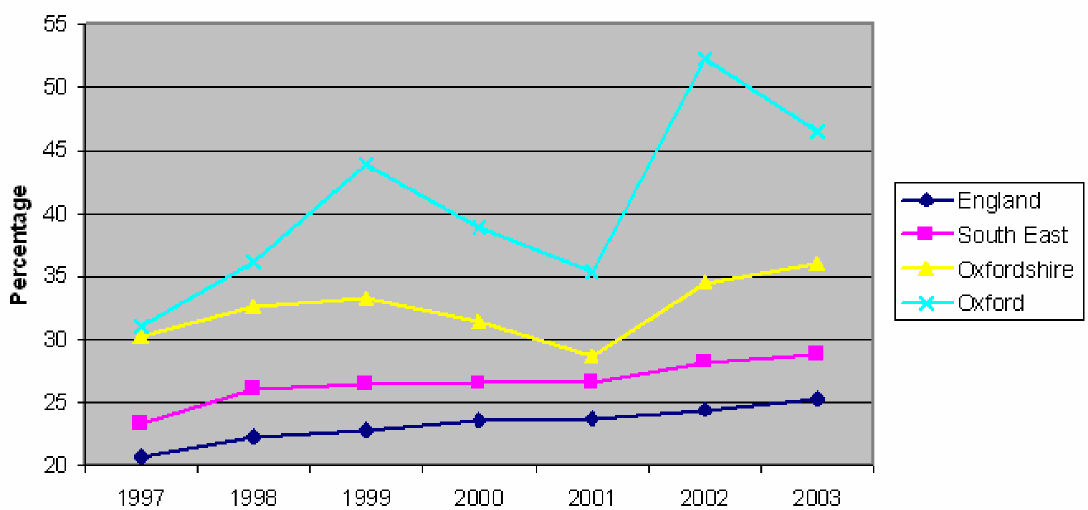
[57] The 'middle ground' is a composite indicator derived from the addition of qualification levels 2 and 3.

Figure 3.7: Proportion of Working Age Population with NVQ 3+



Source: Labour Force Survey

Figure 3.8: Proportion of Working Age Population with NVQ 4+



Source: Labour Force Survey

3.42 Using the Oxfordshire Business Survey[58] as a proxy for what is happening in Oxford, employers' experience of the local labour market appears somewhat negative. They cite problems with both skill levels and recruitment. The survey found that:

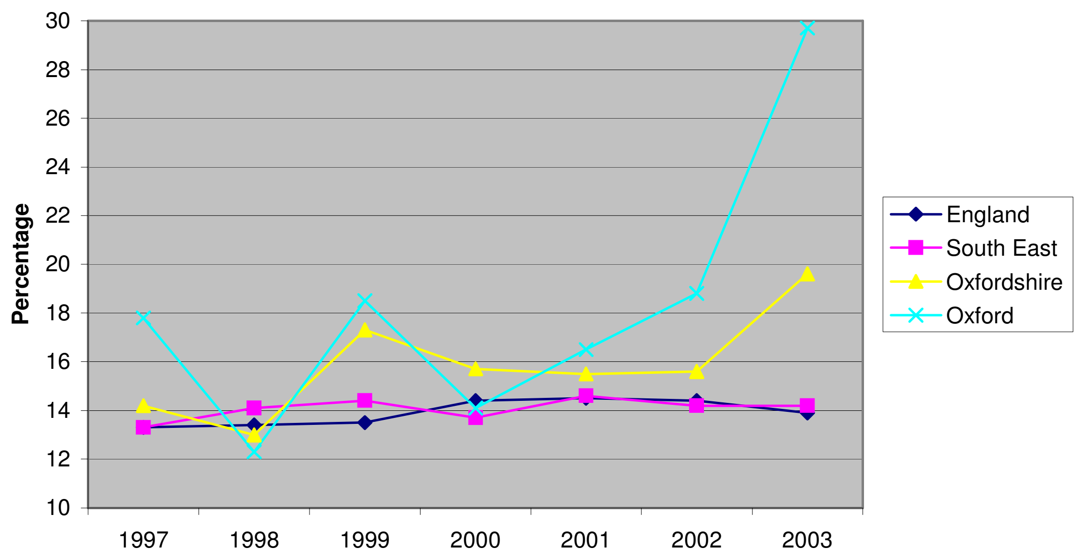
- just over half of businesses (52%) cited skills shortages amongst their workforces

[58] Oxfordshire Business Survey, 2000.

- of those businesses attempting to recruit staff, just under two-thirds (60%) experienced difficulties (this figure rose to 89% for large businesses who employed more than 200 people).

3.43 Perhaps indicative of skill shortages in the Oxford workforce, a large proportion of the working age population receive job related training in Oxford (Figure 3.9). In 2003, 30% of the working age population received job related training in comparison to 20% in Oxfordshire, 14% in the South East and 14% in England59. While there was a particularly large increase in the proportion of the working age population that received job related training in 2003 the number has more than doubled over the last three years. This trend has not been mirrored across the wider region and country as a whole where the proportion of the working age population receiving job related training has marginally decreased in the past few years.

Figure 3.9: Proportion of Working Age Population Receiving Job Related Training



Vibrant communities

Population structure and diversity

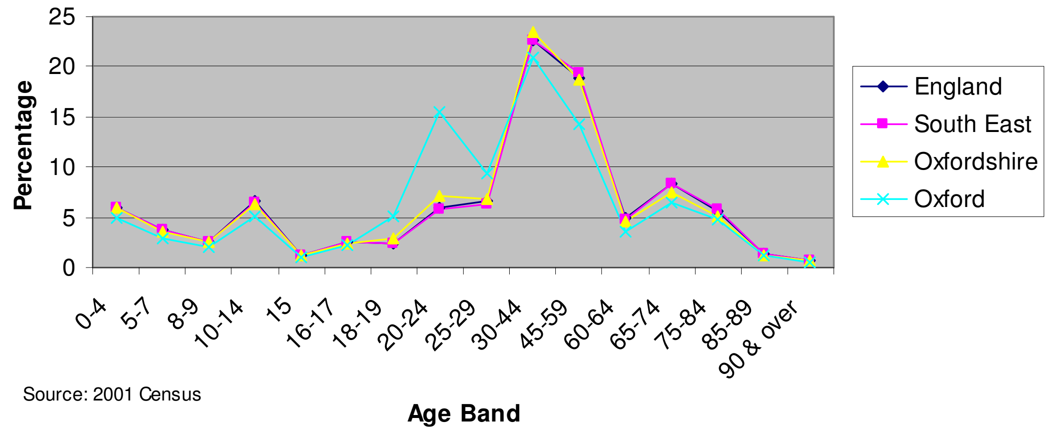
3.44 Oxford is viewed as "a key player in the nation's cultural, economic, and environmental life"[60]. The city has a diverse population of around 134,248[61] residents, with many organisations engaged in community-based activity.

[59] Source: Labour Force Survey

[60] Oxford Strategic Partnership, Briefing Pack 2003
[61] 2001 Census data

3.45 The age structure of Oxford clearly reflects the city's large student population, with students at the two universities alone numbering an estimated 32,000[62], thereby constituting nearly a quarter of the city's population. This is clearly illustrated in Figure 3.10 by the disproportionately high representation of the 18-29 age range in Oxford's population structure (30%) in comparison to Oxfordshire (17%), the South East (14%) and England (15%).

Figure 3.10: Demographic Profile



Source: 2001 Census

3.46 Student numbers at Oxford University have grown by 15% in the last twenty years, whilst numbers at Oxford Brookes University have increased by around 75% in just ten years.

3.47 The high student population is one cause for lack of community integration, although increasing numbers of students are now living out of university-provided accommodation (22% in 2002), leading to a greater degree of mixing. Further, there are increasing opportunities for local community participation in further and higher education within the city, in particular for adults who have not previously had the opportunity to access higher education, for example at Ruskin College and Plater College.

3.48 Oxford also has fewer older people than the regional average, and thus has different overall needs as far as addressing provision of community services.

Community participation

3.49 The resident community of Oxford has an increasing variety of options for providing an input into policy making and strategy in the city. The first is through the City Council structure itself. Oxford City Council is composed of 48 Councillors representing, and democratically accountable to, 24 Wards (2 Councillors for each Ward). The overriding duty of Councillors

[62] Oxford University – over 17,000 (students in residence 2002-03); Oxford Brookes University – 15,036 students based on campus (2003-04; not including open-learning).

is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

3.50 The City Council is divided into six Area Committees, with some devolution of power and budget, who report to the Executive Board. In turn, this board is monitored by four Overview and Scrutiny Committees, one of which – the Community Scrutiny Committee – reviews and advises on existing and emerging policies relating directly and indirectly to the community.

3.51 In 1997 Oxford City Council, the Oxfordshire Health Authority and Thames Valley Police developed a program called Talkback, which aims to consult with local people on a wide range of issues. Talkback is a Citizens' Panel of around 1,000 residents, selected to be representative of the city's population as a whole. Panel members are consulted by postal questionnaires, over the telephone and in discussion groups. A new group – Oxford Tenants' Panel – has also recently been launched (May 2004) to be the voice of Council tenants in Oxford.

3.52 The City Council has prepared a *Community Strategy* to link the work of key stakeholders in Oxford from the public, private, voluntary and community sectors. This is being co-ordinated by Oxford Strategic Partnership[63] (OSP), with members drawn from a number of the city's key organisations and stakeholders. Development of the strategy involved an extensive survey of residents, workers and other city communities, and will be open to consultation with all stakeholders.

3.53 Through increasing the ability to access funding and share resources, the OSP will help citizens respond to priorities in the city and engage more effectively with local concerns, with 3 main aims:

- to provide a bold vision for the future of Oxford, developing its environmental, economic and social life, and contributing to a positive and sustainable future
- to improve quality of life in Oxford, and support the needs and aspirations of our local communities
- to encourage closer working between local agencies to deliver responsive services across the city.

3.54 The five key themes of the Oxford Community Strategy are:

- a vibrant and inclusive economy
- safer communities
- a better living environment

[63] www.oxfordpartnership.org.uk

- opportunities for life
- active and healthy communities

3.55 As part of the OSP, Delivery Groups will be responsible for implementing targets within the Community Strategy. Residents and workers will have the chance to contribute to the Community Strategy through a number of channels, including a website, as well as a range of other consultative structures.

3.56 An efficient local public transport system is essential to community life, and the Oxford Bus Company hosts a pioneering Stakeholder Board scheme as a forum for not only staff and unions, but also customers, major employers, and local authorities to understand transport issues, make suggestions, and express problems. This scheme is part of the Go-Ahead group's 'social inclusion' policy and provides valuable input into local business decisions.

Social enterprise

3.57 Oxford has a well-developed and growing social entrepreneurship sector. The city is home to Europe's first centre of social entrepreneurship at Oxford University's Said Business School, whilst Oxford Brookes University's Enterprise Fellows Programme also focuses on social enterprise.

3.58 The Skoll Centre at the Said Business School will not only provide a resource centre for social enterprise, it will help support the development of international networks and undertake research to inform the current and future development of social entrepreneurship.

3.59 The purpose-built O'Regan Centre at Oxford Brookes University will house up to 15 new business germinators in a number of sectors, helping social enterprise ideas to move from the idea stage to launch. Mentors from the region's most successful businesses and the Business School will provide a high level of support.

3.60 Oxford City Council and Oxfordshire County Council have also supported social enterprise in Oxford for several years. The City Council in particular has provided a range of support through three SRB programmes in different parts of the City (for which it has provided a lead as the responsible accountable body), through securing EU funding on behalf of local groups and through funding many community initiatives with community grants. The County Council has helped with funding to support several of these initiatives to add to the commitment provided by the City Council. The City Council is also developing a Credit Union as a major new initiative in support of the Community Strategy of the Oxford Strategic Partnership.

