

# Local Plan 2040 Preferred Options

## Economy and Employment Background Paper

### 1. Introduction

This background paper focuses on Oxford's economy. It helps to support the Preferred Options Document which looks at a range of options for how best to help realise the city's local and wider economic aspirations.

Oxford is a well-known city which has a global reputation and can be viewed as having its own unique brand. Oxford has many major economic assets, including two leading universities, and cutting-edge research in key areas including biotech, data science, quantum technology and robotics. The city is also home to a diverse array of international enterprises including BMW Mini, Oxford University Press, Unipart, Centrica, Ame and TripAdvisor amongst others. Oxford also had an impressive tourism economy which pre-pandemic accounted for 14% of all jobs in the city.

Oxford's role in the wider regional and national economy means that there is high demand for employment space within the city. It is important to continue to locate employment floorspace in the city as Oxford is the most sustainable location for employment in the county. It is easier to enable, improve or enhance sustainable transport connections to the city than allow employment to be scattered to less sustainable locations, which could be result in an increased reliance on the private car. This effect is increased with greater hybrid working as more occasional visits to workplaces are less able to be supported by public transport and a concentration of employment with other attractions helps to overcome this issue.

### 2. Context including feedback from Issues consultation

#### 2.1 Summary of 2021 Issues Consultation

The City Council published its Issues Consultation for the new Local Plan 2040 in the summer of 2021. As part of this consultation a number of topic papers were produced, including one on employment, the economy, education and skills. This topic paper set out the relevant national, regional and local policy context; then went on to set out the key issues of relevance to the city; before highlighting some potential approaches that could be pursued in developing policies. This paper should be seen as a continuation of the issues stage topic paper. For completeness a brief summary of that paper is provided here to aid the reader.

The 2021 Issues Consultation document provided a commentary on any significant changes to the economy since the Local Plan 2036 was written. The effects on the economy as a result of the Covid-19 pandemic in the short- and long-term were discussed. As was a short discussion about healthcare and the strong links that exist in Oxford between healthcare and research and development and its importance to the economy. The issues paper set out that *“research and development is one of the current growth sectors in Oxford linked directly to the universities and hospitals and the ground-breaking research on vaccines with the development of the Oxford AstraZeneca vaccine helped to highlight Oxford's importance on the world stage and reinforce its contribution to the national and local economy”*.

While the focus of the Issues Consultation document itself was on pandemic-related impacts. This was supplemented with a comprehensive topic paper which covered a wide

range of more technical and detailed issues such as highlighting the importance of Oxford to the national economy and provided a discussion about how housing and economic uses could be balanced appropriately in the city, through making the best and most efficient use of existing employment sites (through modernisation and redevelopment). The topic paper also discussed the future role of the city centre, office space and home-working, recognising that while some sectors were able to embrace home-working, others, *“often those associated with Science, Technology, Engineering and Mathematics (STEM), manufacturing, or those that are lab/ workshop based”* require physical office or working space. The topic paper also highlighted the increased demand for R&D space, with some sectors such as Life Sciences being boosted due to the pressures from Covid<sup>[1]</sup> and the potential suitability of vacant units with the city and district centres to accommodate a more diverse range of uses which in turn could bring activity back into such spaces as well as driving innovation and growth.

The topic paper presented the issues around the retention and recruitment of staff in Oxford. It set out that recruitment and retention issues due to housing affordability are some of the most consistently raised concerns of businesses in Oxford. Finding a way to assist employers with recruitment and retention problems supports the Local Plan objectives in three ways: economically (productivity of the employer and local investment); through housing (provision of affordable housing); and sustainability (opportunity to live closer to place for work, increased energy efficiency and reduced emissions).

<sup>[1]</sup> Oxfordshire Economic Recovery Plan: Economic Baseline Assessment (2020): p61

## **2.2 Feedback received from 2021 Issues Consultation**

There were several responses from the Issues Stage Consultation that considered employment in the city and Oxford’s economy. This section provides a brief discussion and draws out some key themes and topics from those respondents who chose to discuss Oxford’s economy and employment.

Themes and topics included the importance of the knowledge economy, the expanding role of employment uses in the city centre, commuting issues and the high cost of renting workspaces in Oxford. Innovation, climate change and the importance of developing a green economy in the city were also important issues.