3.61 HOW2 is a public scheme which supports social enterprise, providing resources and training particularly within disadvantaged communities along the Thames Valley in Oxfordshire, Reading, Slough and Wycombe.

3.62 Oxford, Swindon & Gloucester Co-op, another prominent social enterprise in the city, employs more than 30 people and provides a home shopping service for elderly housebound social services clients.

Community safety

3.63 Table 3.3 shows that Oxford has higher levels of crime (per 1,000 population) than the national average across all indicators[65]. Comparing crime rates to towns of a similar size in the region, Oxford has generally higher levels of crime than both Guildford and Maidstone, although slightly lower levels across most categories than Reading.

Table 3.3: Levels of Crime in Oxford (2000-2001)

	Violence against the person	Sexual offences	Robbery	Burglary from a dwelling	Theft of a motor vehicle	Theft from a motor vehicle
Total number of offences recorded **Oxford**	1,946	109	343	1,590	1,264	2,550
Rate per 1,000 pop **Oxford**	13.2	0.7	2.3	10.8	8.6	17.3
Rate per 1,000 pop **England and Wales**	11.4	0.7	1.8	7.6	6.4	11.9
Rate per 1,000 pop **Guildford**	9.1	0.9	0.5	4.7	4.3	6.6
Rate per 1,000 pop **Maidstone**	7.6	0.4	0.5	5.1	5.6	9.8
Rate per 1,000 pop **Reading**	10.8	0.8	3.7	12.8	11.6	25.4

Source: www.neighbourhood.statistics.gov.uk

3.64 Oxford has developed several projects over recent years to tackle the serious problems relating to crime and community safety:

- The Oxford Safer Communities Partnership has operated as a Crime and Disorder Reduction Partnership for four years, bringing together local authorities, police and other agencies in order to share resources and develop innovative working practices to improve community safety, reduce crime and fear of crime. The Partnership has also been successful in attracting high levels of funding from the Home Office. Example projects include the introduction of city centre CCTV, the opening of a city centre facility for

65 www.neighbourhood.statistics.gov.uk

street drinkers, and the establishment of a Task Force tackling street-level issues such as aggressive begging and rough sleeping

- the ACTRH (Agencies and Communities Tackling Racial Harassment in Oxford) scheme brings together a wide range of partners in tackling racial harassment in the city. A bus-focused advertising campaign, 'Call a halt to the racism', is displayed in all city buses.

Health

3.65 One of the major strengths of Oxford is that it has lower than national or regional levels of working-age population who are either permanently sick or disabled, or looking after families. Some 13.8% of Oxford's resident population had a long-term illness in 2001, compared with 18.2% nationally. Whilst 10% of the population of England and Wales provided unpaid care to family members, friends, neighbours or others because of long-term physical or mental ill-health or disability, only 7.8% of Oxford's population did.

3.66 Oxford City Primary Care Trust deals primarily with health issues in the city. The Healthy Living Initiative[66], co-funded by the New Opportunities Fund, has been working in the East Oxford and Blackbird Leys areas since May 2003. It aims to help improve the health of people in two of the least prosperous wards in the city, although residents in other parts of Oxford may be able to access certain activities. Areas of work cover healthy eating, access to health services, drugs information and consultation, and volunteer support. 'Health Information Points' are being established in community centres across the area.

Effective infrastructure

Transport

3.67 Oxford acts as a regional centre for Oxfordshire and surrounding counties. It has shops and services, as well as medical and other facilities to reflect this regional function. Growing numbers of visitors come to Oxford to shop and visit the heritage attractions, encouraged by an increasingly traffic-free environment. There is considerable pressure on the city's infrastructure, particularly transport, and there is a strong consensus across different interest-groups on the need to tackle congestion and public transport services in the city.

3.68 The transport issue is being tackled at a number of levels. The Oxford Transport Strategy was adopted by both City and County Councils in 1993 and other strategies tackle more specific areas within the city. For example, the City and County Councils jointly commissioned a Transport Strategy for the Headington and Marston Area (HAMATS) in order to tackle the growing transport problems in the area arising from the hospital and university sites. This outlined proposals for improvements to the pedestrian and cycle networks, enhancements to

[66] Other local projects are given on: http://www.oxfordcity-pct.nhs.uk/

public transport, and various traffic management and parking measures. A Steering Group is working on implementing the strategy.

3.69 The main transport issues can be sub-divided into private transport, public transport, Park and Ride and pedestrianisation.

Private transport

3.70 Despite negative opinions to the contrary, traffic crossing the inner cordon has not grown since the 1960s, and has possibly fallen, largely because most travel growth has been accommodated by the bus and the Park and Ride schemes[67].

3.71 Parking availability is often cited as a major problem in the city. Although 850 commuter parking spaces have been removed from the city centre's streets since the 1970s, public parking supply has increased, including notably the Westgate car park, and of the Park-and - Ride scheme has been expanded. The amount of dedicated disabled parking has remained roughly constant, despite significant relocation. A wide variety of parking is available in Oxford, the main site locations and number of available spaces is given in Table 3.4.

Table 3.4: Main car park locations and spaces	
Park and Ride:	5,110
Peartree	*1,085*
Seacourt	*805*
Redbridge	*1470*
Thornhill	*800*
Water Eaton	*950*
Westgate (City Centre multi-storey Car Park)	1,225
Worcester Street	190
Abbey Place	120
Gloucester Green (Underground close to centre)	100
Oxpens (Next to the ice-rink)	75
St Clements	120
Railway Station	400
South Parks Road (Sat only)	200
Other on-street pay-and-display parking	386
Total	7,926

[67] ESRC Transport Studies Unit, The EMITS Monitoring Project and the Oxford Transport Strategy Public Inquiry (Dec 2000).

Public transport

3.72 Over recent years, Oxford has developed a network of simple, high-frequency bus services, supported by bus priority lanes, low-floor vehicles, better passenger facilities and information and a strong marketing campaign.

3.73 The local authorities provide strong support for the public transport infrastructure, encouraging ever-increasing usage and a modal shift away from the car, particularly in response to the growing traffic problem. Now almost 50% of people travelling to and from central Oxford do so by public transport, with a 50% increase in bus-service patronage since 1994[68]. Over 50% of all shoppers travel in by bus (including P&R), and there are seven bus services operating 24 hours a day[69].

3.74 Oxford is well linked to other centres, with regular express coach services direct to Gatwick (hourly) and Heathrow (twice hourly) 24 hours a day. Stagecoach's 'Oxford Tube' connects directly to London every 12-15 minutes during the day and every 30-60 minutes throughout the night. The Oxford Bus Company runs an express service to London every 15-20 minutes for most of the day.

3.75 Integrated public transport is well advanced in Oxford, with a joint bus-rail ticketing system, and prepaid travel cards for Oxford services. The Oxford Bus Company sells a ticket to London which includes a local bus, train and the London Underground. Train tickets can also be used throughout the night on the Oxford Express bus. The 'Plus Pass', run jointly by Stagecoach Oxford and The Oxford Bus Company, allows users to travel on any bus in the city. There remain, however, problems with recruiting bus drivers[70].

3.76 There are also proposals for a GTE (Guided Transit Express) guided busway – Expressway Oxford – due to run from north of the city, just west of the centre and then to the south, linking with existing bus and rail services and Park-and-Ride schemes. Various feasibility and assessment studies are currently being undertaken, outlining the business case, as a requirement for government approval. If approved, the scheme is likely to be in place by 2010[71].

Park and Ride schemes

3.77 The Oxford Bus Company has run a Park-and-Ride operation since 1973, a pioneering scheme for the UK, and now runs three services at the outskirts of the city linking five car

[68] The Go-Ahead Group, one of the country's largest public transport operators with a 6% share of the UK market, acquired The Oxford Bus Company in 1994.

[69] URBED: Urban and Economic Development Group. Changing Places: Case studies of the Urban Renaissance (2001)

[70] ESRC Transport Studies Unit, http://www.homepages.ucl.ac.uk/~ucetgpp/emits/emits.htm

[71] Personal communication, Oxfordshire County Council Transport Department

parks[72] located on the main routes into the city centre. Park and Ride runs from 5.30am to midnight, six days a week (9am-6pm on Sundays), providing a service not only for visitors and shoppers, but also for those Oxford workers who live outside the city often in places with poor public transport. Park and Ride has reduced morning peak traffic flows by 27% between 1991-2001[73].

3.78 However, whilst reducing city-centre traffic flows, the Park and Ride scheme is not fully supported by the environmentalist lobby. There is an argument that P&R encourages further centralisation of activity in Oxford, thereby encouraging a greater dependence on the car, and more travel at the county level. Similarly, the City Council subsidy of P&R means that an annual bus ticket from one of the major nearby towns costs nearly double the price of an annual P&R season ticket[74], thereby undermining bus services. Partly in response to these claims, the City Council has begun to charge for car parking in addition to the bus service and at three of the car parks, there is a 60p per day charge.

3.79 An expansion to the programme is in planning stages for three additional car parks in towns surrounding Oxford at Abingdon, Bicester and Witney. One option being considered is a part-guided busway between Abingdon and Oxford.

Pedestrianisation

3.80 Pedestrianisation of several of the city centre's main streets has been the cause of heated debate, but appears to have had general support amongst the Oxford resident public[75]. In 1999, Cornmarket, one of the main shopping streets, was fully pedestrianised and a bus-priority route was installed on the surrounding streets. Whilst some businesses, particularly small businesses, remain unhappy about business activity, (with one index showing trade levels to have reduced by 10% against previous years), one study found that this has mostly deterred through-traffic, rather than destination traffic, as city-centre car-park usage has returned to a similar level to before implementation[76]. However, some concern has also been raised that this has increased 'rat-running' and over-spill onto local alternative routes.

3.81 Overall, pedestrianisation has the support of many of the large stores on the streets affected, whilst it was less supported by smaller shops, the Covered Market traders and others, who potentially stand to lose more if trade falls away. Blackwell's bookshop in 2000 stated that

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[72] Water Eaton (to the north, off the ring road) and Thornhill (to the east, off the A40) are both administered by the County Council; Peartree (to the north, off the A34), Redbridge (to the south, off the A4142) and Seacourt (to the west, off the A34) are run by the City Council.

[73] UK Commission for Integrated Transport, *Public Subsidy for the Bus Industry*, Chapter 3 (Dec 2002).

[74] ESRC Transport Studies Unit, The EMITS Monitoring Project and the Oxford Transport Strategy Public Inquiry (Dec 2000).

[75] ESRC Transport Studies Unit, The EMITS Monitoring Project and the Oxford Transport Strategy Public Inquiry (Dec 2000).

[76] *ibid*.

20% of their clients used on-street parking near the shop, which would present a serious threat to business if this were to be removed.

3.82 Evidence suggests that improved environmental conditions for pedestrians will lead to an increase in footfall. However, whilst landlords may increase rents on the expectation of higher footfall on pedestrianised streets, it may in fact be due to 'wandering' tourists, rather than additional shoppers and landlords. Other related social issues may be that new streetscapes may attract more homeless people and encourage the incidence of public drunkenness.

Housing

3.83 Oxford is particularly deprived in terms of housing, with thirteen wards ranking in the bottom 25% in the country in terms of housing deprivation, and seven in the worst 10%[77]. These figures reflect high numbers of homeless households, overcrowding and poor private rented stock condition. The city also has a low number of owner-occupiers, with nearly double the national average of people renting in private sector. The City Council will be undertaking a Housing Stock Options Appraisal exercise to identify how to move forward in raising living standards in Council owned properties, and meeting the Governments Decent Homes Standard. Last year the Council carried out a Housing Needs Survey which confirmed that there is a shortage of affordable housing in Oxford generally and this has provided a basis for seeking further Government help with investment in affordable housing.

3.84 Several housing indicators can be described quite clearly in spatial terms. For example:

- the majority of social housing tenants are located in the large peripheral estates, such as Blackbird Leys, Barton and Rose Hill
- concentrations of houses either without access to central heating or sole use of toilet/bathroom facilities are located in some of the more central wards, for example Carfax, Holywell and St.Marys.

3.85 High house prices in Oxford and a lack of housing provision for key workers are a major factor in recruitment difficulties, particularly in low-wage sectors such as nursing, teaching and public transport. Average house prices in Oxfordshire are amongst the highest in England, at £233,358, with prices in Oxford averaging £273,992[78]. This compares with a regional average figure of £204,307 in the South East and an average of £151,349 for England[79]. House prices in Oxford are, therefore, 55% higher than the average across the whole of the country.

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[77] Index of Multiple Deprivation, 2000

[78] Source: Land Registry Property Prices, January – March, 2004.

[79] Source: Land Registry Property Prices, January – March, 2004.

3.86 Oxford also, as outlined above, has a high number of student households. Growth in student numbers in Oxford are likely to lead to further increases in housing costs, particularly as colleges have only a limited physical capacity. In 2002, approximately 22% of students lived out of university-provided accommodation

3.87 Oxford has one of the lowest rates of privately owned empty homes (around 50 in total) in England.

Future provision

3.88 Oxford City Council has developed several initiatives for the homeless, such as the Single Homelessness Strategy and the Rough Sleepers Initiative.

3.89 The County Structure Plan and RPG9 together give a strategic average housing provision 'target' for Oxford of 256 dwellings per year. Oxford City Council recently undertook a housing Urban Capacity Study (UCS) which showed there is sufficient land to achieve this target through both new build and conversion with no need for building on previously undeveloped land. In fact, a total of 5,070 dwellings is expected to be built out between 2001 and 2016[80], equating to an average build of 338 dwellings per year. The Draft Local Plan also recommends that a high proportion of additional housing is affordable.

3.90 Much of Oxford is low-lying and considered to be at risk of flooding. All new development will be assessed by Local Authorities to ensure it will remain safe throughout its lifetime and will not increase flood risk elsewhere.[81] Any development in the undeveloped flood plain and other low lying land will be strictly controlled.

Broadband

3.91 Oxford City has a high level of IT availability, particularly through the strong links associated with its two universities. British Telecom's 'Oxford' exchange was ADSL enabled in March 2000. Broadband is therefore widely available within the city boundaries, to both business and residents, and community access is provided at public libraries for example.

3.92 However, the city's rural hinterland in the rest of Oxfordshire is more poorly connected in terms of broadband availability[82]. Only 63% of the county's exchanges are currently broadband enabled, although an additional 20% are planned before September 2004[83].

[80] Second Draft Oxford Local Plan, 2003

[81] Second Draft Oxford Local Plan.

[82] Oxfordshire Chamber of Commerce – Policy Document 2003.

[83] http://www.samknows.com/broadband/countydetail.php?county=129 (accessed 8 June 2004)

Sustainable use of natural resources

Environmental capital

3.93 Oxford has a strong connection with its historic, world-famous built environment, particularly relating to the university colleges, which in turn provides significant income for the city in terms of tourism. The image of the city is very important, with the Isis and Cherwell river corridors, the Oxford Canal and parks running into the city providing 'fingers of green' to complement its unique townscape.

3.94 Oxford also has a unique concentration of ecologically important sites, notably the agriculturally unimproved wet meadows in the Isis and Cherwell flood plains and the rare fen habitat in the Lye Valley. Oxford's environmental capital in this respect is extremely important, making it an attractive place to live and work, and is consequently an attraction for many businesses to the city, as well as employees.

3.95 A clean city centre is vital to Oxford's image and a 'Cleaning Oxford Group' has been set up by the City Council in conjunction with businesses and OX1, the city centre managers, in order to implement a new campaign, 'Sparkling Oxford'. Following a street-by-street audit to identify problem areas and consultation with traders, businesses and colleges, the group will agree a set of cleaning standards to cover: street cleaning (including litter, chewing gum, cigarette ends), fly posting and graffiti, street furniture, public toilets, pavements, landscape areas and public transport. Business Awards for good cleaning and environmental practice have been set up and Oxford will bid for the 'Britain's Cleanest City Award 2005'.

Green Belt

3.96 A Green Belt, ringing Oxford city, has been considered since the 1930s and has existed in practice since 1958 to maintain Oxford's unique character[84], as well as to check urban sprawl and protect the surrounding countryside. The 1997 extent of the Green Belt was 35,000 hectares.

3.97 Government policy dictates that little or no development should occur within the Green Belt, posing perhaps the single greatest restraint on physical growth for the city. This restraint has been maintained in the Second Draft Oxford Local Plan 2001-2016.

3.98 Expansion of Park and Ride schemes has taken up some Green Belt land in the recent past. Further, various recommendations have been put forward to build on this land, including three locations outside Oxford:

- land to the south of Grenoble Road, earmarked for 1,000 houses in order to ease housing pressure.

[84] South Oxfordshire Local Plan, Topic 3: Green Belt, Feb 2004.

- land to the north of the Peartree roundabout
- land near Oxford airport.

Environmental pollution

3.99 With almost 50% of people travelling to and from Oxford by public transport, and a 50% increase in bus patronage since 1994, Oxford has much to offer in terms of opportunities for minimising environmental pollution.

3.100 The Oxford Bus Company's fleet has an average age of 4 years; all use Ultra Low Sulphur Diesel (ULSD) and are fitted with Continuously Regenerative Traps (CRTs), halving the emissions of carbon monoxide, hydrocarbon and nitrogen oxide over the last decade, and particulates to less than 30% of 1999 levels[85].

3.101 Several of Oxford's main bus companies are part of the Go-Ahead Group, and provide key environmental exemplars nationally, in terms of public transport. Although buses provide an alternative to car use for essential trips, environmentalists argue that the local population are using the bus in preference to cycling or walking[86]. Others object to increasing bus use on the grounds that buses cause the majority of the city's visible pollution[87].

SWOT analysis

3.102 The baseline provided throughout this section can be summarised as a list of Strengths, Weaknesses, Opportunities and Threats (SWOT). An original list was presented at the first stakeholders workshop, and has since been modified following debate in break-out groups.

[85] www.go-ahead.com/group/policies/environment.html

[86] ESRC Transport Studies Unit, The EMITS Monitoring Project and the Oxford Transport Strategy Public Inquiry (Dec 2000).

[87] ESRC Transport Studies Unit, The EMITS Monitoring Project and the Oxford Transport Strategy Public Inquiry (Dec 2000).

Strengths	Weaknesses
• A diverse economy • Knowledge-based industries • Growing business services • World class universities • Leading-edge research institutes • Regionally important hospitals and health care • Low unemployment • Quality built and natural environment • Social entrepreneurship (growing number of schemes) • Strong reputation as tourism destination • Good location and accessibility: well-developed transport links • Park and Ride (has reduced peak traffic flows) • Strong international image • Sectoral strength in sectors less vulnerable to the economic cycle	• Traffic congestion in, and around, city • Little parking space (inhibits city centre business activities) • Underperforming city centre • Pockets of relatively high housing deprivation (IMD) • Pockets of relatively high education deprivation (IMD) • Lack of affordable housing • Few business units (for small and start-up companies) • Little land for housing and employment development • Limited resources to assist the local economy (especially business support services) • High levels of crime and perceived crime • Complacency about the local economy
Opportunities	**Threats**
• High-tech sector • Strong international image can attract inward investment • Oxford West End Project • Links between universities/research institutes and more traditional sectors (currently underdeveloped) • Links between universities/research institutes and SMEs (currently underdeveloped) • Social entrepreneurship (through high-profile academic programmes) • Integrated transport plans • Flexible working arrangements could reduce rush-hour congestion and help release office space • Increasing levels of pedestrianisation, coupled with well-developed Park and Ride, could attract more regional shoppers and tourists • Strong international image can attract mobile business and tourism • Tourism	• Global competition • Economic stagnation • Low growth in earnings • Pressure on infrastructure especially transport • Lack of affordable housing • Restrictive planning regime and physical limits on development • Environmental/aesthetic threat to Oxford's historic built environment • Traffic congestion • Shortage of land for housing and employment development • Complacency over strong international image • Decline of longer-distance public bus services (due to Park and Ride subsidies)

Summary

3.103 The Oxford economy supports a diverse economy with a healthy population of ***competitive businesses.*** It compares well with the rest Oxfordshire, Oxfordshire as whole, the South East Region and England in most economic indicators. Although the numbers in employment in manufacturing has declined in recent years, this is more than offset by the creation of new businesses in other sectors which have a higher than normal survival rate. Though the city has a significant soft infrastructure to stimulate and support new business ventures there is some evidence that this could be improved, and it tends to support knowledge economy development rather than business development generally.

3.104 The study looked at the importance of ***successful people in economic development***. Data from the 2001 Census show that although the city has a low level of unemployment compared to national levels, it has higher figures than for Oxfordshire and the South East as a whole. This is also true of average wage levels. The study had shown that there are areas of significant deprivation within the city, although the city as a whole is relatively prosperous in national terms. Nonetheless, there are significant issues about employment and particularly skills.

3.105 Oxford contains a mixture of ***vibrant communities*** with a diverse local economy, important academic and health sectors and a large student population. The city has a very positive attitude towards encouraging the population to provide inputs into local decision making. However, crime levels in the city are higher than the national average across all indicators perhaps due to the localised levels of deprivation.

3.106 Whilst there have been recent improvements in the hard infrastructure of the city there is still much to be done to achieve a truly ***effective infrastructure***. Transport is a major problem in the city area. The inner city has seen a decrease in private transport in parallel with a substantial increase in public transport and Park and Ride provision. Oxford's innovative integrated transport system is increasingly successful but the overall level of traffic within the city is still too high. Housing is also a major problem, particularly in terms of affordable housing. Average house prices are way above the national average which means that people on low to moderate incomes find entry into the property market extremely difficult.

3.107 A keystone of any development in the Oxford area is the ***sustainable use of natural resources***. The city is world famous for its architecture and "dreaming spires". The establishment of the Green Belt and Green Fingers have been successful in conserving this image. Any future development in the city area must take great care to preserve, and if possible improve, these high quality environments.

4 Review of main sectors

Introduction

4.1 This chapter of the report reviews the main sectors and industries prevalent in the Oxford economy. It draws on information from the previous chapter on the structure of the local economy and a series of econometric projections produced by Cambridge Econometrics to identify the main sectors and their future growth potential.

4.2 On this basis it then considers, in more qualitative terms, the medium to long term prospects for growth from a review of various sources providing background information on issues ranging from transport to urban planning.

4.3 This review is divided into two main sections providing:

- an overview of Cambridge Econometrics' employment projections
- an identification, analysis and qualitative review of the main sectors in Oxford.

Insights from these sections are then used to help identify a preferred development scenario and provide a consistent foundation for a forward looking strategy in Chapter 5 of this report.

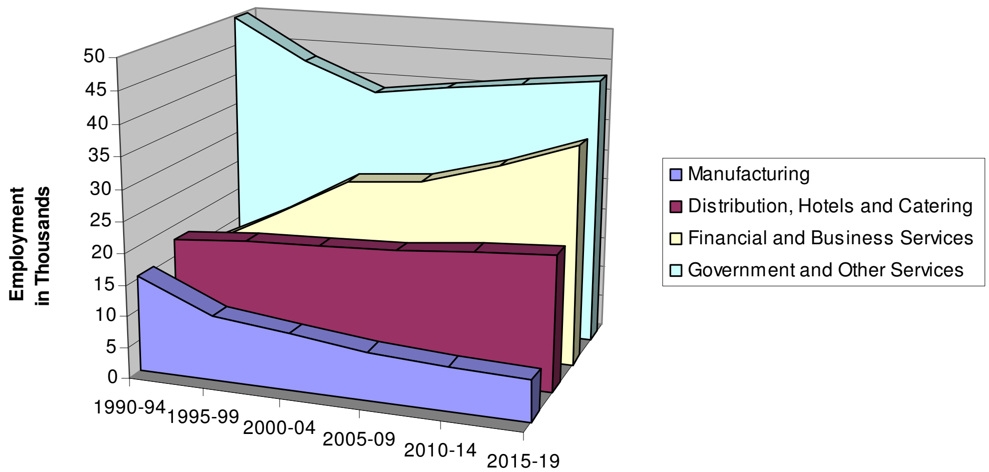
Cambridge Econometrics overview

4.4 Using their Local Economy Forecasting Method, Cambridge Econometrics produced a series of econometric projections for employment in Oxford. They predict that employment will grow in Oxford by 16% to 116,580 by 2019. Growth is predicted to be relatively evenly spread across the fifteen year period with employment rising to 104,280 in the period 2005-2009, then to 110, 320 in the period 2010-2014 and up to 116,580 in the period 2015-2019.