Oxford’s importance locally, nationally and globally was recognised by several respondents as well as a recognition that the Oxford Local Plan 2040 provides an opportunity to enhance the economy at each of these levels. A number of respondents acknowledged the important contribution that the knowledge sector can make to all levels of the economy (including ensuring sufficient employment space for different types of uses within the knowledge sector such as R&D are found at appropriate locations within the city).

The expansion of the role of employment in the city centre and the potential for greater diversity and flexibility of uses was considered by a number of respondents. Some respondents considered that the high levels of commuting associated with employment located in the city was unsustainable whereas others considered that by locating

commercial development in more central locations which are not solely dependent on the private car, it could help to facilitate healthy behaviours such as walking and cycling.

Some respondents considered that more recognition and support should be given to the universities, whose presence provide the conditions for Oxford's strong economy as a base to build greater inclusivity across the city. Innovation, climate change and Oxford's potential to develop a green economy were also mentioned by several respondents. Some considered that more was needed in terms of developing a green economy whereas others considered the role of the universities should be supported to for research and innovation to tackle climate change issues.

One respondent recognised that the formation of new local enterprises was constrained by a number of challenges such as high rents and skills shortages. Amongst the respondents one considered that a way to address this issue would be through the creation of worker co-operatives, the formation of which should be encouraged by the City Council.

### **2.3 Updates to national/ local policy since 2021 Issues Consultation**

#### *Oxfordshire Plan 2050*

When work began on the Oxford Local Plan 2040, it was anticipated that the plan would sit within the context of a Joint Statutory Spatial Plan for Oxfordshire (the Oxfordshire Plan 2050). Some of the strategic high-level policies would have been provided by the Oxfordshire Plan 2050 and some of the evidence base would also have formed part of the Local Plan 2040 evidence base. However, the Oxfordshire Plan is no longer being progressed and as such the Local Plan will need additional evidence on issues previously covered by the Oxfordshire Plan. One important key piece of evidence was the Oxfordshire-wide assessment of housing and employment needs throughout the plan period. Given these changing circumstances a specific detailed assessment of housing and employment needs for Oxford has had to be commissioned to support the Local Plan 2040. More information on this can be found in the Housing Need & Requirements Background Paper.

#### *Oxford Economic Strategy*

Since the publication of the Issues Stage consultation in autumn 2021, the City Council has published an Economic Strategy and City Centre Action Plan. The Economic Strategy was approved at a cabinet meeting in June 2022. The Strategy sets out the need to harness Oxford's economic strengths to ensure that they benefit more local people and businesses – including through fairer wages, investment in skills and affordable business space – while also transitioning Oxford to a zero-carbon city. The strategy has three pillars: Inclusive Economy, Global Impact and Net Zero transition.

- Inclusive Economy – seeks to address economic equality and develop new approaches to support the least advantaged people in the city.
- Global Impact – seeks to build on Oxford's strengths as an innovative, and impactful economy, developing ideas that will change the world in areas such as life sciences, energy and social enterprise; and
- Zero Carbon – seeks to develop innovation and knowledge to drive the global and low carbon economy and embed zero carbon principles in future decisions, whilst supporting business and residents to do the same;

One noteworthy aspect of the Economic Strategy is that it highlights the importance of affordable workspaces that support creative activity, social enterprise and co-operative businesses, and local start-ups as one of its guiding principles for an 'inclusive city'. This aspect is explored in more detail in the background paper on the Inclusive Economy

### *Interim Employment Land Assessment*

An Interim Employment Land Assessment has been produced to support the Preferred Options Stage. This document is a work in progress, which reflects the very recent change in circumstances with the programme of work on the Oxfordshire Plan 2050 coming to an end. The purpose of an Employment Land Assessment is to look specifically at Class B jobs (B2: General Industrial, and B8: Storage and Distribution) and Class E(g) jobs (E(g)(i) - Office; E(g)(ii) Research and Development; and E(g)(iii) Light Industrial) only. Further work will also need to be undertaken to look, for example, at institutional jobs (e.g., hospitals/ universities) and large single employers (e.g., BMW MINI) to ensure that all the city's jobs are taken account when planning for Oxford's future.