4.5 Within this overall growth dynamic different sectors are expected to expand in employment terms more than others. Figure 4.1 illustrates the predicted future employment trends in the four largest sectors from the broad classifications used by Cambridge Econometrics[88]. It shows that between 2000-4 and 2015-2019 in Oxford the greatest employment growth is expected in financial and business services. The government and other services sector is expected to recover from the decline of the last ten years in Oxford and employment is set to increase at about half the rate of the financial and business service sector. Employment in the distribution, hotels and catering sector is expected to increase slightly. By contrast, manufacturing employment is predicted to continue on its downward trend albeit at a slower rate than in the last fifteen years.

[88] Note - the other sectors from the broad classifications used by Cambridge Econometrics – mining and quarrying, electricity, gas and water, agriculture, construction, and transport and communications – are not shown given employment figures in these sectors are relatively minor

Figure 4.1: Projected Employment Change in the Major Broad Sector Classifications



Source: Cambridge Econometrics

Major Oxford sectors

4.6 Closer analysis of the Cambridge Econometrics projections highlights the relative current and future importance of a number of more specific sectors in Oxford. Although contained largely within the largest sectors from Cambridge Econometrics broad classifications, these five specific sectors are more industry specific and readily identifiable. They are:

- education
- retail[89]
- tourism[90]
- health[91]
- high-tech[94]

[89] Comprised of retailing and distribution

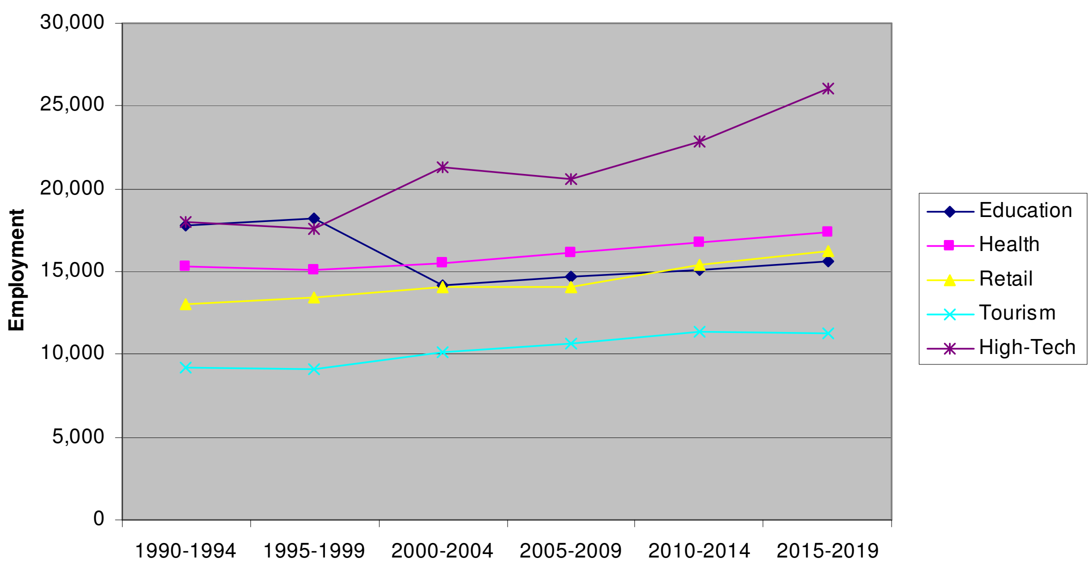
[90] Comprised of hotels and catering and other miscellaneous services

[91] Includes social work

[94] Comprised of pharmaceuticals, electronics, electrical engineering, instruments, motor vehicles, aerospace, other transport equipment, professional services and computing services as defined by Eurostat

4.7 The employment projections for these five sectors, which are identified as being the most important to the Oxford economy, are detailed in Figure 4.2. Taken together, these sectors account for almost three-quarters of all employment in Oxford. The relative importance of these sectors is set to increase slightly up to 2019 as they are predicted to make up an increasing proportion of all employment in Oxford.

Figure 4.2: Employment Growth in the Main Oxford Sectors



Source: Cambridge Econometrics

Education

4.8 Oxford is world-renowned as a centre of academic excellence. The role of education is crucial not just to the image of the city but the performance of the economy as well. This is expected to continue over the next fifteen years as employment in education is predicted to steadily increase to 15,600 in the period 2015-2019.

4.9 The University of Oxford is particularly important. Over the last two decades it has grown steadily with the number of students increasing to about 16,400 in 1999 (a growth rate of about 15% in each of the last two decades). Further growth in the number of students is expected to be about 1% a year, which will create an extra 3,000 student places in the city. To accommodate this future development, the University estimates it needs an additional 75,000 sq. m. of floorspace over the next fifteen years. Much of this is expected to be concentrated in the central area because the SDOLP states that this is most sustainable in transport terms while also enabling colleges and departments to maintain close contact.

4.10 Oxford Brookes University also has a strong national and international reputation and is of major importance to the Oxford economy. It has grown much in recent years. Between 1989 and 1999, the number of full-time students increased from about 6,000 to 10,500.

4.11 Growth is expected to continue over the next fifteen years with student numbers increasing by 0.5% to 1% each year. To accommodate the projected growth in student numbers, research activities and to improve the qualities of its facilities, the University forecasts a need for up to 50,000 sq. m. of additional floorspace up to 2016 (a 56% increase).

4.12 The transport and housing implications of these projections are significant. Currently, over 6,300 students from Oxford Brookes and the University of Oxford live in accommodation that they rent or own in the city. This substantially affects housing availability for other Oxford residents. Consequently, the SDOLP states that further increases in University floorspace will only be approved provided they are matched by an appropriate increase in student accommodation to reduce the proportion of students not living in purpose-built accommodation.

4.13 The Said Business School has also contributed to increased student numbers after opening in 2001 and will continue to do so with the development of new programmes. It is expected that it will play an increasingly important role, together with language schools, in the growth of the education sector in Oxford.

Retail

4.14 Despite rapid changes in consumer demand and the growth of home shopping on the internet, high-street retail activity in Oxford is expected to expand. To some extent this will be a process of catching up, given that there has been relatively little growth in the Oxford retail sector over the last ten years. Employment in retail is predicted to increase to 16,260 in the period 2015-2019. This sector growth will be assisted by increases in the population of the subregional catchment area of Oxford (currently about 500,000), which will lead to a corresponding increase in expenditure and trade.

4.15 Oxford city centre is the principal commercial centre in Oxfordshire for retail activity. To help maintain this, the SDOLP identifies a need for some additional floorspace for comparison goods retailing in Oxford given current under-provision and the growth in expenditure forecast. While land for this purpose in the city centre is limited the redevelopment of the Westgate Centre offers a major opportunity to regenerate the city centre, and provide a significant increase in floorspace[95].

4.16 A three month study of the West End of Oxford in 2003[96] culminated in a series of recommendations to bring about a 'renaissance' of the city centre. The aim is to create a centre for Oxford which would fully complement the historic environment found largely to

[95] The SDOLP also makes some provision for development at the Worcester Street car park and land to the west of St. Aldgates and south of Queen Street.

[96] Oxford West End Project, John Walker Consultants, 2003.

the east side of St. Aldgate's and provide a better range of facilities for tourists and local people alike.

4.17 These recommendations are important because they aim to boost the local economy, particularly from a retail point of view. Most notably, the project would do much to help further capture the 'tourist pound' given evidence of missed opportunities within the retail sector. Much however depends on the future location of the railway station. Any changes to the station will be of strategic importance to the form and scale of any new retail development.

4.18 There are also several opportunities for the expansion of commercial leisure activities, which according to a survey of residents are limited in the city[97]. A recently completed commercial leisure development at Minchery Farm now offers a nine screen multiplex cinema, a tenpin bowling hall, a night club and a health and fitness centre. But, the growth in leisure and recreation time allied with changes in lifestyle suggests there could be further demand. Taking account of this, the SDOLP suggests that any further growth could best be accommodated at the Oxpens site and the proposed Westgate Centre extension.

Tourism

4.19 The predicted increase in tourism employment to 11,280 in the period 2015-2019 illustrates the growth opportunities for the industry in Oxford. These are likely to be achieved by encouraging visitors to stay longer and developing all year facilities within the wide range of small businesses. To account for these opportunities, the SDOLP makes provision for additional hotel and guest house development (especially that which seeks to improve the range and diversity of accommodation on offer).

4.20 There is further scope for the promotion of arts and culture in Oxford to encourage tourism. The SDOLP states that there is a shortage of existing facilities for the performance and enjoyment of the arts within Oxford and so promotes enhancements or extensions to existing arts-related premises. This policy will be helped by the City Council's attempts to create a leisure, arts and music quarter in the West End of the city centre.

4.21 Business related tourism in particular offers opportunities for further growth. It would provide additional sources of income, particularly during the out-of-peak season and help to diversify Oxford's tourism industry. Consequently, the SDOLP supports proposals for a multi-function building that would contain a conference facility to accommodate business meetings as part of mixed-use development on the Oxpens site.

[97] Source: SDOLP

4.22 Increasing visitor numbers have particular implications for transport in Oxford. Provision is made in the SDOLP to grant planning permission for improvements to support facilities at Park and Ride sites which encourage their use by tourists in order to mitigate these effects,

Health

4.23 Oxford's hospitals and their associated research activities constitute the major part of the health sector. Employment is expected to increase steadily over the next fifteen years as employment in the second-largest sector as a whole is predicted to reach 17,380 by the period 2015-2019.

4.24 With an ageing population, employment in the health sector is predicted to increase despite the aim of the NHS Trusts to rationalise hospital services in Oxford. This rationalisation is to be achieved through the Headington Strategy which sets out to improve health care through the more efficient use of health care resources by relocating services from the Radcliffe Infirmary site and Rivermead Rehabilitation Centre to the hospital sites in Headington[98]. Allied to this, development opportunities for health care have been earmarked at the Littlemore Mental Health Centre in Stanford Road.

4.25 These developments constitute the bulk of the £225 million planned spend in the period 2000-2005 on major capital projects in the health sector. They are likely to add to the £250-300 million of gross output that the industry contributes to the City economy when measured in 1999.

4.26 There is a Health Integrated Transport Strategy (HITS) in Oxford to help mitigate the effects of the continued growth of the sector. Set up by a partnership between the NHS Trusts, Oxford University and Oxford Brookes University it aims to achieve a better balance between people travelling by car and those who travel by more sustainable modes. At the Headington sites in particular, car travel is the only realistic option. Consequently, the SDOLP prioritises the need to accommodate a mix of uses such as combining student and staff accommodation with medical, teaching and research facilities to help reduce overall travel to hospital sites.

High-tech

4.27 Oxford's teaching and research hospitals play a vital role in the development of biotechnology and pharmaceutical sectors. These activities form part of the multifaceted high-tech sector which is predicted to grow most rapidly in Oxford over the next fifteen years with employment rising to 26,080 by the period 2015-2019.

4.28 The growth of the Oxford high-tech economy will be further marked by the continued formation of firms in interrelated sectors. These include multimedia, biotechnology, medical

[98] The Acland hospital also has planning permission to relocate to the Manor Ground in Headington.

and healthcare, IT/software, publishing and motorsport/motor vehicles and precision engineering. Their future growth potential will be enhanced through further development of formal networks such as OxIT, the Oxfordshire Motorsport Industry Forum and the Oxfordshire Bioscience Network[99].

4.29 A number of documents such as The Oxford Networks: Materials and Engineering in Motorsport Report[100] and the Oxford Networks: Medical and Biosciences Report[101] highlight the role and importance of specific industries within the high-tech sector to the Oxford economy and demonstrate the potential for future growth. They also show the role of the universities in the growth of high-tech enterprise. These are fostered not just through their active research but also a number of dedicated degree programmes for the high-tech economy such as bioscience and automotive engineering at Oxford Brookes University.

4.30 Falling to some extent within the high-tech sector are the publishing and motor vehicle/motorsport industries which are also important features in the local economy. Oxford is at the hub of 'Motorsport Valley'[102] – a virtual description of a unique industry cluster stretching from across south, central and east England – which is recognised as a the premier centre for innovative motorsport engineering. The success of the MINI has led to substantial investment in manufacturing capacity and workforce development by BMW at Plant Oxford, Cowley which looks set to continue.[103] ICT development and the emergence of creative media have been important in transforming the publishing industry in Oxford. As the largest centre of publishing activity outside London, Oxford has the critical mass to take advantage of the new growth dynamics within the industry.

Summary

4.31 There are five sectors which the study highlights as being of crucial importance to the future development of the Oxford economy: education, health, retail, tourism and high-technology businesses.

4.32 In the ***education*** sector the two universities both have plans for significant expansion. Care will need to be taken to ensure that this expansion does not further exacerbate the infrastructure problems outlined earlier, particularly in terms of transport and housing.

4.33 The ***retail*** sector is also expected to expand in the future but much of this expansion will be dependent on developments such as the West End and Michery Farm projects and the possible relocation of the railway station.

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[99] Identifying Clusters in the Oxfordshire Economy, SQW Ltd., 2000.

[100] Oxford networks: Materials and Engineering in Motorsport Report, Oxford Trust, June 2003.

[101] Oxford Networks: Medical and Biosciences Report, Oxford Trust, October 2002.

[102] For more detail see for example, Pinch, S. and Henry, N. (1999), 'Paul Krugman's Geographical Economics, Industrial Economics, Industrial Clustering and the British Motorsport Industry', *Regional Studies*, 33 (9), 815-827.

[103] For further details see Oxford Local Plan Inquiry: Proposed Expansion of Plant Oxford, SQW Ltd., February 2004.

4.34 ***Tourism*** has always been a major sector in the Oxford local economy but most of this sector is currently made up of day visitors. There is a need to improve the attractiveness of Oxford as an overnight stay in particular by improving provision of reasonable hotel accommodation. There is also potential for further promotion of arts and cultural activities and this in turn could help to increase the relatively low level of business tourism in Oxford.

4.35 The Headington Strategy has been instrumental in the NHS earmarking £225 million to be spent in the ***health*** sector over the period 2000-2005. This is expected to contribute towards steady growth in the sector over the next 15 years.

4.36 The hospitals and the universities are major contributors to the success of the ***high-tech*** sector, much of which is related to biotechnology and pharmaceutical activities. Growth in these and other activities (including multimedia, IT, publishing, motor sport and precision engineering) are expected to grow rapidly over the next 15 years or so. These industries typically produce a large number of new start-up companies and could thus increase demand for business support services.

5 Development scenarios

5.1 This chapter of the report outlines the three economic development scenarios, the key aim, the key features and the potential implications of each option. It then assesses the scenarios in relation to a series of criteria developed from Oxford City Council's Vision and Key Strategic Priorities. It concludes by suggesting how the preferred scenario could be developed into an outline Economic Development Strategy for Oxford.

Development Scenarios

5.2 The second and third phases of the project developed a range of future development scenarios for the Oxford local economy and then suggested how a preferred scenario could be worked up into a draft Economic Development Strategy. The three scenarios considered were:

- Economic contraction
- Current trends and policies
- Managed economic growth

5.3 These three scenarios represented a range of economic growth and development possibilities and provided a basis for discussion. They were similar to but not directly related to the three planning scenarios which are being examined in the current work on the Oxford Subregion for the forthcoming Regional Spatial Strategy (RSS) for the South East of England. They were presented to key stakeholders at the second workshop, held at Oxford City Council offices on 6 May 2004. The workshop began with a summary of the work undertaken thus far and then introduced the three economic development scenarios. The ensuing discussion then took forward the development of a preferred economic development scenario (see Annex C).

Scenario A : Economic contraction

5.4 The ***Key Aim*** of this scenario would be *to minimise commuting into Oxford*. Transport is a major issue in Oxford. Although much has been done in recent years to develop an effective integrated transport system, which is making increasing use of public transport, the pressures of commuting into the city together with access to the city centre for shoppers and tourists have an adverse effect on the environment and the quality of life for local people.

5.5 The ***Key Features*** of this scenario would be to *halt further employment growth*, most likely across all sectors in the local economy. There would probably be some progressive *relocation of jobs to surrounding towns* and Oxford's *economic potential* would probably be *diverted elsewhere*. The overall functions of the city would probably become less focussed on primary and secondary economic activities and focus more on residential and related service activities. Oxford would probably not function as a regional centre.

5.6 The economic contraction scenario would have several significant ***Implications***. It would undoubtedly be politically difficult and it would probably be *difficult to implement in practice*. The relocation of existing economic activity to surrounding areas could only be achieved to a limited extent in the long term and the prevention of new economic activity and the growth of existing activities would have to be secured mainly through planning restrictions. The economic contraction inherent in this scenario would risk *a downward economic spiral* for Oxford and potentially the wider subregion which would probably result in increasing *social inequity* within the city as less advantaged people became socially deprived with reductions in employment and incomes.

Scenario B : Current trends and policies

5.7 The ***Key Aim*** of maintaining the status quo would be to *conserve environmental character*. One of Oxford's key strengths in attracting tourism, as well as providing a high quality of life for its residents and workers, is the quality of its rich heritage, attractive built environment and natural features such as the river valleys and green wedges which characterise the popular setting of the "dreaming spires".

5.8 The ***Key Features*** of this scenario would include imposing a strict *limit on any increase in employment land availability*. This would be likely to cause an *intensification of use* on existing employment sites as the opportunities for economic growth were taken up by resorting to higher densities of development. Economic *growth* would also be likely to occur *in other job-creating sectors* which are not controlled by the planning system as employment uses (such as shopping, leisure, transport, health and education).

5.9 Maintaining the status quo by keeping to current trends and policies would have several potential ***Implications***. In particular, there would probably continue to be *further transport access pressures* within Oxford as economic activity and jobs increased albeit within existing employment areas and other non-employment uses. *Local economic potential* would continue to be *stifled* as is apparent now with this approach to development within the city and there would be a consequent *risk of future economic decline* as is also apparent from the current trends in local employment.

Scenario C : Managed economic growth

5.10 The ***Key Aim*** of this scenario would be to *realise business potential* within the city as far as it is possible within a balance of competing social and environmental interests. It would certainly bring economic interests higher up the agenda than has been generally accepted in the past and it would look across the full range of employment generating activities to do so.

5.11 ***Key Features*** of a balanced economic growth scenario would be to *encourage potential growth sectors* including the education, health, retail, tourism and high technology sectors which have been examined in some depth in this study. This would mean a significant *increase in productivity in the high-tech sector* in particular, with growth in turnover and gross value added but without inevitably a commensurate growth in jobs. However some further employment land allocation may also need to be considered over the study period up to 2019. It would also continue to *promote a diverse economy* in the city by enabling other established sectors, such as retail, tourism and manufacturing, to grow to achieve their true potential.

5.12 The managed economic growth scenario also has several ***Implications.*** It would *enable Oxford to play its regional role* by allowing the city centre in particular to develop a wider range of retail, leisure, tourism and other service functions and to increase its attractiveness to people from the surrounding subregion and also further afield. It would also help to *support a better level of local services* in the city particularly if the current national proposals to retain local business rates for local service provision are adopted. However, this scenario could also have negative implications for *transport access and local heritage* if economic growth is not properly managed and employment implications are not taken into account when considered alongside social and environmental interests.

Assessment of scenarios

5.13 The potential impact of each of the three economic development scenarios was assessed by developing a set of criteria based around Oxford City Council's Vision its seven Key Strategic Priorities and the related Key Objectives from SEEDA's Regional Economic Strategy (RES). Each scenario was then rated as likely to have a low, medium or high possibility of achieving these criteria and then an overall assessment was made for each scenario on the same basis.

5.14 An initial impact assessment was debated at the second stakeholders' workshop and the individual and overall ratings were confirmed (see Figure 5.1). There was a general consensus that the relative strengths and weaknesses of the three scenarios were fairly represented in the ratings.

5.15 Overall, the Managed Economic Growth scenario emerged from this assessment as the most likely to have the highest level of achievement of Oxford City Council's Strategic Priorities and SEEDA's Regional Economic Strategy objectives. The discussion at the second stakeholders' workshop suggested that the future economic development of Oxford should aim at some combination of Scenario B: Current trends and policies, and

Figure 5.1: Summary Scenario Assessment

Assessment Criteria		**Economic Scenarios**		
● = Low achievement of criteria ●● = Medium achievement of criteria ●●● = High achievement of criteria		*A* *Economic contraction*	*B* *Current trends & policies*	*C* *Managed economic growth*
Oxford City Council Vision				
Building Pride in Our City *(incl. RES Objective: Vibrant Communities)*	• Work with partners and local communities to build a city to be proud of	-	-	-
Oxford City Council Key Strategic Priorities				
Improve the environments where we live and work *(incl. RES Objective:* Sustainable Use of Natural Resources)	• Built environment • Natural environment • Landscape • Energy efficiency	●●	●●●	●●
Make Oxford a safer city	• Reduce crime • Fear of crime	-	-	-
Provide more affordable housing	• Key worker housing • Social housing	●	●●	●●
Create local prosperity and sustain full employment *(incl. RES Objective: Competitive businesses)*	• Economic growth • Minimise unemployment	●	●●	●●●
	• Develop Oxford as a regional centre	●	●●	●●●
	• Diverse economy • Enterprise & innovation	●	●●	●●●
	• Improve services • Reduce disparity	●	●●	●●●
Improve transport and mobility *(incl. part of RES Objective: Effective Infrastructure)*	• Tackle congestion • Reduce car usage • Improve public transport	●●●	●●	●●
- Other Infrastructure. *(incl. part of RES Objective: Effective Infrastructure)*	• Development land • Broadband / ICT	●	●●	●●●
Improve dialogue and consultation (incl. part of RES Objective: Successful People)	• Stakeholders • Communities • Oxfordshire	-	-	-
- Other Social Development. (incl. part of RES Objective: Successful People)	• Health • Education • Skills training	●●	●●●	●●●
Provide more and improved affordable leisure activities	• Tourism • Culture • Sport	●●	●●	●●●
Total scores		●	●●	●●●

NB: Italics are additions to the basic Oxford City Council Strategic Priorities

Scenario C: Managed economic growth. Other key points which arose in the discussion are summarised in the following paragraphs.

Consolidation

5.16 It was suggested that Scenario A: Economic contraction might also be seen as a scenario for "consolidation" which could also apply to Scenario B: Current trends and policies. Although many new businesses are expanding within the city, evidence suggests that many other established businesses are considering relocation and expansion outside the city. Multinationals must consider location and potential relocation at a national and indeed a global level.

5.17 There was some support for certain aspects of Scenario A: Economic contraction, for example for moving public sector employment outside the city in order to maximise benefits to the built environment and to help promote tourism, without serious negative economic impact. Scenario A would also have the benefit of reducing transport pressures and help to support the City Council's priority of making Oxford safer.