### **3. How are current Local Plan 2036 policies performing?**

The City Council's policies in the Local Plan 2036 focussed on the protection of the city's most important employment sites both for the national and local economy (Category 1 and Category 2 employment sites). According to the Authority Monitoring Report 2020/21 the policies appear to have been successful as there were no reported losses of employment floorspace at the Category 1 or 2 employment sites during that monitoring year. The plan also encouraged those employment sites that were not performing well (Category 3 employment sites) to be supported for redevelopment for other uses (including much needed housing) where it could be demonstrated that those sites met certain prescribed criteria. This aspect of the policy has also delivered a small number of homes (5) as well as allowing the re-purposing of some office space to other suitable uses for their location.

The Authority Monitoring Report (AMR) uses a number of different indicators to assess how Oxford's economy is performing including measuring the losses of employment sites to other uses, in particular housing. The most recently published AMR reports from the 2020/21 monitoring year. It is worth noting that data from this monitoring year is likely to have been impacted on by the Covid-19 pandemic so it is difficult to draw too many conclusions from this year in isolation. However looking back at the previous monitoring years from the start of the plan period we can see a reduction in the number of conversions from office to residential. The 2020/21 monitoring year appears to show a slight pick-up but it is not at the rate previously seen at the start of the plan period. Table 1 below shows the number of prior approvals submitted to the City Council for conversions from office to residential (which require notification).

The Authority Monitoring Report also provides information on the number of permissions for new office floorspace permitted during the monitoring period. There were five

Table 1: Number E(g)1 (and former B1a) office to C3 residential prior approval decisions 2016/17-2020/21

Monitoring Year	Prior approval required and granted		Prior approval required and refused		Total number of applications submitted
2016/17	9	113	2	96	11
2017/18	3	141	0	0	3
2018/19	1	3	0	0	1
2019/20	1	2	0	0	1
2020/21	8	17	1	3	9

Source: Oxford City Council Authority Monitoring Report 2020/21

permissions granted involving new office (Use Class B1a/ E(g)1) floorspace in the 2020/21 monitoring period for a total of just over 1,500sqm of new office floorspace. The majority of this employment floorspace was delivered through changes of use and extensions to existing buildings. The Oxford North hybrid planning application was also approved in this monitoring year which granted outline planning permission for up to 87,300sqm of use Class B1 (now Use Class E(g)) employment floorspace and full planning permission for Phase 1A comprising 15,850 sqm of employment floorspace.

The Employment Land Assessment (ELA) supporting the Local Plan 2040 Preferred Options document will set out an interim position due to the recent changes that have taken place following the end of work on the Oxfordshire Plan 2050. This position will reflect the changing landscape in which work previously undertaken by the Oxfordshire 2050 Plan (looking at housing and jobs need across the county), is now being undertaken separately by a limited number of partners. This interim position will use the most up-to-date data available and will also provide a series of recommendations for additional work needed to ensure that all the city's jobs are examined. This will include an assessment of those jobs in higher education and healthcare and not just those E class and B class jobs which are examined as part of a standard Employment Land Assessment.

#### 4. Formulating Policy Options for consideration

The preferred approach for options relating to Employment and the Economy set within the context of this Background Paper are as follows:

**Employment Strategy:** to seek to balance the need for employment and housing. The Preferred Option aims to meet the city's employment needs but recognise that there is an acute housing need in Oxford. The approach is therefore to make the best and most efficient use of employment sites but allow the potential for some housing element to be accommodated on these sites in addition to allocated housing sites.

**Making best use of existing employment sites:** to support the intensification, modernisation and regeneration of existing Category 1 and 2 sites. But allow for the complete loss of Category 3 sites to residential use.

**Allowing housing on existing employment sites:** in recognition of Oxford's acute housing need to allow for an element of housing to be provided on existing employment sites.

**Location of new employment uses:** new employment uses should be focused on existing employment sites including category 1 and 2 sites, clusters and City and District locations. But not to allow employment uses outside of existing sites and no loss of housing.

**Warehouse / storage uses:** no new warehouse uses only when considered essential to support the operation of a category 1 site. Loss of B8 considered acceptable unless on Category 1 site. Freight consolidation use would be supported given wider sustainability / climate change benefits.

For the Preferred Options focused on the 'inclusive economy' and their context see the Inclusive Economy Background Paper.