5.18 The City Council has, in the past, had a planning policy to restrain employment growth. The local economy has nonetheless continued to grow partly because the scope of planning control does not specifically limit employment growth within existing business, industrial and warehousing uses and in retail, leisure, health education and other services. Although there might be some political support for Scenario A: Economic contraction, it would probably be difficult to achieve in reality.

5.19 There was a general view that complacency has been a deep-seated problem within the city for hundreds of years partly because the University has provided a key stimulus to the local economy. Nonetheless, it was also agreed that opportunities for future economic growth should now be actively supported if the city and its key industries are to remain globally competitive. Scenarios A and B were therefore seen to be less attractive than Scenario C: Managed economic growth.

Oxford's regional role

5.20 There was strong support at the stakeholders' workshop for building on the city's perceived strengths and presenting Oxford as a high-quality destination both for visitors and shoppers and for those who live and work in the city. Current proposals to redevelop the city centre through improvements to the Westgate shopping centre and the broader concept of the West End project to redevelop the city centre would help Oxford to achieve its regional potential. These possibilities would help to improve quality of life as well as increase economic activity and employment.

5.21 Stakeholders at the workshop envisaged that the city centre should have high-density, mixed-use redevelopment which could integrate business uses, varied housing provision and other commercial and community facilities. They were concerned that there should be a priority for high quality urban design sensitive to Oxford's built heritage and landscape setting.

5.22 Tourism and cultural activities were thought to be greatly underdeveloped by many participants at the second stakeholders' workshop. At present, most visitors only come to Oxford to see Oxford University and the city's built heritage without staying overnight. More affordable hotel accommodation, better public safety and more cultural events could help to promote tourism and encourage the evening economy. These activities could complement the day-time attractions of shopping and leisure activities in the city centre.

Preferred scenario

5.23 The preferred combination of Scenario B: Current trends and policies and Scenario C: Managed economic growth was favoured by many participants at the second stakeholders' workshop. This would score well against the economic priorities of the City Council and SEEDA, for example by achieving economic growth, minimising unemployment, promoting a diverse economy and encouraging enterprise and innovation. These factors would all contribute to the potential development of Oxford as a regional centre. It could also enable Oxford to be considered as a potential growth area within the forthcoming Regional Spatial Strategy.

5.24 Managed economic growth would set a better climate for business decisions than the other scenarios and enable a higher level of services and facilities to be provided within the city. This is important in encouraging prosperity at the local level and also in supporting development at the subregional and county levels.

5.25 Although substantial employment growth would increase demand for employment land within the city, some economic growth could be achieved through a greater focus on higher productivity high technology activities and other economic activities in retail, leisure, health and education. This could be accommodated to some extent within existing employment areas and within the redevelopment of the city centre but it might also require some further employment land allocation including some expansion of Oxford Science Park. A higher level of science-based and arts-based spin-out businesses would be needed. The development of new small firms would need to be supported into the medium-term and skills training would also need to be expanded.

5.26 However, infrastructure remains a crucial issue in Oxford. In particular, transport and accessibility will need to have continued priority to help promote a further modal shift towards public transport particularly for commuters. Housing availability and affordability is another aspect of the city's infrastructure which will need to have continued priority to provide a range of accommodation to suit the range of business and service occupations that are needed within a major urban centre with an expanding regional role. This will be necessary to attract and retain the workers that will be needed to help local firms develop.

Proposing a way forward

5.27 Oxford City Council's current view is that some economic growth is necessary for the future development of Oxford. It was generally agreed at the second stakeholders' workshop that a common vision and joint working will need to be developed between the City Council, the County Council and the various other public and private sector stakeholders involved in Oxford's future development if this is to be successfully achieved.

5.28 There are already good working relationships between the City Council and the County Council which have been successful in securing funds for joint projects from Central Government in recent years. This close relationship can be utilised further to develop areas of mutual interest in focusing on support for economic development. Effective joint working will also need to be developed with Central Government, SEEDA, the District Councils around Oxford, the two Universities, the business community and leading local firms.

Economic Development strategy

5.29 The local economic study and the three stakeholder workshops have pointed the way forward to an Economic Development Strategy for Oxford that is based on a mix of Scenario B: Current trends and policies and Option C: Balanced economic growth. It is recognised that a local economic partnership will need to be forged and developed with the city to launch and establish the initiative and then to bring other partners in to help develop the strategy and agree on responsibilities and resources for implementation.

Vision

5.30 The outline Economic Development Strategy which has been discussed with potential partners and others at the third stakeholders' workshop is based on a simple but powerful vision that reflects collective aspirations for the development of the city. The vision aims to secure maximum economic leverage from the unique assets of the city to ensure Oxford improves its national and international competitiveness. It is a vital and sustainable balance between economic interests, transport infrastructure and the social and environmental interests which are inherent in current policies and the fresh concern for long term prosperity. It will be promoted in conjunction with the Local Community Strategy.

The vision for Oxford's economic development is to enable the city to realise the economic potential of its world class universities, its knowledge based industries and its unique character in order to promote a stronger economic role within the local, regional, national and international context. This will be achieved by sustaining local business diversity and by managed economic growth supported by improvements in integrated transport to assist social inclusion, conserve local heritage and secure environmental enhancement.

Strategic objectives

5.31 The key elements of the outline Economic Development Strategy which have also been discussed with potential partners and others at the third stakeholders' workshop have been formulated as a series of ten strategic objectives for Oxford's local economy. The strategic objectives which are described in the following paragraphs are arranged sequentially and have equal priority. It is envisaged that they will be elaborated when a full Economic Development Strategy is prepared as part of the suggested Action Programme which follows.

5.32 The ten strategic objectives for Oxford's economic development are to:

1. encourage growth in business turnover and productivity
2. sustain a diverse local economy, adaptable to change, *particularly government services, manufacturing and distribution*
3. promote development in high growth sectors and clusters, *particularly business services, education, health, retail and tourism*
4. promote development in high productivity sectors and clusters, *particularly high technology, biotechnology and advanced engineering*
5. encourage business networking and technology transfer
6. assist business start-up and small firm development
7. assist full employment across the local workforce
8. assist education and skills training to meet business needs
9. ensure adequate provision of business sites and premises
10. promote flexible working and reduce commuting

5.33 The vision and strategic priorities for the economic development of Oxford aim to improve the city's national and international competitiveness in order to contribute to regional and national economic growth and to secure benefits for local people. These benefits include greater prosperity particularly through additional employment in the retail and tourism sectors for people in the deprived areas of the city, and growth in higher value added sectors which will lessen the pressures usually associated with growth in employment, business space and commuting.

1 : Encourage growth in business turnover and productivity

5.34 The first strategic objective of the outline Economic Development Strategy for Oxford is to encourage growth in business turnover and productivity. This will entail sustaining and harnessing the city's knowledge resources and is crucially important in realising the vision to secure Oxford's economic potential in the region, the nation and the world. It involves encouraging a range of high productivity and high value added activities to set up, develop and expand within the city and thereby achieve a shift in the economic structure of Oxford towards growth sectors which can secure a growth in prosperity without the traditionally commensurate increase in employment, business space and commuting.

2 : Sustain a diverse local economy, adaptable to change

5.35 Oxford already has a diverse local economy which includes a variety of manufacturing and service activities including the important health and education sectors. Employment in the government services sector has declined in recent years and the manufacturing and retail sectors are currently under-represented in Oxford. Particular attention should therefore be given to identifying opportunities for further development of these sectors, such as the potential expansion of BMW at Cowley and the West End project in the city centre, in order to strengthen the ability of the local economy to adapt to future changes in the global, national and regional economy.

3 : Promote development in high growth sectors and clusters

5.36 Expansion of high growth sectors and clusters in the local economy is particularly important in achieving the vision of realising the economic potential of the city within the region. Business services, education, health, retail and tourism have been identified in this study as sectors which have particular potential for economic growth and employment opportunities for people with a range of skills. There could be particular scope for these sectors in the redevelopment of the city centre. It will be important to ensure that appropriate business support, labour resources and business space are available to nurture and accommodate the development of these growth sectors.

4 : Promote development in high productivity sectors and clusters

5.37 Development in high productivity sectors and clusters is also important in achieving the vision of Oxford's potential economic role in the region. High technology, biotechnology and advanced engineering are amongst the high productivity sectors which have been identified in this study and could also achieve economic growth without commensurate employment growth. There could be particular scope for these sectors in the potential expansion of BMW at Cowley and the possible extension of the Oxford Science Park. It will also be important to ensure that appropriate business support, labour resources and business space are available to help develop these high productivity sectors.

5 : Encourage business networking and technology transfer

5.38 Business networking and technology transfer should be promoted through the Universities, the Hospital, the Oxford Science Park and the existing innovation and technology transfer services in the area. These initiatives which encourage the commercialisation of research and development activities could be supported and coordinated by the Oxford Business Forum which is proposed as a means of taking this outline Economic Development Strategy further forward. Business networking and technology transfer will be particularly important in achieving the development of high growth and high productivity sectors and clusters in the preceding strategic objectives.

6 : Assist business start-up and small firm development

5.39 The existing services which already support business start-ups and encourage the further development of small firms in the Oxford area should be linked into the proposed development of business networking and technology transfer services mentioned in the previous strategic objective. It is important that this range of business support services is extended to include and connect the various services which already exist to assist both high technology and other more general business activities in the city. It should include support for retail, leisure, cultural and tourism businesses which could particularly develop in the city centre as well as the support for more conventional manufacturing and service activities.

7 : Assist full employment across the local workforce

5.40 The vision for Oxford's economic development emphasises the importance of securing managed economic growth which assists social inclusion and so it is important that the various initiatives which have already been identified should not overlook the importance of creating and sustaining jobs across the full range of occupations and skills within the existing labour force. This should help to ensure that unemployment is minimised and that the benefits of increasing prosperity are spread across the community. It should also help to address the need to regenerate the pockets of economic and social deprivation in the city.

8 : Assist education and skills training to meet business needs

5.41 Securing full employment requires an appropriate range of skills within the local labour force and it will be necessary to review the range of education and employment training that is currently available for lifelong learning within both the public and the private sectors in order to see where it might need to be adjusted to address the vision and objectives of the new Economic Development Strategy. The shifting sectoral structure of the local economy which is envisaged by the strategy will give rise to a shifting pattern of employment occupations and skills which will need to be addressed as part of the action programme for the strategy. The shift towards higher value added sectors could increase the current polarisation of occupations and skills within the Oxford workforce and so future education and training programmes will need to ensure that other people are adequately skilled to work in other occupations which could arise particularly in the retail and tourism sectors.

9 : Ensure adequate provision of business sites and premises

5.42 It is clearly important to ensure the availability of a suitable range of employment sites and business premises to provide for the expected growth in employment within the strategy. A review should be undertaken of all available business land and premises in the city, including non-employment space, and compared with the potential growth in demand for both indigenous firms and potential inward investment preferably in the form of reinvestment by established multinational firms in their existing operations. It should examine the potential for the intensification of use of existing employment and other sites. The currently proposed West End redevelopment of the city centre, the proposed expansion space for BMW at Cowley and the possible extension of the Oxford Science Park should be included with any other potential development opportunities in this review.

10 : Promote flexible working and reduce commuting

5.43 The last but by no means least strategic objective of the Oxford Economic Development Strategy is to promote flexible working and reduce commuting. It will be necessary to work with employers across the city to raise their awareness of the issues and opportunities of flexible working practices to make better use of available labour resources and to achieve turnover growth without commensurate employment growth. It should also address the need to reduce commuting traffic by a variety of means including modal shift from private to public transport, spreading the journey-to-work peaks and encouraging companies to prepare and implement Green Travel Plans. The overall purpose of this and several previous strategic objectives is to develop the scope for "spaceless and jobless growth" in Oxford when opportunities arise.

Action Programme

5.44 The next step in preparing and developing an outline Economic Development Strategy for Oxford is to formulate an action programme and agreed timeframe which will enable the strategy to be delivered by the City Council and its partners. It will be necessary for the various public and private sector partners within the city to liaise, reach agreement and plan out the key project areas, the key priorities and timescales and the key responsibilities for action and financing. It must be emphasised that the action programme is intended to build on the work of the various existing economic development agencies and not to duplicate their established activities and services. The lead partners in the action programme (as in the Oxford Business Forum itself) should initially include Oxford City Council, SEEDA, the Oxford Universities, the Oxford Trust and leaders of the local business community. Oxfordshire County Council and other public and private sector partners should also be involved as the initiative develops.

5.45 The proposed Action Programme has been formulated from the strategic objectives explained earlier in this section with particular reference to the SWOT analysis summary in Chapter 3 of this report. The key elements are outlined in Figure 5.2 and then explained in the following paragraphs. The suggested priorities and responsibilities for the various projects are derived from discussions at the stakeholders' workshops and with the Steering Group.

5.46 The priorities for action which were initially assigned to the key projects in the Action Plan indicate projects which could be implemented as soon as possible as a high priority, preferably within the next couple of years. Other projects should be initiated as soon as possible and would extend into the "medium term" (say the next five years) whilst some others would extend into the "long term" (say the next ten years). More specific timescales will need to be worked out in relation to resource availability and other priorities amongst the partner organisations as a full Local Economic Development Strategy is prepared over the next few years.

Figure 5.2: Action programme summary

Project Areas	Lead agency	Period	Target Year
Economic Development Strategy			
Set up Oxford Business Forum (OBF) and secretariat	City Council	Immediate	2004
Develop a full economic development strategy	City Council	Immediate	2005
Increase resources for economic development	City Council	Immediate	2005 - 2014
Regional and national role			
Promote Oxford as a leading commercial centre	OBF / private	Medium term	2009
Improve city centre retail and leisure facilities	OBF / private	Medium term	2009
Develop tourism and cultural facilities	OBF / private	Medium term	2009
Business development			
Support business start-up / small firm development	OBF / agencies	Immediate	2005
Coordinate high technology support initiatives	OBF / agencies	Medium term	2009
Labour resources			
Extend provision for education and skills training	OBF / agencies	Immediate	2005
Encourage more efficient use of labour resources	OBF / agencies	Medium	2009
Business space			
Investigate supply and demand for business space	City Council	Immediate	2004
Encourage more efficient use of business space	OBF / private	Medium term	2009
Related issues			
Secure sustainable development	OBF / agencies	Long term	2005-2014
Continue reductions in unsustainable commuting	OBF / agencies	Long term	2005-2014
Coordinate economic and transport issues	OBF / agencies	Long term	2005-2014
Coordinate economic and community issues	OBF / agencies	Long term	2005-2014
Coordinate economic and heritage issues	OBF / agencies	Long term	2005-2014
Establish monitoring and evaluation of strategy implementation	OBF / agencies	Long term	2005-2014

Economic Development strategy

5.47 It will be important to establish a broadly based economic partnership with an adequately resourced professional team to develop and implement the proposed Economic Development Strategy for Oxford. We propose that Oxford City Council should secure the support of the business community, other partner organisations and local people for the outline strategy and then ***set up an Oxford Business Forum and supporting secretariat*** with a remit to coordinate the development and implementation of the strategy as a high priority in conjunction with the work of existing economic development agencies in the city. The Oxford Business Forum which could feed into the Local Strategic Partnership (LSP) should include initially at least Oxford City Council, SEEDA, the Oxford Universities, the Oxford Trust and leaders of the local business community. Its formation will pick up and take forward the dialogue developed through the stakeholder workshops in this study.

5.48 The remit of this secretariat would be to work with the City Council and other key partners to ***develop a full Economic Development Strategy*** for Oxford based on the outline Economic Development Strategy put forward in this report and then to lead and coordinate the process of project development and implementation as a high priority. The full Economic Development Strategy would test the deliverability of the current outline strategy within expected land supply, labour supply and funding constraints and it would include a range of sector development strategies and a local community focus on areas of particular need and opportunity in the city. It would need to be adopted and agreed by all the partners in order to ensure that adequate staff and financial resources would be available to carry it forward

5.49 It will be important to ***increase the resources for economic development*** particularly within Oxford City Council to provide the necessary secretariat to support the Oxford Business Forum as a high priority. The City Council's economic development function will need additional staffing and project funding resources to undertake this task and stronger and clearer linkages will need to be established between it and other business units within the organisation. The available resources of other economic development agencies should be mapped at an early stage to see where they could all contribute to the overall implementation of the strategy.

5.50 The organisational structure for an expanded Economic Development Unit at Oxford City Council will need to be considered within the wider structure of the City Council's other departments, particularly the planning, transport and community services functions. It will undoubtedly play a key role in helping to develop and progress economic development strategy as part of the Community Strategy. The expanded economic development function should certainly include a strategy development and review element, a strategy coordination and implementation element, a business development unit, a labour research unit and a business space unit. There may also be a need for a marketing and promotion unit which could deal with business liaison and inward investment enquiries depending on the structure of similar functions across the City Council's other departments.

Regional and national role

5.51 One of the first tasks of the Oxford Business Forum (OBF) will be to ***promote Oxford as a leading commercial centre***. This is a fundamental element of the outline Economic Development Strategy and combines several of the strategic objectives in a single focus. Oxford is already home to a number of nationally and regionally important functions, notably its universities, hospitals and manufacturing facilities. But Oxford must reassert its position as a primary commercial centre within the region and the nation if it is to survive and thrive economically. It must establish itself as the centre where residents of the Oxford, Oxfordshire and surrounding areas look first for their business opportunities and services and their shopping, entertainment and leisure needs.

5.52 Oxford city centre will need to improve its ***retail and leisure facilities*** to attract shoppers and others from a wider subregion. The OBF should therefore focus on improving the quality, availability and accessibility of these facilities, particularly in the city centre, where there appears to be potential for significant improvement. Oxford's current West End project will form a key component of this project.

5.53 Similarly, the OBF should also focus on ***developing its tourism and cultural facilities*** in the city centre to maximise the potential of the city's unique reputation for domestic and international tourism. Oxford's natural and built environment, its Universities and the popular image of the "dreaming spires" all help to provide this attraction. But the proposed improvement of the city centre together with increasing levels of pedestrianisation and a well-developed park-and-ride system will enhance the attraction for shoppers and tourists alike.

Business development

5.54 One of Oxford's key strengths is its diverse economy and one of its key opportunities is to realise the potential growth in its high growth and high value-added sectors. The OBF should therefore ***coordinate high-technology support initiatives*** to help local high technology firms set up and develop with appropriate business advice and technology transfer facilities. This initiative should be coordinated with the Universities, the Hospital and the various existing innovation and technology transfer organisations within the area.

5.55 It will also be important for the OBF to strengthen and ***support business start-ups and small firm development*** in order to enable maximum success rates and consequent economic growth as firms are established and grow to higher levels of maturity. This study has already shown that support structures for the growth of new small firms are not as strong as they could be in Oxford. This initiative should be undertaken in collaboration with the various existing business support agencies but it should be broadened to include the support for high technology firms mentioned earlier.

Labour resources

5.56 Oxford currently has a very low rate of unemployment, a shortage of appropriately skilled labour and a good level of entrepreneurial activity. The OBF should work in partnership with local companies and other agencies to ***encourage a more efficient use of labour resources*** by promoting flexible working arrangements and various schemes to reduce commuting. This will help to achieve the aim of the Economic Development Strategy to accommodate some "spaceless and jobless growth" in Oxford.

5.57 Oxford also has a highly skilled resident population and access to a highly skilled labour force in surrounding areas but the Economic Development Strategy envisages a shift towards a greater emphasis on particular high growth and high productivity sectors within the local economy. The OBF should therefore ***extend provision for education and skills training*** in collaboration with existing public and private sector agencies involved in education and training to ensure that an entrepreneurial culture and the labour skills which will be required for Oxford's future economic development are available in good time. Training and skills development of other sectors should also be addressed.

Business space

5.58 One main weakness identified in Oxford by this study is a shortage of available land for employment and housing development and a shortage of business units for start-ups and growing small firms. Another high priority for the OBF should be to undertake a thorough review of the ***supply and demand for business space*** within the city including an appropriate scale of provision for potential inward investment by larger firms. This should help to identify opportunities to improve supply and thereby develop scope for "spaceless and jobless growth" in Oxford as part of the Economic Development Strategy.

5.59 The OBF should also ***encourage a more efficient use of available business space*** by encouraging redevelopment at higher densities and the intensification of existing employment uses where appropriate within the city to help achieve "spaceless and jobless growth". This and similar initiatives should ensure that increasing employment numbers within the existing urban area is accompanied by appropriate measures to increase the use of public transport and does not unnecessarily attract additional commuting and put additional pressure on the roads.

Related issues

5.60 The vision for Oxford's future economic development specifically emphasises the importance of balancing economic growth with adequate transport infrastructure and a range of social and environmental interests. Several related issues which have emerged from previous sections of this report need to be addressed explicitly in the outline Economic Development Strategy and this suggested action programme because they will remain crucially important into the longer term.

5.61 An essential feature of the vision for the economic development of Oxford is to secure sustainable development through the strategic objectives and the various programmes and projects of the consequent action programme. This will mean striking an appropriate balance between realising opportunities for economic growth, promoting integrated transport and supporting the various social and environmental priorities in the city. It is envisaged that all new and existing economic development programmes and projects will be assessed against sustainability objectives and other relevant plans and strategies for the area (eg planning, transport and community development) to ensure they contribute to the overall vision for Oxford's economic and broader development.

5.62 In this context it will be particularly important to tackle the currently unsustainable pattern of commuting that appears to be choking the vitality of the city centre and making it less attractive to employers, workers, local residents, shoppers and tourists. The OBF should therefore work through others to ***continue reductions in unsustainable commuting*** within the city. Promoting more flexible working practices and modal shift to public transport and encouraging higher intensity use of existing employment land, particularly near public transport routes, could all help to reduce unsustainable commuting patterns.

5.63 Another closely related issue is the pressure of commuting and other business use of the city's transport infrastructure which itself could restrain economic growth. The OBF should therefore work with relevant agencies to ***coordinate economic and transport issues*** wherever it can be achieved. One of the city's key weaknesses highlighted earlier in this report is the extent of traffic congestion and perceived lack of car parking space, particularly in the city centre. There is further potential to improve integrated transport facilities within the city and encourage a further modal shift to public transport.

5.64 One of the most challenging tests of the proposed Economic Development Strategy for Oxford will be its ability to benefit local people and assist local community regeneration. The OBF should be alert to opportunities to secure community benefits when promoting education and training, new employment opportunities and new business opportunities so that people in deprived areas of the city and disadvantaged groups in the community are able to share in growing local prosperity. Whilst the strategy and action plan will aim to encourage the development of high productivity and high technology sectors, it will also aim to encourage the development of the manufacturing, retail and tourism sectors which could in particular help to generate employment and business opportunities for lesser skilled people.

5.65 Perhaps the most commonly held concern about economic growth in Oxford is its feared impact on the city's attractive natural environment and particularly its unique built heritage. The OBF will need to work with the various agencies and amenity groups in the city to ***coordinate economic and heritage issues*** wherever this can be achieved to harness the potential for economic growth with opportunities to conserve and enhance the environment. This should help to achieve the vision for the city's economic development enhancing

Oxford's internal and external image as an attractive place to live, work and visit and as an attractive and accessible location for business investment.

5.66 Another essential feature of the Economic Development Strategy for Oxford is that each of the strategic objectives should have a range of measurable performance indicators which can be regularly monitored and evaluated so that the process of implementation can be tracked and the original strategy can be adjusted in the light of changing needs and circumstances. It is envisaged that each of the various economic development programmes and projects which will form part of the Action Programme will also have their own specific objectives and performance indicators which can be assessed as part of the overall monitoring and evaluation of the strategy. This cycle of monitoring and review will ensure the Economic Development Strategy stays on track and course corrections are made in good time when they are needed.

Conclusion

5.67 Three economic development ***scenarios*** were considered in this study :

A : Economic contraction

B : Current trends and policies

C : Managed economic growth

5.68 The three economic development scenarios were then assessed in relation to a series of criteria based on Oxford City Council's Vision and Key Strategic Priorities and the Key Objectives of SEEDA's Regional Economic Strategy. The assessment was discussed with stakeholders at the second stakeholders workshop and a preferred scenario was identified which combined the benefits of Scenario B: Current trends and policies and Scenario C: Managed economic growth.

5.69 An outline Economic Development Strategy was then formulated for Oxford on the basis of the preferred scenario through discussion at the third stakeholders' workshop. The overall vision for the city's economic development is to enable the city to realise the economic potential of its world class universities, its knowledge based industries and its unique character in order to promote a stronger economic role within the local, regional, national and international context. This will be achieved by sustaining local business diversity and by managed economic growth supported by improvements in integrated transport to assist social inclusion, conserve local heritage and secure environmental enhancement. The ten strategic objectives which were then formulated from this overall vision and the preceding elements of the study were to:

1. encourage growth in business turnover and productivity

2. sustain a diverse local economy, adaptable to change, *particularly government services, manufacturing and distribution*

3. promote development in high growth sectors and clusters, *particularly business services, education, health, retail and tourism*

4. promote development in high productivity sectors and clusters, *particularly high technology, biotechnology and advanced engineering*

5. encourage business networking and technology transfer

6. assist business start-up and small firm development

7. assist full employment across the local workforce

8. assist education and skills training to meet business needs

9. ensure adequate provision of business sites and premises

10. promote flexible working and reduce commuting

5.70 Finally, an economic development action programme was formulated to translate the strategic objectives into a series of projects with clear priorities and responsibilities for implementation amongst the various stakeholders involved.

5.71 The action programme which was also discussed at the third stakeholders workshop comprised six main elements:

- ***Economic development strategy*** – formation of an Oxford Business Forum and secretariat
- ***Regional and national role*** – strengthening Oxford as a leading commercial centre
- ***Business development*** – supporting high technology and other small firms
- ***Labour resources*** – encouraging efficient use of labour resources and skills
- ***Business space*** – making better use of available and potential business space
- ***Related issues*** – coordinating economic development with local transport, community and heritage issues

5.72 The way forward now is for Oxford City Council to set up the proposed Oxford Business Forum and secretariat initially involving SEEDA, the Oxford Universities, the Oxford Trust and leaders of the local business community. Oxfordshire County Council and other public and private sector partners should also become involved as the initiative develops.

5.73 The proposed outline Economic Development Strategy and Action Programme for Oxford provides a clear vision, a series of strategic objectives and an action programme which has been discussed with key stakeholders and commands broad support. It forms a focus for further action to develop and implement the strategy as part of a continuing dialogue between Oxford City Council and a range of public and private sector interests.

6 Conclusions

6.1 This final chapter of the report draws together the conclusions of the previous chapters and recommends an Economic Development Strategy and Action Plan for Oxford. The chapter summaries reflect the key elements of the study and the role of the three stakeholders' workshops within them.

Policy context

6.2 At the ***regional level*** policy is predominantly based around the Regional Planning Guidance for the South East (RPG9) and the Regional Economic Strategy (RES). The main emphasis of the RPG9 is on sustainable development within the region. The RES advocates economic development but recognises that this development should be sustainable in environmental and social, as well as economic terms.

6.3 The main policy instrument at the ***subregional level*** is the Central Oxfordshire Subregional Study. This document addresses key planning issues facing Oxford and the adjoining districts of Cherwell, South Oxfordshire, Vale of the White Horse and West Oxfordshire. It recognises the significance of the City of Oxford as a central hub but stresses the need to address several issues which need to be addressed across Local Authority boundaries, particularly the distribution of employment, linked economic activity and competition between the subregion and surrounding areas (especially Milton Keynes and Aylesbury) and the importance of improving east-west transport links.

6.4 At the ***county level*** the Oxfordshire Structure Plan and Oxfordshire Economic Development Strategy are the key policy documents. Again the main focus of both documents is to encourage sustainable and equitable development across the county. Both documents stress the need to strike the correct balance between managed economic growth and the requirement to conserve and improve the environment in which people live and work and to minimise ecological damage.

6.5 At the ***city level*** the Oxford Local Plan and the Economic Development and Regeneration Work Plan form the main focus of the City Council's vision to "build pride in our city". Both documents aspire to sustainable development in selected areas of economic activity, whilst striving to maintain the special qualities of the city, its diverse economy and its reputation as a leading tourist destination.

6.6 At all levels the principal policy documents emphasise the need for sustainable economic development balanced with the conservation and improvement of the environment. The ultimate aim is to work towards an environment that is healthy, attractive and pleasing to live and work in.

The Structure of the Oxford Economy

6.7 The Oxford economy supports a diverse economy with a healthy population of ***competitive businesses.*** It compares well with the rest of Oxfordshire, Oxfordshire as a whole, the South East Region and England in most economic indicators. Although employment in manufacturing has declined in recent years, this is more than offset by the creation of new businesses which have a higher than normal survival rate. The city has a significant soft infrastructure to stimulate and support new business ventures but there is some evidence that this could be improved.

6.8 The study looked at the importance of ***successful people in economic development***. Data from the 2001 Census show that although the city has a low level of unemployment compared to national levels, unemployment is higher than for Oxfordshire and the South East as a whole. The same is true of average wage levels. The study has shown that there are areas of significant deprivation within the city although the city area as a whole is relatively prosperous in national terms. Nonetheless there are significant issues about employment and particularly skills.

6.9 Oxford contains a mixture of ***vibrant communities*** with a the diverse local economy, important academic and health sectors and a large student population. The city has a very positive attitude towards encouraging the population to provide inputs into local decision making. However, crime levels in the city are higher than the national average across all indicators perhaps due to the localised levels of deprivation.

6.10 Whilst there have been recent improvements in the hard infrastructure of the city there is still much to be done to achieve a truly ***effective infrastructure***. Transport is a major problem in the city area. The inner city has seen a decrease in private transport in parallel with a substantial increase in public transport and Park-and-Ride provision. Oxford's innovative integrated transport system is increasingly successful but the overall level of traffic within the city is still too high. Housing is also a major problem particularly which of affordable housing. Average house prices are way above the national average and this means that people on low to moderate incomes find entry into the property market extremely difficult.

6.11 A keystone of any development in the Oxford area is the ***sustainable use of natural resources***. The city is world famous for its architecture, green spaces and "dreaming spires". The establishment of the Green Belt and Green Fingers have been successful in conserving this image. Any future development in the city area must take great care to preserve, and if possible improve, these high quality environments.

6.12 The first stakeholder workshop under the banner "Oxford City Futures" considered the key issues raised by the initial work on the policy context and the structure of the Oxford economy. A broad representation of the business community, local organisations, the universities and the public sector took part in a lively and positive discussion.

Main sectors

6.13 There are five sectors which the study highlights as being of crucial importance to the future development of the Oxford economy: education, health, retail, tourism and high-technology businesses.

6.14 In the ***education*** sector the two universities both have plans for significant expansion. Care will need to be taken to ensure that this expansion does not further exacerbate the infrastructure problems outlined earlier, particularly in terms of transport and housing.

6.15 The ***retail*** sector is also expected to expand in the future but much of this expansion will be dependent on developments such as the West End and Minchery Farm projects and the possible relocation of the railway station.

6.16 ***Tourism*** has always been a major sector in the Oxford local economy but most this sector is currently made up of day visitors. There is a need to improve the attractiveness of Oxford as an overnight stay in particular by improving provision of reasonable hotel accommodation. There is also potential for further promotion of arts and cultural activities and this in turn could help to increase the relatively low level of business tourism in Oxford.

6.17 The Headington Strategy has been instrumental in the NHS earmarking £225 million to be spent in the ***health*** sector over the period 2000-2005. This is expected to contribute towards steady growth in the sector over the next 15 years.

6.18 The hospitals and the universities are major contributors to the success of the ***high-tech*** sector, much of which is related to biotechnology and pharmaceutical activities. Growth in these and other activities (including multimedia, IT, publishing, motor sport and precision engineering) are expected to grow rapidly over the next 15 years or so. These industries typically produce a large number of new start-up companies and could thus increase the demand for business support services.

Development scenarios

6.19 Three economic development scenarios were considered in this study:

A : Economic contraction

B : Current trends and policies

C : Managed economic growth

6.20 The three economic development scenarios were then assessed in relation to a series of criteria based on Oxford City Council's Vision and Key Strategic Priorities and the Key Objectives of SEEDA's Regional Economic Strategy. The assessment was discussed with stakeholders at the second stakeholders workshop and a referred scenario was identified which combined the benefits of Scenario B: Current trends and policies and Scenario C: Managed economic growth.

Development Strategy

6.21 An outline Economic Development Strategy was then formulated for Oxford on the basis of the preferred scenario through discussion at the third stakeholders workshop. ***The overall vision for Oxford's economic development is to enable the city to realise the economic potential of its world class universities, its knowledge based industries and its unique character in order to promote a stronger economic role within the local, regional, national and international context. This will be achieved by sustaining local business diversity and by managed economic growth supported by improvements in integrated transport to assist social inclusion, conserve local heritage and secure environmental enhancement.***

Strategic objectives

6.22 The ten strategic objectives which then formulated from this overall vision and the preceding elements of the study were to:

1. encourage growth in business turnover and productivity

2. sustain a diverse local economy, adaptable to change, *particularly government services, manufacturing and, distribution*

3. promote development in high growth sectors and clusters, *particularly business services, education, health, retail and tourism*

4. promote development in high productivity sectors and clusters, *particularly high technology, biotechnology and advanced engineering*

5. encourage business networking and technology transfer
6. assist business start-up and small firm development
7. assist full employment across the local workforce
8. assist workforce skills training to meet business needs
9. ensure adequate provision of business sites and premises
10. promote flexible working and reduce commuting

6.23 Finally, an economic development action programme was formulated to translate the strategic objectives into a series of projects with clear priorities and responsibilities for implementation amongst the various stakeholders involved.

Action programme

6.24 The action programme which was also discussed at the third stakeholders workshop comprised six main elements:

- Economic development strategy – including formation of an Oxford Business Forum and secretariat
- Regional role – strengthening Oxford city centre as a regional centre
- Business development – supporting high technology and other small firms
- Labour resources – encouraging efficient use of labour resources and skills
- Business space – making better use of available and potential business space
- Related issues – coordinating economic development with transport and heritage issues

Way forward

6.25 The way forward now is for Oxford City Council to consult its partners to secure their support, to adopt the outline Economic Development Strategy and Action Programme and to set up the proposed Oxford Business Forum and secretariat initially involving SEEDA, the Oxford Universities, the Oxford Trust and leaders of the local business community. Oxfordshire County Council and other public and private sector partners should also become involved as the initiative develops.

6.26 The process of strategic dialogue which has been started through the three stakeholder workshops which have been conducted as part of this study should be continued through the formation and then the work of the Oxford Business Forum. Significant additional resources should be sought and secured from amongst the key partners and other potential funding sources to help implement the suggested action programme and to facilitate particular projects and initiatives.

6.27 The proposed outline Economic Development Strategy and Action Programme for Oxford provides a clear vision, a series of strategic objectives and an action programme which has been discussed with key stakeholders and commands broad support. It forms a focus for further action to develop and implement the strategy as part of a continuing dialogue between Oxford City Council and a range of public and private sector interests.